GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR 18000318

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

Opinion

We have audited the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

The accounting estimate of revenue recognition for online and mobile games revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition, Note 5(2) for the critical accounting estimates and assumptions and Note 6(25) for the details of accounting applied on revenue recognition.

Gamania Digital Entertainment Co., Ltd. (the "Company") is primarily engaged in providing online and mobile game services. The game players purchase game stored-value cards or value-added to play the game or exchange for virtual items. The Company recognises receipt of payments for game stored-value card purchases or value-added by players as 'contract liability', and recognises revenue over the period of the service or the estimated delivery period of the virtual items when the game stored-value cards or value-added is used for the purchase of service or virtual items, respectively.

The estimation of the virtual items delivery period, which is the same as expected users' relationship periods, is based on historical data on item consumption and item transfer by management. The Company has implemented processes and controls to develop and periodically review these estimates. Given that the Company has extensive list of virtual items spread across thousands of users and the estimation of delivery period for virtual items may be complex, we consider the accounting estimate of revenue recognition for online and mobile games revenue as a key audit matter.

How our audit addressed the matter

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

A. Assessed and tested the relevant internal controls over revenue recognition for online and mobile games revenue.

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

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

D. Tested on a sample basis the expected users' relationship periods as reflected in the data collection systems, and compared with expected consumption based on the Company's accounting policy.

Significant equity transaction

Description

Refer to Notes 4(29) and 6(33) for the accounting policy and the details of accounting applied on business combinations.

The Company originally held a 45.14% and 38.26% equity interest in NOWnews Network Co., Ltd. and Digicentre Company Limited, respectively, and the related accounting treatment was made based on equity method. In September and October 2018, Gamania Digital Entertainment Co., Ltd. acquired additional 33.55% and 28.70% shares of NOWnews Network Co., Ltd. and Digicentre Company Limited for cash consideration of NT$150,226 thousand and NT$166,637 thousand, respectively, and obtained control over NOWnews Network Co., Ltd. and Digicentre Company Limited.

The accounting treatment of the acquisitions of additional shares in NOWnews Network Co., Ltd. and Digicentre Company Limited was in accordance with International Financial Reporting Standards (“IFRS”) 3 “Business Combinations”. The recognition and measurement of identifiable intangible assets resulting from the acquisition are based on management’s expectations for the future operations and prospects of NOWnews Network Co., Ltd. and Digicentre Company Limited, which were based on management’s subjective judgement and critical estimates, and thus has been identified as a key audit matter.

How our audit addressed the matter

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

A. Interviewed management to understand the purpose of the acquisition, evaluation process, determination of the consideration, and reviewed the Board of Directors’ meeting minutes and the acquisition agreements to verify whether the related meeting resolutions were consistent with the acquisition agreement;

B. Assessed the competence and objectivity of the independent appraisers engaged by the management, and our internal appraiser reviewed the reasonableness of major assumptions, estimated growth rate, gross rate, discount rate and calculation of the fair value used in recognising and measuring the identifiable intangible assets in the Purchase Price Allocation report issued by the external appraiser. Procedures performed by auditors and auditor’s internal experts were as follows:

   (a) Reviewed the valuation methods and the calculations formula used by the independent appraisers.

(b) Reviewed and compared the expected growth rate as well as gross margin with historical data.

(c) Reviewed the discount rate and compared with the rate of return from similar assets in the trade markets.

(d) Evaluated the basis used in assessing the useful life of identifiable intangible assets.

C. Reviewed the accounting treatments and disclosures in the financial statements.

Emphasis of matter －Adoption of new accounting principle

As described in Note 3(1), the Company changed its revenue recognition method on the sale of game stored-value cards to game players from gross method to net method since the adoption of IFRS 15, 'Revenue from contracts with customers' effective January 1, 2018.

Other matter – Scope of the Audit

As described in Notes 4(3) and 6(8), we did not audit the financial statements of certain consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets including certain investments accounted for using equity method of NT$1,345,818 thousand and NT$1,122,061 thousand, constituting 14% and 13% of consolidated total assets as of December 31, 2018 and 2017, respectively, and operating revenue was NT$1,185,227 thousand and NT$2,293,104 thousand, constituting 8% and 27% of consolidated total operating revenue for the years then ended, respectively, and share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method of NT$68,683 thousand and NT$8,375 thousand, constituting 4% and 831% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these subsidiaries and investees is based solely on the audit reports of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with emphasis of matter and other matter section on the parent company only financial statements of Gamania Digital Entertainment Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Yi-Fan	Pan, Hui-Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2019

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,796,729	29	$ 1,380,030	16
1110	Financial assets at fair value through profit or loss - current	6(2)	200,150	2	5	-
1150	Notes receivable, net	6(3)	1,452	-	238	-
1170	Accounts receivable, net	6(3)	921,055	9	2,209,778	26
1180	Accounts receivable - related parties	7	51,704	1	39,978	-
1200	Other receivables	6(4)	401,614	4	63,395	1
1210	Other receivables - related parties	7	13,657	-	3,814	-
1220	Current income tax assets		6,057	-	3,996	-
130X	Inventory	6(5)	101,319	1	71,081	1
1410	Prepayments	6(6)	627,464	6	305,434	3
1470	Other current assets	8	179,563	2	56,256	1
11XX	**Total current assets**		5,300,764	54	4,134,005	48
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(7)	461,952	5	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	534,563	6
1550	Investments accounted for under equity method	6(8)	227,574	2	584,731	7
1600	Property, plant and equipment	6(9) and 8	2,896,310	29	2,794,303	33
1780	Intangible assets	6(11)	737,468	8	286,219	3
1840	Deferred income tax assets	6(30)	142,103	1	144,542	2
1900	Other non-current assets	6(12) and 8	57,241	1	53,175	1
15XX	**Total non-current assets**		4,522,648	46	4,397,533	52
1XXX	**Total assets**		$ 9,823,412	100	$ 8,531,538	100

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

			December 31, 2018		December 31, 2017	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14)	$ 139,613	1	$ 840,589	10
2130	Current contract liabilities	6(25)	452,619	5	-	-
2150	Notes payable		2,441	-	1,746	-
2170	Accounts payable		634,764	7	1,432,940	17
2180	Accounts payable - related parties	7	9,677	-	146,180	1
2200	Other payables	6(15)	1,772,141	18	418,288	5
2220	Other payables - related parties	7	157,915	1	64,326	1
2230	Current income tax liabilities		421,726	4	5,082	-
2300	Other current liabilities	6(16)	196,535	2	1,173,441	14
21XX	**Total current liabilities**		3,787,431	38	4,082,592	48
	Non-current liabilities					
2540	Long-term borrowings	6(18)	800,000	8	1,294,004	15
2570	Deferred income tax liabilities	6(30)	59,996	1	13,077	-
2600	Other non-current liabilities	6(19)	17,255	-	6,052	-
25XX	**Total non-current liabilities**		877,251	9	1,313,133	15
2XXX	**Total liabilities**		4,664,682	47	5,395,725	63
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock	6(21)	1,754,936	18	1,750,281	21
	Capital surplus	6(22)				
3200	Capital surplus		1,140,786	11	1,033,045	12
	Retained earnings	6(23)				
3350	Unappropriated retained earnings (Accumulated deficit)		2,089,075	21	(14,270)	-
	Other equity interest	6(24)				
3400	Other equity interest		(199,195)	(1)	205,814	2
3500	Treasury stocks	6(20)	(64,623)	(1)	(186,226)	(2)
31XX	**Equity attributable to owners of the parent**		4,720,979	48	2,788,644	33
36XX	**Non-controlling interest**		437,751	5	347,169	4
3XXX	**Total equity**		5,158,730	53	3,135,813	37
	Significant contingent liabilities and unrecorded contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 9,823,412	100	$ 8,531,538	100

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

			Year ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(25), 7 and 12(5)	$ 14,334,948	100	$ 8,474,988	100
5000	**Operating costs**	6(29) and 7	(9,441,029)	(66)	(6,910,101)	(82)
5950	**Gross profit**		4,893,919	34	1,564,887	18
	Operating expenses	6(29) and 7				
6100	Selling expenses		(1,254,743)	(9)	(648,515)	(8)
6200	General and administrative expenses		(1,356,000)	(9)	(793,232)	(9)
6300	Research and development expenses		(236,656)	(2)	(205,100)	(2)
6450	Expected credit impairment loss		(4,154)	-	-	-
6000	**Total operating expenses**		(2,851,553)	(20)	(1,646,847)	(19)
6900	**Operating income**		2,042,366	14	(81,960)	(1)
	Non-operating income and expenses					
7010	Other income	6(26) and 7	46,865	-	50,120	1
7020	Other gains and losses	6(27)	156,142	1	123,751	1
7050	Finance costs	6(28)	(25,456)	-	(44,469)	-
7060	Share of loss of associates and joint ventures accounted for under equity method		(62,308)	-	(48,382)	(1)
7000	**Total non-operating income and expenses**		115,243	1	81,020	1
7900	**Profit (loss) before income tax**		2,157,609	15	(940)	-
7950	Income tax expense	6(30)	(463,624)	(3)	(35,967)	-
8200	**Profit (loss) for the year**		$ 1,693,985	12	($ 36,907)	-

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan		$ 223	-	($ 3,965)	-
8316	Unrealised loss on investment in equity instruments at fair value through other comprehensive income		(58,776)	(1)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(57)	-	674	-
8310	**Other comprehensive income that will not be reclassified to profit or loss**		(58,610)	(1)	(3,291)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		2,326	-	(40,676)	(1)
8362	Unrealised gain on valuation of available-for-sale financial assets		-	-	81,894	1
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(12)	-	(12)	-
8360	**Other comprehensive income that will be reclassified to profit or loss**		2,314	-	41,206	-
8300	**Total other comprehensive (loss) income for the year**		($ 56,296)	(1)	$ 37,915	-
8500	**Total comprehensive income for the year**		$ 1,637,689	11	$ 1,008	-
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 1,759,973	12	$ 26,680	1
8620	Non-controlling interest		(65,988)	-	(63,587)	(1)
			$ 1,693,985	12	($ 36,907)	-
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 1,721,137	12	$ 57,668	1
8720	Non-controlling interest		(83,448)	(1)	(56,660)	(1)
			$ 1,637,689	11	$ 1,008	-
	Earnings per share (in dollars)					
9750	**Basic earnings per share**	6(31)	$ 10.31		$ 0.17	
9850	**Diluted earnings per share**	6(31)	$ 10.11		$ 0.17	

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent													
			Capital Reserves			Retained Earnings			Other Equity Interest						
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
2017															
Balance at January 1, 2017		$ 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
Profit (loss) for the year		-	-	-	-	-	-	26,680	-	-	-	-	26,680	(63,587)	(36,907)
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(3,291)	(47,615)	-	81,894	-	30,988	6,927	37,915
Total comprehensive income (loss)		-	-	-	-	-	-	23,389	(47,615)	-	81,894	-	57,668	(56,660)	1,008
Convertible securities conversion		174,345	522,342	-	(23,407)	-	-	-	-	-	-	-	673,280	-	673,280
Offset of accumulated deficit against 2016 retained earnings	6(23)														
Capital surplus used to cover accumulated deficit		-	(191,319)	-	-	-	-	191,319	-	-	-	-	-	-	-
Legal reserve offset		-	-	-	-	(51,971)	-	51,971	-	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(64,656)	64,656	-	-	-	-	-	-	-
Purchase of treasury stocks	6(20)	-	-	-	-	-	-	-	-	-	-	(762)	(762)	-	(762)
Changes in equity of associates and joint ventures accounted for using equity method		-	-	-	646	-	-	(16,816)	-	-	-	-	(16,170)	-	(16,170)
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	27,127	-	-	(20,843)	-	-	-	-	6,284	-	6,284
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	103,762	103,762
Balance at December 31, 2017		$ 1,750,281	$ 971,484	$ 24,234	$ 37,327	$ -	$ -	($ 14,270)	($ 73,262)	$ -	$ 279,076	($ 186,226)	$ 2,788,644	$ 347,169	$ 3,135,813
2018															
Balance at January 1, 2018		$ 1,750,281	$ 971,484	$ 24,234	$ 37,327	$ -	$ -	($ 14,270)	($ 73,262)	$ -	$ 279,076	($ 186,226)	$ 2,788,644	$ 347,169	$ 3,135,813
Effect of retrospective application	12(4)	-	-	-	-	-	-	365,436	-	(86,360)	(279,076)	-	-	-	-
Balance at January 1 after adjustments		1,750,281	971,484	24,234	37,327	-	-	351,166	(73,262)	(86,360)	-	(186,226)	2,788,644	347,169	3,135,813
Profit (loss) for the year		-	-	-	-	-	-	1,759,973	-	-	-	-	1,759,973	(65,988)	1,693,985
Other comprehensive income (loss) for the year		-	-	-	-	-	-	166	19,774	(58,776)	-	-	(38,836)	(17,460)	(56,296)
Total comprehensive income (loss)		-	-	-	-	-	-	1,760,139	19,774	(58,776)	-	-	1,721,137	(83,448)	1,637,689
Offset of accumulated deficit against 2017 retained earnings	6(23)														
Capital surplus used to cover accumulated deficit		-	(14,270)	-	-	-	-	14,270	-	-	-	-	-	-	-
Cash dividends from capital surplus		-	(84,298)	-	-	-	-	-	-	-	-	-	(84,298)	-	(84,298)
Convertible securities conversion		4,655	14,059	-	(625)	-	-	-	-	-	-	-	18,089	-	18,089
Transfer of treasury stocks to employees		-	-	196,337	-	-	-	-	-	-	-	121,603	317,940	-	317,940
Changes in equity of associates and joint ventures accounted for using equity method		-	-	-	(7,214)	-	-	(6,820)	-	-	-	-	(14,034)	-	(14,034)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	-	-	3,752	-	-	(30,251)	-	-	-	-	(26,499)	-	(26,499)
Others		-	-	-	-	-	-	571	-	(571)	-	-	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	174,030	174,030
Balance at December 31, 2018		$ 1,754,936	$ 886,975	$ 220,571	$ 33,240	$ -	$ -	$ 2,089,075	($ 53,488)	($ 145,707)	$ -	($ 64,623)	$ 4,720,979	$ 437,751	$ 5,158,730

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 2,157,609	($ 940)
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of provision for bad debt expense	12(2)	-	(1,309)
Expected credit impairment loss	12(4)	4,154	-
Depreciation	6(9)(29)	111,085	107,309
Amortisation	6(11)(29)	150,202	121,294
Gain on financial assets or liabilities at fair value through profit or loss	6(27)	(145)	(2,875)
Share-based payments	6(20)	196,140	-
Share of loss of associates accounted for using equity method		62,308	48,383
(Gain) loss on disposal of property, plant and equipment	6(27)	(40,909)	5
Gain on disposal of non-current assets held for sale	6(27)	-	(164,774)
Intangible assets transferred to loss and expenses	6(11)	5,351	3,130
Gain on disposal of available-for-sale financial assets	6(27)	-	(16,661)
Gain on disposal of investments	6(27)	(112,386)	-
Impairment loss on financial assets	6(27)	-	16,379
Impairment loss on non-financial assets	6(27)	4,845	24,363
Interest income	6(26)	(17,491)	(3,095)
Interest expense	6(28)	25,456	44,469
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		238	(56)
Accounts receivable		1,363,829	(799,671)
Accounts receivable - related parties		(11,726)	(3,389)
Other receivables		(272,276)	20,349
Other receivables - related parties		(9,843)	1,897
Inventories		(27,432)	(34,534)
Prepayments		(307,836)	(131,183)
Other current assets		(29,394)	15,856
Other non-current assets		287	(1,342)
Changes in operating liabilities			
Contract liabilities - current		(27,028)	-
Notes payable		695	1,746
Accounts payable		(779,331)	231,775
Accounts payable - related parties		(136,503)	(76,915)
Other payables		1,156,942	90,613
Other payables - related parties		108,215	4,801
Other current liabilities		(443,865)	270,873
Other non-current liabilities		(340)	828
Cash inflow (outflow) generated from operations		3,130,851	(78,844)
Interest received		17,491	3,095
Interest paid		(25,456)	(36,643)
Income tax paid		(34,891)	(1,243)
Dividends received		13,469	21,513
Net cash flows from (used in) operating activities		3,101,464	(92,122)

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets or liabilities at fair value through profit or loss		($ 200,000)	$ -
Acquisition of available-for-sale financial assets		-	(15,271)
Proceeds from disposal of investments accounted for using equity method		97,094	-
Proceeds from disposal of available-for-sale financial assets	6(34)	-	28,107
Acquisition of investments accounted for using equity method		(51,561)	(154,829)
Acquisition of subsidiaries (net of cash received)		(152,287)	-
Acquisition of property, plant and equipment	6(34)	(101,527)	(112,571)
Proceeds from disposal of property, plant and equipment		90,719	47
Proceeds from disposal of non-current assets held for sale		-	352,316
Acquisition of intangible assets	6(34)	(80,175)	(113,437)
Proceeds from disposal of intangible assets		8,538	-
(Increase) decrease in other financial assets		(83,065)	99,161
(Increase) decrease in refundable deposits		(3,962)	10,167
Decrease in gurantee deposit		(97)	-
Net cash flows (used in) from investing activities		(476,323)	93,690
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		84,466	113,857
Repayment of short-term borrowings		(787,387)	-
Increase in long-term borrowings		-	68,448
Repayment of long-term debt		(539,533)	(358,334)
Cash dividends paid	6(23)	(85,753)	-
Purchase of treasury shares		-	(762)
Transfer of treasury shares		121,800	-
Redemption of convertible bonds		(100)	-
Increase in subsidiaries capital from non-controlling interest	6(32)	18,500	110,045
Acquisition of comparative interests in subsidiaries	6(32)	(14,500)	-
Net cash flows used in financing activities		(1,202,507)	(66,746)
Effect of exchange rate changes on cash and cash equivalents		(5,935)	(26,925)
Net increase (decrease) in cash and cash equivalents		1,416,699	(92,103)
Cash and cash equivalents at beginning of year		1,380,030	1,472,133
Cash and cash equivalents at end of year		$ 2,796,729	$ 1,380,030

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

1. HISTORY AND ORGANISATION

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

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 7, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective Date by the International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018

New Standards, Interpretations and Amendments	Effective Date by the International Accounting Standards Board
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.

A. IFRS 9, 'Financial instruments'

(a) 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) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

(a) 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.

(b) The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. Under IFRS 15, liabilities in relation to the performance obligations of game services are recognised as contract liabilities, but were previously presented as unearned revenue in the balance sheet (shown as ‘other current liabilities’). As of January 1, 2018, the balance amounted to $475,856.

ii. Under IFRS 15, for each specified good or service, the entity determines whether it is the principal or the agent based on the nature of the promise to the customer. The purpose of selling game stored-value cards to players is to offer a tool that allows them to purchase game services from the Group or another party. When a player purchases a game from another party for which the Group has no control over the service provided, then the Group merely acts as an intermediary that facilitates the transaction; the game service is entirely provided by another party. After the adoption of IFRS 15, the Group recognises payments received less amounts paid to another party as revenue.

iii. Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

(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 2019 are as follows:

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

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

IFRS 16, 'Leases'

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 expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that "right-of-use asset" and lease liability will both be increased by $66,716.

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

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

New Standards, Interpretations and Amendments	Effective Date by the International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

(b) Financial assets at fair value through other comprehensive income.

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 was prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd. (GIH)	Investment holdings	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania China Holdings Ltd.	Investment holdings	98.85	98.85	
Gamania International Holdings Ltd. (GIH)	Gamania Western Holdings Ltd.	Investment holdings	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania Netherlands Holdings Cooperatief U.A.	Investment holdings	100	100	
Gamania International Holdings Ltd. (GIH)	Joymobee Entertainment Co., Ltd.	Software services	100	100	
Gamania International Holdings Ltd. (GIH)	Achieve Made International Ltd. (AMI)	Investment holdings	50.07	50.07	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Gamania International Holdings Ltd. (GIH)	HaPod Digital Technology Co., Ltd.	Software services and sales	100	100	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	100	100	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100	100	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Software services and sales	100	100	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Software services and sales	100	100	
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design, research and development and sales of software	100	100	
Achieve Made International Ltd. (AMI)	Jollywiz Digital Technology Co., Ltd.	Information and supply of electronic services	100	100	
Achieve Made International Ltd. (AMI)	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	86.73	76.58	Note 1
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	Investment holdings	100	100	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	13.27	23.42	Note 1
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd.	Information and supply of electronic services	52.27	100	Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Cyber Look Properties Ltd.	Legion Technology (Shanghai) Co., Ltd.	Information and supply of electronic services	100	100	
Legion Technology (Shanghai) Co., Ltd.	Jollywiz Digital Business Co., Ltd.	Information and supply of electronic services	100	100	
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment company	100	100	
Gamania Digital Entertainment Co., Ltd.	Ciirco Inc.	Software services	99.57	99.25	
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100	100	
Gamania Digital Entertainment Co., Ltd.	JollyBuy Digital Technology Co., Ltd.	E-commerce operations	100	100	Note 3
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd.	Animation production	51	51	
Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd.	Software information and supply of electronic services	90	90	
Gamania Digital Entertainment Co., Ltd.	Ants' Power Co., Ltd.	Customer service	100	100	
Gamania Digital Entertainment Co., Ltd.	Indiland Co., Ltd.	IP commodities authorization	100	100	
Gamania Digital Entertainment Co., Ltd.	We Backers Co., Ltd.	Crowd funding	91.67	91.67	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Gamania Digital Entertainment Co., Ltd.	BeanGo! Co., Ltd.	Software services	100	97.5	
Gamania Digital Entertainment Co., Ltd.	MadSugr Digital Technology Co., Ltd.	Software services and sales	51	51	
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd.	Online media production	92.54	89.81	
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	48.57	40	Note 4
Gamania Digital Entertainment Co., Ltd.	Coco Digital Technology Co., Ltd.	Software services and sales	100	100	
Gamania Digital Entertainment Co., Ltd.	NOWnews Network Co., Ltd.	Broadcast and TV shows production	78.70	45.61	Note 5
Gamania Digital Entertainment Co., Ltd.	Digicentre Company Limited	Software services	66.96	38.26	Note 6
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Software information and supply of electronic services	100	100	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Software information and supply of electronic services	100	100	
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	Software information and supply of electronic services	100	100	
Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	21.43	25	Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Software services	84	52	
MadSugr Digital Technologies Co., Ltd.	MadSugr Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	
Coco Digital Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Software services	100	100	
Gamania Asia Investment Co., Ltd	The China Post Co., Ltd.	Newspaper and magazine publishing	100	100	
Gamania Asia Investment Co., Ltd.	Bjolly Co., Ltd.	Information and supply of electronic services	2.27	-	Note 2 Note 7
Digicentre Company Limited	Digicentre (HK) Company Limited	Software services	100	100	

Note 1: The Company's subsidiaries, Achieve Made International Ltd. and Jollywiz Digital Technology Co., Ltd., held an 86.73% and 13.27% equity interest in the investee, respectively, and had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 2: The Company's subsidiaries, Jollywiz Digital Technology Co., Ltd. and Gamania Asia, held a 52.27% and 2.27% equity interest in the investee, respectively, and had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 3: On September 12, 2018, Redgate Games Co., Ltd. was renamed as JollyBuy Digital Technology Co., Ltd..

Note 4: The Company and Gash Point Co., Ltd. held a 48.57% and 21.43% equity interest in the investee, respectively. The Company and Gash Point Co., Ltd. jointly held half seats in the Board of Directors, and had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 5: On September 27, 2018, the Company acquired additional 33.55% equity of NOWnews and accordingly, the Company's ownership percentage increased from 45.14% to 78.69%. NOWnews was included in the consolidated financial statements thereafter.

Note 6: On October 4, 2018, the Company acquired additional 28.70% equity of Digicentre and accordingly, the Company's ownership percentage increased from 38.26% to 66.96%. Digicentre was included in the consolidated financial statements thereafter.

Note 7: On August 16, 2018, Gamania Asia acquired 2.27% equity of Bjolly Co., Ltd. during the capital increase.

The financial statements of certain consolidated subsidiaries were audited by other independent accountants, which statements reflect total assets of $1,345,818 and $932,787, constituting 14% and 10% of the consolidated total assets as of December 31, 2018 and 2017, respectively, and net operating revenue of $1,185,227 and $2,298,684, constituting 8% and 27% of the consolidated total operating revenues for the years then ended, respectively.

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

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

E. Significant restrictions: None.

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

As of December 31, 2018 and 2017, the non-controlling interest amounted to $437,751 and $347,169, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2018		December 31, 2017		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
AMI and subsidiaries	Taiwan and China	$ 154,460	49.93%	$ 162,349	49.93%	(Note)
GAMA PAY Co., Ltd.	Taiwan	102,223	30.00%	124,139	35.00%	
Digicentre Company Limited	Taiwan	106,150	33.04%	-	-	

(Note) Registered location of AMI is Cayman Islands.

Balance sheets

	AMI and subsidiaries	
	December 31, 2018	December 31, 2017
Current assets	$ 430,965	$ 512,819
Non-current assets	60,210	58,781
Current liabilities	(177,499)	(246,446)
Non-current liabilities	-	-
Total net assets	$ 313,676	$ 325,154

	GAMA PAY Co., Ltd.	
	December 31, 2018	December 31, 2017
Current assets	$ 341,316	$ 356,289
Non-current assets	37,511	30,153
Current liabilities	(38,085)	(31,760)
Non-current liabilities	-	-
Total net assets	$ 340,742	$ 354,682

	Digicentre Company Limited
	December 31, 2018
Current assets	$ 241,570
Non-current assets	190,855
Current liabilities	(124,981)
Non-current liabilities	(10,723)
Total net assets	$ 296,721

Statements of comprehensive income

	AMI and subsidiaries	
	Years ended December 31,	
	2018	2017
Revenue	$ 740,957	$ 705,224
Loss before income tax	(11,709)	(27,284)
Income tax expense	-	-
Loss for the year	(11,709)	(27,284)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the year	($ 11,709)	($ 27,284)
Comprehensive loss attributable to non-controlling interest	($ 5,846)	($ 13,623)
Dividends paid to non-controlling interest	$ -	$ -

	GAMA PAY Co., Ltd.	
	Years ended December 31,	
	2018	2017
Revenue	$ 627	$ 1,538
Loss before income tax	(117,272)	(108,590)
Income tax expense	-	-
Loss for the year	(117,272)	(108,590)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the year	($ 117,272)	($ 108,590)
Comprehensive loss attributable to non-controlling interest	($ 37,504)	($ 38,007)
Dividends paid to non-controlling interest	$ -	$ -

	Digicentre Company Limited
	Year ended December 31, 2018
Revenue	$ 509,434
Profit before income tax	40,457
Income tax expense	(7,665)
Profit for the year	32,792
Other comprehensive income, net of tax	152
Total comprehensive loss for the year	$ 32,944
Comprehensive loss attributable to non-controlling interest	$ 2,743
Dividends paid to non-controlling interest	$ -

Statements of cash flows

	AMI and subsidiaries	
	Years ended December 31,	
	2018	2017
Net cash used in operating activities	($ 53,204)	($ 156,004)
Net cash used in investing activities	(6,112)	(2,098)
Net cash provided by financing activities	4,786	191,666
Effect of exchange rate changes on cash and cash equivalents	(18,348)	(14,484)
(Decrease) increase in cash and cash equivalents	(72,878)	19,080
Cash and cash equivalents, beginning of year	137,671	118,591
Cash and cash equivalents, end of year	$ 64,793	$ 137,671

	GAMA PAY Co., Ltd.	
	Years ended December 31,	
	2018	2017
Net cash used in operating activities	($ 101,006)	($ 120,271)
Net cash used in investing activities	(18,663)	(9,888)
Net cash provided by financing activities	100,000	-
Effect of exchange rate changes on cash and cash equivalents	-	-
Decrease in cash and cash equivalents	(19,669)	(130,159)
Cash and cash equivalents, beginning of year	346,610	476,769
Cash and cash equivalents, end of year	$ 326,941	$ 346,610

	Digicentre Company Limited
	Year ended December 31,
	2018
Net cash provided by operating activities	$ 20,038
Net cash used in investing activities	(9,468)
Net cash used in financing activities	(31,541)
Effect of exchange rate changes on cash and cash equivalents	-
Decrease in cash and cash equivalents	(20,971)
Cash and cash equivalents, beginning of year	63,217
Cash and cash equivalents, end of year	$ 42,246

(4) Foreign currency translation

Items included in the financial statements of each of the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional and 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, when 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 operations.

(5) <u>Classification of current and non-current items</u>

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 settle 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 settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets measured at fair value through other comprehensive income, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

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

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

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. The original costs are the cost to obtain the assets. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable 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 do not arise from 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.

H. If the Group's business combination achieved in stages, the acquirer should remeasure its previously held interest at fair value at of the acquisition date, and recognised profit or loss if it derived any gain or loss.

(15) <u>Property, plant and equipment</u>

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. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are evaluated, 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) Intangible assets

A. Licence fees

Licence fees for operating online game software, are stated at cost and amortised based on the period of the contract or reversed in proportion of operating revenue after online games lauching.

B. Software

Costs of software are stated at cost and amortised under the straight-line basis over the estimated useful life of 1-5 years.

C. Trademark right

Trademark right is stated at fair value at the acquisition date and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

D. Customer relationships

Customer relationships which are intangible assets acquired during the business combinations are stated at fair value at the acquisition date and are amortised on a straight-line basis over their estimated useful life of 8~12 years.

E. Other intangible assets

(a) Copyrights which are intangible assets acquired during the business combinations are stated at fair value at the acquisition date and are amortised on a straight-line basis over their estimated useful life of 15 years.

(b) Software independent development which is intangible assets acquired during the business combinations are stated at fair value at the acquisition date and are amortised on a straight-line basis over their estimated useful life of 3 years.

(c) Mobile phone games outsourcing and unamortised charges with estimated useful life are stated at cost at the acquisition date and are amortised on a straight-line basis over their estimated useful life of 1~3 years.

F. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Goodwill is recognised in the amount of acquisition price including direct costs of business combination less the fair value of identifiable net assets acquired. The measurement date of acquisition price must not exceed one year from the acquisition date.

(17) <u>Lease</u>

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.

(18) <u>Impairment of non-financial assets</u>

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.

(19) 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.

(20) 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.

(21) 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.

(22) 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 preference shares 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 above mentioned liability component plus the book value of capital surplus - stock warrants.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

C. Termination benefits

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

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

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

(24) 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-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.

(25) Income tax

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

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

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

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

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

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

(26) 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.

(27) 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.

(28) Revenue recognition

A. Online and mobile games revenue

(a) The Group is engaged in online games and mobile phone games and sales of peripheral products of the games. Sales are recognised when control of the products has transferred, that is, the customer has control of the product and obtained most residual benefit, and there is no unfulfilled obligation that could affect the customer acceptance of the products.

(b) Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods based on the contract price.

(c) The Group recognises the collections of payments for game stored-value card purchases or value-added by players as contract liabilities, and amortises those amounts as revenue over the expected users' relationship periods or the estimated delivery period of the virtual items, when they are actually used.

(d) The Group recognised accounts receivable when the control of product has been transferred and has the right to collect price without condition. The accounts receivable has usually a short-term period and does not contain significant financial component. However, for online games and mobile phone games, the Group collects the price in advance upon sale, and recognises the contract liability.

B. Sales of services

The Group recognises customer service revenue and advertisement revenue when the individual obligation is fulfilled at a point in time or fulfilled over time. Service revenue is based on contract price.

C. Revenue from stored-values

The Group is engaged in the sale of game stored-value cards. The purpose of selling game stored-value cards to players is to offer a tool that allows them to purchase game services from the Group or another party. When a player purchases a game from another party for which the Group has no control over the service provided, then the Group merely acts as an intermediary that facilitates the transaction; the game service is entirely provided by another party. The Group recognises payments received less amounts paid to another party as revenue.

D. Royalty income

The Group entered into a contract with a customer to grant a licence of agency to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the agency to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's agency and therefore the revenue is recognised when transferring the licence to a customer at a point in time. Some contracts require a sales-based royalty in exchange for a licence of agency. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

(29) <u>Business combinations</u>

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.

(30) <u>Operating segments</u>

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

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

Revenue recognition on a net/gross basis

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

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

A. The Group is primarily responsible for the provision of goods or services;

B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

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

As of December 31, 2018, the Group recognised deferred contract liability in the amount of $452,619.

B. Impairment assessment of licence fees

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

As of December 31, 2018, the Group recognised licence fees, net of impairment, amounting to $106,050.

C. Impairment assessment of customer relationship

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

D. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of goodwill impairment.

As of December 31, 2018, the Group recognised goodwill, net of impairment loss, amounting to $357,863.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and petty cash	$ 8,951	$ 1,495
Checking accounts and demand deposits	1,362,985	1,267,434
Cash equivalents - time deposits	1,424,793	111,101
	$ 2,796,729	$ 1,380,030

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

B. Details of the Group's cash and cash equivalents pledged to others as collateral that have been classified as financial assets (shown as 'other current assets') are provided in Note 8.

(2) Financial assets and liabilities at fair value through profit or loss - current

Items	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Open-end Funds	$ 200,000
Valuation adjustment	150
	$ 200,150

A. The Group recognised net profit of $145 on financial assets or liabilities designated as at fair value through profit or loss for the year ended December 31, 2018.

B. Information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 1,452	$ 238
Accounts receivable	$ 971,272	$ 2,317,217
Less: Allowance for doubtful accounts	(50,217)	(106,902)
Less: Allowance for sales returns and discounts	-	(537)
	921,055	2,209,778
Overdue receivables (shown as other non-current assets)	99,830	99,830
Less: Allowance for doubtful accounts	(99,830)	(99,830)
	$ 921,055	$ 2,209,778

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

	December 31, 2018	December 31, 2017
Not past due	$ 879,705	$ 2,037,783
Up to 30 days	18,206	48,155
31~60 days	6,739	23,045
61~90 days	4,884	6,908
91~120 days	1,352	8,515
Over 120 days	60,386	192,811
	$ 971,272	$ 2,317,217

The above ageing analysis was based on past due date.

B. As at December 31, 2018 and 2017, the Group has no notes receivable past due.

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

D. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable were $1,452 and $238, and accounts receivable were $921,055 and $2,209,778, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(4) Other accounts receivable

	December 31, 2018	December 31, 2017
Other receivables	$ 468,019	$ 66,118
Less: Allowance for bad debts	(66,405)	(2,723)
	$ 401,614	$ 63,395

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

	December 31, 2018	December 31, 2017
Not past due	$ 319,936	$ 58,220
Up to 30 days	15,078	210
31 to 60 days	3,560	228
61 to 90 days	5,980	99
91 to 120 days	2,836	48
Over 120 days	120,629	7,313
	$ 468,019	$ 66,118

The above ageing analysis was based on past due date.

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

C. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's other receivables were $401,614 and $63,395, respectively.

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

(5) Inventories

	December 31, 2018		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	$ 104,455	($ 3,136)	$ 101,319

	December 31, 2017		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	$ 73,404	($ 2,323)	$ 71,081

Expenses and losses incurred on inventories for the year:

	Years ended December 31, 2018	Years ended December 31, 2017
Cost of goods sold	$ 536,928	$ 925,029
Loss on provision for inventory obsolescence and market price decline	813	482
	$ 537,741	$ 925,511

(6) Prepayments

	December 31, 2018	December 31, 2017
Prepayments to suppliers	$ 445,366	$ 190,554
Prepaid expenses	95,271	84,180
Excess business tax paid	81,253	21,392
Others	5,574	9,308
	$ 627,464	$ 305,434

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

Items	December 31, 2018
Non-current items:	
Equity instruments	
Emerging stocks	$ 20,000
Unlisted stocks	594,031
	614,031
Valuation adjustment	(152,079)
	$ 461,952

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $461,952 as at December 31, 2018.

B. The Group recognised ($58,776) in other comprehensive income for the fair value change of the financial assets for the year ended December 31, 2018.

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

D. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's financial assets at fair value through other comprehensive income was $461,952.

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

F. Information on December 31, 2017 is provided in Note 12(4).

(8) Investments accounted for under the equity method

	2018	2017
At January 1	$ 584,731	$ 528,606
Addition of investments accounted for using equity method	51,561	154,829
Transferred from financial assets at fair value through other comprehensive income - non-current	15,570	-
Disposal of investments accounted for using equity method	(323,316)	-
Share of loss of investments accounted for using equity method	(62,308)	(48,382)
Earnings distribution of investments accounted for using equity method	(13,469)	(21,513)
Provision for impairment	(4,845)	(7,042)
Changes in capital surplus	(7,214)	646
Changes in retained earnings	(6,820)	(16,816)
Changes in other equity items	(12)	(12)
Effects of foreign exchange	(6,304)	(5,585)
At December 31	$ 227,574	$ 584,731

A. List of long-term investments

Name of associates and subsidiary	December 31, 2018 Ownership percentage	December 31, 2018 Balance	December 31, 2017 Ownership percentage	December 31, 2017 Balance
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	$ 62,351	49.00	$ 80,417
Jsdway Digital Technology Co., Ltd. (Jsdway)	35.04	48,363	35.04	48,233
Fantasy Fish Digital Games Co., Ltd. (Fantasy Fish)	44.08	40,944	44.08	40,379
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	29.39	25,283	30.94	9,945
Aotter Inc. (Aotter) (Note 3)	21.48	24,456	-	-
Chuang Meng Shr Ji Co., Ltd.	19.35	13,940	19.35	17,937
Polysh Co., Ltd.	20.00	8,711	20.00	10,477
Pri-One Marketing Co., Ltd.	30.00	2,528	30.00	2,670
4-Way Voice Cultural Co., Ltd.	38.00	818	38.00	1,096
Machi Pictures Co., Ltd. (Machi Pictures)	33.33	180	33.33	180
Digicentre Co., Ltd. (Digicentre) (Note 1)	66.96	-	38.26	189,274
NOWnews Network Co., Ltd. (NOWnews) (Note 2)	78.70	-	45.61	94,029
Mission Worldwide Group Limited (MWG) (Note 4)	-	-	27.27	84,537
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu) (Note 5)	30.00	-	30.00	3,423
ACCI Group Limited (ACCI) (Note 5)	30.00	-	30.00	1,370
UniCube Co., Ltd. (UniCube) (Note 6)	-	-	40.00	764
Firedog Creative Co., Ltd. (Firedog) (Note 5)	40.00	-	40.00	-
Petsmao Co., Ltd. (Petsmao) (Note 5)	37.50	-	37.50	-
		$ 227,574		$ 584,731

Note 1: On October 4, 2018, the Company acquired additional 28.7% equity of Digicentre and accordingly, the Company's ownership percentage increased from 38.26% to 66.96%. Digicentre was then included in the consolidated financial statements.

Note 2: On September 27, 2018, the Company acquired 33.55% equity of NOWnews and accordingly, the Company's ownership percentage increased from 45.14% to 78.69%. NOWnews was then included in the consolidated financial statements.

Note 3: Gamania Asia has significant control over Aotter since it held 21.48% ownership of the investee and elected one director's seat after participating in the capital increase on August 31, 2018.

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

Note 5: All impairment losses derived from equity investments have been recognised based on the Company's assessment. The details are provided in Note 6(13).

Note 6: The number of share capital held by the Company in UniCube declined to zero after the associate's capital reduction to cover accumulated deficit in May 2018. The Company did not participate in the capital increase raised by UniCube afterwards.

B. Among investees accounted for using equity method for the year ended December 31, 2017, Digicentre Company Limited was accounted for based on financial statements audited by its appointed independent accountants. The related investment income based on the financial statements audited by other auditors amounted to $13,329 for the year ended December 31, 2017. As of December 31, 2017, the balance of these investments totaled $189,274.

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

		Ownership (%)			
Company name	Principal of business	December 31, 2018	December 31, 2017	Nature of relationship	Method of measurement
Digicentre	Taiwan	Note 1	38.26%	Owns at least 20% of the voting rights	Equity method

There is no significant associate as of December 31, 2018.

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

Balance sheet

	Digicentre December 31, 2017
Current assets	$ 242,026
Non-current assets	198,688
Current liabilities	(136,044)
Non-current liabilities	(9,797)
Total net assets	$ 294,873
Share in associate's net assets	$ 112,818
Unrealised loss on downstream transactions	4,699
Goodwill	71,757
Carrying amount of the associate	$ 189,274

Statement of comprehensive income

	Digicentre Year ended December 31, 2017
Revenue	$ 458,497
Profit for the year from continuing operations	34,838
Loss for the year from discontinued operations	-
Other comprehensive income, net of tax	-
Total comprehensive income	$ 34,838
Dividends received from associates	$ 10,560

E. As of December 31, 2018 and 2017, the carrying amount of the Group's individually immaterial associates amounted to $227,574 and $395,457, respectively. The Group's share of the operating results are summarised below:

	Years ended December 31,	
	2018	2017
Loss for the year from continuing operations	($ 62,308)	($ 61,711)
Loss for the year from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 62,308)	($ 61,711)

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

(9) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2018									
Cost	$ 2,150,050	$ 469,795	$ 485,626	$ 1,275	$ 73,239	$ 40,701	$ 30,448	$ -	$ 3,251,134
Accumulated depreciation	-	(44,523)	(346,108)	(1,213)	(38,336)	(10,028)	(10,241)	-	(450,449)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,050	$ 425,272	$ 133,136	$ 62	$ 34,903	$ 30,673	$ 20,207	$ -	$ 2,794,303
2018									
Opening net book amount as at January 1	$ 2,150,050	$ 425,272	$ 133,136	$ 62	$ 34,903	$ 30,673	$ 20,207	$ -	$ 2,794,303
Additions	-	23,058	36,275	-	7,984	4,054	3,079	-	74,450
Acquired from business combinations	105,421	33,542	40,553	-	1,561	4,029	2,591	-	187,697
Disposals	(9,519)	(23,587)	(263)	-	(790)	(15,502)	(149)	-	(49,810)
Transfer	-	22,317	-	-	-	-	-	(22,317)	-
Reclassifications	-	(29,607)	-	-	-	-	-	29,607	-
Depreciation charge	-	(26,761)	(60,532)	-	(10,442)	(5,606)	(7,744)	-	(111,085)
Net exchange differences	130	325	40	(1)	7	255	(1)	-	755
Closing net book amount as at December 31	$ 2,246,082	$ 424,559	$ 149,209	$ 61	$ 33,223	$ 17,903	$ 17,983	$ 7,290	$ 2,896,310
At December 31, 2018									
Cost	$ 2,246,082	$ 495,830	$ 498,949	$ 1,252	$ 81,249	$ 31,027	$ 39,869	$ 7,290	$ 3,401,548
Accumulated depreciation	-	(71,271)	(343,358)	(1,191)	(48,026)	(13,124)	(21,886)	-	(498,856)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,246,082	$ 424,559	$ 149,209	$ 61	$ 33,223	$ 17,903	$ 17,983	$ 7,290	$ 2,896,310

	Land	Buildings	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	-	24,019	58,740	-	6,585	3,155	811	3,070	96,380
Disposals	-	-	(1)	-	(51)	-	-	-	(52)
Transfer		19,032			(29)	-	29	(20,403)	(1,371)
Reclassifications (Note)	-	192	-	-	-	-	-	-	192
Depreciation charge	-	(23,744)	(61,209)	-	(9,289)	(5,703)	(6,850)	-	(106,795)
Net exchange differences	(785)	(1,998)	(411)	(1)	34	(1,176)	6	-	(4,331)
Closing net book amount as at December 31	$ 2,150,050	$ 425,272	$ 133,136	$ 62	$ 34,903	$ 30,673	$ 20,207	$ -	$ 2,794,303
At December 31, 2017									
Cost	$ 2,150,050	$ 469,795	$ 485,626	$ 1,275	$ 73,239	$ 40,701	$ 30,448	$ -	$ 3,251,134
Accumulated depreciation	-	(44,523)	(346,108)	(1,213)	(38,336)	(10,028)	(10,241)	-	(450,449)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,050	$ 425,272	$ 133,136	$ 62	$ 34,903	$ 30,673	$ 20,207	$ -	$ 2,794,303

Note: Transferred from investment property.

(1) No borrowing cost was capitalised as part of property, plant and equipment.

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

(10) Investment property

	Land		Buildings		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)
Transferred to non-current assets classified as held for sale	(	111,855)	(	75,690)	(	187,545)
Closing net book amount as at December 31	$	-	$	-	$	-
At December 31, 2017						
Cost	$	-	$	-	$	-
Accumulated depreciation and impairment		-		-		-
	$	-	$	-	$	-

As of December 31, 2018, the Group has no investment property.

(11) Intangible assets

	Licence fees	Software	Other intangible asset	Trademark right	Customer relationship	Goodwill	Total
At January 1, 2018							
Cost	$ 394,532	$ 55,108	$ 51,317	$ -	$ 27,856	$ 46,570	$ 575,383
Accumulated amortisation	(149,133)	(40,942)	(43,821)	-	(10,446)	-	(244,342)
Accumulated impairment	(17,321)	-	-	-	-	(27,501)	(44,822)
	$ 228,078	$ 14,166	$ 7,496	$ -	$ 17,410	$ 19,069	$ 286,219
2018							
Opening net book amount as at January 1	$ 228,078	$ 14,166	$ 7,496	$ -	$ 17,410	$ 19,069	$ 286,219
Additions	901	28,623	35,659	-	-	-	65,183
Acquired from business combinations	-	1,778	28,869	10,090	169,791	338,204	548,732
Amortisation charge	(114,441)	(25,656)	(2,282)	-	(7,823)	-	(150,202)
Disposals during the period	(8,538)	-	-	-	-	-	(8,538)
Transferred to expenses and losses	-	-	(5,351)	-	-	-	(5,351)
Net exchange differences	50	63	227	-	495	590	1,425
Closing net book amount as at December 31	$ 106,050	$ 18,974	$ 64,618	$ 10,090	$ 179,873	$ 357,863	$ 737,468
At December 31, 2018							
Cost	$ 379,424	$ 64,902	$ 107,304	$ 10,090	$ 198,540	$ 386,247	$ 1,146,507
Accumulated amortisation	(256,053)	(45,928)	(42,686)	-	(18,667)	-	(363,334)
Accumulated impairment	(17,321)	-	-	-	-	(28,384)	(45,705)
	$ 106,050	$ 18,974	$ 64,618	$ 10,090	$ 179,873	$ 357,863	$ 737,468

	Licence fees	Software	Other intangible asset	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	123,516	21,108	4,589	-	149,213
Amortisation charge	(84,529)	(21,743)	(15,022)	-	(121,294)
Transfer to other expenses and losses	(1,561)	(298)	(1,271)	-	(3,130)
Acquired from business combinations	-	83	-	738	821
Impairment loss	(17,321)	-	-	-	(17,321)
Net exchange differences	(618)	(38)	(2,472)	(1,534)	(4,662)
Closing net book amount as at December 31	$ 228,078	$ 14,166	$ 24,906	$ 19,069	$ 286,219
At December 31, 2017					
Cost	$ 394,532	$ 55,108	$ 79,173	$ 46,570	$ 575,383
Accumulated amortisation	(149,133)	(40,942)	(54,267)	-	(244,342)
Accumulated impairment	(17,321)	-	-	(27,501)	(44,822)
	$ 228,078	$ 14,166	$ 24,906	$ 19,069	$ 286,219

A. The details of amortisation are as follows:

	Years ended December 31, 2018	Years ended December 31, 2017
Operating costs	$ 125,006	$ 103,671
Selling expenses	13,933	7,135
General and administrative expenses	9,703	8,414
Research and development expenses	1,317	2,074
	$ 149,959	$ 121,294

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

	December 31, 2018	December 31, 2017
Goodwill:		
NOWnews	$ 197,055	$ -
Digicentre	141,149	-
AMI	18,920	18,331
GCH	27,448	26,593
Sino	937	908
The China Post Co., Ltd.	738	738
	386,247	46,570
Less: Accumulated impairment	(28,384)	(27,501)
	$ 357,863	$ 19,069

Goodwill is recognised in the amount of acquisition price including direct costs of business combination less the fair value of identifiable net assets acquired. The Group acquired NOWnews and Digicentre in September and October 2018, respectively. The information about the fair value of the acquisition on the acquisition date is provided in Note 6(33).

The recoverable amount of subsidiary has been determined based on its future cash flow. When the fair value of goodwill is higher than book value, the Group does not recognize impairment loss on goodwill.

(12) Other non-current assets

	December 31, 2018	December 31, 2017
Overdue accounts receivable	$ 99,830	$ 99,830
Less: Allowance for doubtful accounts	(99,830)	(99,830)
Refundable deposits	34,354	25,456
Other non-current financial assets (Note)	21,908	27,646
Others	979	73
	$ 57,241	$ 53,175

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

(13) Impairment of non-financial assets

A. The Group recognised impairment loss of $4,845 and $24,363 for the years ended December 31, 2018 and 2017, respectively.The details of impairment loss are as follow:

	Year ended December 31, 2018	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－Investments accounted for using equity method	$ 4,845	$ -

	Year ended December 31, 2017	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－Investments accounted for using equity method	$ 7,042	$ -
Impairment loss－Licence fees	17,321	$ -
	$ 24,363	$ -

B. For the year ended December 31, 2018, the Group recognised impairment loss on the investments for the associate accounted for using equity method, Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. and ACCI Group Limited. Impairment loss was recognised given that the recoverable amount of expected future cash flows estimated by the best available information on the balance sheet date is less than the book value.

C. For the year ended December 31, 2017, the Company recognised impairment loss on the investments and goodwill for the associate accounted for using equity method, Petsmao Co., Ltd.. Impairment loss was recognised given that the recoverable amount of expected future cash flows estimated by the best available information on the balance sheet date is less than the book value.

D. The Group recognised impairment loss on licence fees for the year ended December 31, 2017, since the book value is greater than the recoverable amount.

(14) Short-term borrowings

	December 31, 2018	December 31, 2017
Bank borrowings		
Secured borrowings	$ 55,147	$ 60,589
Unsecured borrowings	84,466	780,000
	$ 139,613	$ 840,589
Credit lines	$ 1,311,766	$ 1,296,345
Interest rate range	3.30%~6.10%	1.08%~6.10%

(15) Other payables

	December 31, 2018	December 31, 2017
Store-value received on behalf of others	$ 749,050	$ -
Payable on corporate tax and withholding tax	87,628	51,100
Commission payable	79,379	-
Salary payable and annual bonus	166,407	129,538
Employees' compensation	270,924	10,373
Payable on equipment and intangible assets	53,523	44,948
Directors' and supervisors' remuneration payable	50,687	-
Payable on investment (other equity interest)	101,859	-
Others	212,684	182,329
	$ 1,772,141	$ 418,288

(16) Other current liabilities

	December 31, 2018	December 31, 2017
Unearned revenue collected in advance	$ -	$ 900,972
Bonds payable, current portion or exercise of put options	-	18,154
Long-term borrowings, current portion	160,000	203,333
Receipts under custody	17,640	4,510
Tax receipts under custody	8,614	6,740
Other current liabilities - Others	10,281	39,732
	$ 196,535	$ 1,173,441

(17) Bonds payable

	December 31, 2018	December 31, 2017
Bonds payable	$ -	$ 18,300
Less: Discount on bonds payable	-	(146)
	-	18,154
Less: Current portion or exersise of put options	-	(18,154)
	$ -	$ -

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

The terms are as follows:

(a) Total issuance: 700,000

(b) Coupon rate: 0%

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

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

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

(f) Redemption

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

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

(g) Put options:

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

(h) Rights and obligations after conversion:

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

(i) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished. During the third quarter of 2018, the bonds totalling $100 (face value) were repurchased by the Company from the Taipei Exchange.

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

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $10 were separated from the liability component and were recognised in ‘capital surplus - stock warrants’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.57%.

(18) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2018
Long-term bank borrowings				
Secured borrowings	Borrowing period is March 20, 2015 ~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly	1.4%~1.7%	Land and Buildings and structures	$ 960,000
Secured borrowings	Borrowing period is October 3, 2017 ~ June 11, 2019; interest is payable monthly and principal is payable at maturity	3.4708%	Bank deposit	-
				960,000
Less: Current portion				(160,000)
				$ 800,000

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 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	$ 75,000
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	1.40%	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	68,448
Unsecured borrowings	Borrowing period is July 25, 2016 ~ July 25, 2019; principal and interest are payable monthly	1.31%	None	31,667
Unsecured borrowings	Borrowing period is August 11, 2016 ~ August 11, 2019; principal and interest are payable monthly	1.31%	None	22,222
				1,497,337
Less: Current portion				(203,333)
				$ 1,294,004

(19) 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 December 31, every year. If the account balance is in sufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The pension costs under the defined benefit pension plan of the Company for the years ended December 31, 2018 and 2017 were $655 and $581, respectively.

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 61,465)	($ 59,696)
Fair value of plan assets	59,982	57,308
Net defined benefit liability (shown as other non-current liabilities)	($ 1,483)	($ 2,388)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 59,696)	$ 57,308	($ 2,388)
Current service cost	(625)	-	(625)
Interest (expense) income	(776)	746	(30)
	(61,097)	58,054	(3,043)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	-	-
Change in financial assumptions	(1,701)	1,551	(150)
Experience adjustments	373	-	373
	(1,328)	1,551	223
Pension fund contribution	-	1,337	1,337
Paid pension	960	(960)	-
Balance at December 31	($ 61,465)	$ 59,982	($ 1,483)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 54,577)	$ 55,392	$ 815
Current service cost	(594)	-	(594)
Interest (expense) income	(873)	886	13
	(56,044)	56,278	234
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(313)	(313)
Change in financial assumptions	(2,576)	-	(2,576)
Experience adjustments	(1,076)	-	(1,076)
	(3,652)	(313)	(3,965)
Pension fund contribution	-	1,343	1,343
Paid pension	-	-	-
Balance at December 31	($ 59,696)	$ 57,308	($ 2,388)

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2018	2017
Discount rate	1.10%	1.30%
Future salary increases	3.50%	3.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	($ 2,117)	$ 2,210	$ 1,999	($ 1,930)
<u>December 31, 2017</u>				
Effect on present value of defined benefit obligation	($ 2,156)	$ 2,254	$ 2,051	($ 1,977)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amount to $1,257.

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has 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 contributes 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 year ended December 31, 2018 and 2017 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 plan of the Group for the years ended December 31, 2018 and 2017 were $31,335 and $29,663, respectively.

(20) Share-based payment

A. For the years ended December 31, 2018, the Company's share-based payment arrangements was as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees of the Company and subsidiaries	2018.08.09	4,200,000	NA	Vested immediately

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

Type of arrangement	Grant date	Exercise price (In dollars)	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit (In dollars)
Treasury stock transferred to employees of the Company and subsidiaries	2018.08.09	$ 29	42.65%	0.067 year	0.59%	$ 46.71

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

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

	Years ended December 31,	
	2018	2017
Equity-settled	$ 196,140	$ -

(21) Common stock

A. As of December 31, 2018, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 12 million shares reserved for employee stock options), and the paid-in capital was $1,754,936 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2018	2017
At January 1	168,597	151,188
Conversion of convertible bonds	465	17,435
Treasury stock transferred to employees	4,200	-
Purchase of treasury shares	-	(26)
At December 31	173,262	168,597

B. Treasury shares

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

		December 31, 2018	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	2,232	$ 64,623

		December 31, 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

(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.

(22) Capital surplus

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

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

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

(b) Donations.

(23) Unappropriated retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy adopts conservatism principle, with consideration of the Company's profit, financial structure and future development plans, at least 10% of the Company's distributable earnings as of the end of the period shall be appropriated as cash dividends.

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

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

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

E. On June 8, 2017, the shareholders during their meeting resolved to offset the deficit of $307,946 with legal reserve of $51,971, capital surplus of $191,319, and the reversal of special reserve of

$64,656 for the year ended December 31, 2016.

F. On June 13, 2018, the shareholders during their meeting resolved to offset 2017 deficit by using capital surplus in the amount of $14,270, and distribute cash dividends from capital surplus amounting to $84,298 at $0.5 (in dollars) per share.

G. On March 7, 2019, the shareholders during their meeting resolved the 2018 appropriation of retained earnings:

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

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

I. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(28).

(24) Other equity items

	2018			
	Translation differences	Unrealised gain or loss on finanial asset at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Total
At January 1	($ 73,262)	$ -	$ 279,076	$ 205,814
Effect of retrospective application	-	(86,360)	(279,076)	(365,436)
Balance after retrospective adoption at January 1	(73,262)	(86,360)	-	(159,622)
Revaluation - group	-	(58,776)	-	(58,776)
Revaluation transferred to retained earnings - subsidiaries	-	(571)	-	(571)
Currency translation differences:				-
- Group	19,786	-	-	19,786
- Associates	(12)	-	-	(12)
At December 31	($ 53,488)	($ 145,707)	$ -	($ 199,195)

	2017		
	Translation differences	Unrealised gain or loss on available-for-sale financial assets	Total
At January 1	($ 25,647)	$ 197,182	$ 171,535
Revaluation - group	-	97,817	97,817
Revaluation transferred to profit or loss - group	-	(15,923)	(15,923)
Currency translation differences:			-
- Group	(47,603)	-	(47,603)
- Associates	(12)	-	(12)
At December 31	($ 73,262)	$ 279,076	$ 205,814

(25) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	$ 14,334,948

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2018	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Co., Ltd.	Others	Total
Revenue from external customer contracts	$ 12,410,405	$ 399,506	$ 1,525,037	$ 14,334,948
Timing of revenue recognition				
At a point in time	$ 12,081,403	$ 399,506	$ 1,525,037	$ 14,005,946
Over time	329,002	-	-	329,002
	$ 12,410,405	$ 399,506	$ 1,525,037	$ 14,334,948

B. Contract liabilities

(a) The Group's contract liabilities related with contract revenue are mainly deferred revenue from points stored but unused or consumed in the online game or mobile game, and are amortised as revenue over the expected users' relationship periods or the estimated delivery period of the virtual items, when they are actually used.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Year ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Revenue from games	$ 475,856

C. Related disclosures on operating revenue for the year ended December 31, 2017 is provided in Note 12(5)B.

(26) Other income

	Years ended December 31, 2018	2017
Interest income from bank deposits	$ 17,491	$ 3,095
Rental revenue	9,947	18,262
Other income	19,427	28,763
	$ 46,865	$ 50,120

(27) Other gains and losses

	Years ended December 31, 2018	Years ended December 31, 2017
Gain (loss) on disposal of property, plant and equipment	$ 40,909	($ 5)
Gain on disposal of investment (Note)	112,386	16,661
Net currency exchange gain (loss)	28,559	(10,809)
Net gain on financial assets and liabilities at fair value through profit or loss	145	2,875
Impairment loss on financial assets	-	(16,379)
Impairment loss on non-financial assets	(4,845)	(24,363)
Others	(21,012)	155,771
	$ 156,142	$ 123,751

Note: The Group held 45.14% and 38.26% equity interest of NOWnews Network Co., Ltd. and Digicentre Company Limited, respectively, before the business combination. The information about recognition of gain or loss of measuring at fair value is provided in Note 6(33).

(28) Finance costs

	Years ended December 31, 2018	Years ended December 31, 2017
Interest expense:		
Bank borrowings	$ 25,421	$ 36,643
Bonds payable	35	7,823
Others	-	3
	$ 25,456	$ 44,469

(29) Employee benefits, depreciation and amortisation expense

	Years ended December 31, 2018	Years ended December 31, 2017
Employee benefit expense		
Wages and salaries	$ 969,569	$ 681,001
Share-based payment	196,140	-
Labor and health insurance fees	60,081	62,340
Pension costs	31,990	29,663
Director's remuneration	41,327	330
Other personnel expenses	55,731	29,345
	$ 1,354,838	$ 802,679
Depreciation on property, plant and equipment (including investment property)	$ 111,085	$ 107,309
Amortisation expense	$ 150,202	$ 121,294

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

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $250,711 and $2,724, respectively; and directors' and supervisors' remuneration was accrued at $50,142 and $545, respectively. The aforementioned amounts were recognised in salary expenses.

Employees' compensation and directors' and supervisors' remuneration for 2017 would not be distributed as resolved by the Board of Directors. The differences of $2,724 and $545 between employees' compensation and directors' and supervisors' remuneration as resolved by the Board of Directors and the amount recognised in the 2017 financial statements had been adjusted in the profit or loss for 2018.

For the year ended December 31, 2018, the employees' compensation and directors' remuneration were estimated and accrued based on the Company's Articles of Incorporation of distributable profit of current year as of the end of reporting period.

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.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profit for the year	$ 490,401	$ 58,327
Tax on undistributed surplus earnings	-	10
Prior year income tax under (over) estimation	22,524	(617)
Total current tax	512,925	57,720
Deferred tax:		
Origination and reversal of temporary differences	10,955	(21,753)
Temporary differences arising from business combination	(39,816)	-
Impact of change in tax rate	(20,440)	-
Income tax expense	$ 463,624	$ 35,967

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

	Years ended December 31, 2018	Years ended December 31, 2017
Remeasurement of defined benefit obligation	$ 45	($ 674)
Impact of change in tax rate	12	-
	$ 57	($ 674)

B. The reconciliation between accounting income and income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit (loss) before tax and statutory tax rate	$ 440,609	($ 160)
Effect from items disallowed by tax regulation	11,838	61,275
Effect from investment tax credits	(28,000)	(29,641)
Change in assessment of realisation of deferred tax assets	16,653	5,100
Prior year income tax overestimation	22,524	(617)
Tax on undistributed earnings	-	10
Income tax expense	$ 463,624	$ 35,967

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

	Year ended December 31, 2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	December 31
－Deferred tax assets:					
Provision for bad debts in excess of the allowable limit	$ 10,235	$ 4,166	$ -	$ -	$ 14,401
Allowance for sales returns	91	16	-	-	107
Allowance for inventory obsolescence	395	33	-	-	428
Impairment loss on financial assets	1,675	296	-	-	1,971
Investment loss accounted for under equity method	73,562	15,301	-	-	88,863
Impairment loss on intangible assets	5,058	1,970	-	-	7,028
Unused compensated absences	2,841	1,651	-	-	4,492
Book-tax difference on property, plant and equipment from business combination	-	(6)	-	690	684
Deferred revenue	9,443	(6,808)	-	-	2,635
Pension payable	392	(52)	(57)	-	283
Investment tax credits	22,534	(22,534)	-	-	-
Loss carryforward	18,316	(18,316)	-	-	-
Royalty payable	-	11,000	-	-	11,000
Depreciation difference between tax and financial basis	-	10,211	-	-	10,211
	144,542	(3,072)	(57)	690	142,103

	Year ended December 31, 2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	December 31
－Deferred tax liabilities:					
Gain on foreign investments	($ 12,718)	($ 6,744)	$ -	$ -	($ 19,462)
Depreciation difference between tax and financial basis	(359)	359	-	-	-
Book-tax difference on intangible assets from business combination	-	1,150	-	(41,650)	(40,500)
Financial statements translation differences of foreign operations	-	(34)	-	-	(34)
	(13,077)	(5,269)	-	(41,650)	(59,996)
	$ 131,465	($ 8,341)	($ 57)	($ 40,960)	$ 82,107

	Year ended December 31, 2017				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	December 31
—Deferred tax assets:					
Provision for bad debts in excess of the allowable limit	$ 10,122	$ 113	$ -	$ -	$ 10,235
Allowance for sales returns	91	-	-	-	91
Allowance for inventory obsolescence	313	82	-	-	395
Impairment loss on financial assets	1,675	-	-	-	1,675
Investment loss accounted for under equity method	71,210	2,352	-	-	73,562
Impairment loss on intangible assets	5,681	(623)	-	-	5,058
Unused compensated absences	2,841	-	-	-	2,841
Deferred revenue	3,043	6,400	-	-	9,443
Pension payable	(153)	(129)	674	-	392
Investment tax credits	36,795	(14,261)	-	-	22,534
Loss carryforward	30,281	(11,965)	-	-	18,316
	161,899	(18,031)	674	-	144,542
—Deferred tax liabilities:					
Gain on foreign investments	(8,551)	(4,167)	-	-	(12,718)
Depreciation difference between tax and financial basis	(804)	445	-	-	(359)
	(9,355)	(3,722)	-	-	(13,077)
	$ 152,544	($ 21,753)	$ 674	$ -	$ 131,465

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

Year ended December 31, 2017			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Investments in emerging important strategic industries	$ 22,534	$ -	2019

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

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets	Usable until year
2007~2018	$ 2,351,001	$ 2,119,679	$ 2,119,679	2028

December 31, 2017				
Year incurred	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets	Usable until year
2007~2017	$ 2,133,426	$ 1,929,783	$ 1,822,040	2027

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

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 80,690	$ 64,037

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

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

	Latest Year Assessed by Tax Authority
Jollywiz	2015
The Company, Gash Point, Ciirco, Coco, Gamania Asia, Coture New Media, GAMA PAY, NOWnews, Ants' Power, Indiland, Fundation, Jollybuy, Two Tigers, WeBackers, BeanGo! and Digicentre	2016
Madsugr, Conetter CoMarketing	2017

(31) Earnings per share

	Year ended December 31, 2018		
	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	$ 1,759,973	170,641	$ 10.31
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,759,973	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	32	79	
Employees' bonus (Note 1)	-	3,387	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,760,005	174,107	$ 10.11

	Year ended December 31, 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	$ 26,680	153,088	$ 0.17
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 26,680	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	Note 2	Note 2	
Employees' bonus (Note 1)	-	75	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 26,680	153,163	$ 0.17

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

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

(32) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

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

	Gash Point and its subsidiaries (Conetter CoMarketing)
	Year ended December 31, 2018
Carrying amount of non-controlling interest acquired	$ 15,548
Consideration paid to non-controlling interest	(13,000)
Capital surplus - changes in parent's ownership interest in subsidiaries	$ 2,548

	BeanGo!
	Year ended December 31, 2018
Carrying amount of non-controlling interest acquired	($ 375)
Consideration paid to non-controlling interest	(1,500)
Decrease in unappropriated retained earnings	($ 1,875)

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

(a) The subsidiaries, AMI and its subsidiaries, Bean Go! Co., Ltd., Ciirco Inc., Coture New Media Co., Ltd., GAMA PAY Co., Ltd. and NOWnews increased capital by issuing new shares for the year ended December 31, 2018. However, the Group did not acquire new shares proportionately to the interest ownership, thus, the share ownership (decreased) increased by (45.46%), 1%, 0.32%, 2.73%, 5% and 0.01%, respectively. The impact of this transaction attributed to owners of parent is as follows:

	BeanGo!	Ciirco
	Year ended December 31, 2018	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(415)	(272)
Decrease in unappropriated retained earnings	($ 415)	($ 272)

	Coture	GAMA PAY
	Year ended December 31, 2018	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(3,238)	(16,810)
Decrease in unappropriated retained earnings	($ 3,238)	($ 16,810)

	NOWnews
	Year ended December 31, 2018
Cash	$ 8,500
Increase in carrying amount of non-controlling interest	(16,141)
Decrease in unappropriated retained earnings	($ 7,641)

	AMI and its subsidiaries
	Year ended December 31, 2018
Cash	$ 10,000
Increase in carrying amount of non-controlling interest	(8,796)
Capital surplus - changes in parent's ownership interest in subsidiaries	$ 1,204

(b) The subsidiaries, AMI and its subsidiaries, Bean Co! Co., Ltd., We Backers Co., Ltd., Ciirco Inc. and Coture New Media Co., Ltd., increased capital by issuing new shares for the year ended December 31, 2017. However, the Group did not acquire new shares proportionately to the interest ownership, thus, the share ownership (decreased) increased by (2.69%), 5%, 18.94%, 2.16% and 18.24%, respectively. The impact of this transaction attributed to owners of parent is as follows:

	BeanGo!	Coture
	Year ended December 31, 2017	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(1,595)	(14,695)
Decrease in unappropriated retained earnings	($ 1,595)	($ 14,695)

	We Backers	Ciirco
	Year ended December 31, 2017	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(3,770)	(783)
Decrease in unappropriated retained earnings	($ 3,770)	($ 783)

	AMI and other subsidiaries
	Year ended December 31, 2017
Cash	$ 110,045
Increase in carrying amount of non-controlling interest	(82,918)
Capital surplus－changes in parent's ownership interest in subsidiaries	$ 27,127

(33) Business combinations

A. (a) On September 27, 2018, the Group obtained control over NOWnews after acquiring 33.55% of its equity for a consideration of $150,226. NOWnews is a Taiwanese online news media engaged in the services of news coverage and digital videos. The Group expects mutual visitors flow and complementary effects in both networks through its network influence and social media convergence. As of December 31, 2018, the outstanding consideration for business combination amounted to $101,859 (shown as 'other payables').

(b) The following table summarises the consideration paid for NOWnews and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	December 31, 2018
Purchase consideration	
Cash paid	$ 48,367
Payables on investments (shown as 'other payables')	101,859
	150,226
Fair value of equity interest in NOWnews Network Co., Ltd. held before the business combination	160,215
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	40,422
	350,863
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	4,878
Accounts receivable, net	25,135
Prepayments	7,912
Other current assets	408
Property, plant and equipment	8,920
Intangible assets	179,900
Other non-current assets	2,416
Accounts payable	(17,173)
Other payables	(18,059)
Other current liabilities	(4,492)
Deferred tax liabilities	(35,908)
Other non-current liabilities	(129)
Total identifiable net assets	153,808
Goodwill	$ 197,055

(c) For the 45.14% equity of NOWnews previously held by the Group prior to business combination, the Group recognised gain on fair value remeasurement in the amount of $93,906 (shown as 'other gains and losses').

B. (a) On October 4, 2018, the Group obtained control over Digicentre Company Limited after acquiring 28.7% of its equity for a consideration of $166,637. Digicentre is a Taiwanese Type II Telecommunications Business in the services of IDC equipment rental and online security protection. The Group expects to enhance investments and management after acquisition of Digicentre.

(b) The following table summarises the consideration paid for Digicentre and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

		December 31, 2018
Purchase consideration		
Cash paid	$	166,637
Fair value of equity interest in Digicentre Company Limited held before the business combination		178,394
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		103,109
		448,140
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		57,839
Accounts receivable, net		110,813
Other receivables		11
Inventory		2,806
Prepayments		6,282
Other current assets		4,702
Property, plant and equipment		178,777
Intangible assets		30,628
Deferred tax assets		690
Other non-current assets		3,714
Accounts payable	(	37,073)
Other payables	(	26,295)
Current tax liabilities	(	5,050)
Other current liabilities	(	3,600)
Deferred tax liabilities	(	5,742)
Other non-current liabilities	(	11,511)
Total identifiable net assets		306,991
Goodwill	$	141,149

(c) For the 38.26% equity of Digicentre previously held by the Group prior to business combination, the Group recognised loss on fair value remeasurement in the amount of ($7,697) (shown as 'other gains and losses').

C. The operating revenue included in the consolidated statement of comprehensive income since September 27, 2018 and October 4, 2018, contributed by NOWnews and Digicentre were $29,790 and $103,305, respectively, and profit before income tax were ($12,829) and $10,014, respectively. Had NOWnews and Digicentre been consolidated from January 1, 2018, the consolidated statement of comprehensive income would show operating revenue and profit before income tax of $14,777,517 and $2,703,574, respectively.

D. (a) For the year ended December 31, 2017, the Group's mergers are as follows:

On November 13, 2017, a subsidiary, Gamania Asia Investment Co., Ltd., acquired 100% of the shares of China Post, which is primarily a media company in Taiwan, for $1 and obtained control of the company. The Group expects the acquisition to help expand its media business and improve operational efficiency.

(b) The following table summaries the fair values of the consideration paid for China Post, the assets acquired and liabilities assumed at the acquisition date:

	Year ended December 31, 2017
Purchase consideration	
Cash paid	$ 1
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	1,330
Accounts receivable	1,167
Inventories	8
Other current assets	58
Intangible assets	93
Other non-current assets	3
Notes payable	(23)
Expense payable	(1,911)
Other current liabilities	(1,462)
Total identifiable net assets	($ 737)
Goodwill	$ 738

(c) Had China Post been consolidated from January 1, 2017, the consolidated statement of comprehensive income would show operating revenue and profit before income tax as follows:

Operating revenue	$ 8,492,233
Profit before tax	$ 19,280

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31, 2018	Years ended December 31, 2017
Proceeds from disposal of available-for-sale financial assets	$ -	$ 25,968
Add: Opening balance of other receivables-related parties	-	2,139
Cash received during the year	$ -	$ 28,107

	Years ended December 31, 2018	Years ended December 31, 2017
Acquisition of property, plant and equipment	$ 74,450	$ 96,380
Add: Opening balance of payable on equipment	5,743	51,248
Add: Opening balance of other payables-related parties	34,214	4,900
Less: Ending balance of payable on equipment	(12,880)	(5,743)
Less: Ending balance of other payables-related parties	-	(34,214)
Cash paid during the year	$ 101,527	$ 112,571

	Years ended December 31, 2018	Years ended December 31, 2017
Purchase of intangible assets	$ 65,183	$ 149,213
Add: Opening balance of payables	36,018	40,240
Add: Opening balance of other payables	39,205	-
Add: Opening balance of other payables-related parties	793	-
Less: Ending balance of payables	-	(36,018)
Less: Ending balance of other payables	(40,643)	(39,205)
Less: Ending balance of other payables-related parties	(20,381)	(793)
Cash paid during the year	$ 80,175	$ 113,437

(35) Changes in liabilities from financing activities

In accordance with amendments to IAS 7, 'Disclosure initiative', movement for the year of 2018 are as follows:

	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing gross
January 1, 2018	$ 840,589	$ 1,497,337	$ 18,154	$ 2,356,080
Changes in cash flow from financing activities	(702,921)	(539,533)	(100)	(1,242,554)
Impact of changes in foreign exchange rate	1,945	2,196	-	4,141
Changes in other non-cash items				-
Amortisation of convertible bonds	-	-	35	35
Conversion of convertible bonds	-	-	(18,089)	(18,089)
December 31, 2018	$ 139,613	$ 960,000	$ -	$ 1,099,613

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

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

Names of related parties	Relationship with the Company
Pri-One Marketing Co., Ltd.	Associate
Fantasy Fish Digital Games Co., Ltd. (Fantasy Fish)	〃
GungHo Gamania Co., Limited (GungHo Gomania)	〃
Jsdway Digital Technology Co., Ltd. (Jsdway)	〃
UniCube Co., Ltd. (UniCube)	〃
Digicentre Company Limited (Digicentre) (Note 1)	Subsidiary (Associate)
Digicentre (HK) Company Limited (Note 1)	Subsidiary (Associate)
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr Ji)	Associate
Firedog Create Company Ltd. (Firedog Creative)	〃
NOWnews Network Co., Ltd. (Note 2)	Subsidiary (Associate)
Aotter Inc.	Associate
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	〃
Fantasy Fish Digital Games (HK) Co., Ltd.	〃
Gamania Cheer Up Foundation	Other related party
Wanin International Co., Ltd. (Wanin)	〃

Note 1: On October 4, 2018, the Company acquired additional 28.70% equity of Digicentre and accordingly, the Company's ownership percentage increased from 38.26% to 66.96%.

Digicentre was included in the consolidated financial statements thereafter.

Note 2: On September 27, 2018, the Company acquired additional 33.55% equity of NOWnews and accordingly, the Company's ownership percentage increased from 45.14% to 78.69%. NOWnews was included in the consolidated financial statements thereafter.

(3) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2018	2017
Sales of goods:		
Associates	$ 10,324	$ 283,717
Wanin	39,000	-
	$ 49,324	$ 283,717
Sales of services:		
Associates	$ 36,273	$ 30,160
Wanin	78,258	40
	$ 114,531	$ 30,200

Sales of goods are online 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

	Years ended December 31,	
	2018	2017
Costs of point service:		
Associates	$ -	$ 68,568
Wanin	-	396,762
Costs of customer service hotline:		
Associates	77,516	81,943
Mobile service costs:		
Associates	22,668	7,296
Programs cost:		
Associates	1,706	2,411
Advertising costs:		
Associates	408	416
	$ 102,298	$ 557,396

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

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

	Years ended December 31,	
	2018	2017
Other related party	$ 471	$ -
Associates	34,283	36,582
	$ 34,754	$ 36,582

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

D. Donation (shown in general and administrative expenses)

	Years ended December 31,	
	2018	2017
Other related party		
Gamania Cheer Up Foundation	$ 51,700	$ 11,500

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

E. Rental revenue (shown in other income)

	Years ended December 31,	
	2018	2017
Associates		
Digicentre (Note)	$ 8,828	$ 12,835

Rental revenue arose from leasing offices and computer facilities and data transmission circuit devices to associates. The rental is based on mutual agreement, and is collected monthly based on the agreement. The offices' contract period is from January 1, 2017 to December 31, 2018, and the contract period for computer facilities and data transmission circuit devices is from October 1, 2017 to December 31, 2018.

Note: Digicentre became a subsidiary from October 4, 2018, and accordingly, it only discloses the transactions from January 1, 2018 to September 30, 2018.

F. Receivables

	December 31, 2018	December 31, 2017
Accounts receivable:		
Associates	$ 5,209	$ 39,936
Wanin	46,495	42
	$ 51,704	$ 39,978
Other receivables:		
Associates	$ 13,657	$ 3,814

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 rent receivable, payments on behalf of others, sale of services and proceeds from disposal of equipment.

G. Payables

	December 31, 2018	December 31, 2017
Accounts payable:		
Associates	$ 9,677	$ 29,411
Wanin	-	116,769
	$ 9,677	$ 146,180
Other payables:		
Associates	$ 30,602	$ 64,326
Wanin	127,313	-
	$ 157,915	$ 64,326

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

Other payables are receipts under custody payable arising from value-add service provided to related parties, less a certain percentage of service revenue payables for mobile games development, advertisement, donation and purchase of property, plant and equipment.

H. Property transactions

(a) Acquisition of property, plant and equipment

	Years ended December 31,	
	2018	2017
Associates		
Digicentre	$ 17,720	$ 34,539

As of December 31, 2018 and 2017, the unpaid amount was $0 and $34,214, respectively.

(b) Disposal of property, plant and equipment

	Years ended December 31,			
	2018		2017	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Associates				
Digicentre	$ 334	$ 61	$ -	$ -

As of December 31, 2018, all proceeds from disposal of property, plant and equipment have been collected.

(c) Acquisition of intangible assets

	Years ended December 31,	
	2018	2017
Associates		
Jsdway	$ 25,143	$ -
Digicentre	499	4,738
	$ 25,642	$ 4,738

As of December 31, 2018 and 2017, the unpaid amount were $20,381 and $793, respectively.

(4) Key management compensation

	Years ended December 31,	
	2018	2017
Short-term employee benefits	$ 199,030	$ 14,871
Post-employment benefits	324	162
Share-based payments	104,288	-
	$ 303,642	$ 15,033

8. PLEDGED ASSETS

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

	Book value		
Pledged assets	December 31, 2018	December 31, 2017	Pledge purpose
Demand deposits (shown in "other current asset")	$ 30,000	$ 30,000	Performance bond of on-line game card's standard contracts
Demand deposits (shown in "other current asset")	105,903	-	Guarantee for short-term borrowing (including current portion) facility
Demand deposits (shown in "other non-current asset")	21,908	7,111	Trusted electronic payment accounts
Time deposits (shown in "other current assets")	18,000	35,100	Credit card merchant guarantee
Time deposits (shown in "other non-current asset")	-	20,535	Guarantee for long-term borrowing facility
Property, plant and equipment			
Land	2,140,661	2,140,662	Short-term and long-term loans / Credit lines
Buildings	235,134	240,111	Short-term and long-term loans / Credit lines
	$ 2,551,606	$ 2,473,519	

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 $41,372 and $44,766 for these leases in profit or loss for the year ended December 31, 2018 and 2017, respectively. The future aggregate minimum lease payments are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 37,799	$ 18,968
Later than one year but not later than five years	36,416	108,183
	$ 74,215	$ 127,151

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

10. <u>SIGNIFICANT DISASTER LOSS</u>

None.

11. <u>SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE</u>

(1) On January 31, 2019, the Board of Directors approved the following significant events:

A. The Company proposed to liquidate the subsidiary, Gamania Digital Entertainment (U.S.) Co., Ltd., and its holding company, Gamania Western Holdings Ltd., for which there are no operational needs.

B. The Company proposed to liquidate the subsidiary, Gamania Digital Entertainment (Europe) B.V., and its holding company, Gamania Netherlands Holdings Cooperatief U.A., for which there are no operational needs.

C. The Company proposed to donate $16,500 to Gamania Cheer Up Foundation in support for this year's programs.

D. The Company proposed to invest in BitCash Inc. and its subsidiary, JCG Co., Ltd., and associate, eSports Connect Inc., from Sun Pacific Capital Co., Ltd., which is expected to be JPY 6,000,000, to increase the variety of products.

E. The subsidiary, The China Post Co., Ltd., proposed to reduce capital by $50,000, which will result in the paid-in capital of $5,000 after the reduction, for a better capital structure and a sound business environment.

(2) On March 7, 2019, in addition to approving the earnings distribution (please refer to Note 6(21) for details), the Board of Directors also approved the following significant events:

A. The Company proposed to increase investment amounting to $60,000 in the subsidiary, JollyBuy Digital Technology Co., Ltd., to meet the operating capital needs and the Company's ownership percentage will remain 100% after the capital increase.

B. The Company proposed to increase investment amounting to $100,000 in the subsidiary, BeanGo! Co., Ltd., to meet the operating capital needs and the Company's ownership percentage will remain 100% after the capital increase.

C. To meet the paid-in capital threshold under the Act Governing Electronic Payment Institutions and expand the Group's electronic payment business, the Company proposed to increase its investment in the amount of $200,000 in the subsidiary, GAMA PAY Co., Ltd., for the operating capital needs resulting in the increase in the Company's ownership percentage to 61.43%.

D. To expand the Group's techniques and live streaming platforms, the Company proposed to incorporate a joint venture company with Kadokawa Taiwan Co., Ltd. for an expected paid-in capital of $100,000 and the Company is expected to invest $30,000 for 30% share ownership.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fairvalue through profit or loss	$ 200,150	$ -
Financial assets designated as at fair value through profit or loss on initial recognition	-	5
Total	$ 200,150	$ 5
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 461,952	$ -
Available-for-sale financial assets	$ -	$ 534,563
Financial assets at amortised cost		
Cash and cash equivalents	2,796,729	1,380,030
Notes receivable	1,452	238
Accounts receivable (including related parties)	972,759	2,249,756
Other receivables (including related parties)	415,271	67,209
Guarantee deposits paid	34,354	25,456
Other financial assets	175,811	92,746
	$ 4,396,376	$ 3,815,435

	December 31, 2018	December 31, 2017
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 139,613	$ 840,589
Notes payable	2,441	1,746
Accounts payable (including related parties)	644,441	1,579,120
Other accounts payable (including related parties)	1,930,056	482,614
Corporate bonds payable (including current portion)	-	18,154
Long-term borrowings (including current portion)	960,000	1,497,337
Guarantee deposits received	10,297	470
	$ 3,686,848	$ 4,420,030

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

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

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

(Foreign currency: Functional currency)	December 31, 2017 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 26,531	29.7600	$ 789,563
HKD:NTD	2,041	3.8070	7,770
HKD:USD (Note)	72,804	0.1279	277,114
NTD:USD	46,119	0.0336	46,119
USD:HKD (Note)	2,483	7.8182	73,904
Non-monetary items			
USD:NTD	22,755	29.7600	677,191
KRW:NTD	372,304	0.0028	1,042
JPY:NTD	97,580	0.2642	25,781
USD:HKD (Note)	113	7.8182	3,363
HKD:USD (Note)	26,870	0.1279	102,274
EUR:USD (Note)	820	1.1925	29,154
RMB:USD (Note)	1,043	0.1534	4,762
Financial liabilities			
Monetary items			
USD:NTD	17,387	29.7600	517,437
HKD:USD (Note)	8,084	0.1279	30,770

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

iv. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the year ended December 31, 2018 and 2017 amounted to $4,828 and ($3,331), respectively.

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

	Year ended December 31, 2018		
	Sensitivity analysis		
(Foreign currency: Functional currency)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 10,933	$ -
HKD:NTD	1%	193	-
HKD:USD (Note)	1%	2,637	-
NTD:USD	1%	4	-
USD:HKD (Note)	1%	1,075	-
Financial liabilities			
Monetary items			
USD:NTD	1%	3,407	-
HKD:USD (Note)	1%	82	-

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

	Year ended December 31, 2017		
	Sensitivity analysis		
(Foreign currency: Functional currency)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 7,896	$ -
HKD:NTD	1%	78	-
HKD:USD (Note)	1%	2,771	-
NTD:USD	1%	461	-
USD:HKD (Note)	1%	739	-
Financial liabilities			
Monetary items			
USD:NTD	1%	5,174	-
HKD:USD (Note)	1%	308	-

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

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held available-for-sale financial assets and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. However, the Group has set stop-loss amounts for those assets; therefore, no material market risk is expected. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant for the years ended December 31, 2018 and 2017, post-tax profit could have increased/decreased by $1,601 and $0, repectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $4,620 and $5,346, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from borrowings issued at variable rates and expose the Group to cash flow interest rate risk. The interest rate for short-term borrowings of the Group are mainly floating rate and for long-term borrowings are fixed rate and variables. During the years ended December 31, 2018 and 2017, the Group's borrowings at variable rate were denominated in NTD and RMB.

ii. At December 31, 2018 and 2017, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year ended December 31, 2018 and 2017 would have been $163 and $237 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Effective 2018

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss and at fair value through other comprehensive income.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on accounting and administrator segment ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arose from cash and cash equivalent and receivables generated from operating activity. Only banks and financial institutions with optimal credit ratings are accepted.

iii. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. When the payment is past due 30 days based on the contract terms, there is a significant increase in credit risk on financial assets since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the Group expects that payments cannot be collected and reclassified as overdue receivables.

v. The Group classifies customer's accounts receivable and contract assets in accordance with product types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vi. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, and other accounts receivable. On December 31, 2018, the provision matrix is as follows:

	December 31, 2018		
	Expected loss rate	Total book value	Loss allowance
Not past due	0%~0.99%	$ 1,200,462	$ 426
Up to 30 days	1.38%~3.78%	32,462	393
31 to 60 days	0%~19.64%	10,299	479
61 to 90 days	4.77%~20.20%	10,864	540
91 to 120 days	21.73%~83.74%	4,188	886
Over 120 days	53.47%~100%	181,016	113,898
		$ 1,439,291	$ 116,622

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

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

	2018		
	Accounts receivable	Other receivables	Total
At January 1_IAS 39	$ 206,732	$ 2,723	$ 209,455
Adjustments under new standards	-	-	-
At January 1_IFRS 9	206,732	2,723	209,455
Provision for impairment	5,269	(1,115)	4,154
Effect of increase in consolidated entities	2,665	-	2,665
Allowance for doubtful accounts receivable reclassified to other accounts receivable	(64,817)	64,817	-
Effect of exchange rate changes	198	(20)	178
At December 31	$ 150,047	$ 66,405	$ 216,452

viii. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 139,613	$ -	$ -
Notes payable	2,441	-	-
Accounts payable	634,764	-	-
Accounts payable-related parties	9,677	-	-
Other payables	1,772,141	-	-
Other payables-related parties	157,915	-	-
Long-term borrowings (including current portion)	160,000	320,000	480,000

December 31, 2017	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 840,589	$ -	$ -
Notes payable	1,746	-	-
Accounts payable	1,432,940	-	-
Accounts payable-related parties	146,180	-	-
Other payables	418,288	-	-
Other payables-related parties	64,326	-	-
Long-term borrowings (including current portion)	203,333	434,004	860,000
Bonds payable	18,483	-	-

(3) Fair value information

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

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

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

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

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

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss - current				
Open-end fund	$ 200,150	$ -	$ -	$ 200,150
Non-current financial assets measured at fair value through other comprehensive income				
Equity securities	$ 4,150	$ -	$ 457,802	$ 461,952

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Current financial liabilities at fair value through profit or loss - current				
Embedded derivatives	$ -	$ -	$ 5	$ 5
Available-for-sale financial assets				
Equity securities	9,910	-	524,653	534,563
	$ 9,910	$ -	$ 524,658	$ 534,568

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

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

	Open-end Fund	Listed shares and emerging shares
Market quoted price	Net asset value	Closing price

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

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

D. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	Equity securities	
	2018	2017
At January 1	$ 524,653	$ 428,388
Gains and losses recognised in profit or loss (Note)	-	(794)
Gains and losses recognised in other comprehensive income	(61,300)	101,838
Acquired during the year	-	15,271
Disposal during the year	(7,286)	-
Impairment loss	-	(16,379)
Effects of foreign exchange	1,735	(3,671)
At December 31	$ 457,802	$ 524,653

	Embedded derivatives	
	2018	2017
At January 1	$ 5	($ 2,870)
Gains and losses recognised in profit or loss (Note)	(5)	2,875
At December 31	$ -	$ 5

Note: Shown as other gains and losses.

F. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

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

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

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to value
Non-derivative equity instruments					
Unlisted shares	$ 457,802	Market comparable companies	Price to book ratio multiple	2.02 (2.02)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	23.88~33.57 (32.68)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2017		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to value
Non-derivative equity instruments						
Unlisted shares	$	524,653	Market comparable companies	Price to book ratio multiple	1.96~3.7 (1.96)	The higher the multiple, the higher the fair value
				Enterprise value to operating income ratio multiple	16.23~37.75 (37.75)	The higher the multiple, the higher the fair value
				Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value
				Capital value to operating income ratio multiple	1.75 (1.75)	The higher the multiple, the higher the fair value
Embedded derivatives instruments						
Redemption and put options of convertible bonds		5	The Binomial-Tree approach to convertible bonds	Volatility	51.22% (51.22%)	The higher the volatility, the higher the fair value

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

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

			December 31, 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	Price to book ratio multiple	±1%	$ -	$ -	$ 600	($ 600)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,781	(3,781)
	Discount for lack of marketability	±1%	-	-	4,650	(4,650)
	Capital value to operating income ratio multiple	±1%	-	-	269	(269)
Financial liabilities						
Embedded derivatives	Volatility	±1%	10	(10)	-	-

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

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

i. 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.

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

iii. 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 liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(b) Available-for-sale financial assets

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

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

iii. 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.

(c) Receivables

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. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

i. 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.

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

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

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

(iii) 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;

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

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

(vi) 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;

(vii) 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;

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

iii. 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:

(i) Financial assets 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.

(ii) 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'. 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.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

Under IAS 39, because the equity instruments, which were classified as available-for-sale financial assets, amounting to $534,563, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through profit or loss", and accordingly, the Group increased retained earnings and decreased other equity interest in the amounts of $365,436 and $365,436 on initial application of IFRS 9, respectively.

C. The significant accounts as of December 31, 2017 and for the year ended December 31, 2017 are as follows:

(a) Available-for-sale financial assets

Items	December 31, 2017
Non-current items:	
Listed stocks	$ 368,320
Unlisted shares	260,711
	629,031
Valuation adjustment	270,968
Accumulated impairment	(365,436)
	$ 534,563

i. The Group recognised $97,817 in other comprehensive income for fair value change and reclassified $15,923 from equity to profit or loss for the year ended December 31, 2017.

ii. The trading process of private common shares of XPEC Entertainment Inc. held by the Company were changed by Taipei Exchange and were suspended and ceased being traded in the Taiwan Stock Exchange on October 19, 2017, which caused the fair value of investment in XPEC Entertainment Inc. to fall below its investment cost. Accordingly, the Company recognised impairment loss in the amount of $16,379 for the fourth quarter of 2017.

iii. The Group has no available-for-sale financial assets pledged to others as of December 31, 2017.

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

Items	December 31, 2017
Assets	
Embedded derivative instruments	
(Put and call options of convertible bonds)	($ 2,590)
Valuation adjustment to financial assets	2,595
	$ 5

The Group recognised net profit amounting to $2,875 on financial assets at fair value through profit or loss for the year ended December 31, 2017.

D. Credit risk information for the year ended December 31, 2017 is as follows:

(a) 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 accounting and administrator segment ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arose from cash and cash equivalent and receivables generated from operating activity. Only banks and financial institutions with optimal credit ratings are accepted.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) For accounts receivable (including related parties) that are neither past due nor impaired, the Group has screened out credit quality of tradable counterparties, thus, counterparties are all with credit ranking above certain level and the Group expects the credit risk is remote. The balance is as follows:

	December 31, 2017
Not past due	$ 2,077,761

(d) The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2017
Up to 30 days	$ 48,155
31 to 60 days	23,045
61 to 90 days	6,908
91 to 180 days	8,515
Over 180 days	192,811
	$ 279,434

The above ageing analysis was based on past due date.

(e) Movement analysis of financial assets that were impaired is as follows:

i. As of December 31, 2017, the Group's accounts receivable and overdue receivables that were impaired amounted to $99,830.

ii. Movements in the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 102,539	$ 106,018	$ 208,557
Provision for impairment	-	1,400	1,400
Reversal of impairmenmt	(2,709)	-	(2,709)
Effect of exchange rate changes	-	(516)	(516)
At December 31	$ 99,830	$ 106,902	$ 206,732

(5) <u>Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017</u>

A. The significant accounting policies applied on revenue recognition in 2017 are set out below.

(a) Sales of goods

i. The Group operates online games and sells game store-value cards and the related products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns and sale 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.

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

(b) Sales of services

The commissions received from the sale of game stored-value cards on behalf of others were recognised as service revenue in the service period based on a certain percentage of sales as agreed by both parties.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Online and mobile games revenue	$ 8,205,471
Service revenue	129,435
Other operating revenue	140,082
	$ 8,474,988

C. The effects and description of current balance sheet and comprehensive income statement if the Group continues adopting above accounting policies are as follows:

		December 31, 2018		
Balance sheet items	Remark	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable, net	(2)	$ 921,055	$ 1,237,499	($ 316,444)
Accounts receivable due from related parties, net	(2)	51,704	61,356	(9,652)
Other receivables	(2)	401,614	85,170	316,444
Other receivables due from related parties	(2)	13,657	4,005	9,652
Contract liabilities-current	(1)	(452,619)	-	(452,619)
Accounts payable	(2)	(634,764)	(1,189,733)	554,969
Accounts payable to related parties	(2)	(9,677)	(9,794)	117
Other payables	(2)	(1,772,141)	(816,399)	(955,742)
Other payables-related parties	(2)	(157,915)	(157,798)	(117)
Other current liabilities	(1) (2)	(196,535)	(1,049,927)	853,392

		Year ended December 31, 2018		
Statement of comprehensive income	Remark	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Operating revenue	(2)	$ 14,334,948	$ 17,027,617	($ 2,692,669)
Operating costs	(2)	(9,441,029)	(12,133,698)	2,691,669

Explanation:

(a) In the previous reporting date, the Group recognises revenue over the period of the service or the estimated delivery period of the virtual items when the virtual currency is used for the purchase of service or virtual items, respectively. Under IFRS 15, unamortised deferred revenue is recognised as contract liability.

(b) Under IFRS 15, a company is identified as a principal or an agent based on the commitment of specific product or service. The Group does not control the game service provided by third party when the game stored-value cards is sold, and the game stored-value cards is an intermedium for players to purchase online game service to be provided by the third party. After the adoption of IFRS 15, the Group recognises revenue at net amount based on the price received less the amount paid to the third party, and relatively adjusted the classification of assets and liabilities. Further, the Group reclassified value-added proceeds and commission expenses from accounts receivable and accounts payable to other receivables and other payables.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

14. OPERATING SEGMENT INFORMATION

(1) General information

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

(2) Assessment of segment information

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

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

The segment information on reportable segments provided to the chief operating decision-maker for the years ended December 31, 2018 and 2017 is as follows:

Year ended December 31, 2018

	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong)	Others	Total	
Revenue from external customers	$ 12,410,405	$ 399,506	$ 1,525,037	$ 14,334,948	
Inter-segment revenue	145,873	379,660	193,289	718,822	(Note 1)
Segment operating profit (loss)	2,320,999	20,668	(299,301)	2,042,366	
Segment profit (loss), net of tax	1,759,973	20,777	(86,765)	1,693,985	
Segment profit (loss) includes:					
Depreciation and amortisation	(195,173)	(6,613)	(59,501)	(261,287)	
Income tax expense	(446,282)	(10,604)	(6,738)	(463,624)	
Investment (loss) income accounted for using the equity method	(263,899)	3,621	197,970	(62,308)	(Note 2)

Year ended December 31, 2017

	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong)	Others	Total	
Revenue from external customers	$ 2,592,190	$ 4,614,113	$ 1,268,685	$ 8,474,988	
Inter-segment revenue	45,989	1,638,818	156,079	1,840,886	(Note 1)
Segment operating profit (loss)	115,697	29,352	(227,009)	(81,960)	
Segment profit (loss), net of tax	26,680	37,283	(100,870)	(36,907)	
Segment profit (loss) includes:				-	
Depreciation and amortisation	(165,676)	(1,755)	(61,172)	(228,603)	
Income tax expense	(18,006)	(10,962)	(6,999)	(35,967)	
Investment (loss) income accounted for using the equity method	(218,709)	1,759	168,658	(48,382)	(Note 2)

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

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

(4) Reconciliation information of segment profit (loss)

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

(5) Information on product and service

Details are provided in Note 6(25).

(6) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Revenue	Non-current asset	Revenue	Non-current asset
Taiwan	$ 13,697,583	$ 3,260,038	$ 6,980,565	$ 2,969,662
Asia	637,365	16,838	1,494,423	44,913
Others	-	18	-	66,020
	$ 14,334,948	$ 3,276,894	$ 8,474,988	$ 3,080,595

(7) Major customer information

Major customer information of the Group for the year ended December 31, 2017 is as follows:

	Year ended December 31, 2017	
	Revenue	Segment
A	$ 1,886,570	Gash Point Co., Ltd.
B	760,710	Gash Point Co., Ltd.

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

The Group changed its revenue recognition method on sales of game stored-value cards from gross method to net method since the adoption of IFRS 15, ‘Revenue from contracts with customers’ effective January 1, 2018. Sales to a single external customer for the year ended December 31, 2018 did not reach 10% of the combined revenue since a single external customer to whom the Group issued game stored-value cards was a single customer.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number （Note 1）	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor （Note 2）	Limit on endorsements/ guarantees provided for a single party （Note 3）	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018	Outstanding endorsement/ guarantee amount at December 31, 2018	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided （Note 3）	Provision of endorsements/ guarantees by parent company to subsidiary （Note 4）	Provision of endorsements/ guarantees by subsidiary to parent company （Note 4）	Provision of endorsements/ guarantees to the party in Mainland China （Note 4）	Footnote
0	The Company	Hapod Digital Technology Co., Ltd.	3	$ 526,481	$ 92,550	$ 92,199	$ -	$ -	1.95	$ 1,754,936	Y	N	N	
0	The Company	Gamania International Holding Ltd.	3	526,481	154,840	153,665	-	-	3.26	1,754,936	Y	N	N	
0	The Company	Coture New Media Co., Ltd.	2	526,481	30,000	-	-	-	0.00	1,754,936	Y	N	N	
0	The Company	Jollywiz Digital Technology Co., Ltd.	3	526,481	30,000	30,000	-	-	0.64	1,754,936	Y	N	N	
0	The Company	Jollywiz Digital Business Co., Ltd.	3	526,481	23,210	-	-		0.00	1,754,936	Y	N	Y	
1	Jollywiz Digital Technology Co., Ltd.	Jollywiz Digital Business Co., Ltd.	3	526,481	60,887	58,191	44,762	-	1.23	1,754,936	Y	N	Y	

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

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

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

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

Gamania Digital Entertainment Co., Ltd. and subsidiaries

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

December 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2018				
Securities held by	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - curent	3,705	$ 50,041	-	$ 50,041	
The Company	Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss - curent	3,525	50,038	-	50,038	
The Company	Hua Nan Phoenix Money Market Fund	None	Financial assets at fair value through profit or loss - curent	3,083	50,037	-	50,037	
The Company	Jin Sun Money Market Fund	None	Financial assets at fair value through profit or loss - curent	3,382	50,034	-	50,034	
The Company	XPEC Entertainment Inc. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	4,907	26,941	2.67	26,941	
The Company	NC Taiwan Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	2,100	308,984	15.00	308,984	
The Company	Gamemag Interactive Inc. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	460	-	4.00	-	
The Company	Hagame International Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	880	11,738	15.22	11,738	
The Company	Microprogram Information Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	1,739	32,123	5.42	32,123	

Gamania Digital Entertainment Co., Ltd. and subsidiaries

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

December 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2018				
Securities held by	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	Life Plus Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	3,000	$ 22,205	9.09	$ 22,205	
Gamania Asia Investment Co., Ltd.	One Production Film Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	1,000	4,150	3.57	4,150	
Gamania International Holdings Ltd.	Ikala Global Online Corp. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	27,831	25,645	4.13	25,645	
Gamania International Holdings Ltd.	Vantage Metro Limited - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	192	30,166	2.59	30,166	

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

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

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

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

Year ended December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction			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
Gash Point Co., Ltd.	The Company	Parent	Sales	$ 173,168	0.26	Note	Note	Note	$ 8,062	1.20%	
Conetter Comarketing Co., Ltd.	The Company	Parent	Sales	161,685	0.45	Note	Note	Note	42,966	74.81%	

Note: The above represents sales based on merchandise, competitive market and trading situation. There is no similar transaction to compare with.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

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

December 31, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

					Overdue receivables				
Name of creditor	Transaction parties	Relationship	Balance as of December 31, 2018	Turnover rate	Amount	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	$ 322,966	0.10	$ -	-	$ 132,929	-	

Note 1: The subsequent collections represent collections from the balance sheet date to March 7, 2019.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 5

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 total operating revenues or total assets (Note 3)
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other payables	$ 13,293	Note 5	0.13
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Revenue from royalties	77,910	Note 4	0.54
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	322,966	Note 5	11.53
0	The Company	Gash Point Co., Ltd.	1	Sales of services	10,113	Note 4	0.07
0	The Company	Gash Point Co., Ltd.	1	Other sales revenue	15,455	Note 4	0.11
0	The Company	Gash Point Co., Ltd.	1	rental revenue(show as other revenue)	10,745	Note 4	0.07
0	The Company	Gamania Digital Entertainment (Europe) B.V.	1	Other payables	11,636	Note 5	0.12
0	The Company	Conetter CoMarketing Co., Ltd.	1	Advertisement expenses	161,685	Note 4, 5	1.13
0	The Company	Conetter CoMarketing Co., Ltd.	1	Other payables	42,966	Note 5	0.43
0	The Company	Ants' Power Co., Ltd.	1	Other payables	39,575	Note 5	0.40
0	The Company	Ants' Power Co., Ltd.	1	Administrative expenses	98,261	Note 5	0.69
0	The Company	Digicentre Co., Ltd.	1	Accounts payable	31,269	Note 5	0.32

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of total operating revenues or total assets (Note 3)
0	The Company	Digicentre Co., Ltd.	1	Cost of goods sold	$ 22,246	Note 5	0.16
1	Gash Point Co., Ltd.	The Company	2	Administrative expenses	12,236	Note 5	0.09
1	Gash Point Co., Ltd.	The Company	2	Service revenue	173,168	Note 5	1.21
2	Ants' Power Co., Ltd.	The Company	2	Service revenue	100,533	Note 4	0.70
2	Ants' Power Co., Ltd.	The Company	2	Administrative expenses	17,139	Note 5	0.12
2	Ants' Power Co., Ltd.	Achieve Made International Ltd.	2	Sales revenue	16,872	Note 5	0.12
3	Achieve Made International Ltd.	Jollybuy Digital Technology Co., Ltd.	3	Accounts receivable	10,166	Note 5	0.10
4	BeanGo Co., Ltd.	The Company	2	Other payables	11,261	Note 5	0.11

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Information on investee companies (not including investees in Mainland China)

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Original investment cost (Note 1)		Shares held as at December 31, 2018					
Company	Name of investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	$ 2,477,876	$ 2,477,876	46,278,315	100.00	$ 560,011	($ 38,361)	($ 38,361)	
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	226,549	206,549	17,600,000	100.00	172,087	(8,460)	(8,460)	
The Company	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,522	100.00	(266)	(223)	(223)	
The Company	Jollybuy Digital Technology Co., Ltd.	Taiwan	E-commerce operations	377,000	297,000	8,300,000	100.00	61,080	(21,131)	(21,131)	Note 2
The Company	Digicentre Co., Ltd.	Taiwan	Software services	302,637	136,000	16,016,000	66.96	350,677	32,792	14,274	
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	6,333	(177)	(90)	
The Company	Gash Point Co., Ltd.	Taiwan	Software information and supply of electronic services	169,000	169,000	13,500,000	90.00	206,726	8,145	7,331	
The Company	Indiland Co., Ltd.	Taiwan	IP Commodities authorization	40,000	40,000	50,000	100.00	239	(55)	(55)	
The Company	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	20,000	20,000	2,000,000	33.33	180	-	-	
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	10,000	10,000	1,000,000	100.00	47,572	25,699	25,699	
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	30,000	30,000	3,000,000	19.35	13,940	(20,652)	(3,997)	
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	44,040	44,040	2,475,000	91.67	(1,888)	(14,664)	(13,442)	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and gerneral advertising services	193,500	153,500	13,800,000	92.54	14,287	(29,870)	(27,277)	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	45,900	45,900	4,590,000	51.00	3,552	(551)	(281)	
The Company	Gama Pay Co., Ltd.	Taiwan	Third party payment	340,000	240,000	29,142,858	48.57	165,498	(117,272)	(51,077)	
The Company	Coco Digital Technology Co., Ltd.	Taiwan	Software services and sales	10,033	10,033	921,700	100.00	10,156	(34)	(34)	
The Company	NOWnews Network Co., Ltd.	Taiwan	Producing TV programs and general advertising services	337,867	143,141	21,304,556	78.70	320,053	(49,410)	(31,330)	
The Company	Petmao Co., Ltd.	Taiwan	Sales of petfood and other goods	18,750	18,750	1,875,000	37.50	-	-	-	

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Information on investee companies (not including investees in Mainland China)

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Original investment cost (Note 1)		Shares held as at December 31, 2018					
Company	Name of investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	$ 120,000	$ 58,500	12,000,000	100.00	($ 6,381)	($ 68,020)	($ 67,259)	
The Company	Ciirco Inc.	Taiwan	Sales and research and development of software services	139,400	79,400	7,965,714	99.57	26,117	(47,960)	(47,905)	
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	1,900	1,900	190,000	38.00	818	(739)	(281)	
Jollywiz Digital Technology Co., Ltd.	Polysh Co., Ltd.	Taiwan	Supply of electronic services	10,000	-	125,000	20.00	8,711	(12,409)	(1,289)	
Digicentre Co., Ltd.	Digicentre (HK) Co., Ltd.	Hong Kong	Software services	1,176	1,176	300,000	100.00	8,026	6,304	3,117	
Coco Digital Technology Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Hong Kong	Software services and sales	25,094	25,094	6,400,000	100.00	3,957	-	-	
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Hong Kong	Software services and sales	38,394	7,679	1,250,000	100.00	6,523	(19,254)	(19,254)	
Gamania Asia Investment Co., Ltd.	Pri-One Commercial Production Co., Ltd.	Taiwan	Sales and research and development of software	1,500	1,500	150,000	30.00	2,528	1,094	328	
Gamania Asia Investment Co., Ltd.	UniCube Co., Ltd.	Taiwan	Sales and research and development of software	$ -	$ 4,000	-	-	$ -	$ (366)	$ (146)	
Gamania Asia Investment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Sales and research and development of software	22,211	22,211	3,889,935	44.08	40,944	3,348	1,349	
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	48,363	603	130	
Gamania Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	34,810	16,249	3,557,525	29.39	25,283	(24,468)	(7,503)	
Gamania Asia Investment Co., Ltd.	China Post	Taiwan	Newspaper and magazine publishing	1	1	5,500,000	100.00	(493)	(314)	(314)	
Gamania Asia Investment Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	5,000	-	45,455	2.27	4,827	(22,510)	(173)	
Gamania Asia Investment Co., Ltd.	Aotter Inc.	Taiwan	Research and development of internet-related technology	25,000	15,000	170,473	21.48	24,456	(5,192)	(1,115)	

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Information on investee companies (not including investees in Mainland China)

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Original investment cost (Note 1)		Shares held as at December 31, 2018					
Company	Name of investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Madsugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Hong Kong	Software information and supply of electronic services	$ 12,962	$ 12,962	3,300,969	100.00	$ 3,128	($ 366)	($ 366)	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Software information and supply of electronic services	38,948	38,948	600	100.00	28,083	919	919	
Gash Point Co., Ltd.	Gash Point (Hong Kong) Co., Ltd.	Hong Kong	Software information and supply of electronic services	13,704	13,704	750,000	100.00	120,487	12,632	12,632	
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	South Korea	Design and sales of software	11,662	11,662	138,268	100.00	13,444	3,083	3,083	
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Software information and supply of electronic services	29,250	16,250	2,625,000	84.00	52,877	20,366	14,580	
Gash Point Co., Ltd.	Gama Pay Co., Ltd.	Taiwan	Third party payment	150,000	150,000	12,857,143	21.43	73,021	(117,272)	(27,593)	
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	2,493,183	2,493,183	77,281,128	100.00	575,746	(14,726)	(14,726)	
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	1,024,352	1,063,278	40,416,628	98.85	130,893	18,615	18,401	
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	266,299	266,299	8,670,000	100.00	93,926	34,220	34,220	Note 3
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	158,400	158,400	-	100.00	6,507	(22,590)	(22,590)	Note 3
Gamania International Holdings Ltd.	Joymobee Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	121,324	121,324	30,701,775	100.00	10,760	74	74	
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	9,724	9,724	992,000	40.00	-	-	-	
Gamania International Holdings Ltd.	Achieve Made International Ltd.	BVI	Investment holdings	192,048	192,048	7,003,408	50.07	152,677	(11,709)	(5,457)	
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	1,470	1,470	375,000	30.00	-	-	-	

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Information on investee companies (not including investees in Mainland China)

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1)		Shares held as at December 31, 2018			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Percentage	Book value			
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	$ 58,973	$ 46,073	1,920,000	100.00	$ 5,832	($ 12,719)	($ 12,719)	
Gamania International Holdings Ltd.	GungHo Gamania Co., Limited	Hong Kong	Operations of mobile games	112,878	112,878	147	49.00	62,351	(41,393)	(20,282)	
Gamania International Holdings Ltd.	Mission Worldwide Group Ltd.	BVI	Investment holdings	-	92,145	-	-	-	(55,041)	(21,068)	
Achieve Made International Ltd.	Jollywiz Digital Technology Co., Ltd.	Taiwan	E-commerce operations	505,000	460,000	24,528,035	100.00	267,618	28,707	(36,645)	
Achieve Made International Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	33,532	33,532	17,000,000	86.73	(25,277)	(39,208)	(34,111)	
Jollywiz Digital Technology Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	25,000	25,000	1,045,455	52.27	7,330	(22,510)	(22,510)	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	BVI	Investment holdings	150,504	150,504	4,900,000	100.00	84,959	3,448	3,448	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	10,195	10,195	2,600,000	13.27	(3,777)	(39,208)	(5,097)	
Jollywiz Digital Technology Co., Ltd.	Polysh Co., Ltd	Taiwan	E-commerce operations	-	10,000	-	-	-	(12,409)	(3,641)	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Software services and sales	265,070	265,070	1,440	100.00	94,603	34,422	34,422	Note 3
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Netherlands	Software services and sales	158,400	158,400	500,000	100.00	6,507	(22,590)	(22,590)	Note 3
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	1,213,857	1,213,857	39,520,000	100.00	5,291	(2,559)	(2,559)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	92,431	92,431	25,500,000	100.00	116,626	21,421	21,421	

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

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

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

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote (Note 1)
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	$ 1,084,240	Investment through a holding company registered in a country other than Taiwan and Mainland China	$ 794,597	$ -	$ -	$ 794,597	($ 2,308)	98.85	($ 2,281)	$ 2,377	$ -	Note 2
MoNoKos Studio Technology Co., Ltd.	Research and development of software	-	Investment through a holding company registered in a country other than Taiwan and Mainland China	46,073	-	-	46,073	-	-	-	-	-	Note 3
Legion Technology (Shanghai) Co., Ltd.	E-commerce operations	121,324	Investment through a holding company registered in a country other than Taiwan and Mainland China	121,324	-	-	121,324	(11,489)	50.07	(5,753)	43,233	-	Note 4
Jollywiz Digital Business Co., Ltd.	E-commerce operations	22,360	Investment through a holding company registered in a country other than Taiwan and Mainland China	-	-	-	-	(9,350)	50.07	(4,682)	14,082	-	Note 4
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural productrs	15,358	Investment through a holding company registered in a country other than Taiwan and Mainland China	-	-	-	-	-	38.66	-	-	-	

Note 1: The accumulated remittance as of January 1, 2018, remitted or collected this period, accumulated as of December 31, 2018 was translated into New Taiwan Dollars at the average exchange rate of NTD30.7150 to US$1 and RMB4.4720 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 December 31, 2018 was recognised based on the indirect weighted-average ownership percentage of 98.85% and on their financial statements for the corresponding period, which were audited.

Note 3: MoNokos Studio Technology Co., Ltd. completed liquidation proceedings on September 22, 2013. However, the investment amount has not yet been remitted back to Taiwan as of December 31, 2018.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	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)	$ 840,670	$ 1,410,218	$ 3,095,238
Jollywiz Digital Technology Co., Ltd. (Notes 1 and 2)	121,324	121,324	175,691

Note 1: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or NTD1,410,218 based on 30.7150 spot exchange rate at December 31, 2018.

Note 2: Ceiling of $126,693 is calculated based on Jollywiz Digital Technology Co., Ltd.'s net assets as of December 31, 2018. The ceiling on investments was $175,691 when applying for approval for investments. Investment amount was translated based on 30.7150 spot exchange rate at December 31, 2018.