

Stock Code:6180

Gamania Digital Entertainment Co., Ltd.

2019 Annual Shareholders' Meeting Handbook

gamania

Time: May 29, 2019, (Wed) 9am

Address: Banquet Hall, 1st Floor of Victoria Hotel (No. 168, Jingye 4th Rd., Taipei City)

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Gamania Digital Entertainment Co., Ltd.

2019 Annual Shareholders' Meeting Procedures

- I. Call Meeting to Order
- II. Chairperson Takes the chair
- III. Chairperson's Address
- IV. Reports
- V. Proposals
- VI. Discussions
- VII. Extempore Motion
- VIII. Adjournment

Gamania Digital Entertainment Co., Ltd.

2019 Annual Shareholders' Meeting Agenda

- I. Time: May 29, 2019, (Wed) 9am
- II. Address: Banquet Hall, 1st Floor of Victoria Hotel (No. 168, Jingye 4th Rd., Taipei City)
- III. Total Attending Shares Report
- IV. Chairperson's Address
- V. Reports items
 - (I) Report of distribution of remunerations for directors, supervisors and employees for 2018.
 - (II) Operating report of the Company 2018.
 - (III) Report of supervisors' review of the final statement 2018.
 - (IV) Report of amendment to the Company "Method of Transfer of Repurchased Shares to Employees for the 9th Time".
 - (V) Report of amendment to the Company "Method of Transfer of Repurchased Shares to Employees for the 10th Time".
 - (VI) Report of amendment to the Company "Method of Transfer of Repurchased Shares to Employees for the 11th Time".
 - (VII) Report of Execution status of treasury stock of the Company.
 - (VIII) Report of domestic issuance of guaranteed convertible corporate bonds for the first time in 2015 of the Company.
- VI. Recognition items:
 - (I) Final Statements of the Company 2018
 - (II) Earnings distribution plan of the Company 2018.
- VII. Discussions Items
 - (I) Amendment to the Company "Articles of Association".
 - (II) Amendment to the Company " Treatment Procedures of Acquisition or Disposal of Assets".
 - (III) Amendment to the Company "Operating Procedures of Capital Loan and Endorsements/Guarantees".
 - (IV) Amendment to the Company "Method of Directors Election".
- VIII. Extempore Motion
- IX. Adjournment

I. Reports

Case One

Cause: Report of distribution of remunerations for directors, supervisors and employees for 2018.

Note:

- I. The distribution of remunerations for directors, supervisors and compensation for employees of the Company in 2018 was passed by resolution at Board of Directors on March 7, 2019. The abovementioned remunerations will be fully paid in cash, with the distribution date remaining to be determined.
- II. Amount of remunerations for Directors and Supervisors: NT\$ 50,000,000.
- III. Amount of compensation for employees: NT\$ 250,710,786, with the distribution subjects pursuant to the Articles of Association.
- IV. The recognized expense of remunerations for directors and supervisors decreases by NT\$ 142,157 when compared with 2018, and the difference will be recognized as profit or loss in 2019.

Case Two

Cause: Operating report of the Company 2018.

Note: Refer to #page 6-9# in the Meeting Handbook for details.

Case Three

Cause: Report of supervisors' review of the final statement 2018.

Note: Refer to #page 10# in the Meeting Handbook for details.

Case Four

Cause: Report of amendment to the Company "Method of Transfer of Repurchased Shares to Employees for the 9th Time".

Note: Refer to #page 11-12# in the Meeting Handbook for details.

Case Five

Cause: Report of amendment to the Company "Method of Transfer of Repurchased Shares to Employees for the 10th Time".

Note: Refer to #page 13-14# in the Meeting Handbook for details.

Case Six

Cause: Report of amendment to the Company "Method of Transfer of Repurchased Shares to Employees for the 11th Time".

Note: Refer to #page 15# in the Meeting Handbook for details.

Case Seven

Cause: Report of Execution status of treasury stock of the Company.

Note: Refer to #page 16# in the Meeting Handbook for details.

Case Eight

Cause: Report of domestic issuance of guaranteed convertible corporate bonds for the first time in 2015 of the Company.

Note:

- I. Issuance Date: July 15, 2015.
- II. Financing purpose: for purchase of office building and furnishing works.
- III. Implementation: all capital had been executed fully in Q1 of 2016.
- IV. Benefit: Refer to Market Observation Post System for details.
- V. Conversion: As of the publication date of the Handbook on March 31, 2019, the amount converted was NT\$ 699,900,000, and the cumulative converted ordinary shares were 17,899,958.

II. Recognition Items:

Case One: proposed by the Board of Directors

Cause: Final statements of the Company 2018.

Note:

- I. The 2018 financial statements of the Company had been audited by CPA Yi-Fan Lin and Hui-Ling Pan with PwC, and the business report was reviewed by supervisors and resolved by the Board of Directors.
- II. Attached are the above statements and CPA audit report. Refer to #page 18-43# in the Handbook for details.

Resolution:

Case Two: proposed by the Board of Directors

Cause: Earnings distribution plan of the Company 2018.

Note:

- I. The after-tax net profit of the Company in 2018 was NT\$ 1,759,973,489, and the distributable earnings were NT\$ 1,708,112,933.
- II. Attached is the earnings distribution table of 2018. Refer to #page 44# in the Handbook for details.

Resolution:

III. Discussions Items

Case One: proposed by the Board of Directors

Cause: Amendment to the Company "Articles of Association".

Note:

- I. The Company's "Articles of Association" are amended in compliance with regulatory amendments and the establishment of the Audit Committee in 2020.
- III. Attached is the comparison table of amendments to the "Articles of Association". Refer to #page 45-47# in the Handbook for details.

Resolution:

Case Two: proposed by the Board of Directors

Cause: Amendment to the Company "Treatment Procedures of Acquisition or Disposal of Assets".

Note:

- I. Some articles are amended in compliance with regulatory amendments.
- II. Attached is the comparison table of amendments to the "Treatment Procedures of Acquisition or Disposal of Assets". Refer to #page 48-80# in the Handbook for details.

Resolution:

Case Three: proposed by the Board of Directors

Cause: Amendment to the Company "Operation Procedures of Capital Loan and Endorsements/Guarantees".

Note:

- I. Some articles are amended in compliance with regulatory amendments.
- II. Attached is the comparison table of amendments to the "Operation Procedures of Capital Loan and Endorsements/Guarantees". Refer to #page 81-90# in the Handbook for details.

Resolution:

Case Four: proposed by the Board of Directors

Cause: Amendment to the Company "Method of Directors Election".

Note:

- I. Some articles are amended in compliance with the establishment of the Audit Committee.
- II. Attached is the comparison table of amendments to the "Method of Directors Election". Refer to #page 91-95# in the Handbook for details.

IV. Extempore Motion

V. Adjournment

Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen:

Gamania benefited from the excellent performance of the game business in 2018. Consolidated revenue for the year was NT\$14.33 billion, marking annual growth of 69%. Meanwhile, operating gross profit of NT\$4.89 billion reflected a higher gross margin of 34% that had increased 16 percentage points over the previous year. At the same time, operating profit of NT\$2.04 billion also witnessed a higher operating margin of 14%. Net profit after tax attributable to the parent company was NT\$1.76 billion for earnings per share of NT\$10.31. Both revenues and profits thus reached record highs.

Throughout 2018, momentum for year-round operational growth remained strong as it was propelled by flagship product “Heaven M.” Gamania has gradually integrated the services of the Group and cooperation partners, and officially launched beanfun! in early 2019. In doing so, we converted 13 million members and resources accumulated in the past to form the growth foundation for beanfun! Meanwhile, we demonstrated results from our transformation into a network enterprise. After being equipped with the functions of real-time communication, game services, e-commerce and payment services, beanfun! will strive to continue meeting various user needs with a diversified one-stop service while also actively inviting a growing number of heavyweight manufacturers into its ecosystem. It is expected that beanfun! can provide the best user experience, adhering to a goal of becoming the ideal entrance for mobile life in Taiwan.

Looking ahead to 2019, Gamania will put all its efforts in increasing the market share of beanfun!, utilizing Big Data to get hold of member structures and provide them with personalized experiences. Subsidiaries will step up their efforts to introduce more new products and services, striving to combine various types of online and offline service application scenarios. This will be done with the help of Gamania's GASH point, payment service and games, thereby creating a sticky membership economy and promoting the Group's business in reaching new heights.

The gaming business group will keep up its momentum and stabilize the operational basis of beanfun! with its large number of users.

Ever since its market debut, Gamania’s “Heaven M” title has swept across Taiwan, Hong Kong, and Macao and attained several milestones in the domestic mobile game market. Furthermore, it has ranked on Taiwan’s dual platform best-selling list for one year. In June 2018, new professional modified versions were successfully introduced including “Dark Demon,” “Gunner,” and “Dragon Fighter,” significantly narrowing the gap with their South Korean versions. Furthermore, localization activities have been carried out consistently. Looking forward into 2019, “Heaven M” will undergo an exciting and extensive content revision even as Gamania introduces three new products, including “Magical Baby M” with classical IP transplantation as well as two independently developed mobile games “Convenience Shop Portable Version” and “Chi-bi Maruko Mobile Version.” Meanwhile, Gamania will continue enlisting exclusive agents for boutique mobile games, bringing an expected new wave of users. On the other hand, this year the gaming business group will deeply integrate with beanfun! For example, when “Magic Baby M” is launched, the community and trading functions of beanfun! will be made full use of to make the communication between players more smooth; and this

unique mechanism of deep integration between games and social communication scenarios is expected to be applied to other popular games this year.

The payment business group will expand diverse consumption channels to build the all-inclusive use scenarios of beanfun!

GASH initiated its transformation in 2018 by expanding cooperation with partners both at home and abroad. Its release of the new business mode IIO in Q3 at Asia Blockchain Forum attracted widespread attention. In 2019, GASH will take its market orientation from pan-entertainment innovative transaction services. It will introduce three new services: "Anytix," "Account Transaction Place," and "IIO Virtual Prop Transaction Place." This will create more convenient and secure trading scenarios for Net Generation users. GAMA PAY will re-enter the market as "beanfun! wallet" to become a cash flow outlet for users, enhancing its popularity by focusing on developing the chain store segment.

Innovative business modes by the e-commerce group drive beanfun!'s growth momentum

In Q3 of 2018, mobile shopping platform "JollyBuy" was introduced with social e-commerce as its service core. Combining with beanfun! to create an exclusive payment method with an innovative group online shopping mode, this smoothly builds brand recognition. Swapub is deeply rooted in the Asian market and in possession of over 2 million users and uploads totaling over 7 million. We have also accumulated a large database of user behavior that can be used to predict and understand user needs. Looking forward to 2019, social media experience has generated new momentum for online shopping demand. As such, the e-commerce business group will actively engage in more in-depth exploration of social networks, expanding brand coverage to provide beanfun! with operational momentum.

The media business group incorporates original content with directed data flow to drive beanfun!

Conetter boasts over a decade of accumulated expertise in understanding digital natives as well as access to Gamania Group business resources. It thus stands out as the best marketing team for clients to expand into the greatest brand exposure to digital native users. Coture New Media pushed forward its actor brokerage business in 2018 to develop a fan economy and raise commercial value across areas like content, marketing, e-commerce, and platforms. The media business group will be the major driver to bring in enormous data flow and members for Gamania in 2019, serving as a motivating role to enhance Group influence.

The digital business solution group has established rigid protective mechanisms for high network demand.

Digicenter, Taiwan's leading brand in data security, entered the global market in the first half of 2018 with Southeast Asia and Hong Kong as its breakthrough entry points. App protection services such as appGuard and Amazing Thor serve to intelligently monitor offices. These have won a positive response in Southeast Asia and facilitated expansion in Asian markets. This year Digicenter will introduce its AI SOC intelligent joint defense events identification service to the global market, and further cooperate with BaaSid to promote an identification safety mechanism featuring blockchain technology. This will be carried out with a view to providing state-of-the-art solutions combining data security and forensic technology.

This year, Gamania will urge subsidiaries to achieve tangible result and work together to develop a comprehensive mobile life platform for beanfun! We will thus actively explore the boundaries of fully-ecological network enterprises. Meanwhile, we continue to adhere to our beliefs and to our corporate culture. We will strive to constantly improve service quality for users, shape a motivating working environment to be proud of for employees, and create optimal investment return for shareholders. In this way, we put our commitment to shareholders into practice and uphold our mission of sustainable development. Hereby I would like to express my heartfelt gratitude to all shareholders for your care, and my sincere hope that you will continue to support the Group. Thanks to you all.

We wish every shareholder good health and all the best!

Chairman and General Manager

Bai-Yuan Liu

Business Report

1. Implementation Results of Operating Plan 2018

See the following table for details of operating income, operating gross profit, before-tax net profit and after-tax net profit 2018.

Unit: NT\$ thousand

Items	2018
Operating income	14,334,948
Operating gross profit	4,893,919
Before-tax net profit	2,157,609
After-tax net profit	1,759,973

2. Financial Income and Expense and Profitability Analysis

See 2018 Annual Report "VI. Financial Status" and "II. Financial Analysis for Recent 5 Years" for details.

3. Research & Development

See 2018 Annual Report "V. Operation Status", "I. Business Content" and "(III) Technology and R&D Status" for details.

4. Expected Sales Quantity and Its Basis

Since Gamania has various types of operating income measured in different units, and it didn't carry out financial prediction, hence there is no statistical value for expected sales quantity.

Chairman: Bai-Yuan Liu

Manager: Bai-Yuan Liu

Accounting Officer: Xin-Hong Su

Gamania Digital Entertainment Co., Ltd. Supervisors' Review Report

It is hereby to certify that the 2018 financial statements and consolidated financial statements of the Company prepared and delivered by the Board of Directors had been jointly audited by CPA Yi-Fan Lin and Hui-Ling Pan from PwC, who hold sufficient opinion that the above documents fairly present the financial status, operating result and cash flow of the Company. After the supervisors' review, the business report and earnings distribution are held consistent, and hence are reported to the regular shareholders' meeting for examination and approval in accordance with the provisions of Article 219 of the Company Act.

Best Regards,

2019 Annual Shareholders' Meeting of Gamania Digital Entertainment Co., Ltd.

Supervisors

ZHONGYINIG INVESTMENT CO., LTD.

Representative: Shi-Jia Cheng

YUNPEI INVESTMENT CO., LTD.

Representative: Jia-Lin Qu

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Gamania Digital Entertainment Co., Ltd.
Comparison Table of Amendments to the Method of Transfer of Repurchased Shares to Employees for the 9th Time

Title	Title before amendment	Title after amendment	Note
	<u>Method of Transfer of Repurchased Shares to Employees for the 1st Time in 2016</u>	<u>Method of Transfer of Repurchased Shares to Employees for the 9th Time</u>	This case involves repurchase of treasury stock for the 9th time, so "the 1st time" in the title was amended into "the 9th time" for clarification.
Articles	Articles before amendment	Articles after amendment	Note
Article 4	Before the base date of subscription, official employees who have served in the position for one year or employees of subsidiaries of which the Company directly or indirectly holds more than 50% voting shares who had special contribution to the Company and was approved by the Board of Directors; or employees of subsidiaries defined by Note 1 (2) in Jin-Guan-Zheng-Yi-Zi No. 0960073134 on December 26, 2007, shall enjoy the qualification of subscription based on the number of subscription in Article 5 of the method.	Before the base date of subscription official full-time employees who have served in the position for one year or employees of domestic and foreign subsidiaries of which the Company directly or indirectly holds 50% voting shares with permission from the Board of Directors for special contribution shall enjoy the qualification of subscription based on the number of subscription in article 5 of this Method.	I. The "official employees" in previous article was amended into "official full-time employees", and the "employees of subsidiaries" was amended into "official full-time employees of domestic and foreign subsidiaries", for clarification. II. The "more than" in "more than 50% voting shares" was deleted, and "or employees of subsidiaries defined by Note 1 (2) in Jin-Guan-Zheng-Yi-Zi No. 0960073134 on December 26, 2007" were deleted as well to conform to stipulations of law.
Article 7	For transfer of repurchased shares to employees this time, the transfer price shall not be lower than the average price of actual repurchase. Only when the issued common stock of the companies increases or decreases before transfer, it shall be adjusted according to the increase or decrease ratio. Adjustment formula for transfer price:	For transfer of repurchased shares to employees this time, the transfer price shall not be lower than the average price of actual repurchase. For transfer of repurchased shares to employees this time, the transfer price shall not be lower than the average price of actual repurchase. Adjustment formula for	Legal stipulations and company policies

	Transfer price after adjustment = actual average repurchase price per share * (total number of common stock after completion of repurchase/total number of common stock before transfer of repurchased shares to employees)	transfer price: Transfer price after adjustment=actual average repurchase price per share*(total number of common stock after completion of repurchase/total number of common stock before transfer of repurchased shares to employees)	
Article 12		Established on September 5, 2016. First amendment on November 8, 2018. Second amendment on January 31, 2019.	Dates of addition (amendment) were added

Gamania Digital Entertainment Co., Ltd.
**Comparison Table of Amendments to the Method of Transfer of
Repurchased Shares to Employees for the 10th Time**

Title	Title before amendment	Title after amendment	Note
	<u>2016 Method of Transfer of Repurchased Shares to Employees for the 2nd Time</u>	<u>Method of Transfer of Repurchased Shares to Employees for the 10th Time</u>	This case involves repurchase of treasury stock for the 10th time, so "the 2nd time" in the title was amended into "the 10th time" for clarification.
Articles	Articles before amendment	Articles after amendment	Note
Article 4	Before the base date of subscription, official employees who have served in the position for one year or employees of subsidiaries of which the Company directly or indirectly holds more than 50% voting shares who had special contribution to the Company and was approved by the Board of Directors; or employees of subsidiaries defined by Note 1 (2) in Jin-Guan-Zheng-Yi-Zi No. 0960073134 on December 26, 2007, shall enjoy the qualification of subscription based on the number of subscription in Article 5 of the method.	Before the base date of subscription official full-time employees who have served in the position for one year or employees of domestic and foreign subsidiaries of which the Company directly or indirectly holds 50% voting shares with permission from the Board of Directors for special contribution shall enjoy the qualification of subscription based on the number of subscription in article 5 of this Method.	I. The "official employees" in previous article was amended into "official full-time employees", and the "employees of subsidiaries" was amended into "official full-time employees of domestic and foreign subsidiaries", for clarification. II. The "more than" in "more than 50% voting shares" was deleted, and "or employees of subsidiaries defined by Note 1 (2) in Jin-Guan-Zheng-Yi-Zi No. 0960073134 on December 26, 2007" were deleted as well to conform to stipulations of law.
Article 7	For transfer of repurchased shares to employees this time, the transfer price shall not be lower than the average price of actual repurchase. Only when the issued common stock of the companies increases or decreases before transfer, it shall be adjusted	For transfer of repurchased shares to employees this time, the transfer price shall not be lower than the average price of actual repurchase. Only when the issued common stock of the companies increases or decreases before transfer, it shall be adjusted	Legal stipulations and company policies

	<p>according to the increase or decrease ratio. Adjustment formula for transfer price: Transfer price after adjustment = actual average repurchase price per share * (total number of common stock after completion of repurchase/total number of common stock before transfer of repurchased shares to employees)</p>	<p>according to the increase or decrease ratio. Adjustment formula for transfer price: Transfer price after adjustment=actual average repurchase price per share*(total number of common stock after completion of repurchase/total number of common stock before transfer of repurchased shares to employees)</p>	
Article 12		<p>The Method was formulated on November 9, 2016. First amendment on November 8, 2018. Second amendment on January 31, 2019.</p>	Dates of addition (amendment) were added

Gamania Digital Entertainment Co., Ltd.
**Comparison Table of Amendments to the Method of Transfer of
Repurchased Shares to Employees for the 11th Time**

Title	Title before amendment	Title after amendment	Note
	<u>Method of Transfer of Repurchased Shares to Employees for the 1st Time in 2018</u>	<u>Method of Transfer of Repurchased Shares to Employees for the 11th Time</u>	This case involves repurchase of treasury stock for the 11th time, so "the 1st time 2018" in the title was amended into "the 10th time" for clarification.
Articles	Articles before amendment	Articles after amendment	Note
Article 4	Before the base date of subscription, official employees who have served in the position for one year or employees of subsidiaries of which the Company directly or indirectly holds more than 50% voting shares who had special contribution to the Company and was approved by the Board of Directors; or employees of subsidiaries defined by Note 1 (2) in Jin-Guan-Zheng-Yi-Zi No. 0960073134 on December 26, 2007, shall enjoy the qualification of subscription based on the number of subscription in Article 5 of the Method.	The "official employees" in previous article was amended into "official full-time employees", and the "employees of subsidiaries" was amended into "official full-time employees of domestic and foreign subsidiaries", for clarification.	III. The "official employees" in previous article was amended into "official full-time employees", and the "employees of subsidiaries" was amended into "official full-time employees of domestic and foreign subsidiaries", for clarification. IV. The "more than" in "holds more than 50% voting shares" was deleted, and words like "or employees of subsidiaries defined in Note 1 (2) of Jin-Guan-Zheng-Yi-Zi No. 0960073134 on December 26, 2007" were deleted as well, to conform to stipulations of law.
Article 12		Established on November 8, 2018. First amendment on January, 2019.	Dates of addition (amendment) were added

Gamania Digital Entertainment Co., Ltd.
Execution process of treasury stock

Repurchase time	The 9th time	The 10th time	The 11th time
Repurchase purpose	Transfer to employees	Transfer to employees	Transfer to employees
Repurchase period	2016//09/07 - 2016/11/04	2016/11/14 - 2017/01/04	2018/11/09 - 2019/01/08
Repurchase price range	NT\$ 23-38	NT\$ 23-38	NT\$ 50-90
Type and number of repurchased shares	Common stock 6,249,000	Common stock 183,000	Common stock 0
Amount of repurchased shares	NT\$ 180,983,963	NT\$ 5,241,816	NT\$ 0
Number of shares eliminated and transferred	4,200,000	0	0
Cumulative number of shares held of the Company	2,049,000	2,232,000	2,232,000
Ratio of cumulative number of shares held of the Company in the total number of issued shares (%)	1.17	1.27	1.27



REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 18000319

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

Opinion

We have audited the accompanying parent company only balance sheets of Gamania Digital Entertainment Co., Ltd. (the "Company") as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the 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 parent company only financial statements present fairly, in all material respects, the financial position of Gamania Digital Entertainment Co., Ltd. as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

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 Parent Company Only Financial Statements* section of our report. We are independent of the Company 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

- 1 -

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
11012 臺北市信義區基隆路一段 333 號 27 樓
27/F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686, www.pwc.tw

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

Description

Refer to Note 4(27) for accounting policies on revenue recognition, Note 5(2) for the critical accounting estimates and assumptions and Note 6(23) for the details of accounting applied on revenue recognition.

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 for 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(13) and 4(29) in the parent company only and consolidated financial statements for accounting policy on investments accounted for using equity method and business combinations, respectively, and Notes 6(6) and 6(33) in the parent company only and consolidated financial statements for details of investments accounted for using equity method and business combination, respectively.

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 NTS150,226 thousand and NTS166,637 thousand, respectively, and obtained control over NOWnews Network Co., Ltd. and Digicentre Company Limited.

The accounting treatment of the acquisition 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 game players purchasing game stored-value cards or value-added for actual use of services or exchange for virtual items 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 Note 6(6), we did not audit certain investments accounted for using the equity method. For the years ended December 31, 2018 and 2017, the comprehensive income (loss) was (NT\$14,656) thousand and NT\$15,543 thousand, respectively, and the balance of investments accounted for using equity method are NT\$1,060,520 thousand and NT\$538,486 thousand as of December 31, 2018 and 2017, respectively. Those financial statements and information of investees 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 investees is based solely on the audit reports of the other independent accountants.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

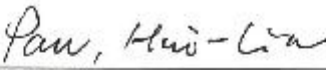
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 parent company only 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 parent company only 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 parent company only 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

	Assets	Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,306,084	17	\$ 121,762	2
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		200,150	3	5	-
1170	Accounts receivable, net	6(3)	352,637	4	867,736	14
1180	Accounts receivable - related	7				
	parties		313,295	4	223,947	4
1200	Other receivables		2,764	-	1,874	-
1210	Other receivables - related parties	7	34,553	-	17,605	-
130X	Inventory	6(4)	271	-	97	-
1410	Prepayments		228,950	3	122,449	2
1470	Other current assets	8	84,516	1	-	-
11XX	Total current assets		<u>2,523,220</u>	<u>32</u>	<u>1,355,475</u>	<u>22</u>
Non-current assets						
1517	Non-current financial assets at	6(5)				
	fair value through other					
	comprehensive income		401,991	5	-	-
1523	Available-for-sale financial assets	12(4)				
	- non-current		-	-	465,037	7
1550	Investments accounted for under	6(6)				
	equity method		1,959,326	25	1,438,157	23
1600	Property, plant and equipment	6(7), 7 and 8	2,681,500	35	2,708,181	43
1780	Intangible assets	6(9) and 7	80,700	1	165,057	3
1840	Deferred income tax assets	6(28)	116,299	2	134,322	2
1900	Other non-current assets	6(10)	15,053	-	13,955	-
15XX	Total non-current assets		<u>5,254,869</u>	<u>68</u>	<u>4,924,709</u>	<u>78</u>
1XXX	Total assets		<u>\$ 7,778,089</u>	<u>100</u>	<u>\$ 6,280,184</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(12)	\$ -	-	\$ 780,000	12
2130	Current contract liabilities	6(23)	419,466	5	-	-
2150	Notes payable		2,390	-	1,728	-
2170	Accounts payable		388,272	5	540,851	9
2180	Accounts payable - related parties	7	47,679	1	25,383	-
2200	Other payables	6(13)	697,290	9	216,938	4
2220	Other payables - related parties	7	128,167	2	208,290	3
2230	Current income tax liabilities		399,479	5	267	-
2300	Other current liabilities	6(14)	164,277	2	488,886	8
21XX	Total current liabilities		<u>2,247,020</u>	<u>29</u>	<u>2,262,343</u>	<u>36</u>
Non-current liabilities						
2540	Long-term borrowings	6(16)	800,000	10	1,225,556	20
2600	Other non-current liabilities	6(6)(17)	10,090	-	3,641	-
25XX	Total non-current liabilities		<u>810,090</u>	<u>10</u>	<u>1,229,197</u>	<u>20</u>
2XXX	Total liabilities		<u>3,057,110</u>	<u>39</u>	<u>3,491,540</u>	<u>56</u>
Equity						
Share capital						
3110	Share capital - common stock	6(19)	1,754,936	23	1,750,281	28
Capital surplus						
3200	Capital surplus	6(20)	1,140,786	15	1,033,045	16
Retained earnings						
3350	Unappropriated retained earnings (accumulated deficit)	6(21)	2,089,075	27	(14,270)	-
Other equity interest						
3400	Other equity interest	6(22)	(199,195)	(3)	205,814	3
3500	Treasury stocks	6(18)	(64,623)	(1)	(186,226)	(3)
3XXX	Total equity		<u>4,720,979</u>	<u>61</u>	<u>2,788,644</u>	<u>44</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 7,778,089</u>	<u>100</u>	<u>\$ 6,280,184</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
PARENT COMPANY ONLY 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	Years ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(23) and 7	\$ 12,556,278	100	\$ 2,697,961	100
5000	Operating costs	6(27) and 7	(8,738,305)	(69)	(1,688,251)	(62)
5900	Net operating margin		3,817,973	31	1,009,710	38
	Operating expenses	6(27) and 7				
6100	Selling expenses		(426,895)	(3)	(363,219)	(13)
6200	General and administrative expenses		(975,647)	(8)	(454,443)	(17)
6300	Research and development expenses		(95,272)	(1)	(106,348)	(4)
6450	Expected credit impairment loss	12(4)	840	-	-	-
6000	Total operating expenses		(1,496,974)	(12)	(924,010)	(34)
6900	Operating profit		2,320,999	19	115,697	4
	Non-operating income and expenses					
7010	Other income	6(24) and 7	81,271	-	62,579	2
7020	Other gains and losses	6(25)	88,622	1	124,833	5
7050	Finance costs	6(26)	(20,738)	-	(39,624)	(1)
7070	Share of loss of associates and joint ventures accounted for using equity method, net		(263,899)	(2)	(218,799)	(8)
7000	Total non-operating income and expenses		(114,744)	(1)	(71,011)	(2)
7900	Profit before income tax		2,206,255	18	44,686	2
7950	Income tax expense	6(28)	(416,282)	(4)	(18,006)	(1)
8200	Profit for the year		\$ 1,789,973	14	\$ 26,680	1
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans	6(17)	\$ 223	-	(\$ 3,965)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(63,046)	-	-	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method		4,270	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(57)	-	674	-
8310	Other comprehensive loss that will not be reclassified to profit or loss		(58,610)	-	(3,291)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		14,676	-	(39,005)	(2)
8362	Available-for-sale financial assets		-	-	111,298	4
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method		5,098	-	(38,014)	(1)
8360	Other comprehensive income that will be reclassified to profit or loss		19,774	-	(34,229)	(1)
8300	Other comprehensive (loss) income for the year		(\$ 38,836)	-	\$ 30,988	1
8500	Total comprehensive income for the year		\$ 1,751,137	14	\$ 57,668	2
	Earnings per share (In dollars)	6(29)				
9750	Basic earnings per share		\$ 10.31		\$ 0.17	
9850	Diluted earnings per share	6(29)	\$ 10.11		\$ 0.17	

The accompanying notes are an integral part of these parent company only financial statements.

SIAMANIA DIGITAL ENTERTAINMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2018 AND 2017
 (Expressed in thousands of New Taiwan dollars)

Notes	Capital Reserves				Retained Earnings			Other Equity Items			Treasury stocks	Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)	Financial statements translation differences of foreign operations	through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets measured at fair value		
2017												
Balance at January 1, 2017	\$ 1,575,936	\$ 640,461	\$ 26,234	\$ 32,961	\$ 51,971	\$ 64,656	(\$ 307,946)	(\$ 25,647)	\$ -	\$ 197,182	(\$ 185,464)	\$ 2,068,344
Profit for the year	-	-	-	-	-	-	29,680	-	-	-	-	29,680
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(3,291)	(47,615)	-	81,894	-	30,988
Total comprehensive income (loss) for the year	-	-	-	-	-	-	23,389	(47,615)	-	81,894	-	57,668
Effect of accumulated de facti against 6(21) 2016 retained earnings												
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	-	-	-	-	-
Convertible securities conversion	174,345	522,342	(23,407)	-	-	-	-	-	-	-	-	673,280
Purchase of treasury stocks 6(18)	-	-	-	-	-	-	-	-	-	-	(702)	(702)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	646	-	-	(16,816)	-	-	-	-	(16,170)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	27,127	-	-	(20,843)	-	-	-	-	6,284
Balance at December 31, 2017	\$ 1,740,281	\$ 971,484	\$ 26,234	\$ 37,327	\$ -	\$ -	(\$ 14,270)	(\$ 73,262)	\$ -	\$ 279,076	(\$ 186,226)	\$ 2,788,644
2018												
Balance at January 1, 2018	\$ 1,750,281	\$ 971,484	\$ 26,234	\$ 37,327	\$ -	\$ -	(\$ 14,270)	(\$ 73,262)	\$ -	\$ 279,076	(\$ 186,226)	\$ 2,788,644
Effect of retrospective application and retrospective restatement 12(4)	-	-	-	-	-	-	365,436	-	(86,340)	(279,076)	-	-
Balance at January 1, after adjustments	1,750,281	971,484	26,234	37,327	-	-	351,166	(73,262)	(86,340)	(279,076)	(186,226)	2,788,644
Profit for the year	-	-	-	-	-	-	1,759,973	-	-	-	-	1,759,973
Other comprehensive income (loss) for the year	-	-	-	-	-	-	166	19,774	(58,776)	-	-	(38,836)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	1,760,139	19,774	(58,776)	-	-	1,721,137
Effect of accumulated de facti against 6(21) 2017 retained earnings												
Capital surplus used to cover accumulated deficit	-	(14,270)	-	-	-	-	14,270	-	-	-	-	-
Cash dividends from capital surplus	-	(84,298)	-	-	-	-	-	-	-	-	-	(84,298)
Convertible securities conversion	4,655	14,059	(625)	-	-	-	-	-	-	-	-	18,089
Transfer of treasury stocks to employees	-	-	196,337	-	-	-	-	-	-	-	121,603	317,940
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(7,214)	-	-	(6,820)	-	-	-	-	(14,034)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	3,752	-	-	(30,251)	-	-	-	-	(26,499)
Others	-	-	-	-	-	-	571	-	(571)	-	-	-
Balance at December 31, 2018	\$ 1,754,936	\$ 886,975	\$ 220,571	\$ 33,240	\$ -	\$ -	\$ 2,189,075	(\$ 53,488)	(\$ 145,707)	\$ -	(\$ 64,621)	\$ 4,720,970

The accompanying notes are an integral part of these parent company only financial statements.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
PARENT COMPANY ONLY 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 before tax		\$ 2,206,255	\$ 44,686
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(4)	(840)	-
Reversal of provision for bad debts expense	12(2)	-	(3,342)
Share-based payments	6(18)	161,585	-
Gain on financial assets or liabilities at fair value through profit or loss	6(2)(25)	-	-
Share of loss of associates accounted for using equity method		(145)	(2,875)
Gain on disposal of investments	6(25)	263,899	218,799
Loss on disposal of property, plant and equipment	6(25)	(86,209)	(1,827)
Gain on disposal of non-current assets held for sale	6(25)	1	1
Depreciation	6(7)(27)	-	164,774
Amortisation	6(9)(27)	87,551	82,686
Intangible assets transferred to loss and expenses	6(9)	107,622	82,990
Impairment loss on financial assets	6(25)	5,351	1,271
Impairment loss on non-financial assets	6(25)	-	16,379
Interest income	6(24)	-	14,042
Interest expense	6(26)	(13,872)	(554)
Changes in operating assets and liabilities		20,738	39,624
Changes in operating assets			
Accounts receivable		515,099	(863,768)
Accounts receivable - related parties		(88,508)	156,929
Other receivables		(890)	2,313
Other receivables - related parties		(16,948)	21,490
Inventory		(174)	25
Prepayments		(106,501)	(104,133)
Other non-current assets		-	815
Changes in operating liabilities			
Contract liabilities		171,604	-
Notes payable		662	1,728
Accounts payable		(116,561)	458,057
Accounts payable - related parties		22,296	(6,906)
Other payables		371,008	66,980
Other payables - related parties		(49,092)	102,053
Other current liabilities		(15,260)	132,546
Other non-current liabilities		(682)	(1,575)
Cash inflow generated from operations		3,437,989	293,660
Interest received		13,872	554
Dividends received		49,423	95,021
Interest paid		(20,738)	(39,624)
Income tax (paid) refund		(29,068)	3,151
Net cash flows from operating activities		3,451,478	352,762

(Continued)

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

	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 200,000)	\$ -
Acquisition of investments accounted for using equity method	6(30)	(621,004)	(342,794)
Proceeds from disposal of investments accounted for using equity method		-	778
Acquisition of property, plant and equipment	6(30)	(85,892)	(101,205)
Proceeds from disposal of property, plant and equipment	6(30)	37	62
Proceeds from disposal of non-current assets held for sale		-	352,316
Acquisition of intangible assets	6(30)	(63,196)	(89,768)
(Increase) decrease in refundable deposits		(1,098)	5,035
Increase in other financial assets		(84,516)	-
Net cash flows used in investing activities		(1,055,669)	(175,576)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		-	200,000
Repayment of short-term borrowings		(780,000)	-
Repayment of long-term debt		(468,889)	(358,333)
Decrease in guarantee deposit		-	(848)
Redemption of convertible bonds		(100)	-
Purchase of treasury shares	6(18)	-	(762)
Transfer of treasury shares		121,800	-
Cash dividends paid	6(21)	(84,298)	-
Net cash flows used in financing activities		(1,211,487)	(159,943)
Net increase in cash and cash equivalents		1,184,322	17,243
Cash and cash equivalents at beginning of year		121,762	104,519
Cash and cash equivalents at end of year		\$ 1,306,084	\$ 121,762

The accompanying notes are an integral part of these parent company only financial statements.



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.

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資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
11012 臺北市信義區基隆路一段 333 號 27 樓
27th, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686, www.pwc.tw

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.

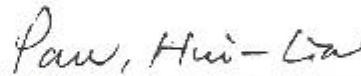
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,796,729	29	\$ 1,380,030	16
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		200,150	2	5	-
1150	Notes receivable, net	6(3)	1,452	-	238	-
1170	Accounts receivable, net	6(3)	967,550	10	2,209,820	26
1180	Accounts receivable - related	7				
	parties		5,209	-	39,936	-
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		<u>5,300,764</u>	<u>54</u>	<u>4,134,005</u>	<u>48</u>
Non-current assets						
1517	Financial assets at fair value	6(7)				
	through other comprehensive					
	income - non-current		461,952	5	-	-
1523	Available-for-sale financial assets	12(4)				
	- non-current		-	-	534,563	6
1550	Investments accounted for under	6(8)				
	equity method		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		<u>4,522,648</u>	<u>46</u>	<u>4,397,533</u>	<u>52</u>
1XXX	Total assets		<u>\$ 9,823,412</u>	<u>100</u>	<u>\$ 8,531,538</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		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	1,549,709	18
2180	Accounts payable - related parties	7	9,677	-	29,411	-
2200	Other payables	6(15)	1,899,454	19	418,288	5
2220	Other payables - related parties	7	30,602	-	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		<u>3,787,431</u>	<u>38</u>	<u>4,082,592</u>	<u>48</u>
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		<u>877,251</u>	<u>9</u>	<u>1,313,133</u>	<u>15</u>
2XXX	Total liabilities		<u>4,664,682</u>	<u>47</u>	<u>5,395,725</u>	<u>63</u>
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						
3200	Capital surplus	6(22)	1,140,786	11	1,033,045	12
Retained earnings						
3350	Unappropriated retained earnings	6(23)				
	(Accumulated deficit)		2,089,075	21	(14,270)	-
Other equity interest						
3400	Other equity interest	6(24)	(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		<u>4,720,979</u>	<u>48</u>	<u>2,788,644</u>	<u>33</u>
36XX	Non-controlling interest		<u>437,751</u>	<u>5</u>	<u>347,169</u>	<u>4</u>
3XXX	Total equity		<u>5,158,730</u>	<u>53</u>	<u>3,135,813</u>	<u>37</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 9,823,412</u>	<u>100</u>	<u>\$ 8,531,538</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2018		2017		
		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		<u>4,893,919</u>	<u>34</u>	<u>1,564,887</u>	<u>18</u>
	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		<u>(2,851,553)</u>	<u>(20)</u>	<u>(1,646,847)</u>	<u>(19)</u>
6900	Operating income		<u>2,042,366</u>	<u>14</u>	<u>(81,960)</u>	<u>(1)</u>
	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		<u>115,243</u>	<u>1</u>	<u>81,020</u>	<u>1</u>
7900	Profit (loss) before income tax		<u>2,157,609</u>	<u>15</u>	<u>(940)</u>	<u>-</u>
7950	Income tax expense	6(30)	(463,624)	(3)	(35,967)	-
8200	Profit (loss) for the year		<u>\$ 1,693,985</u>	<u>12</u>	<u>(\$ 36,907)</u>	<u>-</u>

(Continued)

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	Year ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311		\$ 223	-	(\$ 3,965)	-
8316		(58,776)	(1)	-	-
8349		(57)	-	674	-
8310		(58,610)	(1)	(3,291)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361		2,326	-	(40,676)	(1)
8362		-	-	81,894	1
8370		(12)	-	(12)	-
8360		2,314	-	41,206	-
8300		(\$ 56,296)	(1)	\$ 37,915	-
8500		\$ 1,637,689	11	\$ 1,008	-
Profit (loss) attributable to:					
8610		\$ 1,759,973	12	\$ 26,680	1
8620		(65,988)	-	(63,587)	(1)
		\$ 1,693,985	12	(\$ 36,907)	-
Comprehensive income (loss) attributable to:					
8710		\$ 1,721,137	12	\$ 57,668	1
8720		(83,448)	(1)	(56,660)	(1)
		\$ 1,637,689	11	\$ 1,008	-
Earnings per share (in dollars)					
9750	6(31)	\$	10.31	\$	0.17
9850	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)

Notes	Equity attributable to owners of the parent													Non-controlling interest	Total equity	
	Capital Reserves			Retained Earnings					Other Equity Interest							
	Share capital-common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total				
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	-	-	-	-	-	-	(3,201)	(47,615)	-	81,894	-	30,988	6,927	37,915		
Total comprehensive income (loss)	-	-	-	-	-	-	23,479	(47,615)	-	81,894	-	57,668	(56,660)	1,008		
Convertible securities conversion	174,345	522,342	-	(23,407)	-	-	-	-	-	-	-	-	-	-		
Effect of accumulated deficit against 2016 retained earnings												673,280	-	673,280		
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											(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							865,436	(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)	-	(86,226)	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	-	-	-	-	-	-	106	19,774	(58,776)	-	-	(38,836)	(17,460)	(56,206)		
Total comprehensive income (loss)	-	-	-	-	-	-	1,760,139	19,774	(58,776)	-	-	1,721,137	(83,448)	1,637,689		
Effect of accumulated deficit against 2017 retained earnings																
Capital surplus used to cover accumulated deficit	-	(14,270)	-	-	-	-	14,270	-	-	-	-	-	-	-		
Cash dividends from capital surplus	-	(84,268)	-	-	-	-	-	-	-	-	-	(84,268)	-	(84,268)		
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	-	-	-	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 expense	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		1,317,376	(799,713)
Accounts receivable - related parties		34,727	(3,347)
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		(896,100)	348,544
Accounts payable - related parties		(19,734)	(39,854)
Other payables		1,284,255	90,613
Other payables - related parties		(19,098)	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		<u>3,101,464</u>	<u>(92,122)</u>

(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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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 guarantee deposit		(97)	-
Net cash flows (used in) from investing activities		<u>(476,323)</u>	<u>93,690</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
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		<u>(1,202,507)</u>	<u>(66,746)</u>
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		<u>\$ 2,796,729</u>	<u>\$ 1,380,030</u>

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

Gamania Digital Entertainment Co., Ltd.
Distribution table of earnings 2018

Unit NT\$

Items	Amount
Undistributed retained earnings at the beginning of the period	0
Plus: Impact of first application of IFRS 9 Books Opening	365,437,373
: Change in long-term investment equity	(37,072,543)
: Other comprehensive profit or loss	165,674
: Other comprehensive profit or loss transferred to retained earnings	570,933
Plus: After-tax net profit of the year	1,759,973,489
Distributable earnings at the end of the period	2,089,074,926
Recognition of 10% legal surplus	(175,997,349)
Recognition of special surplus	(199,195,151)
Distributable earnings for the period	1,713,882,426
Distribution item: cash dividend (NT\$ 6.2 for every share)	(1,074,221,753)
Undistributed earnings at the end of the period	639,660,673

Note: Distribution principle according to the distributable table of earnings of the Company:
Distributable earnings of 2018 will be set as priority.

Chairman: Bai-Yuan Liu

Manager: Bai-Yuan Liu

Accounting Officer: Xin-Hong
Su

Gamania Digital Entertainment Co., Ltd.
Comparison Table of Amendments to Articles of Association

Amendment of Articles	Previous Articles	Articles after amendment	Note
Chapter Two Shares			
Article 5-2 (Newly added)		<p>The transferees of purchased treasury stock by the Company in accordance with the Company Act include employees of controlling or affiliated companies conforming to the conditions of transfer method.</p> <p>The subscription warrant issuance subjects of the Company includes employees of controlling or affiliated companies conforming to the conditions of subscription method.</p> <p>In issuing new shares of the Company, the employees that can purchase shares include employees of controlling or affiliated companies conforming to the conditions of subscription method.</p> <p>The subjects for the Company to issue new shares with limited employee rights include employees of controlling or affiliated companies conforming to the conditions of subscription method.</p>	Legal amendments

Amendment of Articles	Previous Articles	Articles after amendment	Note
Chapter Four	Directors and Supervisors		
Article 13-2 (Newly added)		The Company will fully re-elect directors and set up audit committee to replace supervisors at Annual Shareholders' Meeting in 2020 in accordance with the provisions of Item 2 of Article 14-4 in the Securities and Exchange Act. The members of audit committee consist of three independent directors.	Legal amendments
Chapter Six Accounting			
Article 20	<p>If the Company gains any profit for the year, it shall allot 10% to 15% as bonus to employees, and not higher than 2% as bonus to directors and supervisors. If the Company posts cumulative loss, its profit shall first be used to make up the loss.</p> <p>The subjects of being issued shares or cash for the abovementioned bonus to employees includes employees of affiliated companies conforming to certain conditions.</p>	<p>If the Company gains any profit for the year, it shall allot 10% to 15% as bonus to employees, and not higher than 2% as bonus to directors and supervisors. If the Company posts cumulative loss, its profit shall first be used to make up the loss.</p> <p>The subjects of being issued shares or cash for the abovementioned bonus to employees includes employees of controlling or affiliated companies conforming to the conditions of allocation.</p>	Legal Amendments

Amendment of Articles	Previous Articles	Articles after amendment	Note
Chapter Seven Supplementary Provisions			
Article 22	Establishment on May 26, 1995... 21th amendment on June 13, 2018	Establishment on May 26, 1995... 22th amendment on May 29, 2019	Dates of addition (amendment) were added

Gamania Digital Entertainment Co., Ltd.
Comparison Table of Operating Procedures of Acquisition or Disposal of Assets

Before amendment	After amendment	Note
<p>Article 2: Application Scope</p> <p>I. Investments like stock, government bonds, corporate bonds, financial securities, securities representing interest in a fund, depository receipt, call(put) warrants, beneficial securities and asset-backed securities.</p> <p>II. Property (including land, house and building, investment property, land use right and construction enterprise inventory) and equipment.</p> <p>III. Membership certificates.</p> <p>IV. Intangible assets like patent right, copyright, trademark right and franchise.</p> <p>V. Creditor's right of financial institutions (including receivables, negotiation discount and loan, receivables on demand).</p> <p>VI. Derivatives.</p> <p>VII. Acquisition or Disposal of Assets according to Legal Merger, Division, Acquisition or Stock Transfer.</p> <p>VIII. Other Important Assets.</p>	<p>Application Scope of Article 2:</p> <p>I. Investments like stock, government bonds, corporate bonds, financial securities, securities representing interest in a fund, depository receipt, call(put) warrants, beneficial securities and asset-backed securities.</p> <p>II. Property (including land, house and building, investment property, land use right and construction enterprise inventory) and equipment.</p> <p>III. Membership certificates.</p> <p>IV. Intangible assets like patent right, copyright, trademark right and franchise.</p> <p>V. Use right assets.</p> <p>VI. Creditor's right of Financial Institutions (including receivables, negotiation discount and loan, receivables on demand).</p> <p>VII. Derivative products.</p> <p>VIII. Acquisition or disposal of assets according to legal merger, demerger, acquisition or stock transfer.</p> <p>IX. Other important assets.</p>	<p>Amended according to regulations</p>
<p>Article 3 the definitions of nouns in the Operating Procedures are as follows:</p> <p>I. Derivative products: referring to forward contract, option contract, futures contract, leveraged margin contract, exchange contract and composite contract through portfolio of the above whose value is derived from products like assets, interest rate, exchange rate, index or other benefits.</p> <p>1. The forward contract in the Operating Procedures excludes insurance contract, performance contract, after-sales service contract, long-term lease contract and long-term purchase (sales) contract.</p> <p>2. Relevant matters concerning securities deposit transactions shall be handled in accordance with the provisions of the Operating Procedures. But for securities under repurchase and resale agreements,</p>	<p>Article 3 the definitions of nouns in the Operating Procedures are as follows:</p> <p>I. Derivative products: referring to the transaction contract derived from products like assets, interest rate, specific interest rate, financial instrument price, commodity price, exchange rate, price or rate, index, credit rating or credit index or other variables (such as forward contract, option contract, futures contract, leveraged margin contract, exchange contract, portfolio of the above contract, or composite contract of embedded derivative product or composite contract through portfolio of the above products like structural products).</p> <p>1. The forward contract in the Operating Procedures excludes insurance</p>	<p>Amended according to regulations</p>

<p>the provisions of "handling announcement and declaration monthly according to monthly operation status" of the Operating Procedures are not applicable.</p> <p>II. Acquisition or disposal of assets according to legal merger, demerger, acquisition or stock transfer: referring to assets acquired or disposed of through merger, demerger or acquisition according to the Business Mergers And Acquisitions Act, Financial Holding Company Act, The Financial Institutions Merger Act and other regulation. Or those of transfer of other company shares according to item 8 of Article 156 of the Company Act (hereinafter referred to as stock transfer).</p> <p>III. Affiliates and subsidiaries: to be identified according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Professional valuator: referring to property valuator or those engaged in property and equipment valuation according to law.</p> <p>V. Factual occurrence date: referring to dates including transaction agreement signing date, payment date, commissioned deal conclusion date, ownership transfer date, resolution date of Board meeting or other date when a transaction counterparty and amount are certain, whichever is earlier. For investors requiring the review and approval of the competent authority, factual date refers to the above date or the date when obtaining the approval from the competent authority, whichever is earlier.</p> <p>VI. Investment in Mainland China: referring to investment in Mainland China in accordance with investment or technological cooperation permit methods by the Investment Commission, Ministry of Economic Affairs.</p> <p>VII. Within one year: referring to the year preceding the actual occurrence date of the asset acquisition or disposal; items that had passed and announced does not</p>	<p>contract, performance contract, after-sales service contract, long-term lease contract and long-term purchase (sales) contract.</p> <p>2. Relevant matters concerning securities deposit transactions shall be handled in accordance with the provisions of the Operating Procedures. But for securities under repurchase and resale agreements, the provisions of "handling announcement and declaration monthly according to monthly operation status" of the Operating Procedures are not applicable.</p> <p>II. Acquisition or disposal of assets according to legal merger, demerger, acquisition or stock transfer: referring to assets acquired or disposed of through merger, demerger or acquisition according to the Business Mergers And Acquisitions Act, Financial Holding Company Act, The Financial Institutions Merger Act and other regulation. Or those of transfer of other company shares according to paragraph 8 of Article 156-3 of the Company Act (hereinafter referred to as stock transfer).</p> <p>III. Affiliates and subsidiaries: to be identified according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>IV. Professional valuator: referring to property valuator or those engaged in property and equipment valuation according to law.</p> <p>V. Factual occurrence date: referring to dates including transaction agreement signing date, payment date, commissioned deal conclusion date, ownership transfer date, resolution date of Board meeting or other date when a transaction counterparty and amount are certain, whichever is earlier. For investors requiring the review and approval of the competent authority, factual date refers to the above date or the date when obtaining the approval from</p>	
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<p>need to be counted.</p> <p>VIII. The latest financial statements: referring to financial statements audited or reviewed by CPA publicly in accordance with law before the Company acquired or disposed of assets.</p>	<p>the competent authority, whichever is earlier.</p> <p>VI. Investment in Mainland China: referring to investment in Mainland China in accordance with investment or technological cooperation permit methods by the Investment Commission, Ministry of Economic Affairs.</p> <p>VII. Within one year: referring to the year preceding the actual occurrence date of the asset acquisition or disposal; items that had passed and announced does not need to be counted.</p> <p>VIII. The latest financial statements: referring to financial statements audited or reviewed by CPA publicly in accordance with law before the Company acquired or disposed of assets.</p> <p>IX. Professionals of investment: referring to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities dealers in self-operation or underwriting business, futures dealers in self-operation, securities investment trust enterprises, securities investment consultation enterprises, and fund management companies lawfully established in accordance with laws by the competent financial authorities of the jurisdiction where they are located.</p> <p>X. Stock Exchange: domestic stock exchange refers to Taiwan Stock Exchange Corporation; foreign stock exchange refers to any securities transaction market that is regulated by competent authorities of the jurisdiction where they are located.</p> <p>XI. Over-the-counter (OTC) market : Domestic OTC market refers to a market for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; whereas foreign OTC market refers to a market at a financial institution that is regulated</p>	
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	by the foreign competent authority and that is permitted to conduct securities business.	
<p>Article 5 Formulation of Operating Procedures</p> <p>The Operating Procedures shall be formulated in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"; after the resolution by the Board of Directors, it shall be sent to supervisors and reported to shareholders' meeting for approval. The same shall apply to amendments. If there is any director raising objection with record or written announcement, the Company shall submit the objection statement to supervisors.</p> <p>If the Company has set up independent directors, independent directors' opinions shall be considered carefully when submitting the Operating Procedures of Acquisition or Disposal of Assets to the Board of Directors for discussions in accordance with the above provision. The opinions and reasons for assenting or dissenting have to be included into the record of Board meeting.</p>	<p>Article 4 Formulation of Operating Procedures</p> <p>The Operating Procedures shall be formulated in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"; after the resolution by the Board of Directors, it shall be sent to supervisors and reported to shareholders' meeting for approval. The same shall apply to amendments. If there is any director raising objection with record or written announcement, the Company shall submit the objection statement to supervisors. If the Company has set up independent directors according to law, independent directors' opinions shall be considered carefully when submitting the Operating Procedures of Acquisition or Disposal of Assets to the Board of Directors for discussions in accordance with the above provision. The opinions and reasons for assenting or dissenting have to be included into the record of Board meeting.</p> <p>If the Company has set up audit committee according to law, the formulation or amendment of the Operating Procedures of Acquisition or Disposal of Assets shall be approved by more than half plenary members of audit committee and proposed to the Board of Directors for resolution.</p> <p>Or otherwise, permission of more than two thirds of all directors has to be obtained, and the resolution of audit</p>	Amended according to regulations

	<p style="color: red;">committee shall be indicated clearly into the minute book of Board meeting. The plenary members of audit committee and all directors mentioned above in the third item are calculated by the actual incumbent ones.</p>	
<p>Article 6 Purchase Limit:</p> <p>I. The purchase limit of the Company: The investment scope of the Company covers stock, government bonds, corporate bonds, financial securities, securities representing interest in a fund, depository receipt, call(put) warrants, property and other negotiable securities approved by the Ministry of Finance, with the limit as follows:</p> <ol style="list-style-type: none"> 1. The property investment not for operation use shall not exceed 100% of the actual paid-in capital of the Company. 2. The total amount of negotiable securities investment shall not exceed 150% of shareholders' equity of the Company, and the limit for investment into certain negotiable securities shall not exceed 100% of shareholders' equity of the Company. <p>II. The total purchase amount and limit for subsidiaries shall follow relevant operating procedures for internal acquisition or disposal of assets.</p>	<p>Article 5 Purchase Limit:</p> <p>I. The purchase limit of the Company: The investment scope of the Company covers stock, government bonds, corporate bonds, financial securities, securities representing interest in a fund, depository receipt, call(put) warrants, property and other negotiable securities approved by the Ministry of Finance, with the limit as follows:</p> <ol style="list-style-type: none"> 1. The property and use right asset investment not for operation use shall not exceed 100% of the actual paid-in capital of the Company. 2. The total amount of negotiable securities investment shall not exceed 150% of shareholders' equity of the Company, and the limit for investment into certain negotiable securities shall not exceed 100% of shareholders' equity of the Company. <p>II. The total purchase amount and limit for subsidiaries shall follow relevant operating procedures for internal acquisition or disposal of assets.</p>	Amended according to regulations
<p>Article 7 Evaluation and Operation Procedures:</p> <p>I. Evaluation Procedures In acquisition or disposal of assets by the Company, the responsible unit can only conduct the action after presenting matters like reason, subject matter, transaction counterparty, transfer price, payment terms, price reference of the acquisition or disposal to accountable unit for judgement and approval.</p> <p>II. Operation Procedures The operation of acquisition or disposal of relevant assets, apart from the Operating Procedures, shall also follow relevant provisions in the internal control manual.</p>	<p>Article 6 Evaluation and Operation Procedures:</p> <p>I. Evaluation Procedures</p> <ol style="list-style-type: none"> 1. In acquisition or disposal of assets by the Company, the responsible unit can only conduct the action after presenting matters like reason, subject matter, transaction counterparty, transfer price, payment terms, price reference of the acquisition or disposal to accountable unit for judgement and approval. <li style="color: red;">2. For any valuation report or letter of opinion from CPA, lawyer or securities underwriter received by the Company, the professional valuator and the accountant, lawyer or 	Amended according to regulations

	<p>securities underwriter must conform to the following provisions of Article 5 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p> <p>II. Operation Procedures The operation of acquisition or disposal of relevant assets, apart from the Operating Procedures, shall also follow relevant provisions in the internal control manual.</p>	
<p>Article 8 Determination Procedures and Authorization Hierarchy of Transaction Conditions</p> <p>I. Price Determination and Reference Foundation</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of negotiable securities traded at concentrated transaction market or OTC market shall be determined by the price of shares or bonds at the time. 2. Acquisition or disposal of shares not traded at concentrated transaction market or OTC market shall be determined after considering the net value per share, profitability, future development potential and transaction price at the time. 3. Acquisition or disposal of non-stock negotiable securities not traded at concentrated transaction market or OTC market shall be determined after considering the market interest rate, face interest rate and debtor's information at the time. 4. Acquisition or disposal of property shall be determined after considering the announcement current value, rated value and actual transaction price of neighboring property. <p>II. Authorization Level</p> <ol style="list-style-type: none"> 1. Long-term equity investment, negotiable securities investment not for purpose of transaction, and acquisition or disposal of property shall be only carried out after the approval of the Board of Directors. The Board of Directors may 	<p>Article 7 Determination Procedures and Authorization Level for Transaction Conditions</p> <p>I. Price Determination and Reference Foundation</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of negotiable securities traded at concentrated transaction market or OTC market shall be determined by the price of shares or bonds at the time. 2. Acquisition or disposal of shares not traded at concentrated transaction market or OTC market shall be determined after considering the net value per share, profitability, future development potential and transaction price at the time. 3. Acquisition or disposal of non-stock negotiable securities not traded at concentrated transaction market or OTC market shall be determined after considering the market interest rate, face interest rate and debtor's information at the time. 4. Acquisition or disposal of property shall be determined after considering the announcement current value, rated value and actual transaction price of neighboring property. <p>II. Authorization Level</p> <ol style="list-style-type: none"> 1. Long-term equity investment, negotiable securities investment not for purpose of transaction, and acquisition or disposal of property shall be only carried out after the approval of the Board of Directors. The Board of 	Adjusted orders of Articles

<p>authorize the chairman to make decision when the amount is below NT\$ 50 million, which shall be later confirmed by the Board of Directors. The yearly amount for later confirmation shall not exceed NT\$ 100 million.</p> <p>2. Acquisition or disposal of negotiable securities investment and equipment for purpose of transaction shall only be carried out after the approval by the Company authorization level rules. If the single transaction amount reaches above NT\$ 100 million, the approval of the Board of Directors must be gained. Only the acquisition or disposal of bonds fund is not limited by the amount, but if the single amount exceeds NT\$ 100 million, it shall be later confirmed by the Board of Directors.</p> <p>3. If the Company Act or other laws stipulate that the acquisition or disposal of assets must be resolved, recognized, or reported to relevant meetings of the Company (such as the Board meeting or shareholders' meeting), it shall strictly apply.</p>	<p>Directors may authorize the chairman to make decision when the amount is below NT\$ 50 million, which shall be later confirmed by the Board of Directors. The yearly amount for later confirmation shall not exceed NT\$ 100 million.</p> <p>2. Acquisition or disposal of negotiable securities investment and equipment for purpose of transaction shall only be carried out after the approval by the Company authorization level rules. If the single transaction amount reaches above NT\$ 100 million, the approval of the Board of Directors must be gained. Only the acquisition or disposal of bonds fund is not limited by the amount, but if the single amount exceeds NT\$ 100 million, it shall be later confirmed by the Board of Directors.</p> <p>3. If the Company Act or other laws stipulate that the acquisition or disposal of assets must be resolved, recognized, or reported to relevant meetings of the Company (such as the Board meeting or shareholders' meeting), it shall strictly apply.</p>	
<p>Article 9 Implementation Unit</p> <p>The implementation unit of relevant negotiable securities investment is financial unit and other accountable unit. The implementation unit of property or equipment is asset use unit, administration unit and other accountable unit.</p>	<p>Article 8 Implementation Unit</p> <p>The implementation unit of relevant negotiable securities investment is financial unit and other accountable unit. The implementation unit of property or equipment is asset use unit, administration unit and other accountable unit.</p>	<p>Adjusted order of Articles</p>
<p>Article 10 Acquisition of Assets Valuation Report</p> <p>For acquisition or disposal of property or equipment by the Company, except for transaction with government authorities, self-owned land construction, leased land construction, or machinery and equipment acquired or disposed of for operation use, if</p>	<p>Article 9 Acquisition of Assets Valuation Report</p> <p>For acquisition or disposal of property or equipment or its use right asset, except for transaction with domestic government authorities, self-owned land construction, leased land construction, or acquisition or disposal of</p>	<p>Amended according to regulations</p>

<p>the transaction amount reaches 20% paid-in capital or more than NT\$ 300 million, the valuation report from professional valuator before the factual occurrence date has to be obtained and the following provisions be complied with:</p> <p>I. If limit price or specific price has to be taken as the reference basis of transaction price for special reasons, the transaction has to pass the resolution of the Board meeting first; if there is variation to the future transaction conditions, the above procedures have to be followed.</p> <p>II. If the transaction amount exceeds NT\$ 1 billion, more than two professional valutors have to be engaged for valuation.</p> <p>III. For any of the following conditions in the valuation results by professional valutors, except that the valuation result of acquired asset is higher than the transaction amount, or the valuation result of disposed of asset is lower than the transaction amount, CPA shall be engaged to process according to Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China (hereinafter referred to as Accounting Research Development Fund), and specific opinions have to be given to the propriety of the reasons for difference and transaction price.</p> <p>(I) The difference between valuation result and transaction amount reaches above 20% transaction amount.</p> <p>(II) The difference of valuation result by more than two professional valutors reaches above 20% transaction amount.</p> <p>IV. The report issuance date and contract conclusion date shall not have an interval of more than three months. If it is applicable to the announcement current value of the same period and not more than six months, the original valuator shall issue letter of opinion.</p>	<p>equipment for operation use acquired or use right asset , if the transaction amount reaches 20% paid-in capital or more than NT\$ 300 million, the valuation report from professional valuator before the factual occurrence date has to be obtained (the items recorded on the report shall follow the provisions of Securities and Futures Bureau) and the following provisions be complied with:</p> <p>I. If limit price or specific price has to be taken as the reference basis of transaction price for special reasons, the transaction has to pass the resolution of the Board meeting first; if there is variation to the future transaction conditions, the above procedures have to be followed.</p> <p>II. If the transaction amount exceeds NT\$ 1 billion, more than two professional valutors have to be engaged for valuation.</p> <p>III. For any of the following conditions in the valuation results by professional valutors, except that the valuation result of acquired asset is higher than the transaction amount, or the valuation result of disposed of asset is lower than the transaction amount, CPA shall be engaged to process according to Article 20 of the audit standard announcement released by Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as Accounting Foundation), and specific opinions have to be given to the propriety of the reasons for difference and transaction price.</p> <p>(I) The difference between valuation result and transaction amount reaches above 20% transaction amount.</p> <p>(II) The difference of valuation result by more than two professional valutors reaches above 10% transaction amount.</p> <p>IV. The report issuance date and contract</p>	
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	<p>conclusion date shall not have an interval of more than three months. If it is applicable to the announcement current value of the same period and not more than six months, the original valuator shall issue letter of opinion.</p>	
<p>Article 11 Acquisition of CPA Letter of Opinion</p> <p>I. In acquisition or disposal of negotiable securities, the latest CPA audited or reviewed financial statement of the object company shall be obtained on the factual occurrence date as the reference for evaluation of transaction price. If the transaction amount reaches more than 20% actual paid-in capital or NT\$ 300 million, CPA shall be engaged on the factual occurrence date to express opinion on the reasonableness of the transaction price. If it is necessary for CPA to adopt professional report, the provisions of Article 20 of the audit standard announcement released by Accounting Foundation of the Republic of China shall be followed; but if the negotiable securities have open quotation from active market or the FSC stipulates otherwise, it is not subject to this provision.</p> <p>II. If the transaction amount for acquisition or disposal of membership certificate or intangible assets reaches more than 20% actual paid-in capital or NT\$ 300 million, except for transaction with government authorities, CPA shall be engaged on the factual occurrence date to express opinion on the reasonableness of the transaction price and follow the provisions of Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China.</p>	<p>Article 10 Acquisition of CPA Letter of Opinion</p> <p>I. In acquisition or disposal of negotiable securities, the latest CPA audited or reviewed financial statement of the object company shall be obtained on the factual occurrence date as the reference for evaluation of transaction price. If the transaction amount reaches more than 20% actual paid-in capital or NT\$ 300 million, CPA shall be engaged on the factual occurrence date to express opinion on the reasonableness of the transaction price. If it is necessary for CPA to adopt professional report, the provisions of Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China shall be followed; but if the negotiable securities have open quotation from active market or the FSC stipulates otherwise, it is not subject to this provision.</p> <p>II. If the transaction amount for acquisition or disposal of intangible assets or their use right or membership certificate reaches more than 20% actual paid-in capital or NT\$ 300 million, except for transaction with government authorities, CPA shall be engaged on the factual occurrence date to express opinion on the reasonableness of the transaction price and follow the provisions of Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China. The calculation of the above transaction amount should be carried out in accordance with provisions paragraph 2 of Article 38, and the within one year limit refers to that the actual occurrence date of the</p>	<p>Amended according to regulations</p>

	transaction is taken as the base and then dated back one year; the part that has obtained valuation report from professional valuers or CPA opinion does not need to be re-included.	
Article 12 Acquisition of Court Evidences For assets acquired or disposed of by the Company through court auction, documents of evidence from court shall replace valuation report or CPA opinion.	Article 11 Acquisition of Court Evidences For assets acquired or disposed of by the Company through court auction, documents of evidence from court shall replace valuation report or CPA opinion.	Adjusted order of Articles
Article 13 Acquisition of Property from Affiliate Where the Company and its affiliates are engaged in acquisition or disposal of assets, apart from following the provisions of relevant resolution procedures and evaluation of reasonability of transaction conditions, valuation report from professional valuers or CPA opinion has to be obtained according to previous provisions, if the transaction amount reaches more than 10% total assets of the Company. The calculation of the above transaction amount shall follow the provisions of Article 39. In judging upon whether the transaction counterparties are affiliates, the substantial relation has to be considered apart from paying attention to the legal form.	Article 12 Acquisition of Property from Affiliate Where the Company and its affiliates are engaged in acquisition or disposal of assets, apart from following the provisions of relevant resolution procedures and evaluation of reasonableness of transaction conditions, valuation report from professional valuers or CPA opinion has to be obtained according to previous provisions, if the transaction amount reaches more than 10% of the total assets of the Company. The calculation of the above transaction amount shall follow the provisions of Article 38. In judging upon whether the transaction counterparties are affiliates, the substantial relation has to be considered apart from paying attention to the legal form.	Adjusted order of Articles
Article 14 Materials Reported to the Board of Directors If the Company and its affiliates are engaged in acquisition or disposal of property, or acquisition or disposal of other assets other than property with affiliate, and the transaction amount reaches more than 20% paid-in capital of the Company, 10% of total assets or NT\$ 300 million, the following materials shall be submitted to the Board of	Article 13 Materials Reported to the Board of Directors If the Company and its affiliates are engaged in acquisition or disposal of property or its use right, or acquisition or disposal of other assets out of property with affiliate, and the transaction amount reaches more than 20% paid-in capital of the Company, 10% total assets or NT\$ 300 million, it shall submit the	Amended according to regulations

<p>Directors for approval and supervisors for recognition, except for transaction of government bonds, bonds under repurchase and resale agreement, purchase or redemption of market fund issued by securities investment and trust enterprises. Only after that, transaction contract can be signed and payment be made:</p> <p>I. The objective, necessity and expected benefit of acquisition or disposal of assets.</p> <p>II. Reason for selecting an affiliate as transaction party.</p> <p>III. Acquisition of property from an affiliate shall follow provisions of Article 15 and Article 16 to evaluate relevant data about the reasonableness of preset transaction conditions.</p> <p>IV. Items like original date and price of acquisition by affiliate, transaction counterparty and relation between company and affiliate.</p> <p>V. Prediction over the monthly cash income and expense in the following one year from the month of signing contract, and evaluation of the necessity of transaction and the reasonableness of capital use.</p> <p>VI. Obtaining valuation report or CPA opinion issued by professional valutors according to above mentioned provisions.</p> <p>VII. Limitations of the transaction and other important agreements. The calculation of the above transaction amount should be carried out in accordance with provisions of item 2 of Article 39, and the within one year limit refers to the year preceding the actual occurrence date of the transaction; the part that has been submitted to the Board of Directors for passing and supervisors for recognition does not need to be re-included. If the Company and subsidiaries are engaged in acquisition or disposal of equipment for operation, the Board of Directors will authorize the chairman to execute on priority within certain limit</p>	<p>following materials to the Board of Directors for passing and supervisors for recognition, except for transaction of government bonds, bonds under repurchase and resale agreements, purchase or redemption of market fund issued by securities investment and trust cause. Only after that, transaction contract can be signed and payment be made:</p> <p>I. The objective, necessity and expected benefit of acquisition or disposal of assets.</p> <p>II. Reason for selecting an affiliate as transaction counterparty.</p> <p>III. Acquisition of property from affiliates shall follow provisions of Article 14 and Article 15 to evaluate relevant data about the reasonableness of preset transaction conditions.</p> <p>IV. Items like original date and price of acquisition by affiliate, transaction counterparty and relation between the Company and the affiliate.</p> <p>V. Prediction over the monthly cash income and expense in the following one year from the month of signing contract, and evaluation of the necessity of transaction and the reasonableness of capital use.</p> <p>VI. Obtaining the valuation report or CPA opinion issued by professional valutors according to abovementioned provisions.</p> <p>VII. Limitations of the transaction and other important agreements. The calculation of the above transaction amount should be carried out in accordance with paragraph 2 of Article 38, and the 'within one year limit' refers to the year preceding the actual occurrence date of the transaction; the part that has been submitted to the Board of Directors for passing and supervisors for recognition does not need to be re-included. If the Company and subsidiaries or</p>	
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<p>in accordance with Article 7, and then it will be reported to the latest Board meeting for confirmation later.</p> <p>If the Company has set up independent directors according, when proposals are submitted to the Board of Directors for discussions in accordance with the above provision, their opinion has to be fully considered. If they have objection or reserve their opinion, it shall be included clearly into the minute book of Board meeting.</p>	<p>subsidiaries of which the Company directly or indirectly holds 100% issued shares or total assets are engaged in acquisition or disposal of equipment for operation, the Board of Directors will authorize the chairman to execute on priority within certain limit in accordance with Article 7, and then it will be reported to the latest Board meeting for confirmation.</p> <p>I. Acquisition or disposal of equipment or assets with use right for operation.</p> <p>II. Acquisition or disposal of assets with property use right for operation.</p> <p>If the Company has set up independent directors according to law and they submit proposals to the Board of Directors for discussions in accordance with the provision of the first paragraph of this handling procedure, their opinion has to be fully considered. The dissenting opinions or qualified opinions, if they have, should be included into the minute book of Board meeting.</p> <p>If the Company has set up audit committee according to law, then permission of more than half plenary members of audit committee has to be obtained for the matters recognized by supervisors according to the above provision, and then it shall be raised to the Board of Directors for resolution. And the provisions of Item 3 and 4 in Article 4 are applicable.</p>	
<p>Article 15 The acquisition of property from affiliates by the Company shall follow the evaluation of reasonableness of the transaction cost according to the following methods:</p> <p>I. Affiliate transaction price plus necessary capital interest and cost undertaken by the buyer according to law. The above mentioned necessary capital interest cost is calculated on the</p>	<p>Article 14 The acquisition of property or its use right assets from affiliates by the Company shall follow the evaluation of reasonableness of the transaction cost according to the following methods:</p> <p>I. Affiliate transaction price plus necessary capital interest and cost undertaken by the buyer according to law. The above mentioned necessary</p>	<p>Amended according to regulations</p>

<p>basis of weighted average interest rate of the loan of the year when the Company purchases the asset, but not higher than the non-financial highest loan interest rate released by the Ministry of Finance.</p> <p>II. If the affiliate set up pledged loan from financial institutions with the subject matter, the latter would evaluate the total value of loan for it. But the cumulative value of actual loan for the subject matter had to reach 70% total evaluated value of loan and the loan period was above one year. However, it is not applicable when financial institution and one transaction party are affiliates.</p> <p>If consolidated purchase of the land and house of the same object is carried out, then the transaction cost has to be evaluated according to any of the previous methods.</p> <p>If the Company acquires property from an affiliate, provisions of Item 1 and 2 have to be followed, and CPA shall be engaged for review and expression of specific opinion.</p> <p>If the Company acquires property from its affiliates, the provisions of Article 14 shall be followed for any of the following conditions, to the exclusion of provisions of previous three paragraphs:</p> <p>I. Acquisition of property by affiliates through inheritance or bestowal.</p> <p>II. The time interval of affiliates concluding contract to acquire property is more than 5 years from this transaction contract concluding date.</p> <p>III. Acquisition of property through joint construction contract, self-owned land entrusted construction or leased land construction with affiliates.</p>	<p>capital interest cost is calculated on the basis of weighted average interest rate of the loan of the year when the Company purchases the asset, but not higher than the non-financial highest loan interest rate released by the Ministry of Finance.</p> <p>II. If the affiliate set up pledged loan from financial institutions with the subject matter, the latter would evaluate the total value of loan for it. But the cumulative value of actual loan for the subject matter had to reach 70% total evaluated value of loan and the loan period was above one year. However, it is not applicable when financial institution and one transaction party are affiliates.</p> <p>If consolidated purchase of the land and house of the same object is carried out, then the transaction cost has to be evaluated according to the previous method.</p> <p>If the Company acquires property from affiliates, provisions of Item 1 and 2 have to be followed, and CPA shall be engaged for review and expression of specific opinion.</p> <p>If the Company acquires property from affiliates, provisions of Item 1 and 2 have to be followed, and CPA shall be engaged for review and expression of specific opinion.</p> <p>I. Acquisition of property by affiliates through inheritance or bestowal.</p> <p>II. The time interval of affiliates concluding contract to acquire property is more than 5 years from this transaction contract concluding date.</p> <p>III. Acquisition of property through joint construction contract, self-owned land entrusted construction or leased land construction with affiliates.</p> <p>IV. Acquisition of property use right assets for operation by the Company from subsidiaries or subsidiaries of which it directly or indirectly holds 100% issued shares or total assets.</p>	
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<p>Article 16</p> <p>If the evaluation result according to the provisions of Item 1 and 2 of the previous article is lower than the transaction price, the provisions of Article 17 shall be followed. If objective evidence is furnished and specific reasonableness opinions from professional property valuator and CPA are obtained, the following conditions are not subject to this provision:</p> <p>I. If the affiliate obtains open land or rent land for re-construction, it has to prove for conformity of one of the following conditions:</p> <p>(I) The open land is evaluated according to the previous method, and the house evaluated through construction cost plus reasonable construction profit, and the sum shall be more than the actual transaction price. The above mentioned construction profit refers to the average operation gross profit rate of construction department of the affiliate in recent three years or the recent gross profit rate in construction industry released by the Ministry of Finance, whichever is lower.</p> <p>(II) As for the trading cases of non-affiliate within one year for other buildings or adjacent regions of the same object house with similar area, the transaction conditions shall be similar after evaluation of price difference for reasonable buildings or regions according to the transaction practice of property.</p> <p>(III) As for the lease cases of non-affiliate within one year for other buildings of the same object house, the transaction conditions shall be evaluated as similar with a reasonable price difference in building floors according to the lease practice of property.</p> <p>II. For property purchased from affiliates by the Company, the transaction</p>	<p>Article 15</p> <p>If the evaluation result according to previous item 1 and item 2 is lower than the transaction price, the provisions of Article 17 shall be followed. If objective evidence is furnished and specific reasonableness opinions from professional property valuator and CPA are obtained, the following conditions are not subject to this provision:</p> <p>I. If the affiliate obtains open land or rent land for re-construction, it has to prove for conformity of one of the following conditions:</p> <p>(I) The open land is evaluated according to the previous method, and the house is evaluated through construction cost plus reasonable construction profit, and the sum shall be more than the actual transaction price. The above mentioned construction profit refers to the average operation gross profit rate of construction department of the affiliate in recent three years or the recent gross profit rate in construction industry released by the Ministry of Finance, whichever is lower.</p> <p>(II) As for the trading cases of non-affiliates within one year for other buildings or adjacent regions of the same object house with similar area, the transaction conditions shall be similar after evaluation of price difference for reasonable buildings or regions according to the transaction practice of property.</p> <p>(III) As for the lease cases of non-affiliates within one year for other buildings of the same object house, the transaction conditions shall be similar after deducted evaluation of price difference for reasonable buildings according to the lease practice of property.</p>	<p>Amended according to regulations</p>
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<p>conditions shall be similar to the trading cases with other non-affiliate within one year of the adjacent region and with similar size.</p> <p>The above mentioned trading cases of adjacent regions follow the principle of subject matter with a distance not more than five hundred meters in the same or neighboring street or with similar announcement current value; the above mentioned similar area follows the principle that the area of trading cases with non-affiliates is not lower than 50% area of the transaction subject matter.</p>	<p>II. For property purchased from affiliates by the Company, the transaction conditions shall be similar to trading cases with other non-affiliate within one year of the adjacent regions and with similar area.</p> <p>The above mentioned trading cases of adjacent regions follow the principle of subject matter with a distance not more than five hundred meters in the same or neighboring street or with similar announcement current value; the above mentioned similar area follows the principle that the area of trading cases with non-affiliates is not lower than 50% area of the transaction subject matter; the above mentioned within one year limit refers to that the date of factual occurrence of acquisition of the asset is taken as the base, and dated back one year.</p>	
<p>Article 17</p> <p>If the evaluation result according to Article 15 and Article 16 is lower than the transaction price in acquisition of property from affiliates, the following matters shall be handled:</p> <p>I. The Company shall recognize special surplus reserve for the difference between property transaction price and evaluation cost in accordance with provisions, without allocation or transfer to increased capital for allocation of shares. If the invested company recognizes the special surplus reserve recognized by the Company with equity method, the Company shall also recognize special surplus reserve based on shares holding ratio.</p> <p>II. Supervisors shall follow the provisions of Article 218 of Company Act.</p> <p>III. Situations processed according to Item 1 and 2 shall be reported to the shareholders' meeting, and the transaction details shall be disclosed in annual report and prospectus.</p> <p>The special surplus reserve recognized by the Company and public listed companies invested using equity method can only be employed after</p>	<p>Article 16</p> <p>If the evaluation result according to Article 14 and Article 15 is lower than the transaction price in acquisition of property from affiliates, the following matters shall be handled:</p> <p>I. The Company shall recognize special surplus reserve for the difference between property transaction price and evaluation cost in accordance with provisions, without allocation or transfer to increased capital for allocation of shares. If the invested company recognizes the special surplus reserve recognized by the Company with equity method, the Company shall also recognize special surplus reserve based on shares holding ratio.</p> <p>II. Supervisors shall follow the provisions of Article 218 of Company Act.</p> <p>III. Situations processed according to Item 1 and 2 shall be reported to the shareholders' meeting, and the transaction details shall be disclosed in annual report and prospectus.</p> <p>The special surplus reserve</p>	<p>Adjusted orders of Articles</p>

<p>receiving permission from the Securities and Futures Bureau under the circumstance in which the assets purchased with high price have been recognized into price drop loss or disposal, or suitable compensation, or restored state, or there is no evidence for unreasonableness.</p> <p>For acquisition of property from affiliates by the Company, if there is evidence showing there are violations against operation conventions in the transaction, the provisions of the previous two paragraphs shall be followed.</p>	<p>recognized by the Company and public listed companies invested using equity method can only be employed after receiving permission from the Securities and Futures Bureau under the circumstance in which the assets purchased with high price have been recognized into price drop loss or disposal, or suitable compensation, or restored state, or there is no evidence for unreasonableness.</p> <p>For acquisition of property from affiliates by the Company, if there is evidence showing there are violations against operation conventions in the transaction, the provisions of the previous two items shall be followed.</p>	
<p>Article 18 Transaction Types</p> <ol style="list-style-type: none"> 1. The derivative products transaction types engaged by the Company include: forward contract, option, futures and other types agreed upon by the chairman. 2. Operation of derivative financial products by subsidiaries of the Company for effective risk control and lowered risk. 	<p>Article 17 Transaction Types</p> <ol style="list-style-type: none"> 1. The derivative products transaction types engaged by the Company include: forward contract, option, futures and other types agreed upon by the chairman. 2. Operation of derivative financial products by subsidiaries of the Company for effective risk control and lowered risk. 	Adjusted orders of Articles
<p>Article 19 Operation or Hedge Strategies</p> <p>The transaction of derivative products engaged by the Company is for the purpose of avoiding risks, so the selection of products is dominated by avoiding risks arising out of business operation. Before transaction, the nature will be defined as "transaction" (non-hedging operation for purpose of transaction) or "non-transaction" (hedging operation not for purpose of transaction", which will be taken as the basis for accounting entry.</p>	<p>Article 18 Operation or Hedging Strategies</p> <p>The transaction of derivative products engaged by the Company is for the purpose of avoiding risks, so the selection of products is dominated by avoiding risks arising out of business operation. Before transaction, the nature will be defined as "transaction" (non-hedging operation for purpose of transaction) or "non-transaction" (hedging operation not for purpose of transaction", which will be taken as the basis for accounting entry.</p>	Adjusted orders of Articles
<p>Article 20 Power and Responsibility Division</p> <p>The derivative products operation engaged by the Company is undertaken by the following departments according to work nature.</p>	<p>Article 19 Power and Responsibility Division</p> <p>The derivative products operation engaged by the Company is undertaken by the following departments according to work nature.</p>	Adjusted orders of Articles

<p>I. Financial department:</p> <ol style="list-style-type: none"> 1. Responsible for formulating operation strategies for derivative products except for futures. 2. Conducting various transactions according to authorization. <p>II. Legal department: responsible for reviewing the non-standardized transaction contract.</p> <p>III. Accounting department: responsible for handling accounts of derivative products transaction and preparation of accounting statements.</p> <p>IV. Audit department: responsible for understanding the appropriateness of internal control like power and responsibility division and operation procedures, and auditing the compliance with the Operating Procedures by transaction departments.</p> <p>The personnel in financial department who are in charge of the transaction, confirmation and settlement of derivative products in financial department shall not be acted upon concurrently; other personnel not from financial department can only get engaged in transaction of derivative products after authorization from chairman and it shall be later reported to the latest the Board of Directors.</p> <p>The measurement, supervision and control of relevant risks shall be taken care of by personnel from different departments, and report shall be made to the Board of Directors.</p>	<p>I. Financial department:</p> <ol style="list-style-type: none"> 1. Responsible for formulating operation strategies for derivative products except for futures. 2. Conducting various transactions according to authorization. <p>II. Legal department: responsible for reviewing the non-standardized transaction contract.</p> <p>III. Accounting department: responsible for handling accounts of derivative products transaction and preparation of accounting statements.</p> <p>IV. Audit department: responsible for understanding the appropriateness of internal control like power and responsibility division and operation procedures, and auditing the compliance with the treatment procedures by transaction departments.</p> <p>The personnel in financial department who are in charge of the transaction, confirmation and settlement of derivative products in financial department shall not be acted upon concurrently; other personnel not from financial department can only get engaged in transaction of derivative products after authorization from chairman and it shall be later reported to the latest the Board of Directors.</p> <p>The measurement, supervision and control of relevant risks shall be taken care of by personnel from different departments, and report shall be made to the Board of Directors.</p>	
<p>Article 21 Performance Evaluation Guidelines</p> <p>I. Non-transaction:</p> <ol style="list-style-type: none"> 1. The financial department takes the already realized net amount part of profit or loss after closing on the due transaction date for every transaction contract as the basis for performance evaluation according to the types of transaction products. 2. As for the transaction goal set up, the profit or loss performance 	<p>Article 20 Performance Evaluation Guidelines</p> <p>I. Non-transaction:</p> <ol style="list-style-type: none"> 1. The financial department takes the already realized net amount part of profit or loss after closing on the due transaction date for every transaction contract as the basis for performance evaluation according to the types of transaction products. 2. As for the transaction goal set 	<p>Adjusted orders of Articles</p>

<p>should be compared and regular checkup conducted and reported to the highest supervisor for review.</p> <p>II. Transaction:</p> <ol style="list-style-type: none"> 1. Already realized part: financial department takes the already occurred profit or loss part as the basis of performance evaluation. 2. Unrealized part: the net amount and total amount of profit or loss at the part not closed out and daily liquidated with closing price every day is taken as the reference for performance evaluation. <p>III. Financial department shall regularly check whether the operation performance conforms to the preset operation strategies and the undertaken risk is within the permitted scope or not according to the profit or loss performance statement for every period.</p> <p>IV. Financial department shall evaluate the part of transaction for the sake of transaction at least once every week; and the part of transaction not for the sake of transaction at least once every month. And the evaluation report shall be sent to the highest supervisor of financial department for review.</p> <p>V. The highest supervisor of financial department shall at all times pay attention to supervision and control over the risk of derivative products transaction, regularly evaluate whether the currently adopted risk management measures are suitable and ensure compliance with the Operating Procedures.</p> <p>VI. The highest supervisor of financial department shall supervise the transactions as well as the profit or loss. Upon discovery of abnormality, necessary countermeasures have to be adopted and report has to be made to the Board of Directors immediately. The Company has set up independent directors, so the Board of Directors has to be attended by them with opinions expressed.</p>	<p>up, compare the profit or loss performance and conduct regular checkup, and report to the highest supervisor for review.</p> <p>II. Transaction:</p> <ol style="list-style-type: none"> 1. Already realized part: financial department takes the already occurred profit or loss part as the basis of performance evaluation. 2. Unrealized part: the net amount and total amount of profit or loss at the part not closed out and daily liquidated with closing price every day is taken as the reference for performance evaluation. <p>III. Financial department shall regularly check whether the operation performance conforms to the preset operation strategies and the undertaken risk is within the permitted scope or not according to the profit or loss performance statement for every period.</p> <p>IV. Financial department shall evaluate the part of transaction for the sake of transaction at least once every week; and the part of transaction not for the sake of transaction at least once every month. And the evaluation report shall be sent to the highest supervisor of financial department for review.</p> <p>V. The highest supervisor of financial department shall at all times pay attention to supervision and control over the risk of derivative products transaction, regularly evaluate whether the currently adopted risk management measures are suitable and ensure compliance with the Operating Procedures.</p> <p>VI. The highest supervisor of financial department shall supervise the transactions as well as the profit or loss. Upon discovery of abnormality, necessary countermeasures have to be adopted and report has to be made to the Board of Directors immediately. The Company has set up independent directors, so the Board of Directors</p>	
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	has to be attended by them with opinions expressed.	
<p>Article 22 Total Contract Amount and Loss Upper Limit</p> <p>I. Non-transaction: the limit shall not exceed the actual business demand of the Company. If it is cross hedging, the total profit or loss for hedging tools and hedging object have to be considered at the same time. If there is market change leading to that the total contract amount loss reaches over 3%, countermeasures have to be studied and reported to chairman for approval.</p> <p>II. Transaction: the total limit shall be 10% company net value. If after transaction there is market change leading to that the single contract amount loss reaches over 5% or total contract amount loss reaches over 3%, countermeasures have to be studied and reported to chairman for approval.</p>	<p>Article 21 Total Contract Amount and Loss Upper Limit</p> <p>I. Non-transaction: the limit shall not exceed the actual business demand of the Company. If it is cross hedging, the total profit or loss for hedging tools and hedging object have to be considered at the same time. If there is market change leading to that the total contract amount loss reaches over 3%, countermeasures have to be studied and reported to chairman for approval.</p> <p>II. Transaction: the total limit shall be 10% company net value. If after transaction there is market change leading to that the single contract amount loss reaches over 5% or total contract amount loss reaches over 3%, countermeasures have to be studied and reported to chairman for approval.</p>	Adjusted orders of Articles
<p>Article 23 Authorization Limit</p> <p>I. If the derivative products transactions engaged by the Company are for the purpose of transaction (investment), every one of them can only be conducted after approval by the chairman.</p> <p>II. If the derivative products transactions engaged by the Company are not for the purpose of transaction (hedging), they shall be conducted according to the following authorization limit: (calculated with total transaction amount instead of deposit amount)</p> <ol style="list-style-type: none"> 1. Board of directors: total amount every day is over USD 1 million, and the cumulative net part is over USD 3 million. 2. After approval by chairman it shall be later confirmed by the latest the Board of Directors: total amount every day is below USD 1 million (included), and the cumulative net part is below USD 3 million (included). 3. Chairman: total amount every day is below USD 300,000 (included), 	<p>Article 22 Authorization Limit</p> <p>I. If the derivative products transactions engaged by the Company are for the purpose of transaction (investment), every one of them can only be conducted after approval by the chairman.</p> <p>II. If the derivative products transactions engaged by the Company are not for the purpose of transaction (hedging), they shall be conducted according to the following authorization limit: (calculated with total transaction amount instead of deposit amount)</p> <ol style="list-style-type: none"> 1. Board of directors: total amount every day is over USD 1 million, and the cumulative net part is over USD 3 million. 2. After approval by chairman it shall be later confirmed by the latest the Board of Directors: total amount every day is below USD 1 million (included), and the cumulative net part is below USD 3 million (included). 3. Chairman: total amount every day is below USD 300,000 	Adjusted orders of Articles

<p>and the cumulative net part is below USD 1.3 million (included).</p>	<p>(included), and the cumulative net part is below USD 1.3 million (included).</p>	
<p>Article 24 Operation Notes</p> <p>I. Transaction personnel shall conduct transactions according to the authorization scope.</p> <p>II. If the contract content falls into non-standardized contract, the legal department shall be involved.</p> <p>III. Transaction personnel shall confirm and pay attention to details of every concluded transaction, and then report to the department supervisor for approval.</p> <p>IV. Data shall be transferred to settlement personnel for confirmation and settlement.</p> <p>V. Deal confirmation and monthly statement of account shall be transferred to accounting personnel to prepare financial statement.</p> <p>VI. Financial department shall formulate regular profit or loss performance statement, conduct checkup and report to the highest supervisor and chairman according to the occurred profit or loss in actual operation.</p>	<p>Article 23 Operation Notes</p> <p>I. Transaction personnel shall conduct transactions according to the authorization scope.</p> <p>II. If the contract content falls into non-standardized contract, the legal department shall be involved.</p> <p>III. Transaction personnel shall confirm and pay attention to details of every concluded transaction, and then report to the department supervisor for approval.</p> <p>IV. Data shall be transferred to settlement personnel for confirmation and settlement.</p> <p>V. Deal confirmation and monthly statement of account shall be transferred to accounting personnel to prepare financial statement.</p> <p>VI. Financial department shall formulate regular profit or loss performance statement, conduct checkup and report to the highest supervisor and chairman according to the occurred profit or loss in actual operation.</p>	<p>Adjusted orders of Articles</p>
<p>Article 25 Risk Management</p> <p>I. Credit risk management: the transaction counterparties shall be mostly banks and legal brokers with frequent interaction. For every financial institution, certain transaction limit shall be formulated in advance, to be taken charge of and controlled by supervisor of financial department. It cannot concentrate on a few, and shall flexibly adjust the transaction limit according to market changes.</p> <p>II. Market risk management: limited by open concentrated market and over-the-counter market transaction.</p> <p>III. Liquidity risk management: Products with long transaction time, high liquidity and stable market price shall be chosen.</p> <p>IV. Operation risk management: it shall substantially comply with the authorization limit and operation procedures formulated by the Company and included into internal audit to avoid</p>	<p>Article 24 Risk Management</p> <p>I. Credit risk management: the transaction counterparties shall be mostly banks and legal brokers with frequent interaction. For every financial institution, certain transaction limit shall be formulated in advance, to be taken charge of and controlled by supervisor of financial department. It cannot concentrate on a few, and shall flexibly adjust the transaction limit according to market changes.</p> <p>II. Market risk management: limited by open concentrated market and over-the-counter market transaction.</p> <p>III. Liquidity risk management: Products with long transaction time, high liquidity and stable market price shall be chosen.</p> <p>IV. Operation risk management: it shall substantially comply with the authorization limit and operation procedures formulated by the</p>	<p>Amended according to regulations</p>

<p>operation risks. And transaction personnel of derivative products and operation personnel for confirmation and settlement shall not be acted upon concurrently; the settlement personnel shall follow up on transactions due within the following one week, and inform transaction personnel to ensure freedom of mistakes.</p> <p>V. Legal risk management: legal department shall countersign the contract documents of non-standardized transaction.</p> <p>VI. Cash flow risk management: the supervisor of financial department shall prudently evaluate the future cash flow change risks of financial products for currency, and evaluate cash flow risk and relative market price risk at the same time to ensure that the overall risk is minimized.</p>	<p>Company and included into internal audit to avoid operation risks. And transaction personnel of derivative products and operation personnel for confirmation and settlement shall not be acted upon concurrently; the settlement personnel shall follow up on transactions due within the following one week, and inform transaction personnel to ensure freedom of mistakes.</p> <p>V. Legal risk management: legal department shall countersign the contract documents of non-standardized transaction.</p> <p>VI. Cash flow risk management: the supervisor of financial department shall prudently evaluate the future cash flow change risks of financial products for currency, and evaluate cash flow risk and relative market price risk at the same time to ensure that the overall risk is minimized.</p> <p>In the financial department the transaction personnel for derivative products and operation personnel for confirmation and settlement shall not be acted on concurrently; other personnel at financial department can only engage in transaction of derivative products after authorization of chairman, which shall be later confirmed by the latest the Board of Directors.</p> <p>The measurement, supervision and control of relevant risks shall be taken care of by personnel from different departments, and report shall be made to the Board of Directors.</p>	
<p>Article 26 Memorandum Book</p> <p>Memorandum book shall be prepared for derivative products transactions, to record items like transaction type, amount, date of passing the Board of Directors, and prudent evaluation in accordance with item 4 and item 5 of Article 21 for future reference.</p>	<p>Article 25 Memorandum Book</p> <p>Memorandum book shall be prepared for derivative products transactions, to record items like transaction type, amount, date of passing the Board of Directors, and prudent evaluation in accordance with item 4 and item 5 of Article 21 for future reference.</p>	<p>Adjusted orders of Articles</p>

<p>Article 27 Internal Control</p> <p>I. Confirmation of every transaction has to be approved by accountable supervisor.</p> <p>II. Transaction department determines the transaction procedures, including negotiation with transaction subject for transaction and deal confirmation procedures.</p> <p>III. Non-standardized contract shall involve legal department.</p> <p>IV. Written transaction procedures shall be submitted to accounting department and audit room for backup use.</p> <p>V. Operation personnel place order through pre-approved brokers.</p> <p>VI. Brokers shall transfer deal confirmation to supervisor of transaction department after conclusion.</p> <p>VII. Supervisor of transaction department shall cross check the transaction content with operation personnel.</p> <p>VIII. Supervisor of transaction department shall sign the deal confirmation back to brokers.</p> <p>IX. Accounting department shall make entry after confirmation of the legality and reasonableness of deal data with external data.</p> <p>X. All departments confirm the correctness of data.</p> <p>XI. It should be confirmed that the transaction of products produced for transaction is within the upper limit.</p> <p>XII. The audit room shall audit the operation procedures irregularly without prior warning.</p>	<p>Article 26 Internal Control</p> <p>I. Confirmation of every transaction has to be approved by accountable supervisor.</p> <p>II. Transaction department determines the transaction procedures, including negotiation with transaction counterparty for transaction and deal confirmation procedures.</p> <p>III. Non-standardized contract shall involve legal department.</p> <p>IV. Written transaction procedures shall be submitted to accounting department and audit room for backup use.</p> <p>V. Operation personnel place order through pre-approved brokers.</p> <p>VI. Brokers shall transfer deal confirmation to supervisor of transaction department after conclusion.</p> <p>VII. Supervisor of transaction department shall cross check the transaction content with operation personnel.</p> <p>VIII. Supervisor of transaction department shall sign the deal confirmation back to brokers.</p> <p>IX. Accounting department shall make entry after confirmation of the legality and reasonableness of deal data with external data.</p> <p>X. All departments confirm the correctness of data.</p> <p>XI. It should be confirmed that the transaction of products produced for transaction is within the upper limit.</p> <p>XII. The audit room shall audit the operation procedures irregularly without prior warning.</p>	<p>Adjusted orders of Articles</p>
<p>Article 28 Accounting Treatment</p> <p>The accounting treatment of derivative products transaction shall follow generally accepted accounting principles and relevant laws.</p>	<p>Article 27 Accounting Treatment</p> <p>The accounting treatment of derivative products transaction shall follow generally accepted accounting principles and relevant laws.</p>	<p>Adjusted orders of Articles</p>
<p>Article 29 Internal Audit</p> <p>Internal audit personnel shall regularly come to understand the propriety of internal control over derivative products transaction, monthly audit the</p>	<p>Article 28 Internal Audit</p> <p>Internal audit personnel shall regularly come to understand the propriety of internal control over derivative products transaction,</p>	<p>Amended according to regulations</p>

<p>compliance of operation procedures for derivative products transaction by transaction department, and analyze the transaction cycle to form audit report to be presented to the Board of Directors for review. Upon discovery of any material violation, they shall notify supervisors in writing.</p>	<p>monthly audit the compliance of operation procedures for derivative products transaction by transaction department, and analyze the transaction cycle to form audit report to be presented to the Board of Directors for review. Upon discovery of any material violation, they shall notify supervisors in writing.</p> <p>If independent directors are set up according to law, they shall be notified of the matters that should be notified to supervisors at the same time.</p> <p>If audit committee is set up according to law, the provisions in the first paragraph concerning supervisors are also applicable to audit committee.</p>	
<p>Article 30 Declaration</p> <p>The audit department shall declare the audit report together with annual audit plan execution status for internal audit to securities and futures bureau before the end of February of the following year, and declare abnormal matters improvement status to it as well for future reference before the end of May of the following year.</p>	<p>Article 29 Declaration</p> <p>The audit department shall declare the audit report together with annual audit plan execution status for internal audit to securities and futures bureau before the end of February of the following year, and declare abnormal matters improvement status to it as well for future reference before the end of May of the following year.</p>	<p>Adjusted orders of Articles</p>
<p>Article 31 Experts Opinions</p> <p>In handling merger, demerger, acquisition or stock transfer by the Company, CPA, lawyer or securities underwriter has to be engaged to express opinions on the reasonableness of conversion ratio, acquisition price or cash or other property allocated to shareholders, and then report to Board meeting for discussions and approval. If the Company combines</p>	<p>Article 30 Experts Opinions</p> <p>In handling merger, demerger, acquisition or stock transfer by the Company, CPA, lawyer or securities underwriter has to be engaged to express opinions on the reasonableness of conversion ratio, acquisition price or cash or other property allocated to shareholders, and then report</p>	<p>Adjusted orders of Articles</p>

<p>subsidiaries of which it directly or indirectly holds 100% issued shares or total capital amount, expert opinions on reasonableness can be exempted before acquisition.</p>	<p>to Board meeting for discussions and approval. If the Company combines subsidiaries of which it directly or indirectly holds 100% issued shares or total capital amount, expert opinions on reasonableness can be exempted before acquisition.</p>	
<p>Article 32 Convention of Shareholders' Meeting</p> <p>Where the Company participates in merger, demerger or acquisition, open documents concerning the important agreement content or other matters have to be prepared before the shareholders' meeting, and then delivered to shareholders together with the previous expert opinions and the meeting notice, as the reference for whether or not to agree with the merger, demerger or acquisition case. The merger, demerger or acquisition cases for which no shareholders' meeting has to be convened in accordance with other laws are not subject to this provision.</p> <p>If the shareholders' meeting for companies participating in the merger, demerger or acquisition cannot be convened or resolved because of number of attendees, insufficient voting power or other legal limitation, or if the bill is vetoed by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately make public the reasons, future handling operations and expected date of convening shareholders' meeting.</p>	<p>Article 31 Convention of Shareholders' Meeting</p> <p>Where the Company participates in merger, demerger or acquisition, open documents concerning the important agreement content or other matters have to be prepared before the shareholders' meeting, and then delivered to shareholders together with the previous expert opinions and the meeting notice, as the reference for whether to agree with the merger, demerger or acquisition case or not. The merger, demerger or acquisition cases for which no shareholders' meeting has to be convened in accordance with other laws are not subject to this provision.</p> <p>If the shareholders' meeting for companies participating in the merger, demerger or acquisition cannot be convened or resolved because of number of attendees, insufficient voting power or other legal limitation, or if the bill is vetoed by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately make public the reasons, future handling operations and expected date of convening shareholders' meeting.</p>	<p>Adjusted orders of Articles</p>

Article 33 Convene Board Meeting on the Same Date	Article 32 Convene Board Meeting on the Same Date	Adjusted orders of Articles
<p>I. The companies participating in merger, demerger or acquisition shall convene Board meeting and shareholders' meeting on the same day to make resolutions on relevant issues about it, apart from reporting to securities and futures bureau for permission in advance, unless otherwise indicated by other law or special factors.</p> <p>II. The companies participating in stock transfer shall convene Board meeting on the same day, apart from reporting to securities and futures bureau for permission in advance, unless otherwise indicated by other law or special factors.</p> <p>III. The listed companies participating in merger, demerger, acquisition or stock transfer, or whose shares are on transaction at securities dealers operation place shall prepare complete written record of the following materials for file keeping of five years and examination:</p> <ol style="list-style-type: none"> 1. Basic information of personnel: including the personnel for planning or planned execution of merger, demerger, acquisition or stock transfer before information disclosure, covering title, name and ID No. (Passport No. for foreigners). 2. Date of important matters: including dates for intention or MoU, entrusted financial or legal consultation, contract signing or Board meeting. 3. Important documents and minute books: including documents like plan, intention or MoU, important contract or minute book of Board meeting for merger, demerger, acquisition or stock transfer. <p>IV. The information in Paragraph 1 and 2 shall be submitted for future reference within two days after passing the resolution at Board meeting in fixed format through internet information system.</p> <p>If the companies participating in merger, demerger, acquisition or stock transfer</p>	<p>I. The companies participating in merger, demerger or acquisition shall convene Board meeting and shareholders' meeting on the same day to make resolutions on relevant issues about it, apart from reporting to securities and futures bureau for permission in advance, unless otherwise indicated by other law or special factors.</p> <p>II. The companies participating in stock transfer shall convene Board meeting on the same day, apart from reporting to securities and futures bureau for permission in advance, unless otherwise indicated by other law or special factors.</p> <p>III. The listed companies participating in merger, demerger, acquisition or stock transfer, or whose shares are on transaction at securities dealers operation place shall prepare complete written record of the following materials for file keeping of five years and examination:</p> <ol style="list-style-type: none"> 1. Basic data of personnel: including the personnel for planning or planned execution for merger, demerger, acquisition or stock transfer before information disclosure, including title, name and ID No. (Passport No. for foreigners). 2. Date of important matters: including dates for intention or MoU, entrusted financial or legal consultation, contract signing or Board meeting. 3. Important documents and minute books: including documents like plan, intention or MoU, important contract or minute book of Board meeting for merger, demerger, acquisition or stock transfer. <p>IV. The data in Paragraph 1 and 2 shall be submitted for future reference within two days after passing the resolution at Board meeting in fixed format through internet information system.</p>	

<p>contains company that is not listed or has shares on transaction at securities dealers operation place, the latter shall sign agreement and the matter shall be processed in accordance with Item 3 and 4.</p>	<p>If the companies participating in merger, demerger, acquisition or stock transfer contains company that is not listed or has shares on transaction at securities dealers operation place, the latter shall sign agreement and the matter shall be processed in accordance with Item 3 and 4.</p>	
<p>Article 34 Confidentiality</p> <p>All persons participating in or being informed of the Company's merger, demerger, acquisition or stock transfer plan shall issue written confidentiality commitment. Before the information is made public, they shall neither disclose the content of the plan, nor conduct transaction of shares or other negotiable securities with equity nature of all companies related with the above case by themselves or on behalf of others.</p>	<p>Article 33 Confidentiality</p> <p>All persons participating in or being informed of the Company's merger, demerger, acquisition or stock transfer plan shall issue written confidentiality commitment. Before the information is made public, they shall neither disclose the content of the plan, nor conduct transaction of shares or other negotiable securities with equity nature of all companies related with the above case by themselves or on behalf of others.</p>	<p>Adjusted orders of Articles</p>
<p>Article 35 Exchange Ratio and Purchase Price</p> <p>When the Company participates in merger, demerger, acquisition or stock transfer, the exchange ratio or purchase price shall not be varied randomly except for the following situations, and the variations to be included into the contract of merger, demerger, acquisition or stock transfer are as follows:</p> <p>I. Handling increased capital of cash, issuance of convertible corporate bonds, stock grants, issuance of corporate bonds with subscription right, special stock with subscription right, subscription warrant and other negotiable securities with equity nature.</p> <p>II. Actions influencing the financial businesses of the Company like disposal of material company assets.</p> <p>III. Occurrence of major disasters or technological revolutions that influence the company shareholders' equity or securities price.</p> <p>IV. Adjustment of redemption of treasury</p>	<p>Article 34 Exchange Ratio and Purchase Price</p> <p>When the Company participates in merger, demerger, acquisition or stock transfer, the exchange ratio or purchase price shall not be varied randomly except for the following situations, and the variations to be included into the contract of merger, demerger, acquisition or stock transfer are as follows:</p> <p>I. Handling increased capital of cash, issuance of convertible corporate bonds, stock grants, issuance of corporate bonds with subscription right, special stock with subscription right, subscription warrant and other negotiable securities with equity nature.</p> <p>II. Actions influencing the company financial business like disposal of material company assets.</p> <p>III. Occurrence of major disasters or technological revolutions that influence the company shareholders'</p>	<p>Adjusted orders of Articles</p>

<p>stock by any party of the companies participating in merger, demerger, acquisition or stock transfer.</p> <p>V. Increase or decrease in the number of subjects or players participating in merger, demerger, acquisition or stock transfer.</p> <p>VI. Other conditions of variation included into contract and already made public.</p>	<p>equity or securities price.</p> <p>IV. Adjustment of redemption of treasury stock by any party of the companies participating in merger, demerger, acquisition or stock transfer.</p> <p>V. Increase or decrease in the number of subjects or players participating in merger, demerger, acquisition or stock transfer.</p> <p>VI. Other conditions of variation included into contract and already made public.</p>	
<p>Article 36 Matters to Be Clearly Recorded into Contract</p> <p>When the Company participates in merger, demerger, acquisition or stock transfer, the contract shall clearly record the rights and obligations therein as well as the following matters.</p> <p>I. Handling of default.</p> <p>II. Handling principles of issued negotiable securities previously issued or treasury stock previously redeemed by any company that is extinguished in a merger or that is demerged.</p> <p>III. Number of treasury stock to be redeemed by participating company after calculating the base date of conversion ratio and the handling principles.</p> <p>IV. Handling methods of increase or decrease in number of subjects or players.</p> <p>V. Expected plan execution progress and expected completion agenda.</p> <p>VI. Relevant handling procedures of presetting the date of convening shareholders' meeting when the plan is not completed according to schedule.</p>	<p>Article 35 Matters to Be Clearly Recorded into Contract</p> <p>When the Company participates in merger, demerger, acquisition or stock transfer, the contract shall clearly record the rights and obligations therein as well as the following matters.</p> <p>I. Handling of default.</p> <p>II. Handling principles of issued negotiable securities previously issued or treasury stock previously redeemed by any company that is extinguished in a merger or that is demerged.</p> <p>III. Number of treasury stock to be redeemed by participating company after calculating the base date of conversion ratio and the handling principles.</p> <p>IV. Handling methods of increase or decrease in number of subjects or players.</p> <p>V. Expected plan execution progress and expected completion agenda.</p> <p>VI. Relevant handling procedures of presetting the date of convening shareholders' meeting when the plan is not completed according to schedule.</p>	<p>Adjusted orders of Articles</p>
<p>Article 37 Variation Plan</p> <p>If any company participating in merger, demerger, acquisition or stock transfer is planning to do the same with other companies after the information is made public, the already completed procedures or legal actions have to be</p>	<p>Article 36 Variation Plan</p> <p>If any company participating in merger, demerger, acquisition or stock transfer is planning to do the same with other companies after the information is made public, the already completed procedures or</p>	<p>Adjusted orders of Articles</p>

<p>redone by all participating companies in the original merger, demerger, acquisition or stock transfer case, unless the number of participating companies decreases, the shareholders' meeting has already resolved to authorize the Board meeting the variation authority, and the participating company is exempted from re-convening shareholders' meeting for re-resolution.</p>	<p>legal actions have to be redone by all participating companies in the original merger, demerger, acquisition or stock transfer case, unless the number of participating companies decreases, the shareholders' meeting has already resolved to authorize the Board meeting the variation authority, and the participating company is exempted from re-convening shareholders' meeting for re-resolution.</p>	
<p>Article 38 Others If the merger, demerger, acquisition or stock transfer involves non-public listed companies, the Company shall sign agreement with them and dispose of the matter in accordance with Article 33, Article 34 and Article 37.</p>	<p>Article 37 Others If a company participating in merger, demerger, acquisition or stock transfer contains non-public listed companies, the Company shall sign agreement with the company and handle the matter in accordance with Article 31, Article 33 and Article 36.</p>	<p>Adjusted orders of Articles</p>
<p>Article 39 Announcement and Declaration Standards For any of the following situations in acquisition or disposal of assets, relevant information has to be submitted to Market Observation Post System to handle announcement and declaration within two days from the date of factual occurrence according to stipulated format based on nature: I. Acquisition or disposal of property with affiliates, or acquisition or disposal of other assets out of property with affiliates, and the transaction amount reaches more than 20% paid-in capital of company, 10% total assets or NT\$ 300 million. However, transaction of government bonds, bonds under repurchase and resale agreements, purchase or redemption of market fund of the Republic of China are not subject</p>	<p>Article 38 Announcement and Declaration Standards For any of the following situations in acquisition or disposal of assets, relevant information has to be submitted to Market Observation Post System to handle announcement and declaration within two days from the date of factual occurrence according to stipulated format based on nature: I. Acquisition or disposal of property or use right asset with affiliates, or acquisition or disposal of other assets or use right asset out of property with affiliates, and the transaction amount reaches more than 20% paid-in capital of company, 10% total assets or NT\$ 300 million. However, transaction of government bonds, bonds under repurchase and resale agreements, purchase or redemption</p>	<p>Amended according to regulations</p>

<p>to this provision.</p> <p>II. Conducting merger, demerger, acquisition or stock transfer.</p> <p>III. Loss arising out of engagement in derivative products transaction reaches the loss upper limit of all or individual contract stipulated in operation procedures.</p> <p>IV. The type of assets in acquisition or disposal falls into machinery or equipment for operation use, the transaction party is not an affiliate, and the transaction amount meets one of the following provisions:</p> <p>(I) The public listed companies whose actual paid-in capital does not reach NT\$ 10 billion, and the transaction amount reaches over NT\$ 500 million.</p> <p>(II) The public listed companies whose actual paid-in capital reaches NT\$ 10 billion, and the transaction amount reaches over NT\$ 1 billion.</p> <p>V. The transaction amount of expected input by the Company for self-owned land entrusted construction, leased land entrusted construction, joint construction for distribution of building, joint construction for distribution of profit and joint construction for distribution of sales does not reach over NT\$ 500 million.</p> <p>VI. The transaction amount reaches over 20% paid-in capital of the company or NT\$ 300 million, except for assets transaction, financial institutions in disposal of creditor's right or engagement in investment in Chinese Mainland in the above six paragraphs. But the following situations are not subject to this provision.</p> <p>(I) Transaction of government bonds.</p> <p>(II) Transaction of negotiable securities at domestic and foreign stock exchanges or securities dealers operation place as professional investment, or common corporate bonds subscribed to, placed or issued at domestic primary market and common financial bonds without</p>	<p>of market fund of the Republic of China are not subject to this provision.</p> <p>II. Conducting merger, demerger, acquisition or stock transfer.</p> <p>III. Loss arising out of engagement in derivative products transaction reaches the loss upper limit of all or individual contract stipulated in operation procedures.</p> <p>IV. The type of assets in acquisition or disposal falls into equipment for operation use or use right asset, the transaction party is not an affiliate, and the transaction amount meets one of the following provisions:</p> <p>(I) The public listed companies whose actual paid-in capital does not reach NT\$ 10 billion, and the transaction amount reaches over NT\$ 500 million.</p> <p>(II) The public listed companies whose actual paid-in capital reaches NT\$ 10 billion, and the transaction amount reaches over NT\$ 1 billion.</p> <p>V. For self-owned land entrusted construction, leased land entrusted construction, joint construction for distribution of building, joint construction for distribution of profit and joint construction for distribution of sales, and the transaction counterparty is not an affiliate, the expected transaction amount by the Company does not reach over NT\$ 500 million.</p> <p>VI. The transaction amount reaches over 20% paid-in capital of the Company or NT\$ 300 million, except for assets transaction, financial institutions in disposal of creditor's right or engagement in investment in Chinese Mainland in the above six paragraphs. But the following situations are not subject to this provision.</p> <p>(I) Transaction of domestic government bonds.</p> <p>(II) Transaction of negotiable securities at domestic and foreign stock exchanges or securities dealers operation place as</p>	
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<p>involving equity, or negotiable securities subscribed in accordance with the provisions of consortium financial person over-the-counter transaction center in the Republic of China by securities dealers for the demand of underwriting business by acting as guidance.</p> <p>(III) Transaction of bonds with repurchase and reverse repurchase conditions, subscription to and repurchase of currency market fund issued by domestic securities investment trust cause.</p> <p>The transaction amount of the above mentioned transactions is calculated as follows:</p> <p>I. Amount of every single transaction.</p> <p>II. Cumulative transaction amount of acquisition or disposal of the same nature object with the same other party within one year.</p> <p>III. Cumulative amount of acquisition or disposal (separate cumulation) of property of the same development plan within one year.</p> <p>IV. Cumulative amount of acquisition or disposal (separate cumulation) of the same negotiable securities within one year.</p> <p>The within one year limit mentioned above refers to that the actual occurrence date of the transaction is taken as the base and then dated back one year; the part that has obtained valuation report from professional valutors or CPA opinion does not need to be re-included.</p> <p>Matters to Be Declared by Subsidiaries:</p> <p>I. If the subsidiary is a public listed company and the acquisition or disposal of assets reaches the announcement and declaration standard formulated in the treatment procedures, the Company shall make announcement and declaration on its behalf.</p> <p>II. The "reach 20% actual paid-in capital or 10% total assets of the Company" in the announcement</p>	<p>professional investment, or common corporate bonds subscribed to, placed or issued at domestic primary market and common financial bonds without involving equity(excluding subordinated bonds), or subscription to and repurchase of trust funds or futures funds subscribed in accordance with the provisions of consortium financial person over-the-counter transaction center in the Republic of China by securities dealers for the demand of underwriting business by acting as guidance.</p> <p>(III) Transaction of bonds with repurchase and resale agreement, subscription to and repurchase of currency market fund issued by domestic securities investment trust cause.</p> <p>The transaction amount of the above mentioned transactions is calculated as follows:</p> <p>I. Amount of every single transaction.</p> <p>II. Cumulative transaction amount of acquisition or disposal of the same nature object with the same other party within one year.</p> <p>III. Cumulative amount of acquisition or disposal (separate cumulation) of property or use right asset of the same development plan within one year.</p> <p>IV. Cumulative amount of acquisition or disposal (separate cumulation) of the same negotiable securities within one year.</p> <p>The "within one year limit" mentioned above refers to that the actual occurrence date of the transaction is taken as the base and then dated back one year; the part that has obtained valuation report from professional valutors or CPA opinion does not need to be re-included.</p> <p>Matters to Be Declared by Subsidiaries:</p> <p>I. If the subsidiary is a public listed company and the acquisition or disposal of assets reaches the announcement and</p>	
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<p>and declaration standard for subsidiaries takes the actual paid-in capital or total assets of the Company as the standard. Financial department shall differentiate relevant contents like the total amount of non-written off transaction contract between for the purpose of transaction and not for the purpose of derivative products transactions engaged by the Company by the end of last month, market price evaluation net profit or loss, already paid deposit amount, total amount of transaction contract already written off or settled, and already recognized profit or loss amount, and input them into Market Observation Post System in the first 10 days of every month together with monthly operation status.</p> <p>In acquisition or disposal of assets by the Company, relevant contract, minute book, memorandum book, valuation report, letter of opinion from CPA, lawyer or securities underwriter shall be kept in the Company, unless otherwise stipulated by other law for at least five years.</p>	<p>declaration standard formulated in the treatment procedures, the Company shall make announcement and declaration on its behalf.</p> <p>II. The "actual paid-in capital or total assets of the Company" in the announcement and declaration standard for subsidiaries takes the actual paid-in capital or total assets of the Company as the standard. Financial department shall differentiate relevant content like the total amount of non-written off transaction contract between for the purpose of transaction and not for the purpose of derivative products transactions engaged by the Company by the end of last month, market price evaluation net profit or loss, already paid deposit amount, total amount of transaction contract already written off or settled, and already recognized profit or loss amount, and input them into Market Observation Post System in the first 10 days of every month together with monthly operation status. In acquisition or disposal of assets by the Company, relevant contract, minute book, memorandum book, valuation report, letter of opinion from CPA, lawyer or securities underwriter shall be kept in the Company, unless otherwise stipulated by other law for at least five years.</p>	
<p>Article 40 Announcement and Declaration Updating Situations</p> <p>For transactions announced and declared according to the provisions of Article 39, in the case of the following situations, relevant information should be prepared for announcement and declaration at Market Observation Post System within</p>	<p>Article 39 Announcement and Declaration Updating Situations</p> <p>For transactions announced and declared according to the provisions of Article 38, in the case of the following situations, relevant information should be prepared for announcement and declaration at Market Observation Post System</p>	<p>Adjusted orders of Articles</p>

<p style="text-align: center;">two days after the date of factual occurrence:</p> <p>I. There is variation, termination or cancellation in relevant contract signed for original transaction.</p> <p>II. Merger, demerger, acquisition or stock transfer is not completed according to contract stipulated schedule.</p> <p>III. There is variation to the content of original announcement and application.</p>	<p style="text-align: center;">within two days after the date of factual occurrence:</p> <p>I. There is variation, termination or cancellation in relevant contract signed for original transaction.</p> <p>II. Merger, demerger, acquisition or stock transfer is not completed according to contract stipulated schedule.</p> <p>III. There is variation to the content of original announcement and application.</p>	
<p>Article 41 Others</p> <p>I. For projects that should be announced according to provisions, corrections have to be made if there is any omission, and announcement and application for all projects shall be re-handled within two days after the date of information.</p> <p>II. If the acquisition or disposal of assets reaches the announcement and declaration standards formulated in Article 39, and the transaction counterparties are substantial affiliates, the announcement content shall be indicated and disclosed in financial statement and reported to shareholders' meeting.</p> <p>III. As for the provisions of 10% total assets, it shall be calculated by the amount of total assets in the latest entity or individual financial report stipulated by securities issuer financial report preparation standards.</p> <p>IV. If the Company's shares have no book value or the book value does not fall into NT\$10, the 20% actual paid-in capital provision in Article 10, Article 11, Article 14 and Article 39 shall be calculated by 20% equity attributable to parent company owners.</p> <p>V. If there is falsehood or concealment in the opinions issued by engaged professional valuator or CPA according to Article 10 and Article 11 of the treatment procedures, then the Company, professional valuator or CPA will bear legal responsibility.</p> <p>VI. If the subsidiaries of the Company are domestic public listed subsidiaries, the handling procedures for their</p>	<p>Article 40 Others</p> <p>I. For projects that should be announced according to provisions, corrections have to be made if there is any omission, and announcement and application for all projects shall be re-handled within two days after the date of information.</p> <p>II. If the acquisition or disposal of assets reaches the announcement and declaration standards formulated in Article 39, and the transaction counterparties are substantial affiliates, the announcement content shall be indicated and disclosed in financial statement and reported to shareholders' meeting.</p> <p>III. As for the provisions of 10% total assets, it shall be calculated by the amount of total assets in the latest entity or individual financial report stipulated by securities issuer financial report preparation standards.</p> <p>IV. If the company shares have no book value or the book value does not fall into NT\$10, the 20% actual paid-in capital provision in Article 9, Article 10, Article 13 and Article 38 shall be calculated by 10% equity attributable to parent company owners; the transaction amount about actual paid-in capital reaching NT\$ 10 billion in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall be calculated by NT\$ 20 billion equity attributable to parent company owners.</p> <p>V. If there is falsehood or concealment</p>	<p>Amended according to regulations</p>

<p>acquisition or disposal of assets shall be separately formulated and executed according to "Handling Standards of Acquisition or Disposal of Assets for Public Listed Companies"; or otherwise, then this handling procedure shall be executed or treatment procedures for acquisition or disposal of assets shall be separately formulated.</p> <p>VII. The control of the Company over its subsidiaries' acquisition or disposal of assets are subject to this handling procedure.</p>	<p>in the opinions issued by engaged professional valuator or CPA according to Article 10 and Article 11 of the treatment procedures, then the Company, professional valuator or CPA will bear legal responsibility.</p> <p>VI. If the subsidiaries of the Company are domestic public listed subsidiaries, the handling procedures for their acquisition or disposal of assets shall be separately formulated and executed according to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"; or otherwise, then this treatment procedure shall be executed or treatment procedures for acquisition or disposal of assets shall be separately formulated.</p> <p>VII. The control of the Company over its subsidiaries' acquisition or disposal of assets are subject to this Operating Procedure.</p>	
<p>Article 42 For outstanding matters, if there are, the treatment procedures shall be timely amended.</p>	<p>Article 41 For outstanding matters, if there are, the treatment procedures shall be timely amended.</p>	<p>Adjusted orders of Articles</p>

Gamania Digital Entertainment Co., Ltd.

Comparison Table of Amendments to Operating Procedures of Capital Loan and Endorsements/Guarantees

Before Amendment	After Amendment	Note
<p>Article 3 The announcement and declaration mentioned in the Method refer to input information into the declaration website designated by Financial Supervisory Committee (FSC).</p> <p>The factual occurrence date refers to the dates like transaction agreement signing date, payment date, commissioned deal conclusion date, ownership transfer date, resolution date of Board meeting or other date for transaction subject and amount, whichever is earlier.</p>	<p>Article 3 The announcement and declaration mentioned in the Method refer to input information into the declaration website designated by Financial Supervisory Committee.</p> <p>The factual occurrence date refers to the dates like transaction agreement signing date, payment date, commissioned deal conclusion date, ownership transfer date, resolution date of Board meeting or other date when the endorsements/guarantees subject and amount is certain, whichever is earlier.</p>	Amended according to regulations
<p>Article 5 Application for Capital Loan</p> <p>When borrowers apply for a loan from the Company, handling personnel shall conduct primary negotiation to understand the capital use purpose and latest operation and financial status. If it is feasible, record shall be prepared and then sent to the chairman level by level who will present it to the Board of Directors for resolution.</p> <p>If the Company has set up independent directors and the capital is loaned to other person, their opinions have to be fully considered, and their explicit opinions of agreement or objection and the reasons for objection</p>	<p>Article 5 Application for Capital Loan</p> <p>When borrowers apply for a loan from the Company, handling personnel shall conduct primary negotiation to understand the capital use purpose and latest operation and financial status. If it is feasible, record shall be prepared and then sent to the chairman level by level who will present it to the Board of Directors for resolution.</p> <p>If the Company has set up independent directors and the capital is loaned to other person, their opinions have to be fully considered, and if they have opinions of objection or reserve their opinions, they shall be</p>	Amended according to regulations

have to be included into records of the Board of Directors.	included into the minute book of the Board of Directors.	
<p>Article 6 Total Amount of Capital Loan and Limit for Individual Subjects</p> <ol style="list-style-type: none"> 1. If the Company engages in capital loan to other persons because of inter-company or inter-bank business interaction relationship, the total amount of loan shall not exceed 30% net value of the Company. The total amount of capital loan to single enterprise shall not exceed 15% net value of the Company. 2. If the Company engages in capital loan to other person for necessary inter-company or inter-bank short-term financing, the total amount of loan shall not exceed 30% net value of the Company. The total amount of capital loan to single enterprise shall not exceed 15% net value of the Company. Only the capital loan between foreign companies of which the Company directly or indirectly holds 100% voting shares is not subject to this provision. 3. For capital loan between the Company and subsidiary, or between subsidiaries, the chairman shall be authorized for allocation in installments or cyclic mobilization for the same loan subject within certain limit by resolution of the Board of Directors for a period within one year. As for the certain limit 	<p>Article 6 Total Amount of Capital Loan and Limit for Individual Subjects</p> <ol style="list-style-type: none"> 1. If the Company engages in capital loan to other persons because of inter-company or inter-bank business interaction relationship, the total amount of loan shall not exceed 30% net value of the Company. The total amount of capital loan to single enterprise shall not exceed 15% net value of the Company. 2. If the Company engages in capital loan to other person for necessary inter-company or inter-bank short-term financing, the total amount of loan shall not exceed 30% net value of the Company. The total amount of capital loan to single enterprise shall not exceed 15% net value of the Company. Only the capital loan between foreign companies of which the Company directly or indirectly holds 100% voting shares, capital loan by foreign companies of which the Company directly or indirectly holds 100% voting shares to the Company is not subject to this provision. 3. For capital loan between the Company and subsidiary, or between subsidiaries, the chairman shall be authorized for allocation in installments or cyclic mobilization for the same loan subject within certain limit by resolution of the Board of 	<p>Amended according to regulations</p>

<p>mentioned above, the authorization limit of capital loan from the Company or its subsidiary to single enterprise shall not exceed 10% net value of latest financial statement.</p>	<p>Directors for a period within one year. As for the certain limit mentioned above, the authorization limit of capital loan from the Company or its subsidiary to single enterprise shall not exceed 10% net value of latest financial statement.</p>	
<p>Article 20 Future Control Measures for Loaned Amount and Treatment Procedures for Overdue Creditor's Right</p> <ol style="list-style-type: none"> 1. After the loan is released, regular attention has to be paid to the financial, business and credit status of borrower and guarantor. If collateral security is provided, attention shall be given to whether there is change to the guarantee value. In the event of material change, it shall be immediately reported to the chairman, and suitable measures be taken according to the instruction. Before the loan is due, the borrower shall be notified to settle the capital and interest, or handle extension procedures. 2. Financial department shall prepare memorandum book, and record the details like capital loan subject at the end of month, amount, date of passing the Board of Directors, capital loan release date and matters that should be prudently evaluated according to the procedures for future reference. When the capital loan is for other person, specified format shall be followed in making list to be 	<p>Article 20 Future Control Measures for Loaned Amount and Treatment Procedures for Overdue Creditor's Right</p> <ol style="list-style-type: none"> 1. After the loan is released, regular attention has to be paid to the financial, business and credit status of borrower and guarantor. If collateral security is provided, attention shall be given to whether there is change to the guarantee value. In the event of material change, it shall be immediately reported to the chairman, and suitable measures be taken according to the instruction. Before the loan is due, the borrower shall be notified to clear the capital and interest, or handle extension procedures. 2. Financial department shall prepare memorandum book, and record the details like capital loan subject at the end of month, amount, date of passing the Board of Directors, capital loan release date and matters that should be prudently evaluated according to the procedures for future reference. When the capital loan is for other person, specified format shall be followed in making list to be 	<p>Amended according to regulations</p>

<p>reported to the Board of Directors and relevant departments.</p> <p>3. Financial department shall evaluate the situations of capital loan and make sufficient recognition to offset bad debts, and disclose relevant information in financial report and provide relevant data to CPA for necessary auditing.</p> <p>4. Internal audit personnel shall audit the execution status of the operation procedures at least every quarter to form written records. Upon discovery of any material violation, the supervisors shall be notified in writing.</p> <p>5. If there arises overdueness and the creditor's right cannot be reclaimed on demand, then press for payment actions shall be adopted against the debtor through legal means to ensure the rights and interests of the Company.</p>	<p>reported to the Board of Directors and relevant departments.</p> <p>3. Financial department shall evaluate the situations of capital loan and make sufficient recognition to offset bad debt, and disclose relevant information in financial report and provide relevant data to CPA for necessary audit procedures.</p> <p>4. Internal audit personnel shall audit the execution status of the operation procedures at least every quarter to form written records. Upon discovery of any material violation, the supervisors and independent directors shall be notified in writing.</p> <p>5. If there arises overdueness and the creditor's right cannot be reclaimed on demand, then press for payment actions shall be adopted against the debtor through legal means to ensure the rights and interests of the Company.</p>	
<p>Article 26 Endorsement Decision-making and Authorization Hierarchy</p> <p>1. In handling endorsement by the Company, provisions of Article 26 of the operation procedures shall be followed in obtaining approval, and it can only be done after obtaining consent from resolution of the Board of Directors. To ensure time efficiency, the Board of Directors shall authorize the chairman to make decision for a scope within</p>	<p>Article 26 Endorsement Decision-making and Authorization Hierarchy</p> <p>1. In handling endorsement by the Company, provisions of Article 26 of the operation procedures shall be followed in obtaining approval, and it can only be done after obtaining consent from resolution of the Board of Directors. To ensure time efficiency, the Board of Directors shall authorize the chairman to make decision for a scope within</p>	<p>Amended according to regulations</p>

<p>NT\$ 30 million (included) (When the endorsee is a company of which the Company directly or indirectly holds 50% voting shares, the amount is not subject to this provision), and it shall be later confirmed by the latest the Board of Directors.</p> <p>Before endorsement by subsidiary of which the Company directly or indirectly holds over 90% voting shares in accordance with provisions of item 2 of Article 21, it shall only be done after reporting to the Board of Directors for resolution. But endorsement between companies of which the Company directly or indirectly holds 100% voting shares is not subject to this provision.</p> <p>2. If it is necessary for the endorsement handled by the Company to go over the limit stipulated in the operation procedures due to business requirement, and it conforms to the conditions therein, consent from the Board of Directors has to be obtained, and signed joint endorsement from more than half directors shall be obtained for possible arising loss, and the operation procedures have to be amended and then reported to shareholders' meeting later for confirmation. If the shareholders' meeting does not agree, the plan to eliminate the part exceeding the limit within certain period</p>	<p>NT\$ 30 million (included) (only when the endorsee is a company of which the Company directly or indirectly holds 50% voting shares, the amount is not subject to this provision), and it shall be later confirmed by the latest the Board of Directors.</p> <p>Before endorsement by subsidiary of which the Company directly or indirectly holds over 90% voting shares in accordance with provisions of item 2 of Article 21, it shall only be done after reporting to the Board of Directors for resolution. But endorsement between companies of which the Company directly or indirectly holds 100% voting shares is not subject to this provision.</p> <p>2. If it is necessary for the endorsement handled by the Company to go over the limit stipulated in the operation procedures for business requirement, and it conforms to the conditions therein, consent from the Board of Directors has to be obtained, and signed joint guarantee from more than half directors shall be obtained for possible arising loss, and the operation procedures have to be amended and then reported to shareholders' meeting later for confirmation. If the shareholders' meeting does not agree, the plan to eliminate the part exceeding the limit within certain period</p>	
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<p>shall be formulated. If the Company has set up independent directors, during discussions of the previous two items at the Board of Directors their opinions shall be fully considered, and their explicit opinions of agreement or objection and the reasons for objection have to be included into records of the Board of Directors.</p>	<p>shall be formulated. If the Company has set up independent directors, during discussions of the previous two items at the Board of Directors, their opinions shall be fully considered, and their explicit opinions of agreement or objection and the reasons for objection have to be included into the minute books of the Board of Directors.</p>	
<p>Article 28 Handling Procedures of Endorsement</p> <p>1. In handling endorsement, the qualification of the endorsee and the conformity of the limit to the provisions of the operation procedures have to be reviewed one by one according to the application materials of the endorsee, and the operation, financial and credit status of endorsees have to be analyzed, so as to evaluate the necessity, reasonableness and risk. Meanwhile, records thereof including the influence of the endorsement upon the Company's operation risk, financial status and shareholders' equity should be made. If necessary, collateral security has to be obtained and relevant personnel have to be engaged to evaluate its value. The endorsement can only be made after the information involving the content, reason and risk evaluation result of the endorsement is reported to</p>	<p>Article 28 Handling Procedures of Endorsement</p> <p>1. In handling endorsement, the qualification of the endorsee and the conformity of the limit to the provisions of the operation procedures have to be reviewed one by one according to the application materials of the endorsee, and the operation, financial and credit status of endorsees have to be analyzed, so as to evaluate the necessity, reasonableness and risk. Meanwhile, records thereof including the influence of the endorsement upon the Company's operation risk, financial status and shareholders' equity should be made. If necessary, collateral security has to be obtained and its value will be evaluated by relevant personnel. The endorsement can only be made after the information like the content, reason and risk evaluation result of the endorsement is reported to</p>	<p>Amended according to regulations</p>

<p>chairman for approval and then to the Board of Directors for consent after discussions; if it is still within the authorization limit, the chairman will approve according to the credit degree and financial status of the endorsee. If the endorsement is made for a foreign company, the endorsement letter issued by the Company shall be signed by representative authorized by the Board of Directors.</p> <p>2. Financial department shall prepare memorandum book for matters of endorsement. After the endorsement obtains consent from the Board of Directors or approval by chairman, apart from making application according to provisions, the information about the endorsee, amount, date of passing the Board of Directors or obtaining approval from chairman, date of endorsement and matters that should be prudently evaluated according to the procedures shall be recoded in details for future reference. And the documents like notes and agreements shall be photocopied for file keeping.</p> <p>3. Financial department shall prepare detailed table for guarantee events occurred and canceled monthly for control and follow-up, and evaluate and recognize the possible loss of endorsement on a quarterly basis; and in the financial report it shall</p>	<p>chairman for approval and then to the Board of Directors for consent after discussions; if it is still within the authorization limit, the chairman will approve according to the credit degree and financial status of endorsee. If the endorsement is made for a foreign company, the endorsement letter issued by the Company shall be signed by representative authorized by the Board of Directors.</p> <p>2. Financial department shall prepare memorandum book for matters of endorsement. After the endorsement obtains consent from the Board of Directors or approval by chairman, apart from making application according to provisions, the information like endorsee, amount, date of passing the Board of Directors or obtaining approval from chairman, date of endorsement and matters that should be prudently evaluated according to the procedures shall be recoded in details for future reference. And documents like notes and agreements shall be photocopied for file keeping.</p> <p>3. Financial department shall prepare detailed table for guarantee events occurred and canceled monthly for control and follow-up, and evaluate and recognize the possible loss of endorsement on a quarterly basis; and in the financial report it shall</p>	
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<p>disclose endorsement data and provide relevant data for CPA.</p> <p>4. If there is variation to the Company, leading to that the endorsee fails to conform to the provisions or the limit is exceeded, improvement plan shall be formulated, and relevant improvement plan shall be sent to supervisors.</p> <p>5. Before the due date of endorsement, financial department shall take the initiative to notify the guaranteed enterprise to withdraw the guarantee notes in bank or creditor institution, and further revoke relevant deed.</p> <p>6. Internal audit personnel shall audit the execution situations of the operation procedures at least every quarter to form written records. Upon discovery of material violation, written notice has to be issued to supervisors.</p>	<p>disclose endorsement data and provide relevant data for CPA.</p> <p>4. If there is variation to the Company, leading to that the endorsee fails to conform to the provisions or the limit is exceeded, improvement plan shall be formulated, and relevant improvement plan shall be sent to supervisors and independent directors.</p> <p>5. Before the due date of endorsement, financial department shall take the initiative to notify the guaranteed enterprise to withdraw the guarantee notes in bank or creditor institution, and further revoke relevant deed.</p> <p>6. Internal audit personnel shall audit the execution situations of the operation procedures at least every quarter to form written records. Upon discovery of material violation, written notice has to be issued to supervisors independent directors.</p>	
<p>Article 29 Endorsement Announcement, Declaration and Procedures</p> <p>1. Announce and declare the endorsement balance of last month for the Company and subsidiaries on 10th day of every month.</p> <p>2. If the endorsement balance of the Company meets one of the following standards, announcement and declaration have to be made within two days</p>	<p>Article 29 Endorsement Announcement, Declaration and Procedures</p> <p>1. Announce and declare the endorsement balance of last month for the Company and subsidiaries on 10th day of every month.</p> <p>2. If the endorsement balance of the Company meets one of the following standards, announcement and declaration have to be made within two days</p>	<p>Amended according to regulations</p>

<p>from the factual occurrence date:</p> <ol style="list-style-type: none"> (1) The endorsement balance of the Company and subsidiaries reaches over 50% net value in latest financial statements. (2) The endorsement balance of the Company and subsidiaries to a single enterprise reaches over 20% net value in latest financial statements. (3) The endorsement balance of the Company and subsidiaries reaches over NT\$ 10 million, and the total of endorsement, long-term equity investment, capital loan and balance reaches over 30% net value in latest financial statements. (4) The newly added endorsement amount of the Company or subsidiaries reaches over NT\$ 30 million and 5% net value in the latest financial statements of the public listed company. <p>If the subsidiary of the Company is not a domestic public listed company, then the announcement and declaration over the above amounts shall be made by the Company.</p> <p>3. The public listed company shall evaluate or recognize the possible endorsement loss, appropriately disclose endorsement information in financial report, and provide</p>	<p>from the factual occurrence date:</p> <ol style="list-style-type: none"> (1) The endorsement balance of the Company and subsidiaries reaches over 50% net value in latest financial statements. (2) The endorsement balance of the Company and subsidiaries to a single enterprise reaches over 20% net value in latest financial statements. (3) The endorsement balance of the Company and subsidiaries reaches over NT\$ 10 million, and the total of endorsement, investment carrying amount under equity method, capital loan and balance reaches over 30% net value in latest financial statements. (4) The newly added endorsement amount of the Company or subsidiaries reaches over NT\$ 30 million and 5% net value in the latest financial statements of the public listed company. <p>If the subsidiary of the Company is not a domestic public listed company, then the announcement and declaration over the above amounts shall be made by the Company.</p> <p>3. The public listed company shall evaluate or recognize the possible endorsement loss, appropriately disclose endorsement information in financial report, and provide</p>	
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relevant data to CPA for necessary audit procedures.	relevant data to CPA for necessary audit procedures.	
<p>Article 32 Validation and Amendment</p> <ol style="list-style-type: none"> 1. The operation procedures will be implemented after passing resolution of the Board of Directors and being sent to supervisors and shareholders' meeting for consent. If there is any director showing objection with record or written announcement, the Company shall send the objection to supervisors and report them to shareholders' meeting for discussions. It is the same case with amendment. 2. If the Company has set up independent directors, in reporting capital loan to other person or endorsement operation procedures to the Board of Directors for discussions, their opinions shall be fully considered, and their explicit opinions of agreement or objection and the reasons for objection have to be included into minute books of the Board of Directors. 3. For outstanding matters, if there are, the treatment procedures shall be timely amended. 	<p>Article 32 Validation and Amendment</p> <ol style="list-style-type: none"> 1. The operation procedures will be implemented after passing resolution of the Board of Directors and being sent to supervisors and shareholders' meeting for approval. If there is any director showing objection with record or written announcement, the Company shall send the objection to supervisors and report it to shareholders' meeting for discussions. It is the same case with amendment. 2. If the Company has set up independent directors, in reporting capital loan to other person or endorsement operation procedures to the Board of Directors for discussions, their opinions shall be fully considered, and their explicit opinions of agreement or objection and the reasons for objection have to be included into the minute books of the Board of Directors. 3. For outstanding matters, if there are, the treatment procedures shall be timely amended. 	<p>Amended according to regulations</p>

Gamania Digital Entertainment Co., Ltd.
Comparison Table of Amendments to "Method of Directors Election"

Title	Title before amendment	Title after amendment	Note
	Method of Directors and Supervisors Election	<u>Method of Directors Election</u>	Legal Amendments
Articles	Articles before amendment	Articles after amendment	Note
Article 1	The election of directors and supervisors of the Company shall follow the provisions of the Method.	The election of directors of the Company shall follow the provisions of the Method, unless otherwise stipulated by Company Act or Articles of Association.	Legal Amendments
Article 2	For the election of the Company directors and supervisors, if every share enjoys the voting right equal to the number of directors or supervisors to be elected, then only one person shall be elected in concentration or several can be elected through distribution.	For election of the Company directors, if every share enjoys the voting right equal to the number of directors or supervisors to be elected, then only one person shall be elected in concentration or several can be elected through distribution. For independent directors, candidate nomination system is adopted. <u>Independent directors and non-independent directors shall be elected concurrently, and the elected number is calculated separately.</u>	Legal Amendments

Article 3	The Board of Directors shall prepare election votes equal to the number of directors or supervisors to be elected, and the equity number shall be added and then distributed to attending shareholders at shareholders' meeting.	The election of directors for the Company is conducted at shareholders' meeting, and the Company shall prepare election vote, and the equity number shall be added and then distributed to attending shareholders at shareholders' meeting.	Legal Amendments
Article 4	Before election, the chairperson shall designate several controllers and counters to perform relevant duties.	Before election, the chairperson shall designate several controllers and counters to perform relevant duties. The controllers shall be designated from the attending shareholders.	Legal Amendments
Article 5	For election of directors and supervisors, the Board of Directors shall put in place vote box, which is to be examined in public by controllers.	For election of directors, the Company shall put in place vote box, which is to be examined in public by controllers.	Legal Amendments
Article 6	If a candidate is a shareholder, the voters shall fill in the elected person account name and shareholder account number at the column of "elected person" on vote; or otherwise, they shall fill in the elected person name and ID number. Only	If a candidate is a shareholder, the voters shall fill in the candidate account name, shareholder account name and voted equity number in the column of "candidate" on vote; or otherwise, they shall fill in the candidate name,	Legal Amendments

	<p>when the government or legal person shareholder is a candidate, will the government or legal person as well as its name and representative name be filled in the column of the elected account name on vote; if there are more than one representative, their names shall be filled separately.</p>	<p>ID number and voted equity number. Only when the government or legal person shareholder is a candidate, will the government or legal person as well as its name and representative name be filled in the column of the elected account name on vote.</p>	
Article 7	<p>The vote is invalid if one of the following situations occurs:</p> <p>(I) Vote not conforming to the provisions of the method.</p> <p>(II) Blank vote cast into vote box.</p> <p>(III) Indiscernible hand writing or obliteration.</p> <p>(IV) Inconsistent account name and shareholder account name with the shareholders ledger when the candidate filled in is a shareholder; or otherwise the name and ID number are not consistent upon check.</p> <p>(V) Other words inserted apart from the candidate account name (name) or shareholder account name (ID number) and distributed election right number.</p> <p>(VI) No filling in the candidate account name (name) or account name (ID</p>	<p>The vote is invalid if one of the following situations occurs:</p> <p>(I) Votes prepared by the Company are not used.</p> <p>(II) Blank vote cast into vote box.</p> <p>(III) Indiscernible hand writing or obliteration.</p> <p>(IV) Inconsistent account name and shareholder account name with the shareholders ledger when the candidate filled in is shareholder; or otherwise the name and ID number are not consistent upon check.</p> <p>(V) Other words inserted apart from the candidate account name (name) or shareholder account name (ID number) and distributed election right number.</p> <p>(VI) No filling in the candidate account name (name) or account name (ID</p>	Legal Amendments

	<p>number).</p> <p>(VII) Two or more candidates on the same one vote.</p>	<p>number).</p> <p>(VII) The total election right number of voters exceeds the total of all held election right number.</p> <p>(VIII) The number of candidate filled in exceeds the quota to be elected.</p>	
Article 8	<p>The directors and supervisors of the Company are elected among persons with capacity for action by the shareholders' meeting, and according to the quota specified in Articles of Association, directors or supervisors will be appointed according to the votes obtained in a descending sequence. If two or more persons obtain the same equity number which also exceeds the specified quota, then draw by lot shall be conducted for determination, and the chairperson will draw on behalf for the absent. The directors and supervisors elected according to the previous provisions shall discretely decide to act as director or supervisor; or</p>	<p>The directors of the Company are elected among persons with capacity for action by shareholders' meeting, and according to the specified quota in Articles of Association, persons who win the majority of election votes shall be elected in a descending sequence. If two (inclusive) or more persons obtain the same equity number which also exceeds the specified quota, then draw by lot shall be conducted for determination, and the chairperson will draw on behalf for the absent.</p>	Legal Amendments

	it is confirmed through examination that the elected director or supervisor is inconsistent with the personal data or is not qualified according to provisions, then the vacancy shall be filled in by the candidate in the second place.		
Article 10	The Board of Directors of the Company shall issue notice to elected directors and supervisors.	The company shall issue notice to elected directors.	Legal Amendments
Article 11	For outstanding matters not stipulated by the Method, the provisions of the Company Act, Articles of Association and relevant laws shall be followed.	Deleted	Transferred to Article 1
Article 12	The Method shall be implemented after passing by shareholders' meeting, and it is the same case with amendment.	The Method shall be implemented after passing by shareholders' meeting, and it is the same case with amendment.	Transferred to Article 11

Gamania Digital Entertainment Co., Ltd.

Articles of Association (Before Amendment)

Chapter One General Provisions

- Article 1: The Company is incorporated according to provisions of Company Act, and named 遊戲橘子數位科技股份有限公司. (English Name: Gamania DIGITAL ENTERTAINMENT CO., LTD.)
- Article 2: The business scope of the Company is as indicated at the left:
- I. Transaction of various computer software and hardware.
 - II. Design, planning, transaction and agency and distribution business of various industrial and commercial machinery and equipment.
 - III. Output of complete machinery and equipment.
 - IV. General export and import business. (Apart from permitted businesses)
 - V. Bidding and quotation business for products of the above domestic and foreign manufacturers.
 - VI. I401010 general advertisement service business.
 - VII. J503020 TV program making business.
 - VIII. J503030 radio and TV program release business.
 - IX. J503040 radio and TV advertisement business.
 - X. JZ99050 intermediary service business.
 - XI. 01050 data storage and processing equipment manufacturing business.CC
 - XII. I301010 information software service business.
 - XIII. J303010 magazine business.
 - XIV. ZZ99999, businesses not prohibited or limited by laws, apart from permitted businesses.
- Article 2-1: If it is necessary for the Company to conduct external guarantee and re-investment into other cause for business requirement, the total amount of re-investment is not limited by the 40% actual paid-in capital of the Company stipulated in Article 13 of Company Act.
- Article 3: The Company is headquartered at Taipei City, and if necessary branches or offices at home and abroad can be set up after resolution of shareholders' meeting.
- Article 4: Deletion.

Chapter Two Shares

- Article 5: The total amount of capital of the Company is NT\$ 2.5 billion divided into 250 million shares with each of them amounting to NT\$ 10 to be issued in installments. Among them, NT\$ 220 million is divided into 22 million shares with each of them amounting to NT\$ 10. The subscription warrant has to be retained, and the unissued shares will be issued in installments at the discretion of the Board of Directors.

- Article 5-1: If the Company transfers to employees at a price lower than the average price of actual repurchase, before transfer it shall be reported to the latest shareholders meeting to be attended by more than half shareholders representing the total number of issued shares, and the consent of more than two thirds of voting power shall be obtained.
- If the issued subscription price of the Company is lower than the subscription warrant of employees of the closing price of common stock of Japanese companies, they can only be issued after obtaining the consent from more than two thirds of voting power of attending shares at shareholders' meeting to be attended by more than half shareholders representing the total number of issued shares.
- Article 6: In case of transfer of shares, the two parties shall fill in the shares transfer application. The shareholders shall apply to the Company for change of name for transfer, and it shall not be assigned to rival company before being carried into the shareholders ledger.
- Article 7: The Company's shares are in a registered form to be signed or stamped by more than three directors and arranged in serial number, and they are issued after approval from competent authority or its designated issuance and registration institution. If the printing can be exempted for the Company's issued shares, securities concentrated storage cause institution shall be involved for record.
- Article 7-1: The registered shares of the Company shall adopt the original name of shareholders and the name of legal person for legal person holder; and the original name or name, name of representative and domicile shall be included into shareholders ledger. If it is jointly held by several persons, one of them shall be recommended as representative.
- Article 8: The change of name for transfer by shareholders shall be suspended within 60 days before convention of Annual Shareholders' Meeting, and 30 days before convention of interim shareholders' meeting, or 5 days before the base date for distribution of share interest or dividend or other benefits.

Chapter Three Shareholders' Meeting

- Article 9: Shareholders' meeting is divided into regular and interim ones. The regular shareholders' meeting shall be convened at least once every year, by the Board of Directors according to law within 6 months after the end of every accounting year. The interim shareholders' meeting shall be convened according to law when necessary.
- Article 10: If the shareholders cannot attend the shareholders' meeting for reasons, they shall issue the Company printed and distributed letter of entrustment indicating the scope of authorization to entrust agent to attend in accordance with "Rules on Use of Letter of Entrustment for Attending Shareholders' Meeting at Public Listed Companies" released according to Company Act and competent authority.
- Article 11: Shareholders of the Company enjoy one voting power for every share, but there is no voting power for situations stipulated under Article 179 of Company Act.
- Article 12: Resolution of shareholders' meeting shall be attended by shareholders representing more than half of all issued shares, and consent of more than half voting power shall be obtained, unless otherwise stipulated by relevant laws. Shareholders of the Company can also execute voting power through electronic form, and shareholders executing voting power through electronic form shall be deemed as attending the meeting in person. Relevant matters shall be handled according to legal provisions.

Chapter Four Directors and Supervisors

- Article 13: The Company sets up 5-9 directors for a term of three years. The shareholders' meeting will elect and appoint competent persons to act on the positions, and once re-elected, they have to re-take the positions. The total amount for registered shares held of the Company by all directors shall be handled in accordance with the provisions of "Equity Percentage by Directors and Supervisors for Public Listed Companies and the Audit Implementation Regulations" released by competent authority.
- The Company shall purchase liability insurance for directors and supervisors during the term according to the compensation liability within their business scope.
- Article 13-1: If the Company sets up independent directors according to the provisions of Article 14-2 of the Securities and Exchange Act, the number shall not be less than two and one fifth of the seats of directors.
- For independent directors, candidate nomination system is adopted according to item 1 of Article 192 of Company Act. Relevant matters concerning acceptance and announcement for candidate nomination of independent directors shall follow the provisions of relevant laws including the Company Act and the Securities and Exchange Act. Independent directors and non-independent directors shall be elected concurrently, and the elected number is calculated separately.
- Article 14: The Board of Directors shall be organized by directors and attended by more than two thirds directors with consent from more than half attending directors. They shall mutually recommend one chairman and elect one as vice chairman in the same way. The chairman can represent the Company to the outside, and if the chairman asks for leave or cannot execute the power for reasons, the agent shall follow provisions of Article 208 of Company Act.
- Article 15: The Board of Directors, except for the first one to be convened according to Article 203 of Company Act, shall be convened by chairman who shall also act as chairperson; unless otherwise stipulated by Company Act, the resolution shall be attended by more than half of all directors with consent from more than half attending directors. If directors cannot attend the Board of Directors for reasons, they shall issue letter of entrustment to entrust other directors for attending according to provisions of Article 205 of Company Act, but the agent is limited to one in number. In the Board of Directors, directors participating through audio-visual form shall be deemed as attending in person.
- Article 16: The Board of Directors is authorized to determine upon the remunerations for all directors according to their participation in and contribution to the Company operation and with reference to the common level of counterparts.

Chapter Five Manager

- Article 17: The Company shall set up manager, and the appointment, dismissal and remuneration shall follow provisions of Article 29 of the Company Act.
- Article 17-1: The Board of Directors shall appoint legal, accounting, business and technical consultants according to business requirements of the Company.

Chapter Six Accounting

- Article 18: At the end of every accounting year of the Company, the Board of Directors shall prepare various statements and reports like (I) business report, (II) financial statements, and (III) bill for earnings distribution or allocation to offset loss, to be submitted to Annual Shareholders' Meeting for recognition.
- Article 19: deleted.
- Article 20: If the Company gains any profit for the year, it shall allot 10% to 15% as remunerations for employees, and not higher than 2% as remunerations for directors. If the Company sees cumulative loss, the amount to offset has to be pre-retained.
The subject of being issued shares or cash for the above mentioned remunerations for employees includes employees of affiliated companies conforming to certain conditions.
- Article 20-1: If there are earnings in the final settlement of the Company, firstly taxes shall be paid and previous loss offset, and then 10% shall be allocated as legal surplus reserve, but legal surplus reserve reaching the actual paid-in capital of the Company is not subject to this provision; and special surplus reserve shall be recognized according to operation requirement and legal provisions. And if there are still earnings and undistributed earnings at the beginning of the period, the Board of Directors shall formulate earnings distribution plan for resolution at shareholders' meeting.
The Company dividend policy adopts the principle of stability and balance, and refers to factors like profit gaining, financial structure and company future development, in allocating at least 10% dividend to be distributed at the year for cash dividend.

Chapter Seven Supplementary Provisions

- Article 21: For outstanding matters in the Articles of Association, the provisions of Company Act shall be followed.
- Article 22: The Articles of Association was formulated on May 26, 1995.
It was amended for the first time on March 9, 1998.
It was amended for the second time on April 7, 1999.
It was amended for the third time on September 20, 1999.
It was amended for the fourth time on October 8, 1999.
It was amended for the fifth time on March 24, 2000.
It was amended for the sixth time on July 28, 2000.
It was amended for the seventh time on May 22, 2001.
It was amended for the eighth time on January 31, 2002.
It was amended for the ninth time on June 3, 2002.
It was amended for the tenth time on April 28, 2003.
It was amended for the eleventh time on April 29, 2004.
It was amended for the twelfth time on June 14, 2005.
It was amended for the thirteenth time on June 14, 2006.
It was amended for the fourteenth time on June 13, 2007.

It was amended for the fifteenth time on June 13, 2008.

It was amended for the sixteenth time on June 10, 2009.

It was amended for the seventeenth time on June 9, 2010.

It was amended for the eighteenth time on June 19, 2013.

It was amended for the nineteenth time on June 16, 2016.

It was amended for the twentieth time on June 8, 2017.

It was amended for the twenty-first time on June 13, 2018.

Gamania Digital Entertainment Co., Ltd.

Chairman: Bai-Yuan Liu

Gamania Digital Entertainment Co., Ltd.

Treatment Procedures of Acquisition or Disposal of Assets (Before Amendment)

Article 1 Formulation Purpose and Legal Foundation

The treatment procedures are formulated for developing operation norms and standards for the Company and subsidiaries acquiring and disposing of assets. The treatment procedures follow the provisions of Article 36-1 of the Securities and Exchange Act and the "Handling Standards of Acquisition or Disposal of Assets for Public Listed Companies" released by FSC securities and futures bureau (hereinafter referred to as SFB).

Article 2 Application Scope:

- I. Investment like stock, government bonds, corporate bonds, financial securities, negotiable securities of recognition fund, depository receipt, warrant to subscribe (put), beneficial securities and asset-backed securities.
- II. Properties (including land, house and building, investment property, land use right and inventory for operation and construction) and Equipment.
- III. Membership Certificate.
- IV. Intangible Assets like Patent Right, Copyright, Trademark Right and Franchise.
- V. Creditor's Right of Financial Institutions (including receivables, negotiation discount and loan, receivables on demand).
- VI. Derivative Products.
- VII. Acquisition or Disposal of Assets according to Legal Merger, Division, Acquisition or Stock Transfer.
- VIII. Other Important Assets.

Article 3 The definitions of nouns in the Operating Procedures are as follows:

- I. Derivative products: referring to forward contract, option contract, futures contract, leveraged margin contract, exchange contract and composite contract through portfolio of the above whose value is derived from products like assets, interest rate, exchange rate, index or other benefits.
 1. The forward contract in the treatment procedures excludes insurance contract, performance contract, after-sales service contract, long-term lease contract and long-term purchase (sales) contract.
 2. Relevant matters about securities deposit transactions shall be handled in accordance with the provisions of the treatment procedures. But for securities with repurchase or reverse purchase conditions, the provisions of "handling announcement and declaration monthly according to monthly operation status" of the treatment procedures are not applicable.
- II. Acquisition or disposal of assets according to legal merger, division, acquisition or stock transfer: referring to assets acquired or disposed of through merger,

division or acquisition according to corporate merger law, financial holding company law, financial institution merger law and others, or those of transfer of other company shares according to item 8 of Article 156 of the Company Act (hereinafter referred to as stock transfer).

- III. Affiliates and subsidiaries: to be identified according to the preparation standard of securities issuer financial report
- IV. Professional Evaluator: referring to property valuator or those engaged in property and equipment valuation according to law.
- V. Factual occurrence date: referring to dates like transaction agreement signing date, payment date, commissioned deal conclusion date, ownership transfer date, resolution date of Board meeting or other date for transaction counterparty and amount, whichever is earlier. For investors requiring the review and approval of competent authority, it refers to the above date or the date of obtaining the approval of competent authority, whichever is earlier.
- VI. Investment in Mainland: referring to investment in Mainland in accordance with investment or technological cooperation permit methods by the Investment Deliberation Committee, Ministry of Economy.
- VII. The within one year limit: referring to that the actual occurrence date of the transaction is taken as the base and then dated back one year; the part that has obtained valuation report from professional valutors or CPA opinion does not need to be re-included.
- VIII. The latest financial statement: referring to financial statements audited or reviewed by CPA disclosed in accordance with law before acquisition or disposal of assets for the Company.

Section One Treatment Procedures

Article 5 Formulation of Treatment Procedures

The treatment procedures shall be formulated in accordance with "Handling Standards of Acquisition or Disposal of Assets for Public Listed Companies; after being passed by the Board of Directors, it shall be sent to supervisors and then reported to shareholders' meeting for consent. And it is the same case with amendment. If there is any director raising objection with record or written announcement, the Company shall submit the objection data to supervisors.

If the Company has set up independent directors according to the securities transaction law, then in submitting the operation procedures of acquisition or disposal of assets to the Board of Directors for discussions in accordance with the above provision, their opinion has to be fully considered. The opinions and reasons for consent or objection have to be included into the record of Board meeting.

Section Two Acquisition or Disposal of Assets

Article 6 Purchase Limit:

- I. The purchase limit of the Company:

The investment scope of the Company covers stock, government bonds, corporate bonds, financial securities, negotiable securities of recognition fund, depository receipt, warrant to subscribe (put), property and other negotiable securities approved by the Ministry of Finance, with the limit as follows:

1. The property investment not for operation use shall not exceed 100% of the actual paid-in capital of the Company.
 2. The total amount of negotiable securities investment shall not exceed 150% of shareholders' equity of the Company, and the limit for investment into certain negotiable securities shall not exceed 100% of shareholders' equity of the Company.
- II. The total purchase amount and limit for subsidiaries shall follow relevant treatment procedures for internal acquisition or disposal of assets.

Article 7 Evaluation and Operation Procedures:

I. Evaluation Procedures

In acquisition or disposal of assets by the Company, the undertaking department can only do it after present matters like reason, subject matter, the other party of transaction, transfer price, payment terms, price reference foundation for the proposed acquisition or disposal to accountable department for judgement and approval.

II. Operation Procedures

The operation of acquisition or disposal of relevant assets, apart from the treatment procedures, shall also follow relevant provisions in the internal control manual.

Article 8 Determination Procedures and Authorization Hierarchy of Transaction Conditions

I. Price Determination Method and Reference Foundation

1. Acquisition or disposal of negotiable securities traded at concentrated transaction market or securities dealers operation place shall be determined by the price of shares or bonds at the time.
2. Acquisition or disposal of shares not traded at concentrated transaction market or securities dealers operation place shall be determined upon after reference to the net value per share, profitability, future development potential and transaction price at the time.
3. Acquisition or disposal of non-stock negotiable securities not traded at concentrated transaction market or securities dealers operation place shall be determined upon after reference to the market interest rate, face interest rate and debtor's information at the time.
4. Acquisition or disposal of property shall be determined upon after reference to announcement current value, rated value and actual transaction price of neighboring property.

II. Authorization Hierarchy

1. Long-term equity investment, negotiable securities investment not for purpose

of transaction, and acquisition or disposal of property shall be only done after being passed by the Board of Directors. But the Board of Directors shall authorize the chairman to make decision within the range of NT\$ 50 million, which shall be later confirmed by the Board of Directors. The yearly amount for later confirmation shall not exceed NT\$ 100 million.

2. Acquisition or disposal of negotiable securities investment and equipment for purpose of transaction shall only be done after approval by the Company hierarchical accountability system. If the single transaction amount reaches above NT\$ 100 million, it must be passed by the Board of Directors. Only the acquisition or disposal of bonds fund is not limited by this, but if the single amount reaches over NT\$ 100 million, it shall be later confirmed by the Board of Directors.
3. For acquisition or disposal of assets, if the Company Act or other laws stipulate that it must go through resolution or recognition of or report to relevant meetings of the company (such as the Board of Directors or shareholders' meeting), then they shall be complied with.

Article 9 Undertaking department

The undertaking department of relevant negotiable securities investment is financial department and other accountable department, and the undertaking department of property or equipment is asset use department, administration department and other accountable department.

Article 10 Acquisition of Assets Valuation Report

For acquisition or disposal of property or equipment by the Company, except for transaction with government authorities, self-owned land construction, leased land construction, or machinery and equipment acquired or disposed of for operation use, if the transaction amount reaches 20% paid-in capital or more than NT\$ 300 million, the valuation report from professional valuator before the date of factual occurrence has to be obtained and the following provisions be complied with:

- I. If limit price or specific price has to be taken as the reference basis of transaction price for special reasons, the transaction has to pass the resolution of the Board meeting first; if there is variation to the future transaction conditions, the above procedures have to be followed.
- II. If the transaction amount reaches more than NT\$ 1 billion, more than two professional valutors have to be engaged for valuation.
- III. For any of the following conditions in the valuation results by professional valutors, except that the valuation result of acquired asset is higher than the transaction amount, or the valuation result of disposed of asset is lower than the transaction amount, CPA shall be engaged to process according to Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China (hereinafter referred to as Accounting Research

Development Fund), and specific opinions have to be given to the propriety of the reasons for difference and transaction price.

- (I) The difference between valuation result and transaction amount reaches above 20% transaction amount.
 - (II) The difference of valuation result by more than two professional valuers reaches above 20% transaction amount.
- IV. The report issuance date and contract conclusion date shall not have an interval of more than three months. If it is applicable to the announcement current value of the same period and not more than six months, the original valuator shall issue letter of opinion.

Article 11 Acquisition of CPA Letter of Opinion

- I. In acquisition or disposal of negotiable securities, the latest CPA audited or reviewed financial statement of the object company shall be obtained on the factual occurrence date as the reference for evaluation of transaction price. If the transaction amount reaches more than 20% actual paid-in capital or NT\$ 300 million, CPA shall be engaged on the factual occurrence date to express opinion on the reasonableness of the transaction price. If it is necessary for CPA to adopt professional report, the provisions of Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China shall be followed; but if the negotiable securities have open quotation from active market or the FSC stipulates otherwise, it is not subject to this provision.
- II. If the transaction amount for acquisition or disposal of membership certificate or intangible assets reaches more than 20% actual paid-in capital or NT\$ 300 million, except for transaction with government authorities, CPA shall be engaged on the factual occurrence date to express opinion on the reasonableness of the transaction price and follow the provisions of Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China.

Article 12 Acquisition of Court Evidences

For assets acquired or disposed of by the Company through court auction, documents of evidence from court shall replace valuation report or CPA opinion.

Section Three Transactions with Affiliates

Article 13 Acquisition of Property from Affiliates

Where the Company and its affiliates are engaged in acquisition or disposal of assets, apart from following the provisions of relevant resolution procedures and evaluation of reasonableness of transaction conditions, valuation report from professional valuers or CPA opinion has to be obtained according to previous provisions, if the transaction amount reaches more than 10% total assets of the Company. The calculation of the above transaction amount shall follow the provisions of Article 39.

In judging upon whether the transaction counterparties are affiliates, the substantial

relation has to be considered apart from paying attention to the legal form.

Article 14 Materials Reported to Board of Directors

If the Company and its affiliates are engaged in acquisition or disposal of property, or acquisition or disposal of other assets out of property with affiliate, and the transaction amount reaches more than 20% paid-in capital of company, 10% total assets or NT\$ 300 million, it shall submit the following materials to the Board of Directors for passing and supervisors for recognition, except for transaction of government bonds, bonds under repurchase and resale agreements, purchase or redemption of market fund issued by securities investment and trust cause. Only after that, transaction contract can be signed and payment effected:

- I. The objective, necessity and expected benefit of acquisition or disposal of assets.
- II. Reason for selecting an affiliate as transaction party.
- III. Acquisition of property from affiliates shall follow provisions of Article 15 and Article 16 to evaluate relevant data about the reasonableness of preset transaction conditions.
- IV. Items like original date and price of acquisition by affiliates, transaction counterparty and relation between company and affiliates.
- V. Predict over the monthly cash income and expense in the following one year from the month of signing contract, and evaluate the necessity of transaction and the reasonableness of capital use.
- VI. Valuation report from professional valuator according to above mentioned provisions or CPA opinion.
- VII. Limitations of the transaction and other important agreements.

The calculation of the above transaction amount should be carried out in accordance with provisions of item 2 of Article 39, and the within one year limit refers to that the actual occurrence date of the transaction is taken as the base and then dated back one year; the part that has been submitted to the Board of Directors for passing and supervisors for recognition does not need to be re-included.

If the Company and subsidiaries are engaged in acquisition or disposal of equipment for operation, the Board of Directors will authorize the chairman to execute on priority within certain limit in accordance with Article 7, and then it will be reported to the latest Board meeting for confirmation later.

If the Company has set up independent directors according to this law, then in submitting matters to the Board of Directors for discussions in accordance with the above provision, their opinion has to be fully considered. If they have objection or reserve their opinion, it shall be included clearly into the minute book of Board meeting.

Article 15 Evaluation of Reasonableness of Transaction Cost

If the Company acquires property from affiliates, the reasonableness of the transaction cost has to be evaluated according to the following methods:

- I. Affiliate transaction price plus necessary capital interest and cost undertaken by the

buyer according to law. The above mentioned necessary capital interest cost is calculated on the basis of weighted average interest rate of the loan of the year when the Company purchases the asset, but not higher than the non-financial highest loan interest rate released by the Ministry of Finance.

- II. If the affiliate set up pledged loan from financial institutions with the subject matter, the latter would evaluate the total value of loan for it. But the cumulative value of actual loan for the subject matter had to reach 70% total evaluated value of loan and the loan period was above one year. However, it is not applicable when financial institution and one transaction party are affiliates.

If consolidated purchase of the land and house of the same object is carried out, then the transaction cost has to be evaluated according to the previous method.

If the Company acquires property from affiliates, provisions of item 1 and item 2 have to be followed, and CPA shall be engaged for review and expression of specific opinion.

If the Company acquires property from affiliates, provisions of item 1 and item 2 have to be followed, and CPA shall be engaged for review and expression of specific opinion.

- I. Acquisition of property by affiliates through inheritance or bestowal.
- II. The time interval of affiliates concluding contract to acquire property is more than 5 years from this transaction contract concluding date.
- III. Acquisition of property through joint construction contract, self-owned land entrusted construction or leased land construction with affiliates.

Article 16

If the evaluation result according to previous item 1 and item 2 is lower than the transaction price, the provisions of Article 17 shall be followed. The following conditions, if objective evidences are furnished and specific reasonableness opinions from professional property valuator and CPA are obtained, are not subject to this provision:

- I. If the affiliate obtains open land or rent land for re-construction, it has to prove for conformity of one of the following conditions:
 - (I) The open land is evaluated according to the previous method, and the house is evaluated through construction cost plus reasonable construction profit, and the sum shall be more than the actual transaction price. The above mentioned construction profit refers to the average operation gross profit rate of construction department of the affiliate in recent three years or the recent gross profit rate in construction industry released by the Ministry of Finance, whichever is lower.
 - (II) As for the conclusion cases of non-affiliates within one year for other buildings or adjacent regions of the same object house with similar area, the transaction conditions shall be similar after evaluation of price difference for reasonable buildings or regions according to the transaction practice of property.

- (III) As for the lease cases of non-affiliates within one year for other buildings of the same object house, the transaction conditions shall be similar after deducted evaluation of price difference for reasonable buildings according to the lease practice of property.
- II. For property purchased from affiliates by the Company, the transaction conditions shall be similar to conclusion cases with other non-affiliates within one year of the adjacent regions and with similar area.
The above mentioned conclusion cases of adjacent regions follow the principle of subject matter with a distance not more than five hundred meters in the same or neighboring street or with similar announcement current value; the above mentioned similar area follows the principle that the area of conclusion cases with non-affiliates is not lower than 50% area of the transaction subject matter.

Article 17

If the evaluation result according to Article 15 and Article 16 is lower than the transaction price in acquisition of property from affiliates, the following matters shall be handled:

- I. The Company shall recognize special surplus reserve for the difference between property transaction price and evaluation cost in accordance with provisions, without allocation or transfer to increased capital for allocation of shares. If the invested company recognizes the special surplus reserve recognized by the Company with equity method, the Company shall also recognize special surplus reserve based on shares holding ratio.
- II. Supervisors shall follow the provisions of Article 218 of Company Act.
- III. Situations processed according to Paragraph 1 and 2 shall be reported to the shareholders' meeting, and the transaction details shall be disclosed in annual report and prospectus.

The special surplus reserve recognized by the Company and public listed companies invested using equity method can only be employed under the circumstance in which the assets purchased with high price have been recognized into price drop loss or disposal, or suitable compensation, or restored state, or there are other evidences for no unreasonableness after consent from the Securities and Futures Bureau.

For acquisition of property from affiliates by the Company, if there are other evidences showing there are situations of violation against operation conventions in the transaction, the provisions of the previous two items shall be followed.

Article 18 Transaction Types

- 1. The derivative products transaction types engaged by the Company include: forward contract, option, futures and other types agreed upon by the chairman.
- 2. Operation of derivative financial products by subsidiaries of the Company for effective risk control and lowered risk.

Article 19 Operation or Hedge Strategies

The derivative products transaction engaged by the Company is for the purpose of

avoiding risks, so the selection of products is dominated by avoiding risks arising out of business operation. Before transaction, the nature will be defined as "transaction" (non-hedging transaction for purpose of transaction) or "non-transaction" (hedging transaction not for purpose of transaction", which will be taken as the basis for accounting entry.

Article 20 Power and Responsibility Division

The derivative products operation engaged by the Company is undertaken by the following departments according to work nature.

- I. Financial department:
 1. Responsible for formulating operation strategies for derivative products except for futures.
 2. Conduct various transactions according to authorization.
- II. Legal department: responsible for reviewing the non-standardized transaction contract.
- III. Accounting department: responsible for handling accounts of derivative products transaction and preparation of accounting statements.
- IV. Audit department: responsible for understanding the appropriateness of internal control like power and responsibility division and operation procedures, and auditing the compliance with the treatment procedures by transaction departments.

Transaction personnel and confirmation and settlement personnel for derivative products in financial department shall not be acted upon concurrently; other personnel not from financial department can only get engaged in transaction of derivative products after authorization from chairman and it shall be later reported to the latest the Board of Directors.

The measurement, supervision and control of relevant risks shall be taken care of by personnel from different departments, and report shall be made to the Board of Directors.

Article 21 Performance Evaluation Guidelines

- I. Non-transaction:
 1. The financial department takes the already realized net amount part of profit or loss after closing on the due transaction date for every transaction contract as the basis for performance evaluation according to the types of transaction products.
 2. As for the transaction goal set up, compare the profit or loss performance and conduct regular checkup, and report to the highest supervisor for review.
- II. Transaction:
 1. Already realized part: financial department takes the already occurred profit or loss part as the basis of performance evaluation.
 2. Unrealized part: the net amount and total amount of profit or loss at the part not closed out and daily liquidated with closing price every day is taken as the reference for performance evaluation.

- III. Financial department shall regularly check whether the operation performance conforms to the preset operation strategies and the undertaken risk is within the permitted scope or not according to the profit or loss performance statement for every period.
- IV. Financial department shall evaluate the part of transaction for transaction at least once every week; and the part of transaction not for transaction at least once every month. And the evaluation report shall be sent to the highest supervisor of financial department for review.
- V. The highest supervisor of financial department shall at all times pay attention to supervision and control over the risk of derivative products transaction, regularly evaluate whether the currently adopted risk management measures are suitable and ensure compliance with the treatment procedures.
- VI. The highest supervisor of financial department shall supervise the transactions as well as the profit or loss. Upon discovery of abnormality, necessary countermeasures have to be adopted and report has to be made to the Board of Directors immediately. The Company has set up independent directors, so the Board of Directors has to be attended by them with opinions expressed.

Article 22 Total Contract Amount and Loss Upper Limit

- I. Non-transaction: the limit shall not exceed the actual business demand of the Company. If it is cross hedging, the total profit or loss for hedging tools and hedging object have to be considered at the same time. If there is market change leading to that the total contract amount loss reaches over 3%, countermeasures have to be studied and reported to chairman for approval.
- II. Transaction: the total limit shall be 10% company net value. If after transaction there is market change leading to that the single contract amount loss reaches over 5% or total contract amount loss reaches over 3%, countermeasures have to be studied and reported to chairman for approval.

Article 23 Authorization Limit

- I. If the derivative products transactions engaged by the Company are for the purpose of transaction (investment), every one of them can only be conducted after approval by the chairman.
- II. If the derivative products transactions engaged by the Company are not for the purpose of transaction (hedging), they shall be conducted according to the following authorization limit: (calculated with total transaction amount instead of deposit amount)
 - 1. Board of directors: total amount every day is over USD 1 million, and the cumulative net part is over USD 3 million.
 - 2. After approval by chairman it shall be later confirmed by the latest the Board of Directors: total amount every day is below USD 1 million (included), and the cumulative net part is below USD 3 million (included).

3. Chairman: total amount every day is below USD 300,000 (included), and the cumulative net part is below USD 1.3 million (included).

Article 24 Operation Notes

- I. Transaction personnel shall conduct transactions according to the authorization scope.
- II. If the contract content falls into non-standardized contract, the legal department shall be involved.
- III. Transaction personnel shall confirm and pay attention to details of every concluded transaction, and then report to the department supervisor for approval.
- IV. Data shall be transferred to settlement personnel for confirmation and settlement.
- V. Conclusion confirmation and monthly statement of account shall be transferred to accounting personnel to prepare financial statement.
- VI. Financial department shall formulate regular profit or loss performance statement, conduct checkup and report to the highest supervisor and chairman according to the occurred profit or loss in actual operation.

Article 25 Risk Management

- I. Credit risk management: the transaction counterparties shall be mostly banks and legal brokers with frequent interaction. For every financial institution, certain transaction limit shall be formulated in advance, to be taken charge of and controlled by supervisor of financial department. It cannot concentrate on a few, and shall flexibly adjust the transaction limit according to market changes.
- II. Market risk management: limited by open concentrated market and over-the-counter market transaction.
- III. Liquidity risk management: Products with long transaction time, high liquidity and stable market price shall be chosen.
- IV. Operation risk management: it shall substantially comply with the authorization limit and operation procedures formulated by the Company and included into internal audit to avoid operation risks. And transaction personnel of derivative products and operation personnel for confirmation and settlement shall not be acted upon concurrently; the settlement personnel shall follow up on transactions due within the following one week, and inform transaction personnel to ensure freedom of mistakes.
- V. Legal risk management: legal department shall be involved for non-standardized transaction contract documents.
- VI. Cash flow risk management: the supervisor of financial department shall prudently evaluate the future cash flow change risks of financial products for currency, and evaluate cash flow risk and relative market price risk at the same time, to ensure that the overall risk is minimized.

Article 26 Memorandum Book

Memorandum book shall be prepared for derivative products transactions, to record

items like transaction type, amount, date of passing the Board of Directors, and prudent evaluation in accordance with item 4 and item 5 of Article 21 for future reference.

Article 27 Internal Control

- I. Confirmation of every transaction has to be approved by accountable supervisor.
- II. Transaction department determines the transaction procedures, including negotiation with transaction counterparty for transaction and conclusion confirmation procedures.
- III. Non-standardized contract shall involve legal department.
- IV. Written transaction procedures shall be submitted to accounting department and audit room for backup use.
- V. Operation personnel place order through pre-approved brokers.
- VI. Brokers shall transfer conclusion confirmation to supervisor of transaction department after conclusion.
- VII. Supervisor of transaction department shall cross check the transaction content with operation personnel.
- VIII. Supervisor of transaction department shall sign the conclusion confirmation back to brokers.
- IX. Accounting department shall make entry after confirmation of the legality and reasonableness of conclusion data with external data.
- X. All departments confirm the correctness of data.
- XI. Confirm that the products transaction for transaction is within the upper limit.
- XII. The audit room shall audit the operation procedures irregularly without prior warning.

Article 28 Accounting Treatment

The accounting treatment of derivative products transaction shall follow generally accepted accounting principles and relevant laws.

Article 29 Internal Audit

Internal audit personnel shall regularly come to understand the propriety of internal control over derivative products transaction, monthly audit the compliance of operation procedures for derivative products transaction by transaction department, and analyze the transaction cycle to form audit report to be presented to the Board of Directors for review. Upon discovery of any material violation, they shall notify supervisors in writing.

Article 30 Declaration

The audit department shall declare the audit report together with annual audit plan execution status for internal audit to securities and futures bureau before the end of February of the following year, and declare abnormal matters improvement status to it as well for future reference before the end of May of the following year.

Article 31 Experts Opinions

In handling merger, demerger, acquisition or stock transfer by the Company, CPA,

lawyer or securities underwriter has to be engaged to express opinions on the reasonableness of conversion ratio, acquisition price or cash or other property allocated to shareholders, and then report to Board meeting for discussions and passing. If the Company combines subsidiaries of which it directly or indirectly holds 100% issued shares or total capital amount, expert opinions on reasonableness can be exempted before acquisition.

Article 32 Convention of Shareholders' Meeting

In participating in merger, demerger or acquisition by the Company, open documents concerning the important agreement content or other matters have to be prepared before the shareholders' meeting, and then delivered to shareholders together with the previous expert opinions and the meeting notice, as the reference for whether to agree with the merger, demerger or acquisition case or not. The merger, demerger or acquisition cases for which no shareholders' meeting has to be convened in accordance with other laws are not subject to this provision.

If the shareholders' meeting for companies participating in the merger, demerger or acquisition cannot be convened or resolved because of number of attendees, insufficient voting power or other legal limitation, or if the bill is vetoed by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately make public the reasons, future handling operations and expected date of convening shareholders' meeting.

Article 33 Convention of Board Meeting on the Same Date

- I. The companies participating in merger, demerger or acquisition shall convene Board meeting and shareholders' meeting on the same day to make resolutions on relevant issues thereof, apart from reporting to securities and futures bureau for consent in advance, unless otherwise indicated by other law or special factors.
- II. The companies participating in stock transfer shall convene Board meeting on the same day, apart from reporting to securities and futures bureau for consent in advance, unless otherwise indicated by other law or special factors.
- III. The listed companies participating in merger, demerger, acquisition or stock transfer, or whose shares are on transaction at securities dealers operation place shall prepare complete written record of the following materials for file keeping of five years and examination:
 1. Basic data of personnel: including the personnel for planning or planned execution for merger, demerger, acquisition or stock transfer before information disclosure, including title, name and ID No. (Passport No. for foreigners).
 2. Date of important matters: including dates for intention or MoU, entrusted financial or legal consultation, contract signing or Board meeting.
 3. Important documents and minute books: including documents like plan, intention or MoU, important contract or minute book of Board meeting for merger, demerger, acquisition or stock transfer.
- IV. The data in paragraph 1 and paragraph 2 shall be submitted for future reference within two days after passing the resolution at Board meeting in fixed format through

internet information system.

If the companies participating in merger, demerger, acquisition or stock transfer contains company that is not listed or has shares on transaction at securities dealers operation place, the latter shall sign agreement and the matter shall be processed in accordance with paragraph 3 and paragraph 4.

Article 34 Confidentiality

All persons participating in or being informed of the company merger, demerger, acquisition or stock transfer plan shall issue written confidentiality commitment. Before the information is made public, they shall neither disclose the content of the plan, nor conduct transaction of shares or other negotiable securities with equity nature of all companies related with the above case by themselves or on behalf of others.

Article 35 Exchange Ratio and Purchase Price

When participating in merger, demerger, acquisition or stock transfer, the exchange ratio or purchase price shall not be varied randomly except for the following situations, and the variations to be included into the contract of merger, demerger, acquisition or stock transfer are as follows:

- I. Handling increased capital of cash, issuance of convertible corporate bonds, stock grants, issuance of corporate bonds with subscription right, special stock with subscription right, subscription warrant and other negotiable securities with equity nature.
- II. Actions influencing the company financial business like disposal of material company assets.
- III. Occurrence of major disasters or technological revolution that influence the company shareholders' equity or securities price.
- IV. Adjustment of redemption of treasury stock by any company participating in merger, demerger, acquisition or stock transfer.
- V. Increase or decrease in the number of subjects or players participating in merger, demerger, acquisition or stock transfer.
- VI. Other conditions of variation included into contract and already made public.

Article 36 Matters to Be Clearly Recorded into Contract

When the Company participates in merger, demerger, acquisition or stock transfer, the contract shall clearly record the rights and obligations therein as well as the following matters.

- I. Handling of default.
- II. Handling principles of issued negotiable securities by eliminated or split company for consolidation, or treasury stock redeemed.
- III. Number of treasury stock to be redeemed by participating company after calculating the base date of conversion ratio and the handling principles.
- IV. Handling methods of increase or decrease in number of subjects or players.
- V. Expected plan execution progress and expected completion agenda.

- VI. Relevant handling procedures of presetting the date of convening shareholders' meeting when the plan is not completed according to schedule.

Article 37 Variation Plan

If any company participating in merger, demerger, acquisition or stock transfer is planning to do the same with other companies after the information is made public, the already completed procedures or legal actions have to be redone by all participating companies in the original merger, demerger, acquisition or stock transfer case, unless the number of participating companies decreases, the shareholders' meeting has already resolved to authorize the Board meeting the variation authority, and the participating company is exempted from re-convening shareholders' meeting for re-resolution.

Article 38 Others

If the merger, demerger, acquisition or stock transfer involves non-public listed companies, the Company shall sign agreement with them and dispose of the matter in accordance with Article 33, Article 34 and Article 37.

Article 39 Announcement and Declaration Standards

For any of the following situations in acquisition or disposal of assets, relevant information has to be submitted to Market Observation Post System to handle announcement and declaration within two days from the date of factual occurrence according to stipulated format based on nature:

- I. Acquisition or disposal of property with affiliates, or acquisition or disposal of other assets out of property with affiliates, and the transaction amount reaches more than 20% paid-in capital of company, 10% total assets or NT\$ 300 million. However, transaction of government bonds, bonds under repurchase and resale agreements, purchase or redemption of market fund of the Republic of China are not subject to this provision.
- II. Conducting merger, demerger, acquisition or stock transfer.
- III. Loss of engaging in derivative products transaction reaches the loss upper limit of all or individual contract stipulated in operation procedures.
- IV. The type of assets in acquisition or disposal falls into machinery or equipment for operation use, the transaction party is not an affiliate, and the transaction amount meets one of the following provisions:
 - (I) The public listed companies whose actual paid-in capital does not reach NT\$ 10 billion, and the transaction amount reaches over NT\$ 500 million.
 - (II) The public listed companies whose actual paid-in capital reaches NT\$ 10 billion, and the transaction amount reaches over NT\$ 1 billion.
- V. The transaction amount of expected input by the company for self-owned land entrusted construction, leased land entrusted construction, joint construction for distribution of building, joint construction for distribution of profit and joint construction for distribution of sales does not reach over NT\$ 500 million.
- VI. The transaction amount reaches over 20% paid-in capital of the company or NT\$

300 million, except for assets transaction, financial institutions in disposal of creditor's right or engagement in investment in Mainland in the above six paragraphs. But the following situations are not subject to this provision.

- (I) Transaction of government bonds.
- (II) Transaction of negotiable securities at domestic and foreign stock exchanges or securities dealers operation place as professional investment, or common corporate bonds subscribed to, placed or issued at domestic primary market and common financial bonds without involving equity, or negotiable securities subscribed in accordance with the provisions of consortium financial person over-the-counter transaction center in the Republic of China by securities dealers for the demand of underwriting business by acting as guidance.
- (III) Transaction of bonds with repurchase and reverse repurchase conditions, subscription to and repurchase of currency market fund issued by domestic securities investment trust cause.

The transaction amount of the above mentioned transactions is calculated as follows:

- I. Amount of every single transaction.
- II. Cumulative transaction amount of acquisition or disposal of the same nature object with the same other party within one year.
- III. Cumulative amount of acquisition or disposal (separate cumulation) of property of the same development plan within one year.
- IV. Cumulative amount of acquisition or disposal (separate cumulation) of the same negotiable securities within one year.

The "within one year limit" mentioned above refers to that the actual occurrence date of the transaction is taken as the base and then dated back one year; the part that has obtained valuation report from professional valutors or CPA opinion does not need to be re-included.

Matters to Be Declared by

- I. If the subsidiary is a public listed company and the acquisition or disposal of assets reaches the announcement and declaration standard formulated in the treatment procedures, the Company shall make announcement and declaration on its behalf.
- II. The "reach 20% actual paid-in capital or 10% total assets of the Company" in the announcement and declaration standard for subsidiaries takes the actual paid-in capital or total assets of the Company as the standard.

Financial department shall differentiate relevant content like the total amount of non-written off transaction contract between for the purpose of transaction and not for the purpose of transactions of derivative products engaged by the Company by the end of last month, market price evaluation net profit or loss, already paid deposit amount, total amount of transaction contract already written off or settled,

and already recognized profit or loss amount, and input them into Market Observation Post System in the first 10 days of every month together with monthly operation status.

In acquisition or disposal of assets by the Company, relevant contract, minute book, memorandum book, valuation report, letter of opinion from CPA, lawyer or securities underwriter shall be kept in the Company, unless otherwise stipulated by other law for at least five years.

Article 40 Announcement and Declaration Updating Situations

For transactions announced and declared according to the provisions of Article 39, it shall prepare relevant information to process announcement and application at Market Observation Post System within two days after the date of factual occurrence for one of the following situations:

- I. There is variation, termination or cancellation in relevant contract signed for original transaction.
- II. Consolidation, splitting, acquisition or stock transfer is not completed according to contract stipulated schedule.
- III. There is variation to the content of original announcement and application.

Article 41 Others

- I. For projects that should be announced according to provisions, corrections have to be made if there is any omission, and announcement and application for all projects shall be re-handled within two days after the date of information.
- II. If the acquisition or disposal of assets reaches the announcement and declaration standards formulated in Article 39, and the transaction counterparties are substantial affiliates, the announcement content shall be indicated and disclosed in financial statement and reported to shareholders' meeting.
- III. As for the provisions of 10% total assets, it shall be calculated by the amount of total assets in the latest entity or individual financial report stipulated by securities issuer financial report preparation standards.
- IV. If the company shares have no book value or the book value does not fall into NT\$10, the 20% actual paid-in capital provision in Article 10, Article 11, Article 14 and Article 39 shall be calculated by 10% equity attributable to parent company owners.
- V. If there is falsehood or concealment in the opinions issued by engaged professional valuator or CPA according to Article 10 and Article 11 of the treatment procedures, then the Company, professional valuator or CPA will bear legal responsibility.
- VI. If the subsidiary of the Company falls into domestic public listed subsidiary, the treatment procedures for acquisition or disposal of assets shall be separately formulated and executed according to "Handling Standards of Acquisition or Disposal of Assets for Public Listed Companies"; or otherwise, then the treatment

procedures shall be executed or treatment procedures for acquisition or disposal of assets shall be separately formulated.

VII. The company control procedures of acquisition or disposal of assets by subsidiary shall follow the treatment procedures.

Article 42 For outstanding matters, if there are, the treatment procedures shall be timely amended.

Gamania Digital Entertainment Co., Ltd.
Operating Procedures of Capital Loan and Endorsements/Guarantees
(Before Amendment)

Article 1 Formulation Purpose and Legal Foundation

The operation procedures are formulated to specify relevant operations for the Company in handling capital loan and endorsement. The operation procedures follow the provisions of Article 36-1 of the Securities and Exchange Act and the "Handling Standards of Capital Loan and endorsement for Public Listed Companies".

Article 2. The subsidiary and parent company in the method shall be identified according to securities issuers FRPS.

The financial report of public listed companies is prepared according to IFRS. And the net value in the procedures refers to equity attributable to parent company owners in the balance sheet formulated according to securities issuers FRPS.

Article 3. The announcement and declaration in the method refers to designated information declaration and application website designated by Financial Supervisory Committee (hereinafter referred to as FSC).

Factual occurrence date refers to dates like transaction agreement signing date, payment date, commissioned deal conclusion date, ownership transfer date, resolution date of Board meeting or other date for transaction subject and amount, whichever is earlier.

Article 4 Reason and Necessity of Capital Loan to Other Person

The company shall not make capital loan to shareholders or other persons for any of the following situations:

1. Inter-company or inter-bank business interaction.
2. There is need for inter-company or inter-bank short-term financing.

The above mentioned short term refers to one year or one operation cycle (whichever is longer).

For other legal person or group conforming to the capital loan conditions (hereinafter referred to as borrower), the operation procedures shall be followed in handling.

Article 5 Application for Capital Loan

When a borrower applies for a loan from the Company, handling personnel shall preliminarily communicate with the borrower to understand the capital use purpose and latest operation and financial status. If it is feasible, records shall be prepared and then sent to the chairman level by level who will present it to the Board of Directors for resolution.

If the Company has set up independent directors and the capital is loaned to other person, their opinions have to be fully considered, and if they have opinions of objection or reserve their opinions, they shall be included into the minute book of the Board of Directors.

Article 6 Total Amount of Capital Loan and Limit for Individual Subjects

1. If the Company engages in capital loan to other persons because of inter-company or inter-bank business interaction relationship, the total amount of loan shall not exceed 30% net value of the Company. The total amount of capital loan to single enterprise shall not exceed 15% net value of the Company.
2. If the Company engages in capital loan to other person for necessary inter-company or inter-bank short-term financing, the total amount of loan shall not exceed 30% net value of the Company. The total amount of capital loan to single enterprise shall not exceed 15% net value of the Company. Only the capital loan between foreign companies of which the Company directly or indirectly holds 100% voting shares is not subject to this provision.
3. For capital loan between the Company and subsidiary, or between subsidiaries, the chairman shall be authorized for allocation in installments or cyclic mobilization for the same loan subject within certain limit by resolution of the Board of Directors for a period within one year. As for the certain limit mentioned above, the authorization limit of capital loan from the Company or its subsidiary to single enterprise shall not exceed 10% net value of latest financial statement.

Article 7 Capital Loan and Other Person Evaluation Standard

1. For engagement in capital loan for business interaction, the loan amount shall not exceed the total cumulative amount of the year for the business interaction or the previous year.
2. There is need for inter-company or inter-bank short-term financing, which means:
 - (1) Necessary to maintain normal operation of company.
 - (2) Other situations with consent from the Board of Directors.

Article 8 Interest Accrual Means for Capital Loan

The principle to be followed is settling interest once every month in reference to the basic bank loan interest rate.

Article 9 Capital Loan and Credit Investigation

1. If a borrower applies for capital loan from the Company, the borrower shall issue application or official letter, detailing the loan amount, term and purpose as well as provision of guarantee. The borrower shall furnish basic data and financial data for credit investigation.

2. If it is continuous loan, the credit investigation shall be carried out once every year in principle. Major cases are to be handled according to actual needs.

Article 10 Capital Loan and Loan Ratification

For the credit investigation results, if the credit rating is sound, the loan purpose is justifiable, there is necessity for the loan and there is no problem with repayment, the accountable personnel shall fill in the credit investigation report and opinions on the influence of operation risk, financial status and shareholders' equity, list the loan conditions, present to the chairman level by level for ratification, and resolution by the Board of Directors. If the Board of Directors deems it necessary, the borrower shall provide collateral security equivalent to the financing limit, and relevant department shall evaluate the value, or individuals or companies with equal capital strength offer guarantee, to ensure the completeness of right.

Article 11 Notice of Capital Loan to Borrower

After ratification of the case, accountable personnel shall notify the borrower through correspondence or telephone, detailing the loan conditions, including limit, term, interest rate or collateral security and guarantor, and tell him to sign the contract within stipulated time.

Article 12 Capital Loan and Contract Signing Procedures

1. For loan case, the accountable personnel shall prepare contract, and after review and approval by supervising personnel, the contract signing procedures shall be handled.
2. The contract content and the loan conditions ratified shall be consistent; if guarantor is needed, the accountable personnel shall properly handle the procedures.

Article 13 Capital Loan and Qualification and Responsibility of Guarantor

1. Sufficient debt credit, sound business reputation and freedom of unsound behaviors.
2. The guarantor shall undertake joint and several liability of settlement when the borrower is not able to perform repayment of debt.

Article 14 Capital Loan and Collateral Security Right Setting

1. If there is collateral security in the loan conditions, the borrower shall provide it and handle pledge right or mortgage right setting procedures, so as to ensure the creditor's right of the Company.
2. The contract should well define collateral security right setting, interest accrual and repayment means, and one copy of the loan application materials shall be kept and properly filed.

Article 15 Capital Loan and Insurance Limit

1. Collateral security, except for land and negotiable securities, shall all hold fire

insurance; ship and vehicle shall hold all risks insurance. The insurance amount shall not be lower than the mortgage value of collateral security, and in the insurance policy the Company shall be indicated as the beneficiary. The name, quantity, storage place, insurance condition, insurance batch of the subject matter shall be consistent with the previously ratified conditions of the Company; For building without plate number, its address shall be indicated with section and land plot number.

2. The accountable personnel shall notify the borrower to renew insurance before expiration of the insurance term.

Article 16 Capital Loan and Release Requirement

The loan shall be released only after the loan case is ratified, the borrower has signed the contract and handled other issues, and all procedures are correct after review.

Article 17 Capital Loan and Noteworthy Matters in Repayment

1. After release of the loan, regular attention has to be paid to the financial, business and credit status of the borrower and guarantor. If collateral security has to be provided, attention shall be paid to whether there is change in its value.
2. Upon repayment of loan on due date, the interest shall be calculated and paid first, and after repayment of capital together, will the collateral security be returned.

Article 18 Capital Loan and Loan Term

For company or bank which finds it necessary for short-term financing with the Company, the capital loan term shall not exceed one year or one operation cycle (whichever is longer) from the release date. For company or bank which has business interaction with the Company, if it needs to apply for extension, the extension time shall be passed by the Board of Directors. If the company undergoes poor business or its finance cannot bear, notice shall be issued at any time for repayment in advance. Only the capital loan between foreign companies of which the Company directly or indirectly holds 100% voting shares is not subject to this provision. But still the capital loan limit and term shall be formulated according to provisions of Article 6 and Article 8.

Article 19 Capital Loan Authorization Scope

The capital loan to other person by the Company shall be handled through resolution of the Board of Directors, and no other person shall be authorized for decision-making. For capital loan between the Company and subsidiary, or between subsidiaries, the chairman shall be authorized for allocation in installments or cyclic mobilization for the same loan subject within certain limit by resolution of the Board of Directors for a period within one year.

Article 20 Future Control Measures for Loaned Amount and Treatment Procedures for Overdue Creditor's Right

1. After the loan is released, regular attention has to be paid to the financial, business and credit status of borrower and guarantor. If collateral security is provided, attention shall be given to whether there is change to the guarantee value. In the event of material change, it shall be immediately reported to the chairman, and suitable measures be taken according to the instruction. Before the loan is due, the borrower shall be notified to clear the capital and interest, or handle extension procedures.
2. Financial department shall prepare memorandum book, and record the details like capital loan subject at the end of month, amount, date of passing the Board of Directors, capital loan release date and matters that should be prudently evaluated according to the procedures for future reference. When the capital loan is for other person, specified format shall be followed in making list to be reported to the Board of Directors and relevant departments.
3. Financial department shall evaluate the situations of capital loan and make sufficient recognition to offset bad debt, and disclose relevant information in financial report and provide relevant data to CPA for necessary audit procedures.
4. Internal audit personnel shall audit the execution status of the operation procedures at least every quarter to form written records. Upon discovery of any material violation, the supervisors shall be notified in writing.
5. If there arises overdueness and the creditor's right cannot be re-claimed on demand, then press for payment actions shall be adopted against the debtor through legal means to ensure the rights and interests of the Company.

Article 21 Capital Loan Information Announcement and Procedures

1. Announce and declare the capital loan balance of last month for the Company and subsidiaries on 10th day of every month.
2. If the capital loan balance of the Company meets one of the following standards, announcement and declaration have to be made within two days from the factual occurrence date:
 - (1) The capital loan balance of the Company and subsidiaries to other persons reaches over 20% net value in latest financial statements.
 - (2) The capital loan balance of the Company and subsidiaries to single enterprise reaches over 10% net value in latest financial statements.
 - (3) The newly added capital loan of the Company and subsidiaries reaches over NT\$ 10 million and 2% net value in latest financial statements.

If the subsidiary of the Company is not a domestic public listed company, then the announcement and declaration for the above amounts shall be made by the Company.

Article 22 Application Scope of Endorsement

The endorsement in the Method refers to financing endorsement, duty endorsement and other endorsement. The above mentioned financing endorsement refers to discount

financing, in which instruments are re-issued to non-financial cause guarantors for purpose of financing for other companies or the Company. The customs endorsement refers to endorsement or guarantee for customs matters related to the Company or other companies. Other endorsement refers to matters of endorsement or guarantee that cannot be included into the previous two items.

Article 23 The subject of company endorsement shall conform to the following conditions:

1. Companies that have business interaction with the Company.
2. Companies of which the Company directly or indirectly holds over 50% voting shares.
3. Companies which directly or indirectly hold over 50% voting shares of the Company.

Among the companies of which the Company directly or indirectly holds over 90% voting shares, endorsement shall be conducted, and the amount shall not exceed 10% net value of the Company. But endorsement between companies of which the Company directly or indirectly holds 100% voting shares is not subject to this provision.

If mutual guarantee is needed according to contract among counterparts for undertaking projects, or endorsement is provided for invested company by contributing shareholders according to shareholding ratio for joint investment relationship, the previous two items are not applicable.

Article 24 Total Amount of Endorsement and Limit of Individual Subject

The total amount of endorsement of the Company to the outside shall not exceed 1% capitalization, and the limit of endorsement to single enterprise shall not exceed NT\$ 30 million and the actual paid-in capital of the company endorsed or guaranteed.

Only when the subject is company of which the Company directly or indirectly holds over 50% voting shares, it is not subject to this provision.

If the endorsee is a company of which the Company directly or indirectly holds over 50% voting shares, then the limit of endorsement to single enterprise shall not exceed 30% total capital of the Company, without limitation by the previous provision of NT\$ 30 million.

The total amount of endorsement of the Company and subsidiaries shall not exceed 100% total capital of the Company, and the limit of endorsement to single enterprise is NT\$ 50 million and shall not exceed actual paid-in capital of the company endorsed or guaranteed. Only when the subject is company of which the Company directly or indirectly holds over 50% voting shares, it is not subject to this provision. If the total amount of endorsement of the Company and subsidiaries reaches over 50% net value of the Company, the necessity and reasonableness shall be explained at shareholders' meeting.

If the endorsee is a subsidiary whose net value is lower than half the actual paid-in capital, the Company or subsidiary shall review its statements every quarter and prompt it to develop financial improvement plan.

If the subsidiary's shares have no book value or the book value is not NT\$ 10, the actual paid-in capital shall be calculated according to previous provisions, and it shall be the total of stock capital plus capital reserve-issued bargaining price.

Article 25 Endorsement Evaluation Standards

For engagement in endorsement for business transaction, the amount of endorsement shall not exceed the total cumulative amount of the business transaction in the previous accounting year.

Article 26 Endorsement Decision-making and Authorization Hierarchy

1. In handling endorsement by the Company, provisions of Article 26 of the operation procedures shall be followed for examination and approval, and it can only be done after obtaining consent from resolution of the Board of Directors. To ensure time efficiency, the Board of Directors shall authorize the chairman to make decision for a scope within NT\$ 30 million (included) (only when the endorsee is a company of which the Company directly or indirectly holds 50% voting shares, the amount is not subject to this provision), and it shall be later confirmed by the latest the Board of Directors.

The subsidiaries of which the Company directly or indirectly holds over 90% voting shares should first report their endorsement to the Board of Directors for resolution in accordance with provisions of item 2 of Article 21 before carrying out the endorsement. But endorsement between companies of which the Company directly or indirectly holds 100% voting shares is not subject to this provision.

2. If it is necessary for the endorsement handled by the Company to go over the limit stipulated in the operation procedures for business requirement, and it conforms to the conditions therein, consent from the Board of Directors has to be obtained, and signed joint guarantee from more than half directors shall be made for possible arising loss. Furthermore, the operation procedures have to be amended and then reported to shareholders' meeting later for confirmation. If the shareholders' meeting does not agree, the plan to eliminate the part exceeding the limit within certain period shall be formulated.

If the Company has set up independent directors, during discussions of the previous two items at the Board of Directors their opinions shall be fully considered, and their explicit opinions of agreement or objection and the reasons for objection have to be included into records of the Board of Directors.

Article 27 Endorsement Stamp Storage and Procedures

1. The Company shall apply to Ministry of Economy for company stamp as special stamp for endorsement. The stamp shall be kept by authorized personnel with consent from the Board of Directors, and consent from the Board of Directors shall be obtained for variation of stamp keeper, with the kept stamp listed into handover.
2. After resolution by the Board of Directors or ratification by chairman for endorsement, financial department shall only go to the stamp keeper for stamping after the chairman approves the approval record and endorsement contract or guarantee instruments.
3. When the stamp manager is using the stamp, he shall verify whether there is approval record or the application is consistent before using the stamp.

Article 28 Handling Procedures of Endorsement

1. In handling endorsement, the qualification of the endorsee and the conformity of the limit to the provisions of the operation procedures have to be reviewed one by one according to the application materials of the endorsee, and the operation, financial and credit status of endorsees have to be analyzed, so as to evaluate the necessity, reasonableness and risk. Meanwhile, records thereof including the influence of the endorsement upon the Company's operation risk, financial status and shareholders' equity should be made. If necessary, collateral security has to be obtained and its value will be evaluated by relevant personnel. The endorsement can only be made after reporting the content, reason and risk evaluation result to chairman for approval and then to the Board of Directors for consent after discussions; if it is still within the authorization limit, the chairman will approve according to the credit degree and financial status of the endorsee. If the endorsement is made for a foreign company, the endorsement letter issued by the Company shall be signed by the representative authorized by the Board of Directors.
2. Financial department shall establish memorandum book for matters of endorsement. After the endorsement obtains consent from the Board of Directors or approval by chairman, apart from making application according to provisions, the information about the endorsee, endorsement amount, date of passing the Board of Directors or obtaining approval from chairman, date of endorsement and matters that should be prudently evaluated according to the procedures shall be recoded in details for future reference. And documents like notes and agreements shall be photocopied for file keeping.
3. Financial department shall prepare detailed table for guarantee events occurred and canceled monthly for control and follow-up, and evaluate and recognize the possible loss of endorsement on a quarterly basis; and in the financial report it shall disclose endorsement data and provide relevant data for CPA.

4. If there is variation to the Company, leading to that the endorsee fails to conform to the provisions or the limit is exceeded, improvement plan shall be formulated, and relevant improvement plan shall be sent to supervisors.
5. Before the due date of endorsement, financial department shall take the initiative to notify the guaranteed enterprise to withdraw the guarantee notes in bank or creditor institution, and further revoke relevant deed.
6. Internal audit personnel shall audit the execution situations of the operation procedures at least every quarter to form written records. Upon discovery of material violation, written notice has to be issued to supervisors.

Article 29 Endorsement Announcement, Declaration and Procedures

1. Announce and declare the endorsement balance of last month for the Company and subsidiaries on 10th day of every month.
2. If the endorsement balance of the Company meets one of the following standards, announcement and declaration have to be made within two days from the factual occurrence date:
 - (1) The endorsement balance of the Company and subsidiaries reaches over 50% net value in latest financial statements.
 - (2) The endorsement balance of the Company and subsidiaries to single enterprise reaches over 20% net value in latest financial statements.
 - (3) The endorsement balance of the Company and subsidiaries reaches over NT\$ 10 million, and the total of endorsement, long-term equity investment, capital loan and balance reaches over 30% net value in latest financial statements.
 - (4) The newly added endorsement amount of the Company or subsidiaries reaches over NT\$ 30 million and 5% net value in the latest financial statements of the public listed company.

If the subsidiary of the Company is not a domestic public listed company, then the announcement and declaration matters for the above amounts shall be done by the Company.

3. The public listed company shall evaluate or recognize the possible endorsement loss, appropriately disclose endorsement information in financial report, and provide relevant data to CPA for necessary audit procedures.

Article 30 Others

1. The Company control procedures over capital loan and endorsement to subsidiaries shall follow the operation procedures.
2. If the subsidiary of the Company plans to conduct endorsement for capital loan to other person, the operation procedures in "Handling Standards of Capital Loan and endorsement for Public Listed Companies" shall be followed.

Article 31 Penalty

In handling capital loan and endorsement, if relevant departmental managers and accountable personnel do not follow the operation procedures, causing loss to the Company, they shall undertake the compensation liability.

Article 32 Validation and Amendment

1. The operation procedures will be implemented after passing resolution of the Board of Directors and being sent to supervisors and shareholders' meeting for consent. If there is any director showing objection with record or written announcement, the Company shall send the objection to supervisors and report them to shareholders' meeting for discussions. It is the same case with amendment.
2. If the Company has set up independent directors, in reporting capital loan to other person or endorsement operation procedures to the Board of Directors for discussions their opinions shall be fully considered, and their explicit opinions of agreement or objection and the reasons for objection have to be included into records of the Board of Directors.
3. For outstanding matters, if there are, the treatment procedures shall be timely amended.

Gamania Digital Entertainment Co., Ltd.

Method of Directors and Supervisors Election (Before Amendment)

- I. The Company's election of directors and supervisors shall follow the provisions of the Method.
- II. For the Company's election of directors and supervisors, if every share enjoys the voting right equal to the number of directors or supervisors to be elected, then only one person shall be elected in concentration or several can be elected through distribution.
- III. The Board of Directors shall prepare election votes equal to the number of directors or supervisors to be elected out, and the equity number shall be added and then distributed to attending shareholders at shareholders' meeting.
- IV. Before election, the chairperson shall designate several controllers and counters to perform relevant duties.
- V. For the election of directors and supervisors, the Board of Directors shall put in place vote box, which is to be examined in public by controllers.
- VI. If a candidate is a shareholder, the voters shall fill in the elected person account name and shareholder account number at the column of "elected person" on vote; or otherwise, they shall fill in the elected person name and ID number. Only when the government or legal person shareholder is a candidate, will the government or legal person as well as its name and representative name be filled in the column of the elected account name on vote; if there are more than one representative, the names for them shall be filled separately.
- VII. The vote is not valid for any of the following situations:
 - (I) Vote not conforming to the provisions of the method.
 - (II) Blank vote cast into vote box.
 - (III) Indiscernible hand writing or obliteration.
 - (IV) Inconsistent account name and shareholder account name with the shareholders ledger when a candidate filled in is a shareholder; or otherwise the name and ID number are not consistent upon check.
 - (V) Other words inserted apart from candidate account name (name) or shareholder account name (ID number) and distributed election right number.
 - (VI) No filling in candidate account name (name) or account name (ID number).
 - (VII) Two or more elected persons on the same one vote.
- VIII. The directors and supervisors of the Company are elected among persons with capacity for action by the shareholders' meeting, and according to the quota specified in Articles of Association, directors or supervisors will be appointed with the votes obtained in a descending sequence. If two or more candidates obtain the same equity number which

also exceeds the specified quota, then draw by lot shall be conducted for determination, and the chairperson will draw on behalf for the absent. The directors and supervisors elected according to the previous provisions shall discretely decide to act as director or supervisor; or it is confirmed through examination that the elected director or supervisor is inconsistent with the personal data or is not qualified according to provisions, then the vacancy shall be filled in by the candidate at the second place.

- IX. After voting, the votes shall be opened in public, and the voting result shall be announced by the chairperson on the spot.
- X. The Board of Directors of the Company shall issue notice to elected directors and supervisors.
- XI. For outstanding matters not stipulated by the method, the provisions of the Company Act, Articles of Association and relevant laws shall prevail.
- XII. The Method shall be implemented after passing by shareholders' meeting, and it is the same case with amendment.

Gamania Digital Entertainment Co., Ltd.

Shareholders' Meeting Proceeding Rules

- I. The proceedings of shareholders' meeting shall follow the proceeding rules, unless otherwise stipulated by law or Articles of Association.
- II. The shareholders' meeting shall prepare the signature book for sign-in by attending shareholders, or sign-in card has to be submitted for replacement.
The number of shares held by attendees shall be calculated according to signature book or submitted sign-in cards.
- III. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- IV. The place for convening shareholders' meeting shall be the domicile of the Company or other place that is convenient for shareholders to attend or suitable for the meeting. The starting time for the meeting shall not be earlier than 9 am or later than 3 pm.
- V. If the shareholder's meeting is convened by the Board of Directors, then the chairperson shall be acted upon by the chairman. If the chairman asks for leave or cannot perform his duty, vice chairman comes for replacement. If there is no vice chairman or the vice chairman asks for leave or cannot perform his duty, the chairman can designate one executive director as replacement; if there is no executive director set up, the chairman can designate one director as replacement; if the chairman does not designate, the executive director or director will recommend one as replacement.
If the shareholders' meeting is convened by other person outside the Board of Directors who has the right to convene, the chairman shall be acted by the convener.
The entrusted lawyer, CPA or relevant personnel designated by the Company shall attend the shareholders' meeting as a nonvoting delegate.
- VI. Shareholders holding over 1% of the total issued shares shall make proposal to the Annual Shareholders' Meeting of the Company in writing. However, it is only limited to one; if the proposal is more than one, it will not listed into the bill. Besides, if the proposal raised by shareholders fall into the provisions of paragraph 4 of Article 172-1 of the Company Act, the Board of Directors will not list it as bill.
Prior to the book closure date before a Annual Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
The proposal raised by shareholders shall be within 300 characters; or otherwise, it will not be listed as bill. The shareholders raising proposal shall attend the Annual Shareholders' Meeting in person or entrust others to do so one his behalf, and participate in the discussions.
- VII. The meeting process of shareholders' meeting shall be taped or video recorded for file keeping for at least one year. If, however, a shareholder files a lawsuit according to Article 189 of the

Company Act, the recordings shall be retained until the conclusion of the litigation.

VIII. Attendance at shareholders' meetings shall be calculated based on numbers of shares.

Upon the opening time of the meeting, the chairperson shall immediately announce opening. Only when the meeting is not attended by shareholders holding more than half of all issued shares, the chairperson can announce postponement. And the postponement is limited by two times and the postponed time cannot exceed one hour in total. If the meeting is not to be attended by shareholders holding more than one third of all issued shares after two times of postponement, then the chairperson will announce failed convention for lack of quorum. Before closing the meeting, if the meeting is attended by shareholders holding more than half of all issued shares, the chairperson will take it as false resolution and re-apply to the shareholders' meeting for resolution according to provisions of Article 174 of the Company Act.

IX. If the shareholders' meeting is convened by the Board of Directors, the agenda shall be formulated by it. The meeting shall be conducted according to schedule, and shall not be varied without resolution of shareholders' meeting.

If the shareholders' meeting is convened by other person outside the Board of Directors who has the right to convene, then the above provisions shall prevail.

Before closing the proceedings (including extempore motion) on the scheduled agenda of the above two items, the chairperson shall not announcement adjournment at his own discretion. If the chairperson announces adjournment by violating the proceedings rules, other members in the board shall quickly assist the attending shareholders in recommending one person as chairperson through permission of more than half of voting shareholders according to legal procedures and continue with the meeting.

X. Before the attending shareholders make any speech, they need to firstly fill in the speech tenet, shareholder account (attendance certificate S/N) and account name, and the speech order will be determined by the chairperson.

Shareholders who only submit speech note without making the speech will be deemed as no speech. If the speech content and record in speech note are not consistent, the former shall prevail. When attending shareholder is making a speech, other shareholders shall not voice to interfere unless permission from the chairperson and shareholder making the speech is obtained; or otherwise the chairperson will stop it.

For the same bill, with permission from the chairperson every shareholder can only make speech for two times at most and not more than five minutes for each. Only when the shareholders' speech go against provisions or out of the agenda scope, the chairperson will stop the speech.

If legal person shareholder designates more than two representatives to attend the shareholders' meeting, for the same bill only one person shall be recommended for speech.

After the attending shareholders have made their speech, the chairperson shall reply in person or designate relevant personnel for the same.

XI. The chairperson shall announce suspension of discussion when deeming that it reaches the degree to be voted on, and submit for resolution.

XII. The supervising and counting personnel for decision by vote shall be designated by the

chairperson, but the supervising personnel cannot be shareholders.

The voting result shall be reported on the spot and made into record.

XIII. During the meeting, the chairperson can at his own discretion announce adjournment; in the event of any events of force majeure, the chairperson can decide to suspend the meeting temporarily and announce the time for continuing with meeting according to situations.

XIV. Shareholders have one voting power for every share; and the limited ones or non-voting power by item 2 of Article 179 of Company Act are not subject to this provision.

The voting on bill shall be passed by consent from more than half voting power of attending shareholders, unless otherwise stipulated by Company Act and Articles of Association.

In voting, it shall be deemed as passing if there is no objection upon inquiry by the chairperson, and the validity is the same with decision by voting. Except for bills listed on agenda, if shareholders want to propose other bills for the same one or amendment or replacement to previous bill, they should obtain support from other shareholders and the equity represented by bill proposer and supporters shall reach more than 1% total voting power of issued shares.

XV. If there is amendment proposal or substitution proposal for the same bill, the chairperson shall determine the order of decision by vote. If one bill is passed, the others will be deemed as vetoed without the need for decision by vote.

XVI. If directors or supervisors are elected at shareholders' meeting, the relevant election and appointment norms of the Company shall be followed, and the election results shall be announced on the spot.

XVII. The resolution matters at shareholders' meeting shall be made into minute book to be signed or stamped by the chairperson and then distributed to shareholders within 20 days after the meeting. The distribution of minute book, financial statement and earnings distribution or allocation to offset loss shall be in the form of announcement.

XVIII. For the number of shares requested by requester or entrusted to agent, the Company shall prepare the statistical table according to specified format and clearly reveal within the meeting venue on the date of convening the shareholders' meeting.

XIX. The meeting staff for preparing shareholders' meeting shall wear identification certificate or armband.

The chairperson shall instruct the pickets or security personnel to maintain order. When the pickets or security personnel are maintaining order at the venue, they shall wear the armband with "provost officer" or identification certificate. If shareholders violate the proceedings rules, disobey the correction of the chairperson, interfere with the meeting, and refuse to stop after warnings, the chairperson shall instruct pickets or security personnel to guide them out of the venue.

XX. The rules can only be implemented after approval by shareholders' meeting, and it is the same case with amendment.

Gamania Digital Entertainment Co., Ltd.

Number of shares held by all directors and supervisors and the minimal number of shares to be held

May 31, 2019

Title	Name	Number of Shares Held	Shareholding Ratio
Chairman	Bai-Yuan Liu	18,621,250	10.61%
Vice Chairman	Representative of Jiayue Co. Ltd.: Wen-Duo Liao	1,000	-
Director	Representative of Wanin International: Zheng-Hao Xiao	15,101,000	8.60%
Director	Representative of Wistron Corporation: Xian-Ming Linh	1,126,445	0.64%
Director	Jin-Chang Xie	17,387	0.01%
Independent Director	Bao-Xi Sheng	0	-
Independent Director	Rui-Yi Linh	0	-
Supervisor	Representative of Zhongying Investment Co. Ltd.: Shi-Jia Cheng	1,260,744	0.72%
Supervisor	Representative of Yunpei Investment Co. Ltd.: Jia-Lin Qu	1,005	-
Number and percentage of shares held by all directors (excluding independent directors)		34,867,082	19.86%
Number and percentage of shares held by all supervisors		1,261,749	0.72%

Note:

- I. The actual paid-in capital of the Company is NT\$ 1,754,935,730, and the already issued shares are 175,493,573.
- II. According to the provisions of Article 26 of the Securities and Exchange Act: the minimal total number of shares to be held by all directors is 10,529,615.
The minimal total number of shares to be held by all supervisors is 1,052,962.

Other notes:

- I. The Company had received no proposal from shareholders for this Annual Shareholders'

Meeting in 2019.

- II. The effect of stock dividends for the current fiscal year on the Company's operating performance, earnings per share, and return on equity:

Gamania makes no public financial prediction over 2019 and thereby has no need to disclose prediction information, so it is not applicable.

