

Stock Code: 6180

Gamania Digital Entertainment Co., Ltd.

2020 Annual Shareholders' Meeting Handbook

gamania

Time: June 17, 2020, (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

Procedures for the Annual General Meeting of 2020

- I. Call the Meeting to Order
- II. Chairman in Position
- III. Chairperson's Remarks
- IV. Reports on Company Affairs
- V. Matters to be Ratified
- VI. Discussions
- VII. Election
- VIII. Other Motions
- IX. Ex ordinary Motions
- X. Adjournment

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Agenda of the Shareholders' General Meeting of 2020

- I. Time: 9:00 am, June 17 (Wednesday), 2020
- II. Venue: Banquet Hall on the 1st floor of Grand Victoria Hotel (No.168, Jingye 4th Road, Taipei City)
- III. Report the total number of shares represented by the attending shareholders
- IV. Chairman's Remarks
- V. Reports on Company Affairs
 - (1) Business Report of the Company for 2019
 - (2) Review of the report on final accounts for 2019 by supervisors
 - (3) Report on payment of remuneration to directors, supervisors and employees.
 - (4) Report on Buyback of the Company's Treasury Stocks
- VI. Matters to be Ratified
 - (1) The final accounts of 2019 for the Company.
 - (2) Statement for Distribution of Earnings for 2019.
- VII. Discussions
 - (1) Amendments to the "Articles of Association" of the Company;
 - (2) Amendments to the Company's "Procedural Rules of General Meetings".
 - (3) Amendments to the Company's "Procedures for Election of Directors".
 - (4) Amendments to the Company's "Procedures for Acquisition or Disposal of Assets".
 - (5) Amendments to the Company's "Procedures for Fund Lending and Endorsement & Guarantee".
- VIII. Election Matters
 - (1) Election of 7 Directors (Including 3 Independent Directors) for the 10th Meeting of Board of Directors
- IX. Other Motions
 - (1) Lifting of the business strife limitation for new directors clauses.
- X. Extraordinary Motions
- XI. Adjournment

I. Reports on Company Affairs

Subject 1

Brief: Business Report of the Company for 2019

Explanatory notes: See pages 5-7 of the Handbook for details.

Subject 2:

Brief: Review of the report on final accounts for 2019 by supervisors.

Explanatory notes: See page 8 of the Handbook for details.

Subject 3

Brief: Report on payment of remuneration to directors, supervisors and employees in 2019.

Explanatory notes:

1. The payment of remuneration to directors, supervisors and employees for 2019 by the Company was approved by the Board of Directors on March 12, 2020, and will be distributed in cash, but the date of payment has not yet been determined.
2. Remuneration to directors and supervisors: NT \$ 26,000,000.
3. Remuneration to employees: NT \$ 130,665,361, subject to the Articles of Association.
4. The remuneration to directors and supervisors decreased by NT \$ 133,072 compared with the remuneration recognized in 2019, and the difference will be recognized as profit and loss for 2020.

Subject 4

Brief: Report on Buyback of the Company's Treasury Stocks

Explanatory notes: See page 9 of the Handbook for details.

II. Matters to be Ratified

Subject 1: Proposed by the Board of Directors

Brief: The final accounts of 2019 for the Company. Recognition is respectfully requested.

Explanatory notes:

1. After being audited and certified by CPAs, Lin Yi Fan and Pan Huei Ling, from PwC Taiwan, the Company's financial statements for 2019 together with its business report, which was reviewed by supervisors.
2. See pages 10-35 of the Handbook for the attached statements and the Review Report from CPAs.

Resolution:

Subject 2: Proposed by the Board of Directors

Brief: Statement for Distribution of Earnings for 2019. Recognition is respectfully requested.

Explanatory notes:

1. In 2018, The Company's net profits after tax amounted to NT \$ 887,895,350, and distributable earnings amounted to NT \$ 1,399,776,654.
2. See page 36 of the Handbook for the attached Statement for Distribution of Earnings for 2019.

Resolution:

III. Discussions

Subject 1: Proposed by the Board of Directors

Brief: Amendments to the “Articles of Association” of the Company.

Explanatory notes:

1. The Company’s “Articles of Association” are proposed to be amended in response to the revision of laws and regulations and the request for setting up an Audit Committee this year.
2. See pages 37-39 of the Handbook for the attached Comparison Table of Amendments to the “Articles of Association”.

Resolution:

Subject 2: Proposed by the Board of Directors

Brief: Amendments to the Company’s “Procedural Rules of Shareholders’ General Meetings”.

Explanatory notes:

1. The “Procedural Rules of Shareholders’ General Meetings” for the Company are proposed to be amended in response to the revision of laws and regulations.
2. See pages 40-43 of the Handbook for the attached Comparison Table of Amendments to the “Procedural Rules of Shareholders’ General Meetings”.

Resolution:

Subject 3: Proposed by the Board of Directors

Brief: Amendments to the Company’s “Procedures for Election of Directors”.

Explanatory notes:

1. Amendments to the Company’s “Procedures for Election” of Directors are proposed in accordance with laws and regulations.
2. See page 44 of the Handbook for the attached Comparison Table of Amendments to the “Procedures for Election of Directors”.

Resolution:

Subject 4: Proposed by the Board of Directors

Brief: Amendments to the Company’s Procedures for “Acquisition or Disposal of Assets”.

Explanatory notes:

1. The “Procedures for Acquisition or Disposal of Assets” for the Company are proposed to be amended in response to the request for setting up an Audit Committee this year, and the revision will become effective upon re-election of the shareholders’ general meeting this year.
2. See pages 45-48 of the Handbook for the attached Comparison Table of “Amendments to the Procedures for Acquisition or Disposal of Assets”.

Resolution:

Subject 5: Proposed by the Board of Directors

Brief: Amendments to the Company’s “Procedures for Fund Lending and Endorsement & Guarantee”.

Explanatory notes:

1. The Procedures for “Fund Lending and Endorsement & Guarantee” of the Company are proposed to be amended in response to the request for setting up an Audit

Committee this year, and the revision will become effective upon re-election of the general meeting for this year.

2. See pages 49-53 of the Handbook for the attached Comparison Table of Amendments to the “Procedures for Fund Lending and Endorsement & Guarantee”.

Resolution:

IV. Election

Brief: Election of 7 Directors (Including 3 Independent Directors) for the 10th Meeting of Board of Directors.

Explanatory notes:

1. The term of office for the current directors is from June 8, 2017 to June 7, 2020. The current directors will be re-elected at the annual shareholders’ general meeting to be held on June 17, 2020.
2. Election of 7 Directors (Including 3 Independent Directors)
3. The original members of the Board of Directors will be dismissed as soon as their successors are elected at the annual shareholders’ general meeting and take office. The term of office is from June 17, 2020 to June 16, 2023.
4. See pages 85 of the Handbook for the list of candidates for the Independent Directors nominated by the Board of Directors.

Resolution:

V. Other Motions

Brief: It has been proposed to lift the business strife limitation for new directors. Discussion is respectfully requested.

Explanatory notes:

1. According to the first paragraph of Article 209 of the Company Law, directors acting on their own or on behalf of others within the business scope of the Company are required to explain the important content of their actions at the shareholders’ general meeting for permission.
2. It is proposed to lift the business strife limitation for the directors re-elected this year after they take office.

Resolution:

VI. Extraordinary Motions

VII. Adjournment

Letter to Shareholders

Dear shareholders, ladies and gentlemen:

In 2019, the consolidated operating revenue of Gamania was NT \$ 9.68 billion, and gross profits were NT \$ 4.09 billion. Due to the increase in the proportion of high-margin portfolios, the gross profits reached 42%, an increase of 8% compared to 2018; and operating profits amounted to NT \$ 1.26 billion. The net profits after tax attributable to the owners of the parent company were NT \$ 890 million, and earnings per share (EPS) were NT \$ 5.10.

Looking back on 2019, “Lineage M” has been a pillar of games for Gamania to drive the steady operation of other products; game resources across the Group were integrated through beanfun! to satisfy the demand of consumers for mobile lifestyle, such as point top up, on-line shopping, payment and lifestyle information. Multiple fields such as popular business districts, game exhibitions, religious celebrations and entertainment parties, were designed to gradually shape an entertainment and life circle exclusive for beanfun!, and the massive data collected throughout the year was incorporated into the self-built big data center by stages.

Looking forward to 2020, Gamania will focus on development of data technology by mining and analyzing data on member behavior, and planning in-depth integration of exclusive functions and activities of games, its subsidiaries will also launch new products and services one after another, and work together with the strategic partners who actively communicate with young consumers to promote beanfun! as “the mobile life portal preferred by players”.

Stable Operation of the Gaming Business Group Introduction of Diversified Products to Boost the Membership Base

The gaming business group kept operating steadily in 2019, led by “Lineage M”, “Maplestory” and “Lineage Remastered”, expanding the markets in Taiwan, Hong Kong and Macao with the new work “Cross Gate M”, and continuing to focus on revenue momentum. It is expected that there will be 3-5 new works to be launched in 2020, including the classic IP mobile game masterpiece “World of Dragon Nest” and several casual games for light players. Gamania expects to further expand the gaming membership base through the introduction of management strategies for diversified products; and will also deepen the cooperation with beanfun! to create exclusive gaming experience for different players.

Payment Business Group Integrates beanfun! To Create Comprehensive Performance and Steadily Expand Consumption Scenarios

In 2019, Cash Point made available a number of new functions, by which beanfun! transaction value of top-up credits increased by 2.5 times, “Ticket Pass” O2O tickets were applied and “IIO Virtual Item Exchange” went alive at the first stage. More services will be provided in 2020. The

shopping mall for trading in items and accounts on “IIO Virtual Item Exchange” is expected to go live this year, and the application of points and Ticket Pass will be promoted; Gamania will stride forward a pan-entertainment service platform for innovative transactions.

By cooperation on high-consumption frequency channels in 2019, GAMA PAY broke into multiple business districts in the Taipei Metro Area, and expanded a number of large-scale chain channels such as department stores, supermarkets, restaurants, and comprehensive consumption malls, plus leisure and entertainment, transportation and public payment services, cumulatively more than 50,000 consumer bases. In 2020, GAMA PAY will aim to steadily expand user consumption scenarios.

E-commerce Business Group Continues to Develop and Grasps Business Opportunities by Integrating Big Data with AI Algorithms

The entertainment and e-commerce platform, JollyBuy, started operations in early 2019, attracting a number of ACG (Anime / Comic / Game) players to settle in, and laying a good foundation. In 2020, Gamania will be fully engaged in the ACG field, promoting community-based services such as group shopping and coupon shopping, and cooperating with well-known IP and ACG related companies to expand brand cooperation. By holding events on the exchange platform, Swapub, Gamania is able to perform in-depth analysis of user transactions in various countries to optimize the front-end and back-end systems, effectively boosting the number of global members and uploaded objects, and creating a unique exchange-sharing ecosystem.

Looking forward to 2020, the e-commerce business group will continue to penetrate into the ACG life circle while integrating big data analysis with AI algorithms to assist merchants in gaining insights into data and quickly optimize sales plans and product development strategies; on the other hand, it will identify the profiles and needs of consumers, provide consumers with more instant hot search product lists and accurate and personalized matching results of goods by machine learning.

The Business Group of Digital Business Solutions Grows Steadily, with a Professional Grasp of B2B Business Opportunities

Digicentre has entered the medical and defense fields in 2019, its annual revenue has grown steadily, and revenue from cloud information security services has quadrupled; in addition to the newly established Singapore subsidiary HyperG, it also cooperates with the Israeli information security companies to provide Bot Management services. The goal of 2020 for Digicentre is to transform into a cloud information security service center for IaaS and SaaS, develop new intelligent information security products, and expand the Southeast Asian market.

Ants' Power focuses on customer services and word-of-mouth marketing, with a presence in many countries in East Asia and North America. Since last year, it has launched B2B2C membership management function on beanfun! to collect the information on needs of merchants and consumers; this year, functions will be expanded and such system renamed “Affinity Card”,

aimed at helping merchants easily grasp modular tools and designing an exclusive customer loyalty program. Ants' Power will also develop an intelligent customer service system, mine word-of-mouth data on communities, and develop differentiated marketing.

Sustainable Management

In order to honor the Company's commitment to sustainable management and maintain communication with stakeholders, Gamania started to prepare the first report on corporate social responsibilities, promising to promote environmental symbiosis by dint of scientific technology, create an employee-oriented professionally safe environment, and foster corporate culture focusing on sustainable management. The Company won "Taiwan Corporate Sustainability Awards (TCSA)" in 2019.

Founded in 1995, Gamania has embraced its 25th anniversary and has been a pioneer in the digitalization of the industry. We will uphold the original intention along the way by providing users with high-quality mobile service content, and create stable and long-term returns on investment. At the same time, we will fulfill our social responsibilities, treat our employees as family members, and build a friendly workplace for employees. We will continue to give back to the society and to fulfill our commitments to shareholders and sustainable business management. Here at Gamania, we thank all shareholders for your loyalty along the way and we hope you will continue to support us in the future.

I wish you

all the best and stay healthy!

Chairman of the Board of Directors & General Manager

Liu, Po-Yuan

Business Report

1. Results of Business Plans for 2019

The operating revenue, gross profits, income before and after tax for 2019 are shown in the table below.

Unit: NT\$ 1,000

Item	2019
Operating revenue	9,681,345
Gross profits	4,093,158
Income before tax	1,178,407
Income after tax	887,895

2. Analysis of financial revenue and expenditure and profitability

See “VI. Financial Information” and “II. Five-Year Financial Analyses” of 2019 Annual Report for details.

3. Status of Research and Development

See “V. Operational Highlights”, “I. Business Activities and (III) Technology and R&D Overview” of 2019 Annual Report for details.

4. Expected Sales Volume and Its Basis

The Company has different measurement units for a wide range of operating revenue, and has not prepared financial forecasts, so there are no statistics on the expected sales.

5. Impact of the external competition, the legal environment, and the overall business environment

(1) Impact of the external competition and the overall business environment

With the popularization of smart phones and mobile devices and the rapid growth of the output value of games, more and more foreign game developers have entered the market, bringing fiercer competition to the domestic game market. However, under the influence of the external environment, international trade conflicts, pandemic, etc., the global economic growth has been undermined and the uncertainty of the business environment has increased. Thus, apart from continuing operating large-

scale renowned IP games, the Company has also been actively transforming itself into an all-round Internet enterprise; the Company will focus on core game consumers, while coordinating with various business entities, to drive the growth of the Company.

(2) Impact of the legal environment

In terms of the legal environment, the Company abides by national policies and legal requirements, and the financial, business, audit and other relevant departments also pay attention to changes in key domestic policies and laws at all times, master the latest information in an accurate manner, and cooperate in the adjustment to the Company's internal rules and operating activities, ensuring the smooth running of the Company.

Chairman of the Board: Liu, Po-Yuan Manager: Liu, Po-Yuan Chief Accountant: Su, Hsin-Hung

Supervisors' Review Report on GAMANIA DIGITAL ENTERTAINMENT CO., LTD

RESOLVED THAT:

The Company's financial statement and consolidated financial statements prepared and submitted by the Board of Directors for 2019 have been audited, and determined as sufficient to appropriately reflect the Company's financial position, business results and cash flows by the accountants from PwC Taiwan, i.e. Lin Yi Fan and Pan Huei Ling. The Audit Report together with the Business Report and statement for distribution of earnings are determined as qualified after review by the supervisor. Reports have been submitted for approval in accordance with the provisions of Article 219 of the Taiwan's Company Act.

Best Regards

Annual General Shareholders' Meeting of GAMANIA DIGITAL
ENTERTAINMENT CO., LTD for 2020

Supervisor

Zhongying Investment Co., Ltd.

Representative: Cheng Shih Chia

Yunpei Investment Co.,Ltd.

Representative: Chiu Chia Lin

March 12, 2020

GAMANIA DIGITAL ENTERTAINMENT CO., LTD Buyback of the Company's Treasury Stock

(Done)

April 19, 2020

No.	Tenth	Eleventh
Purpose	Transfer to employees	Transfer to employees
Period	Nov.14, 2016- Jan.4, 2017	Nov.9, 2018- Jan.8, 2019
Price range	NT \$ 23-38	NT \$ 50-90
Type and number of shares bought back	Ordinary shares 183,000	Ordinary shares 0
Amount of shares bought back	NT \$ 5,241,816	NT \$ 0
Number of shares bought back/Number of shares expected to be bought back (%)	2.03	0
Number of shares that have been canceled and transferred	183,000	0
Total number of shares in the Company	0	0
Total number of shares in the Company/total number of outstanding shares (%)	1.27	1.27

(Underway)

April 19, 2020

No.	Twelfth
Purpose	Transfer to employees
Type of shares bought back	Ordinary shares
Ceiling on total amount of shares bought back	NT \$ 2,210,363,035
Period	March 13, 2020-May 12, 2020
Number of shares expected to be bought back	3,000,000
Price range	NT \$ 40-58
Class and number of shares bought back	2,241,000 ordinary shares
Amount of shares bought back	NT \$ 91,449,447
Number of shares bought back/Number of shares expected to be bought back (%)	74.7

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR 19000471

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, 2019 and 2018, 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 auditors, 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, 2019 and 2018, 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.



Estimation of revenue recognition of 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(24) 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 many transaction of game revenue and the deferral of virtual items and the estimation of users' relationship period involve management's subjective judgment, we consider the estimation of recognition of online and mobile games revenue and contract liability 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.

Impairment assessment of premium on investments accounted for using equity method

Description

Refer to Notes 4(12) and (18) for accounting policy on impairment assessment of investments accounted for under equity method, Notes 6(7) and (13) for details of impairment assessment of investments accounted for under equity method, and Note 5 for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for under equity method.

As of December 31, 2019, the Company's investments in NOWnews Network Co., Ltd. and Digicentre Company Limited are material and there are a premium arising from goodwill and other identifiable intangible assets. The projected future cash flows of the expected recoverable amount was estimated based on management's estimation and expectations on the future operations, which involve management's subjective judgement and significant estimation, and the result is significant to the financial statements. Thus, we consider impairment assessment of investments accounted for using equity method a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures relative to the above key audit matter:

- A. Assessed whether the valuation models adopted by the Company are reasonable for the industry, environment and the valued assets of the Company;
- B. Confirmed whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the cash-generating units;
- C. Assessed the appointed external appraisers in conformity with the rules of qualification and independence, and evaluated the reasonableness of material assumptions, such as expected growth rates, operating profit margin and discount rates, by:
 - (1) Reviewing the appraisal method and calculation formulas used by the independent appraisal expert.
 - (2) Comparing the expected growth rate based on operating margin with historical data;
 - (3) Reviewing the discount rate and comparing the cost of capital with similar return on similar assets in the market.

D. Compared the recoverable value and book value of each cash-generating unit in order to assess the reasonableness of the book value.

Other matter – Scope of the Audit

As described in Note 6(7), we did not audit the financial statements of certain investments accounted for using the equity method. For the years ended December 31, 2019 and 2018, the comprehensive income (loss) was NT\$100,973 thousand and (NT\$14,656) thousand, respectively, and the balance of investments accounted for using equity method are NT\$1,228,483 thousand and NT\$1,060,520 thousand as of December 31, 2019 and 2018, respectively. Those financial statements and information on investees disclosed in Note 13 were audited by other auditors 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 auditors.

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:

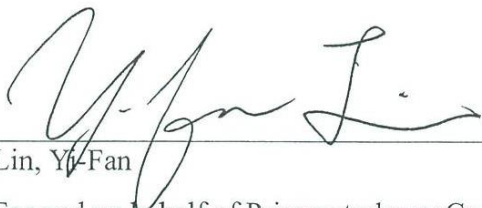
1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 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



Penny Pan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2020

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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 355,595	5	\$ 1,306,084	17
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	200,150	3
1170	Accounts receivable, net	6(3)	250,193	4	352,637	4
1180	Accounts receivable - related parties	7	354,191	5	313,295	4
1200	Other receivables		20,384	-	2,764	-
1210	Other receivables - related parties	7	115,863	2	34,553	-
1220	Current income tax assets		22,329	-	-	-
130X	Inventory	6(4)	2,464	-	271	-
1410	Prepayments	6(5)	170,564	3	228,950	3
1470	Other current assets	8	-	-	84,516	1
11XX	Total current assets		<u>1,291,583</u>	<u>19</u>	<u>2,523,220</u>	<u>32</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	463,827	7	401,991	5
1550	Investments accounted for under equity method	6(7)	2,242,668	32	1,959,326	25
1600	Property, plant and equipment	6(8), 7 and 8	2,665,210	38	2,681,500	35
1755	Right-of-use assets	6(9)	31,250	1	-	-
1780	Intangible assets	6(11) and 7	158,910	2	80,700	1
1840	Deferred income tax assets	6(29)	100,397	1	116,299	2
1900	Other non-current assets	6(12)	15,563	-	15,053	-
15XX	Total non-current assets		<u>5,677,825</u>	<u>81</u>	<u>5,254,869</u>	<u>68</u>
1XXX	Total assets		<u>\$ 6,969,408</u>	<u>100</u>	<u>\$ 7,778,089</u>	<u>100</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 650,000	9	\$ -	-
2130	Current contract liabilities	6(24)	128,639	2	419,466	5
2150	Notes payable		1,237	-	2,390	-
2170	Accounts payable		270,606	4	388,272	5
2180	Accounts payable - related parties	7	33,307	-	47,679	1
2200	Other payables	6(15)	532,795	8	697,290	9
2220	Other payables - related parties	7	160,888	2	128,167	2
2230	Current income tax liabilities		42,747	1	399,479	5
2280	Current lease liabilities		12,259	-	-	-
2300	Other current liabilities	6(16)	163,200	2	164,277	2
21XX	Total current liabilities		<u>1,995,678</u>	<u>28</u>	<u>2,247,020</u>	<u>29</u>
Non-current liabilities						
2540	Long-term borrowings	6(17)	240,000	4	800,000	10
2580	Lease liabilities - non-current		19,067	-	-	-
2600	Other non-current liabilities	6(7)(18)	3,572	-	10,090	-
25XX	Total non-current liabilities		<u>262,639</u>	<u>4</u>	<u>810,090</u>	<u>10</u>
2XXX	Total liabilities		<u>2,258,317</u>	<u>32</u>	<u>3,057,110</u>	<u>39</u>
Equity						
Share capital						
3110	Share capital - common stock	6(20)	1,754,936	25	1,754,936	23
Capital surplus						
3200	Capital surplus	6(21)	1,291,593	18	1,140,786	15
Retained earnings						
3310	Legal reserve	6(22)	175,997	3	-	-
3320	Special reserve		199,195	3	-	-
3350	Unappropriated retained earnings		1,461,346	21	2,089,075	27
Other equity interest						
3400	Other equity interest	6(23)	(171,976)	(2)	(199,195)	(3)
3500	Treasury stocks	6(20)	-	-	(64,623)	(1)
3XXX	Total equity		<u>4,711,091</u>	<u>68</u>	<u>4,720,979</u>	<u>61</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 6,969,408</u>	<u>100</u>	<u>\$ 7,778,089</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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

Items	Notes	Years ended December 31,			
		2019		2018	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(24) and 7	\$ 7,011,514	100	\$ 12,556,278	100
5000 Operating costs	6(28) and 7	(4,207,641)	(60)	(8,738,305)	(69)
5900 Net operating margin		<u>2,803,873</u>	<u>40</u>	<u>3,817,973</u>	<u>31</u>
Operating expenses	6(28) and 7				
6100 Selling expenses		(560,733)	(8)	(426,895)	(3)
6200 General and administrative expenses		(747,242)	(11)	(975,647)	(8)
6300 Research and development expenses		(174,704)	(2)	(95,272)	(1)
6450 Expected credit gain		4,538	-	840	-
6000 Total operating expenses		(1,478,141)	(21)	(1,496,974)	(12)
6900 Operating profit		<u>1,325,732</u>	<u>19</u>	<u>2,320,999</u>	<u>19</u>
Non-operating income and expenses					
7010 Other income	6(25) and 7	77,737	1	81,271	-
7020 Other gains and losses	6(26)	46,086	-	88,622	1
7050 Finance costs	6(27)	(12,575)	-	(20,738)	-
7070 Share of loss of associates and joint ventures accounted for using equity method		(194,953)	(3)	(263,899)	(2)
7000 Total non-operating income and expenses		(175,877)	(2)	(114,744)	(1)
7900 Profit before income tax		1,149,855	17	2,206,255	18
7950 Income tax expense	6(29)	(261,960)	(4)	(446,282)	(4)
8200 Profit for the year		<u>\$ 887,895</u>	<u>13</u>	<u>\$ 1,759,973</u>	<u>14</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial (losses) gains on defined benefit plans	6(18)	(\$ 2,247)	-	\$ 223	-
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(6)	(16,539)	-	(63,046)	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		27,444	-	4,270	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	449	-	(57)	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>9,107</u>	<u>-</u>	<u>(58,610)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(14,501)	-	14,676	-
8380 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss		(5,185)	-	5,098	-
8360 Other comprehensive (loss) income that will be reclassified to profit or loss		(19,686)	-	19,774	-
8300 Total other comprehensive loss for the year		(\$ 10,579)	-	(\$ 38,836)	-
8500 Total comprehensive income for the year		<u>\$ 877,316</u>	<u>13</u>	<u>\$ 1,721,137</u>	<u>14</u>
Earnings per share (in dollars)					
9750 Basic earnings per share	6(30)	<u>\$ 5.10</u>		<u>\$ 10.31</u>	
9850 Diluted earnings per share	6(30)	<u>\$ 5.02</u>		<u>\$ 10.11</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 CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Notes	Capital Reserves				Retained Earnings			Other Equity Interest			Treasury stocks	Total equity
	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficits)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets		
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
Effect of retrospective application (Note)	-	-	-	-	-	-	365,436	-	(86,360)	(279,076)	-	-
Balance at January 1 after adjustments	1,750,281	971,484	24,234	37,327	-	-	351,166	(73,262)	(86,360)	-	(186,226)	2,788,644
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
Offset of accumulated deficit against 2017 retained earnings												
Capital surplus used to cover accumulated deficit	-	(14,270)	-	-	-	-	14,270	-	-	-	-	-
Cash dividends from capital reserve	-	(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	\$ -	\$ -	\$ 2,089,075	(\$ 53,488)	(\$ 145,707)	\$ -	(\$ 64,623)	\$ 4,720,979
2019												
Balance at January 1, 2019	\$ 1,754,936	\$ 886,975	\$ 220,571	\$ 33,240	\$ -	\$ -	\$ 2,089,075	(\$ 53,488)	(\$ 145,707)	\$ -	(\$ 64,623)	\$ 4,720,979
Profit for the year	-	-	-	-	-	-	887,895	-	-	-	-	887,895
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,798)	(19,686)	10,905	-	-	(10,579)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	886,097	(19,686)	10,905	-	-	877,316
Appropriation and distribution of 2018 retained earnings												
Legal reserve	-	-	-	-	175,997	-	(175,997)	-	-	-	-	-
Special reserve	-	-	-	-	-	199,195	(199,195)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,074,222)	-	-	-	-	(1,074,222)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	486	-	-	-	-	-	-	-	486
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	64,060	-	-	(28,412)	-	-	-	-	35,648
Transfer of treasury stocks to employees	-	-	86,261	-	-	-	-	-	-	-	64,623	150,884
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	(36,000)	-	36,000	-	-	-
Balance at December 31, 2019	\$ 1,754,936	\$ 886,975	\$ 306,832	\$ 97,786	\$ 175,997	\$ 199,195	\$ 1,461,346	(\$ 73,174)	(\$ 98,802)	\$ -	\$ -	\$ 4,711,091

Note: The Company has elected the modified retrospective approach under IFRS 9, effective on January 1, 2018.

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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,149,855	\$ 2,206,255
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gain	12(2)	(4,538)	(840)
Share-based payments	6(19)	59,011	161,585
Gain on financial assets at fair value through profit or loss	6(2)(26)	(902)	(145)
Share of loss of associates accounted for using equity method		194,953	263,899
Loss (gain) on disposal of investments	6(26)	160	(86,209)
(Gain) loss on disposal of property, plant and equipment	6(26)	(885)	1
Depreciation	6(7)(8)(28)	106,021	87,551
Amortisation	6(11)(28)	111,521	107,622
Intangible assets transferred to loss and expenses	6(11)	-	5,351
Impairment loss on non-financial assets	6(13)	46,825	-
Interest income	6(25)	(13,591)	(13,872)
Dividend income	6(25)	(2,436)	-
Interest expense	6(27)	12,575	20,738
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		201,052	(200,000)
Accounts receivable		102,444	515,099
Accounts receivable - related parties		(36,358)	(88,508)
Other receivables		(13,584)	(890)
Other receivables - related parties		(81,310)	(16,948)
Inventory		(2,193)	(174)
Prepayments		58,386	(106,501)
Changes in operating liabilities			
Contract liabilities		(290,827)	171,604
Notes payable		(1,153)	662
Accounts payable		(117,666)	(116,561)
Accounts payable - related parties		(14,372)	22,296
Other payables		(128,019)	371,008
Other payables - related parties		41,979	(49,092)
Other current liabilities		(1,077)	(15,260)
Other non-current liabilities		(603)	(682)
Cash inflow generated from operations		1,375,268	3,237,989
Interest received		13,591	13,872
Dividends received		48,693	49,423
Interest paid		(12,575)	(20,738)
Income tax paid		(624,670)	(29,068)
Net cash flows from operating activities		<u>800,307</u>	<u>3,251,478</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 78,376)	\$ -
Acquisition of investments accounted for using equity method	6(31)	(604,512)	(621,004)
Acquisition of property, plant and equipment	6(31)	(83,179)	(85,892)
Proceeds from disposal of property, plant and equipment		4,762	37
Acquisition of intangible assets	6(31)	(140,846)	(63,196)
Increase in refundable deposits		(510)	(1,098)
Decrease (increase) in other financial assets		84,516	(84,516)
Net cash flows used in investing activities		(818,145)	(855,669)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(32)	650,000	-
Repayment of short-term borrowings	6(32)	-	(780,000)
Repayment of long-term debt	6(32)	(560,000)	(468,889)
Decrease in gurantee deposit received		(6)	-
Payments of lease liabilities	6(32)	(13,004)	-
Redemption of convertible bonds	6(32)	-	(100)
Treasury shares purchased by employees		64,581	121,800
Cash dividends paid	6(22)	(1,074,222)	(84,298)
Net cash flows used in financing activities		(932,651)	(1,211,487)
Net (decrease) increase in cash and cash equivalents		(950,489)	1,184,322
Cash and cash equivalents at beginning of year		1,306,084	121,762
Cash and cash equivalents at end of year		\$ 355,595	\$ 1,306,084

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

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR19000392

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, 2019 and 2018, 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 auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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.

Estimation of revenue recognition of online and mobile games revenue

Description

Refer to Note 4(29) for accounting policies on revenue recognition, Note 5(2) for the critical accounting estimates and assumptions and Note 6(26) 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 period, 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. The information of stored-value and value-added was collected by computer system. Given that the Company has many transaction of game revenue and the deferral of virtual items and the estimation of users’ relationship period involve management’s subjective judgment, we consider the estimation of recognition of online and mobile games revenue and contract liability 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.

Impairment assessment of goodwill

Description

Refer to Notes 4(18) and (19) for accounting policies on goodwill impairment, Note 6(12) for details of goodwill, and Note 5 for the uncertainty of accounting estimates and assumptions in relation to goodwill. Goodwill arising from the merger of the Company with NOWnews Network Co., Ltd. and Digicentre Company Limited is material, to the financial statements and the projected future cash flows of the expected recoverable amount under the valuation model adopted in the impairment assessment of goodwill was estimated based on management's subjective judgement and expectation on the future operations. Thus, we consider the valuation of goodwill impairment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

- A. Assessed whether the valuation models adopted by the Group are reasonable for the industry, environment and the valued assets of the Group;
- B. Confirmed whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the cash-generating units;
- C. Assessed the appointed external appraisers in conformity with the rules of qualification and independence, and evaluated the reasonableness of material assumptions, such as expected growth rates, operating profit margin and discount rates, by:
 - (a) Reviewing the appraisal method and calculation formulas used by the independent appraisal expert.
 - (b) Comparing the expected growth rate and operating profit margin with historical data;
 - (c) Reviewing the discount rate, and comparing similar return on similar assets ratio in the market.
- D. Compared the recoverable value and book value of each cash-generating unit in order to assess the reasonableness of the book value.

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 of NT\$2,125,556 thousand and NT\$1,345,818 thousand, constituting 23% and 14% of consolidated total assets as of December 31, 2019 and 2018, respectively, and operating revenue was NT\$2,186,630

thousand and NT\$1,185,227 thousand, constituting 23% and 8% of consolidated total operating revenue for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon were furnished to us and our opinion, insofar as it relates to the investments in these companies, is based solely on the reports of other auditors.

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, 2019 and 2018.

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



Penny Pan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the 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 audit 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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,202,733	24	\$ 2,796,729	29
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	200,150	2
1150	Notes receivable, net	6(3)	511	-	1,452	-
1170	Accounts receivable, net	6(3)	1,067,474	12	921,055	9
1180	Accounts receivable - related parties, net	7	6,702	-	51,704	1
1200	Other receivables	6(4)	370,354	4	401,614	4
1210	Other receivables - related parties	7	1,522	-	13,657	-
1220	Current income tax assets		26,070	-	6,057	-
130X	Inventory	6(5)	116,429	1	101,319	1
1410	Prepayments	6(6)	544,634	6	627,464	6
1470	Other current assets	8	194,296	2	179,563	2
11XX	Total current assets		<u>4,530,725</u>	<u>49</u>	<u>5,300,764</u>	<u>54</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(7)	553,533	6	461,952	5
1550	Investments accounted for under equity method	6(8)	235,418	2	227,574	2
1600	Property, plant and equipment	6(9) and 8	2,857,123	31	2,896,310	29
1755	Right-of-use assets	6(10)	59,700	1	-	-
1780	Intangible assets	6(12)	842,551	9	737,468	8
1840	Deferred income tax assets	6(31)	111,269	1	142,103	1
1900	Other non-current assets	6(13) and 8	69,566	1	57,241	1
15XX	Total non-current assets		<u>4,729,160</u>	<u>51</u>	<u>4,522,648</u>	<u>46</u>
1XXX	Total assets		<u>\$ 9,259,885</u>	<u>100</u>	<u>\$ 9,823,412</u>	<u>100</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(15)	\$ 748,179	8	\$ 139,613	1
2130	Current contract liabilities		335,054	4	452,619	5
2150	Notes payable		1,237	-	2,441	-
2170	Accounts payable		540,739	6	634,764	7
2180	Accounts payable - related parties	7	297	-	9,677	-
2200	Other payables	6(16)	1,578,028	17	1,772,141	18
2220	Other payables - related parties	7	98,678	1	157,915	1
2230	Current income tax liabilities		69,237	1	421,726	4
2280	Current lease liabilities	7	24,183	-	-	-
2300	Other current liabilities	6(17)	210,447	2	196,535	2
21XX	Total current liabilities		<u>3,606,079</u>	<u>39</u>	<u>3,787,431</u>	<u>38</u>
Non-current liabilities						
2540	Long-term borrowings	6(19)	240,000	3	800,000	8
2570	Deferred income tax liabilities	6(31)	61,297	1	59,996	1
2580	Lease liabilities - non-current	7	35,668	-	-	-
2600	Other non-current liabilities	6(20)	19,448	-	17,255	-
25XX	Total non-current liabilities		<u>356,413</u>	<u>4</u>	<u>877,251</u>	<u>9</u>
2XXX	Total liabilities		<u>3,962,492</u>	<u>43</u>	<u>4,664,682</u>	<u>47</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(22)	1,754,936	19	1,754,936	18
Capital surplus						
3200	Capital surplus	6(23)	1,291,593	14	1,140,786	11
Retained earnings						
3310	Legal reserve	6(24)	175,997	2	-	-
3320	Special reserve		199,195	2	-	-
3350	Unappropriated retained earnings		1,461,346	16	2,089,075	21
Other equity interest						
3400	Other equity interest	6(25)	(171,976)	(2)	(199,195)	(1)
3500	Treasury stocks	6(22)	-	-	(64,623)	(1)
31XX	Equity attributable to owners of the parent		<u>4,711,091</u>	<u>51</u>	<u>4,720,979</u>	<u>48</u>
36XX	Non-controlling interest		<u>586,302</u>	<u>6</u>	<u>437,751</u>	<u>5</u>
3XXX	Total equity		<u>5,297,393</u>	<u>57</u>	<u>5,158,730</u>	<u>53</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 9,259,885</u>	<u>100</u>	<u>\$ 9,823,412</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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

Items	Notes	Years ended December 31,				
		2019		2018		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(26) and 7	\$ 9,681,345	100	\$ 14,334,948	100
5000	Operating costs	6(30) and 7	(5,588,187)	(58)	(9,441,029)	(66)
5950	Gross profit		4,093,158	42	4,893,919	34
	Operating expenses	6(30) and 7				
6100	Selling expenses		(1,329,776)	(13)	(1,254,743)	(9)
6200	General and administrative expenses		(1,140,158)	(12)	(1,356,000)	(9)
6300	Research and development expenses		(362,686)	(4)	(236,656)	(2)
6450	Expected credit impairment loss	12(2)	(504)	-	(4,154)	-
6000	Total operating expenses		(2,833,124)	(29)	(2,851,553)	(20)
6900	Operating income		1,260,034	13	2,042,366	14
	Non-operating income and expenses					
7010	Other income	6(27) and 7	37,962	-	46,865	-
7020	Other gains and losses	6(28) and 7	(30,470)	-	156,142	1
7050	Finance costs	6(29) and 7	(18,528)	-	(25,456)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	(70,591)	(1)	(62,308)	-
7000	Total non-operating income and expenses		(81,627)	(1)	115,243	1
7900	Profit before income tax		1,178,407	12	2,157,609	15
7950	Income tax expense	6(31)	(313,789)	(3)	(463,624)	(3)
8200	Profit for the year		\$ 864,618	9	\$ 1,693,985	12

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

Items	Notes	Years ended December 31,				
		2019		2018		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial (loss) gain on defined benefit plan	6(20)	(\$ 2,247)	-	\$ 223	-
8316	Unrealised profit (loss) on investment in equity instruments at fair value through other comprehensive income	6(7)	11,541	-	(58,776)	(1)
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	6(25)	(636)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	449	-	(57)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>9,107</u>	-	<u>(58,610)</u>	<u>(1)</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(16,733)	-	2,326	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	6(25)	(185)	-	(12)	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		<u>(16,918)</u>	-	<u>2,314</u>	-
8300	Total other comprehensive loss for the year		<u>(\$ 7,811)</u>	-	<u>(\$ 56,296)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 856,807</u>	<u>9</u>	<u>\$ 1,637,689</u>	<u>11</u>
Profit (loss) attributable to:						
8610	Owners of the parent		\$ 887,895	9	\$ 1,759,973	12
8620	Non-controlling interest		(23,277)	-	(65,988)	-
			<u>\$ 864,618</u>	<u>9</u>	<u>\$ 1,693,985</u>	<u>12</u>
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 877,316	9	\$ 1,721,137	12
8720	Non-controlling interest		(20,509)	-	(83,448)	(1)
			<u>\$ 856,807</u>	<u>9</u>	<u>\$ 1,637,689</u>	<u>11</u>
Earnings per share (in dollars)						
9750	Basic earnings per share	6(32)	<u>\$ 5.10</u>		<u>\$ 10.31</u>	
9850	Diluted earnings per share	6(32)	<u>\$ 5.02</u>		<u>\$ 10.11</u>	

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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Notes	Capital Reserves				Equity attributable to owners of the parent			Other Equity Interest			Treasury stocks	Total	Non-controlling interest	Total equity
	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficits)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets				
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 (Note)	-	-	-	-	-	-	365,436	-	(86,360)	(279,076)	-	-	-	-
Balance at January 1 after adjustments	1,750,281	971,484	24,234	37,327	-	-	351,166	(73,262)	(86,360)	-	(186,226)	2,788,644	347,169	3,135,813
Profit (loss) for the year	-	-	-	-	-	-	1,759,973	-	-	-	-	1,759,973	(65,988)	1,693,985
Other comprehensive income (loss) for the year	-	-	-	-	-	-	166	19,774	(58,776)	-	-	(38,836)	(17,460)	(56,296)
Total comprehensive income (loss)	-	-	-	-	-	-	1,760,139	19,774	(58,776)	-	-	1,721,137	(83,448)	1,637,689
Offset of accumulated deficit against 2017 retained earnings 6(24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital surplus used to cover accumulated deficit	-	(14,270)	-	-	-	-	14,270	-	-	-	-	-	-	-
Cash dividends from capital reserve	-	(84,298)	-	-	-	-	-	-	-	-	-	(84,298)	-	(84,298)
Convertible securities conversion	4,655	14,059	-	(625)	-	-	-	-	-	-	-	18,089	-	18,089
Transfer of treasury stocks to employees	-	-	196,337	-	-	-	-	-	-	-	121,603	317,940	-	317,940
Change in equity of associates and 6(8) joint ventures accounted for using equity method	-	-	-	(7,214)	-	-	(6,820)	-	-	-	-	(14,034)	-	(14,034)
Difference between consideration and carrying amount of subsidiaries acquired or disposed 6(33)	-	-	-	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
2019														
Balance at January 1, 2019	\$ 1,754,936	\$ 886,975	\$ 220,571	\$ 33,240	\$ -	\$ -	\$ 2,089,075	(\$ 53,488)	(\$ 145,707)	\$ -	(\$ 64,623)	\$ 4,720,979	\$ 437,751	\$ 5,158,730
Profit (loss) for the year	-	-	-	-	-	-	887,895	-	-	-	-	887,895	(23,277)	864,618
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,798)	(19,686)	10,905	-	-	(10,579)	2,768	(7,811)
Total comprehensive income (loss)	-	-	-	-	-	-	886,097	(19,686)	10,905	-	-	877,316	(20,509)	856,807
Appropriations of 2018 retained earnings 6(24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	175,997	-	(175,997)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	199,195	(199,195)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(1,074,222)	-	-	-	-	(1,074,222)	-	(1,074,222)
Change in equity of associates and 6(8) joint ventures accounted for using equity method	-	-	-	486	-	-	-	-	-	-	-	486	-	486
Difference between consideration and carrying amount of subsidiaries acquired or disposed 6(33)	-	-	-	64,060	-	-	(28,412)	-	-	-	-	35,648	180,007	215,655
Treasury share distributed to employees	-	-	86,261	-	-	-	-	-	-	-	64,623	150,884	-	150,884
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(10,947)	(10,947)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	(36,000)	-	36,000	-	-	-	-	-
Balance at December 31, 2019	\$ 1,754,936	\$ 886,975	\$ 306,832	\$ 97,786	\$ 175,997	\$ 199,195	\$ 1,461,346	(\$ 73,174)	(\$ 98,802)	\$ -	\$ -	\$ 4,711,091	\$ 586,302	\$ 5,297,393

Note: The Group has elected the modified retrospective approach under IFRS 9, effective on January 1, 2018.

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, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,178,407	\$ 2,157,609
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	504	4,154
Depreciation	6(30)	154,646	111,085
Amortisation	6(12)(30)	177,341	150,202
Gain on financial assets at fair value through profit or loss	6(28)		
		(902)	(145)
Share-based payments	6(21)	86,303	196,140
Share of loss of associates accounted for using equity method		70,591	62,308
Gain on disposal of property, plant and equipment	6(28)		
		(1,133)	(40,909)
Intangible assets transferred to other loss and expenses	6(12)	4,707	5,351
Gain on disposal of investment	6(28)		
		(8,027)	(112,386)
Impairment loss on non-financial assets	6(14)	46,825	4,845
Interest income	6(27)		
		(22,941)	(17,491)
Interest expense	6(29)	18,528	25,456
Dividend income	6(27)	2,916	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		201,052	(200,000)
Notes receivable		(941)	238
Accounts receivable		(142,835)	1,363,829
Accounts receivable - related parties		45,002	(11,726)
Other receivables		27,172	(272,276)
Other receivables - related parties		12,135	(9,843)
Inventories		(15,110)	(27,432)
Prepayments		28,602	(307,836)
Other current assets		12,472	(29,394)
Other non-current assets		212	287
Changes in operating liabilities			
Contract liabilities - current		(117,565)	(27,028)
Notes payable		(1,204)	695
Accounts payable		(94,025)	(779,331)
Accounts payable - related parties		(9,380)	(136,503)
Other payables		(109,961)	1,156,942
Other payables - related parties		(38,469)	108,215
Other current liabilities		13,912	(443,865)
Other non-current liabilities		672	(340)
Cash inflow generated from operations		1,521,388	2,930,851
Interest received		22,941	17,491
Dividends received		4,477	13,469
Interest paid		(18,528)	(25,456)
Income tax paid		(654,159)	(34,891)
Net cash provided by operating activities		876,119	2,901,464

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 81,376)	\$ -
Proceeds from disposal of investments accounted for using equity method		-	97,094
Acquisition of investments accounted for using equity method	6(8)	(81,988)	(51,561)
Acquisition of subsidiaries (net of cash received)	6(34)	(101,859)	(152,287)
Acquisition of property, plant and equipment	6(36)	(104,707)	(101,527)
Proceeds from disposal of property, plant and equipment		29,259	90,719
Acquisition of intangible assets	6(36)	(300,401)	(80,175)
Proceeds from disposal of intangible assets	6(36)	52	8,538
Increase in other financial assets		(33,660)	(83,065)
Increase in refundable deposits		(6,082)	(3,962)
Net cash used in investing activities		(680,762)	(276,226)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(37)	611,907	84,466
Repayment of short-term borrowings	6(37)	-	(787,387)
Repayment of long-term borrowings	6(37)	(560,000)	(539,533)
Increase in subsidiaries capital from non-controlling interest	6(33)	244,883	18,500
Payment of lease liabilities	6(37)	(25,966)	-
Decrease in guarantee deposits received		(276)	(97)
Sale of treasury shares to employees		64,581	121,800
Cash dividends paid	6(24)	(1,074,222)	(85,753)
Acquisition of additional equity interest in subsidiaries	6(33)	(29,229)	(14,500)
Redemption of convertible bonds		-	(100)
Decrease in subsidiaries capital from non-controlling interest		(10,947)	-
Net cash used in financing activities		(779,269)	(1,202,604)
Effect of exchange rate changes on cash and cash equivalents		(10,084)	(5,935)
Net (decrease) increase in cash and cash equivalents		(593,996)	1,416,699
Cash and cash equivalents at beginning of year		2,796,729	1,380,030
Cash and cash equivalents at end of year		\$ 2,202,733	\$ 2,796,729

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD
Statement for Distribution of Earnings for 2019

Unit: NT\$

Item	Amount
Earnings undistributed at the beginning of the reporting period	639,660,673
Add: Adjustments to long-term equity investment	(28,411,633)
: Other comprehensive income	(1,797,922)
: Other comprehensive income transferred to retained earnings	(36,000,000)
Add: Net profits after tax for the current year	887,895,350
Earnings available for distribution at the end of the period	1,461,346,468
Provision for 10% of statutory surplus reserves	(88,789,535)
Reversal of special surplus reserves	27,219,721
Earnings available for distribution for the reporting period	1,399,776,654
Distribution: Cash dividends (NT\$ 3.1 per share)	(544,030,077)
Earnings undistributed at the end of the reporting period	855,746,577

Note: Subject to the principles of the Company's Statement for Distribution of Earnings, priorities shall be given to distributable earnings in 2019.

Chairman of the Board: Liu, Po-Yuan Manager: Liu, Po-Yuan Chief Accountant: Su, Hsin-Hung

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Comparison Table of Amendments to the Articles of Association

Provisions before Amendment	Original Provisions	Provisions after Amendment	Remarks
Chapter IV	Directors and Supervisors	Directors	
Article 13	<p>The Company has 5-9 directors, and 2-3 supervisors, all of whom are elected at the meeting of shareholders from capable persons. They will serve for a term of three years, and may be re-elected following appointment. Total number of the registered shares in the Company held by all the directors and supervisors shall be subject to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” promulgated by the competent authority.</p> <p>The Company may take out insurance against the liability for damages to be assumed by the directors and supervisors within the scope of business during their tenure in accordance with the law.</p>	<p>The Company has 5-9 directors, <u>including at least 3 Independent Directors</u>, all of whom are elected at the meeting of shareholders from capable persons. They will serve for a term of three years, and may be re-elected following appointment. Total number of the registered shares in the Company held by all the directors, supervisors shall be subject to the “Rules and Review Procedures for Director Share Ownership Ratios at Public Companies” promulgated by the competent authority.</p> <p>The Company may take out insurance against the liability for damages to be assumed by the directors within the scope of business during their tenure in accordance with the law.</p>	Revision of laws and regulations
Article 13-1:	<p>The Company appoints Independent Directors in accordance with Article 14-2 of the Securities and Exchange Act, the number of them shall not be less than two, or less than one-fifth of the number of directors.</p> <p><u>Independent</u> Directors shall be elected by way of</p>	<p>Directors shall be elected by way of nomination of candidates as set out in Article 192-1 of Taiwan’s Company Act. The nomination and announcement of directors shall be accepted in accordance with Taiwan’s Company Act, Securities and Exchange Act and other</p>	Revision of laws and regulations

Provisions before Amendment	Original Provisions	Provisions after Amendment	Remarks
	<p>nomination of candidates as set out in Article 192-1 of Taiwan’s Company Act. The nomination and announcement of Independent Directors shall be accepted in accordance with Taiwan’s Company Act, Securities and Exchange Act and other relevant regulations.</p> <p>Directors whether independent or not shall be elected together to calculate the number of elected candidates.</p>	<p>relevant regulations.</p> <p>Directors whether independent or not shall be elected together to calculate the number of elected candidates.</p>	
Article 13-2	<p>The Company will re-elect directors at the Annual General Meeting for 2020 and set up an Audit Committee instead of supervisors in accordance with the provisions of Article 14-4, paragraph 2 of the Securities and Exchange Act. The Audit Committee shall consist of three Independent Directors.</p>	<p>The Company will set up an Audit Committee in accordance with the provisions of Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of <u>all Independent Directors, who are responsible for performance of the duties set out in Taiwan’s Company Act, Securities and Exchange Act and other relevant regulations.</u></p>	Revision of laws and regulations

Provisions before Amendment	Original Provisions	Provisions after Amendment	Remarks
Article 15	<p>Except to the extent that the first meetings of the Board of Directors are held in accordance with the provisions of Article 203 of Taiwan's Company Act, the rest of meetings are convened and chaired by the chairman of the Board; Except as otherwise provided for by Taiwan's Company Act, resolutions of the Board shall be approved by more than half of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors. If a director is unable to attend the meeting for any reason, it shall issue a power of attorney in accordance with the provisions of Article 205 of Taiwan's Company Act to appoint another director to attend the meeting on his/her behalf, provided that only one person shall be appointed.</p> <p>In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</p>	<p>Meetings of the Board of Directors <u>are convened and chaired by the chairman of the Board.</u> Except for the first meetings of the Board of Directors, in accordance with the provisions of Article 203, <u>paragraph 4 or Article 203-1, paragraph 3 of Taiwan's Company Act, the rest of meetings are convened by a majority of directors, and chaired in accordance with the relevant regulations.</u></p> <p>Except as otherwise provided for by Taiwan's Company Act, resolutions of the Board shall be approved by more than half of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors. If a director is unable to attend the meeting for any reason, it shall issue a power of attorney in accordance with the provisions of Article 205 of Taiwan's Company Act to appoint another director to attend the meeting on his/her behalf, provided that only one person shall be appointed.</p> <p>In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</p>	Revision of laws and regulations

Provisions before Amendment	Original Provisions	Provisions after Amendment	Remarks
Article 16	The Board of Directors is authorized to determine the remuneration for all the directors and supervisors based on the degree of participation in and contribution to the operation of the Company, and with reference to the generally-accepted industry standards.	The Board of Directors is authorized to determine the remuneration for all the directors based on the degree of participation in and contribution to the operation of the Company, and with reference to the generally-accepted industry standards.	Revision of laws and regulations
Chapter VI Accounting			
Article 20	If the Company is profitable in the year, 10% to 15% of the profits will be set aside to pay employee remuneration, and no more than 2% of profits will be set aside to pay remuneration for directors and supervisors . However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance.	For pre-tax profits of the Company for the current period, 10% to 15% of the profits will be set aside to pay employee remuneration, and no more than 2% of profits will be set aside to pay remuneration for directors. . However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance.	Wording revision
Chapter VII Supplemental Provisions			
Article 22	These Articles were made effective as of May 26, 1995. The 22nd amendment hereto was made on May 29, 2019.	These Articles were made effective as of May 26, 1995. The <u>23rd amendment hereto will be made on June 17, 2020.</u>	The revision dates are included.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD
Comparison Table of Amendments to the Procedural Rules of
Shareholders' General Meetings

Provisions before Amendment	Original Provisions	Provisions after Amendment	Reasons
Article 6	<p>Shareholder(s) holding one percent or more of the total number of outstanding shares may propose in writing to the Company a proposal for discussion at a shareholders' general meeting. Where a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, if any subparagraph of Article 172-1, paragraph 4 of Taiwan's Company Act applies to a proposal put forward by a shareholder, the BOD may exclude it from the agenda.</p> <p>Prior to the date on which share transfer is suspended before the convention of a shareholders' general meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the shareholders' general meeting; and the period for accepting such proposals shall not be less than ten (10) days.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to no more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the</p>	<p><u>Unless otherwise provided for by law or regulation, the shareholders meetings of the Company shall be convened by the Board of Directors ("BOD"). The Company shall prepare and upload to the Market Observation Post System (MOPS) the electronic versions of the meeting notice, proxy form, the relevant proposals for ratification, matters for resolution, election or dismissal of directors and other matters on the meeting agenda, and the explanatory materials relating thereto 30 days before an annual shareholders' general meeting or 15 days before a special meeting.</u></p> <p><u>The Company shall prepare and upload to the MOPS the electronic versions of the handbook for a general meeting and supplemental meeting materials 21 days before an annual general meeting or 15 days before a special general meeting. In addition, within 15 days prior to a shareholders' general meeting, the Company shall also prepare the handbook for the shareholders' general meeting and supplemental meeting materials for review by shareholders at any time. The</u></p>	Revision of laws and regulations

Provisions before Amendment	Original Provisions	Provisions after Amendment	Reasons
	<p>agenda of the shareholders' general meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the shareholders' general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.</p>	<p><u>handbook and supplemental materials shall be displayed at the Company and its professional Shareholders' Service Agent, and be distributed at the shareholders' general meeting.</u> <u>The reasons for convening a shareholders' general meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</u> <u>The following matters shall be set out in the notice of the reasons for convening a shareholders' general meeting, and shall not be proposed as ad hoc motions; the main contents of the following matters shall be placed on the website designated by the securities competent authority or the Company, with the website address stated in the notice: Election or dismissal of directors; amendments to the Articles of Association; reduction of capital, applying for the cessation of its status as a public company; discharge of directors from non-competence clauses; capital increase out of earnings or reserves; dissolution, merger or spin-off of the Company; or any matter under Article 185, paragraph 1 of Taiwan's Company Act.</u> Shareholder(s) holding one percent or more of the total</p>	

Provisions before Amendment	Original Provisions	Provisions after Amendment	Reasons
		<p>number of outstanding shares may propose to the Company a proposal for discussion at a shareholders' general meeting. Where a proposal contains more than one matter, such proposal shall not be included in the agenda. <u>The Board of Directors shall include the proposals put forward by shareholders for urging the Company to promote the public interest or to fulfill its social responsibilities in the agenda.</u> In addition, if any subparagraph of Article 172-1, paragraph 4 of Taiwan's Company Act applies to a proposal put forward by a shareholder, the BOD may exclude it from the agenda. Prior to the date on which share transfer is suspended before the convention of a shareholders' general meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the shareholders' general meeting in writing or in electronic form; and the period for accepting such proposals shall not be less than ten (10) days. The number of words of a proposal to be submitted by a shareholder shall be limited to no more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' general meeting. The</p>	

Provisions before Amendment	Original Provisions	Provisions after Amendment	Reasons
		shareholder who has submitted a proposal shall attend, in person or by a proxy, the shareholders' general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.	
Article 7	Sound or video recordings shall be made for the process of General Meetings and shall be kept for at least one year. If a shareholder institutes legal proceeding in accordance with Article 189 of Taiwan's Company Act, the relevant audio or video recordings shall be retained until the legal proceedings are concluded.	<p><u>The Company shall keep a record of, from the time shareholders check in to the whole check-in process, the whole meeting, voting, and the ballot counting process,</u> recording <u>and</u> videotaping shall take place <u>without stop.</u></p> <p><u>These tapes shall be preserved</u> for at least one year. If a shareholder institutes legal proceeding in accordance with Article 189 of Taiwan's Company Act, the relevant audio or video recordings shall be retained until the legal proceedings are concluded.</p>	Revision of laws and regulations
Article 9	The agenda of a shareholders' general meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to the cases where the meeting is convened by any person, other than a member of the Board of Directors, who is entitled to	The agenda of a shareholders' general meeting shall be set by the Board of Directors, and <u>relevant motions (including ad hoc motions and amendments to the original motions) should be voted on a case-by-case basis</u> if the meeting is convened by the Board of Directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to the cases	Revision of laws and regulations

Provisions before Amendment	Original Provisions	Provisions after Amendment	Reasons
	<p>convene such meeting. Unless otherwise resolved at the shareholders' general meeting, the chairman may not announce adjournment of the meeting before all the discussions (including ad hoc motions) listed in the agenda are resolved. The shareholders cannot designate any other person as chairman and continue a shareholders' general meeting in the same or other place after the meeting is adjourned; However, in the event that the chairman adjourns a shareholders' general meeting in violation of these Procedural Procedures, one person shall be elected as chairman to continue the meeting by a majority of votes represented by the shareholders attending the meeting.</p>	<p>where the meeting is convened by any person, other than a member of the Board of Directors, who is entitled to convene such meeting. Unless otherwise resolved at the shareholders' general meeting, the chairman may not announce adjournment of the meeting before all the discussions (including ad hoc motions) listed in the agenda are resolved. The shareholders cannot designate any other person as chairman and continue a shareholders' general meeting in the same or other place after the meeting is adjourned; However, in the event that the chairman adjourns a shareholders' general meeting in violation of these Procedural Procedures, one person shall be elected as chairman to continue the meeting by a majority of votes represented by the shareholders attending the meeting.</p>	
Article 11	The chairman may announce to end the discussion of any resolution and put it to the vote if he/she deems it appropriate.	The chairman may announce to end the discussion of any resolution and put it to the vote if he/she deems it appropriate, <u>and reserve adequate voting time.</u>	Revision of laws and regulations
Article 16	The election of directors and supervisors at a shareholders' general meeting shall be held in accordance with the applicable election rules adopted by the Company, and the voting results shall be announced on-site immediately.	Election of directors <u>and appointment date set out in the notice of the reasons for convening a shareholders' general meeting</u> shall be subject to the applicable election rules adopted by the Company, and the voting results shall be announced on-site immediately. <u>The appointment date shall not</u>	Revision of laws and regulations

Provisions before Amendment	Original Provisions	Provisions after Amendment	Reasons
		<u>be changed by ad hoc motions or otherwise at the shareholders' general meeting.</u>	
Article 17	The matters resolved at a shareholders' general meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes, financial statements, and statement for distribution of earnings or loss off-setting proposals shall be distributed in the form of announcement.	The matters resolved at a shareholders' general meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be <u>produced and</u> distributed in <u>electronic</u> form. <u>The Company may distribute the meeting minutes by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, date, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results ((including statistical weight), and shall be retained for the duration of the existence of the Company; if directors are selected, the number of votes for each candidate should be disclosed. . The meeting minutes shall be retained for the duration of the existence of the Company.</u>	Revision of laws and regulations
Article 21		These Procedural Rules were made effective as of June 14, 2006. The 1st amendment hereto was made on June 22, 2012 The 2nd amendment hereto will be made o June 17, 2021	Additional provisions

GAMANIA DIGITAL ENTERTAINMENT CO., LTD
Comparison Table of Amendments to Procedures for Election of
Directors

Provisions before Amendment	Original Provisions	Provisions after Amendment	Description
Article 2	<p>When directors are elected by the Company, the number of votes exercisable in respect of one Share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.</p> <p>Independent Directors shall be elected by way of nomination of candidates.</p> <p>Directors whether independent or not shall be elected together to calculate the number of elected candidates.</p>	<p>When directors are elected by the Company, the number of votes exercisable in respect of one Share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.</p> <p>Directors shall be elected by way of nomination of candidates.</p> <p>Directors whether independent or not shall be elected together to calculate the number of elected candidates.</p>	Revision of laws and regulations

These Procedures were made effective as of March 17, 2002

The 1st amendment hereto was made on May 29, 2019

The 2nd amendment hereto will be made on June 17, 2020

GAMANIA DIGITAL ENTERTAINMENT CO., LTD
Comparison Table of Amendments to the Procedures for Acquisition
or Disposal of Assets

Original Provisions	Provisions after Amendment	Description
<p>Article 4</p> <p>These Procedures as well as any amendment thereto shall be established pursuant to the Regulations Governing the Acquisition or Disposal of Assets of Public Companies, and shall be submitted to the supervisors at the shareholders' general meeting for approval after being adopted by the Board of Directors. If any director raises an objection evidenced by records or a written statement, the Company shall submit the objection to the supervisors. If the Company has appointed Independent Directors in accordance with the law, when the Procedures for Acquisition or Disposal of Assets are submitted to the Board of Directors for discussions in accordance with the preceding paragraph, the opinions expressed by the Independent Directors shall be taken into full consideration, and the specific opinions from such Independent Directors for consent or objection, and reasons for objection shall be stated in the minutes of the meeting.</p> <p>If the Company has set up an Audit Committee in accordance with the law, the enactment of or amendment to the Procedures for Acquisition or Disposal of Assets shall be approved by more than one half of the members of the Audit Committee subject to the resolution of the Board of Directors.</p> <p>If the enactment or amendment is not approved by more than one-half of the members of the audit committee as set forth in the preceding paragraph, no enactment or amendment may be made unless approved by more than two-thirds of all the directors, and the resolutions of the audit committee</p>	<p>Article 4</p> <p>These Procedures as well as any amendment thereto shall be established pursuant to "Regulations Governing the Acquisition or Disposal of Assets of Public Companies", and shall be submitted to the supervisors at the shareholders' general meeting for approval after being adopted by the Board of Directors. If any director raises an objection evidenced by records or a written statement, the Company shall submit the objection to the supervisors. If the Company has appointed Independent Directors in accordance with the law, when the Procedures for Acquisition or Disposal of Assets are submitted to the Board of Directors for discussions in accordance with the preceding paragraph, the opinions expressed by the Independent Directors shall be taken into full consideration, and the specific opinions from such Independent Directors for consent or objection, and reasons for objection shall be stated in the minutes of the meeting.</p> <p>If the Company has set up an Audit Committee in accordance with the law, the enactment of or amendment to the Procedures for Acquisition or Disposal of Assets shall be approved by more than one half of the members of the Audit Committee subject to the resolution of the Board of Directors.</p> <p>If the enactment or amendment is not approved by more than one-half of the members of the audit committee as set forth in the preceding paragraph, no enactment or amendment may be made unless approved by more than two-thirds of all the directors,</p>	<p>In response to the request for setting up an Audit Committee this year</p>

Original Provisions	Provisions after Amendment	Description
<p>shall be stated in the meeting minutes of the Board of Directors.</p> <p>The terms “all Audit Committee members” in paragraph 3 and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>and the resolutions of the audit committee shall be stated in the meeting minutes of the Board of Directors.</p> <p>The terms “all Audit Committee members” in paragraph 3 and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
<p>Article 13</p> <p>When the Company acquires or disposes of real property or right to use assets from a related party, or when the Company intends to acquire or dispose of any assets other than real property or right to use assets from a related party, the transaction amount reaches 20% of the paid-in capital of the Company, or 10% of the aggregate amount of assets of the Company, or NTD 300 million or more. Except for trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities, investment and trust enterprises, the following materials shall be submitted for approval firstly by the Board of Directors and supervisors before any transaction agreement is signed or any payment is made:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. In acquisition of real property or right to use assets from a related party, the information regarding the reasonableness of the proposed transaction terms shall be evaluated in accordance with Articles 14 and 15 hereof. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty’s relationship 	<p>Article 13</p> <p>When the Company acquires or disposes of real property or right to use assets from a related party, or when the Company intends to acquire or dispose of any assets other than real property or right to use assets from a related party, the transaction amount reaches 20% of the paid-in capital of the Company, or 10% of the aggregate amount of assets of the Company, or NTD 300 million or more. Except for trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities, investment and trust enterprises, the following materials shall be submitted for approval firstly by the Board of Directors and Audit Committee before any transaction agreement is signed or any payment is made:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. In acquisition of real property or right to use assets from a related party, the information regarding the reasonableness of the proposed transaction terms shall be evaluated in accordance with Articles 14 and 15 hereof. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty’s relationship 	<p>In response to the request for setting up an Audit Committee this year</p>

Original Provisions	Provisions after Amendment	Description
<p>to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. The appraisal report obtained from a professional appraiser or opinions from a certified public accountant in accordance with the preceding paragraph.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The amount of transactions described above shall be calculated in accordance with paragraph 2 of Article 38 hereof. “Within one year” refers to one year from the actual date of the transaction. However, the calculation should exclude the amount which has already been submitted for approval by supervisors as well as the Board in accordance with these Procedures. If the Company intends to enter into the following transactions with its subsidiaries or the subsidiaries in which the Company holds, directly or indirectly, 100% of the issued shares or total capital, the chairman may be first authorized by the Board of Directors to make decisions at a certain amount before the transaction is submitted to the Board for approval at the next meeting immediately following the transactions.</p> <p>I. Acquisition or disposal of the equipment or right to use assets for business purpose.</p> <p>II. Acquisition or disposal of real property or right to use assets for business purpose.</p> <p>If the Company has appointed Independent Directors in accordance with the law. When the acquisition or disposal of real property or right to use assets is reported to the Board of Directors for discussions in accordance with paragraph 1, the opinions expressed by the Independent Directors shall be taken into full consideration. If an</p>	<p>to the company and the related party.</p> <p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. The appraisal report obtained from a professional appraiser or opinions from a certified public accountant in accordance with the preceding paragraph.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The amount of transactions described above shall be calculated in accordance with paragraph 2 of Article 38 hereof. “Within one year” refers to one year from the actual date of the transaction. However, the calculation should exclude the amount which has already been submitted for approval by supervisors as well as the Board in accordance with these Procedures. If the Company intends to enter into the following transactions with its subsidiaries or the subsidiaries in which the Company holds, directly or indirectly, 100% of the issued shares or total capital, the chairman may be first authorized by the Board of Directors to make decisions at a certain amount before the transaction is submitted to the Board for approval at the next meeting immediately following the transactions in compliance with Article 7.</p> <p>I. Acquisition or disposal of the equipment or right to use assets for business purpose.</p> <p>II. Acquisition or disposal of real property or right to use assets for business purpose.</p> <p>If the Company has appointed Independent Directors in accordance with the law. When the acquisition or disposal of real property or right to use assets is reported to the Board of Directors for discussions in accordance with paragraph 1, the opinions expressed by the Independent Directors</p>	

Original Provisions	Provisions after Amendment	Description
<p>independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.</p> <p>If the Company has set up an Audit Committee in accordance with the law, the matters that require the approval of supervisors in accordance with paragraph 1 shall be approved by more than one-half of the members of the Audit Committee subject to the resolution of the Board of Director. The provisions of Article 4, paragraphs 3 and 4 shall apply.</p>	<p>shall be taken into full consideration. If an independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.</p> <p>If the Company has set up an Audit Committee in accordance with the law, the matters that require the approval of supervisors in accordance with paragraph 1 shall be approved by more than one-half of the members of the Audit Committee subject to the resolution of the Board of Director. The provisions of Article 4, paragraphs 3 and 4 shall apply.</p>	
<p>Article 15</p> <p>If the costs appraised in accordance with Article 14 (1) and (2) are both lower than transaction prices, transaction amount shall be calculated pursuant to Article 16.</p> <p>However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party’s construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed the average gross operating profit margin of the related party’s construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance,</p>	<p>Article 15</p> <p>If the costs appraised in accordance with Article 14 (1) and (2) are both lower than transaction prices, transaction amount shall be calculated pursuant to Article 16.</p> <p>However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party’s construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The “Reasonable construction profit” shall be deemed the average gross operating profit margin of the related party’s construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance,</p>	<p>Deletion of false statements</p>

Original Provisions	Provisions after Amendment	Description
<p>whichever is lower.</p> <p>(2) The cases of transactions completed by unrelated parties within the preceding year involved with other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard real property marketing or lease practices.</p> <p>(3) In accordance with standard property leasing market practices, for other floors of the same property leased by unrelated parties within the preceding year, there shall be similar transaction terms after calculation of reasonable price discrepancies among floors.</p> <p>II. The evidence produced by the Company proves that in the acquisition of real property from a related party or acquisition of the right to use real property by lease, the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>The cases of transactions completed for neighboring or closely valued parcels of land described in the preceding paragraph in principle refers to the parcels on the same or an adjacent block and within a distance of no more than 500 meters or the parcels close in publicly announced current value; the cases of transactions for similarly sized parcels in principle refers to the transactions completed by unrelated parties for parcels with a land area of no less than fifty percent</p> <p>(50) of the property in the planned transaction; “within one year” refers to one year from the actual date of acquisition of the real property or its right to use assets.</p>	<p>whichever is lower.</p> <p>(2) The cases of transactions completed by unrelated parties within the preceding year involved with other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard real property marketing or lease practices.</p> <p>(3) In accordance with standard property leasing market practices, for other floors of the same property leased by unrelated parties within the preceding year, there shall be similar transaction terms after calculation of reasonable price discrepancies among floors.</p> <p>II. Where the evidence produced by the Company proves that in the acquisition of real property from a related party or acquisition of the right to use real property by lease, the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>The cases of transactions completed for neighboring or closely valued parcels of land described in the preceding paragraph in principle refers to the parcels on the same or an adjacent block and within a distance of no more than 500 meters or the parcels close in publicly announced current value; the cases of transactions for similarly sized parcels in principle refers to the transactions completed by unrelated parties for parcels with a land area of no less than fifty percent (50) of the property in the planned transaction; “within one year” refers to one year from the actual date of acquisition of the real property or its right to use assets.</p>	

Original Provisions	Provisions after Amendment	Description
<p>Article 16</p> <p>When real property is acquired from a related party, if the costs appraised in accordance with Articles 14 and 15 hereof are both lower than transaction prices, the following matters shall be addressed:</p> <p>I. Special surplus reserves shall be set aside in accordance with the regulations against the difference between the transaction price and the appraised costs for real property, and may not be distributed or used for capital increase or issuance of bonus shares. If the special surplus reserves set aside by the invested company are recognized by the Company by employing the equity method, the Company shall also make a provision for special surplus reserves pro rata to the shareholding against the amount set aside.</p> <p>II. Supervisors (if any) shall comply with the provisions of the Article 218 of Taiwan's Company Act.</p> <p>III. The actions taken pursuant to paragraphs 1 and 2 of this Article shall be reported to at a shareholders' general meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>If the Company makes a provision for special surplus reserves in accordance with the preceding paragraph, it shall purchase the assets for which losses from falling prices have been recognized or which have been disposed of or which have been appropriately compensated or restored the status quo ante at a high price, or if there is other evidence indicating that the transaction is reasonable, the special surplus reserves may not be used unless with the consent of the Securities and Futures Bureau.</p> <p>If there is other evidence indicating that the acquisition of real property from a related party is not consistent with the business practice, such acquisition shall be subject to</p>	<p>Article 16</p> <p>When real property is acquired from a related party, if the costs appraised in accordance with Articles 14 and 15 hereof are both lower than transaction prices, the following matters shall be addressed:</p> <p>I. Special surplus reserves shall be set aside in accordance with the regulations against the difference between the transaction price and the appraised costs for real property, and may not be distributed or used for capital increase or issuance of bonus shares. If the special surplus reserves set aside by the invested company are recognized by the Company by employing the equity method, the Company shall also make a provision for special surplus reserves pro rata to the shareholding against the amount set aside.</p> <p>II. The Audit Committee (if any) shall comply with the provisions of the Article 218 of Taiwan's Company Act.</p> <p>III. The actions taken pursuant to paragraphs 1 and 2 of this Article shall be reported to at a shareholders' general meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>If the Company makes a provision for special surplus reserves in accordance with the preceding paragraph, it shall purchase the assets for which losses from falling prices have been recognized or which have been disposed of or which have been appropriately compensated or restored the status quo ante at a high price, or if there is other evidence indicating that the transaction is reasonable, the special surplus reserves may not be used unless with the consent of the Securities and Futures Bureau.</p> <p>If there is other evidence indicating that the acquisition of real property from a related party is not consistent with the business practice, such acquisition shall be subject to</p>	<p>In response to the request for setting up an Audit Committee this year</p>

Original Provisions	Provisions after Amendment	Description
the preceding two paragraphs of this Article.	the preceding two paragraphs of this Article.	
<p>Article 28</p> <p>Internal auditors shall evaluate the appropriateness of internal control over derivative product transactions on a regular basis, and check the compliance of these Procedures by the trading department, and analyze the trading cycle on a monthly basis to prepare an audit report which shall be submitted to the Board of Directors. Should there be any material breach found, a written notice shall be sent to each supervisor.</p> <p>If the Company has appointed Independent Directors in accordance with the law, Independent Directors shall also be notified in writing of the matters for which a notice shall be given to each supervisor in accordance with the preceding paragraph.</p> <p>If the Company has set up an Audit Committee in accordance with the law, the provisions of paragraph 1 applicable for supervisors also apply to the Audit Committee.</p>	<p>Article 28</p> <p>Internal auditors shall evaluate the appropriateness of internal control over derivative product transactions on a regular basis, and check the compliance of these Procedures by the trading department, and analyze the trading cycle on a monthly basis to prepare an audit report which shall be submitted to the Board of Directors. Should there be any material breach found, a written notice shall be sent to the Audit Committee.</p> <p>If the Company has appointed Independent Directors in accordance with the law, Independent Directors shall also be notified in writing of the matters for which a notice shall be given to each supervisor in accordance with the preceding paragraph.</p> <p>If the Company has set up an Audit Committee in accordance with the law, the provisions of paragraph 1 applicable for supervisors also apply to the Audit Committee.</p>	<p>In response to the request for setting up an Audit Committee this year</p>

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Comparison Table of Amendments to the Procedures for Fund Lending and Endorsement & Guarantee

Original Provisions	Provisions after Amendment	Description
<p>Article 20</p> <p>1. After loans are granted, attention should be paid to the financial, business and credit status of the borrower and guarantor. If a collateral is provided, attention should be paid to whether there is any change in the collateral value. In case of any material change, a notice shall be given to the chairman of the Board immediately, and such change shall be handled properly as instructed thereby. Before loans are made, the borrower shall be notified to pay off the principal and interest on due date or go through the extension procedures.</p> <p>2. The financial unit shall prepare memorandum books, and keep records of the borrowers, amount of loans, the date when loans are approved by the Board of Directors, the date of lending and the matters to be prudently assessed in details in accordance with these Procedures for future reference at the end of each month. Lending of funds to others shall be reported to the Board of Directors and relevant units in the prescribed format.</p> <p>3. The accounting unit shall evaluate the status of fund</p>	<p>Article 20</p> <p>1. After loans are granted, attention should be paid to the financial, business and credit status of the borrower and guarantor. If a collateral is provided, attention should be paid to whether there is any change in the collateral value. In case of any material change, a notice shall be given to the chairman of the Board immediately, and such change shall be handled properly as instructed thereby. Before loans are made, the borrower shall be notified to pay off the principal and interest on due date or go through the extension procedures.</p> <p>2. The financial unit shall prepare memorandum books, and keep records of the borrowers, amount of loans, the date when loans are approved by the Board of Directors, the date of lending and the matters to be prudently assessed in details in accordance with these Procedures for future reference at the end of each month. Lending of funds to others shall be reported to the Board of Directors and relevant units in the prescribed format.</p> <p>3. The accounting unit shall evaluate the status of fund lending and make a provision for adequate allowance for bad debts, properly disclose the relevant information in the financial statements, and</p>	<p>In response to the request for setting up an Audit Committee this year</p>

Original Provisions	Provisions after Amendment	Description
<p>lending and make a provision for adequate allowance for bad debts, properly disclose the relevant information in the financial statements, and provide the certified public accountants with the relevant information necessary for them to carry out verification procedures.</p> <p>4. Internal auditors shall audit the implementation of these Procedures at least on a quarterly basis and produce written audit records. Should there be any material violation found, a written report is needed to notify the supervisors and Independent Directors.</p> <p>5. If loans are overdue and cannot be recovered, recourse action shall be taken against debtors through legal channels to protect the rights and interests of the Company.</p>	<p>provide the certified public accountants with the relevant information necessary for them to carry out verification procedures.</p> <p>4. Internal auditors shall audit the implementation of these Procedures at least on a quarterly basis and produce written audit records. Should there be any material violation found, a written report is needed to notify the Audit Committee and Independent Directors.</p> <p>5. If loans are overdue and cannot be recovered, recourse action shall be taken against debtors through legal channels to protect the rights and interests of the Company.</p>	
<p>Article 24</p> <p>The Company's aggregate of liability for endorsements & guarantees shall be limited to 100% of total amount of capital</p> <p>The endorsement & guarantee provided by the Company to the same enterprise shall be limited to NT \$ 30 million, no higher than the paid-in capital of the company</p> <p>. Except to the extent that endorsements & guarantees are provided to a company in which the Company holds, directly or indirectly, 50% or more of the voting shares.</p> <p>If endorsements & guarantees are provided to a subsidiary in</p>	<p>Article 24</p> <p>The Company's aggregate maximum of liability for endorsements & guarantees shall be limited to 100% of its net worth as stated in its latest financial statement; The endorsement & guarantee provided by the Company to the same enterprise shall be limited to 10% of the Company's net worth as stated in its latest financial statement, no higher than the paid-in capital of the enterprise. Except to the extent that endorsements & guarantees are provided to a company in which the Company holds, directly or indirectly, 50% or more of the voting shares.</p>	<p>Revision made in accordance with laws and regulations</p>

Original Provisions	Provisions after Amendment	Description
<p>which the Company holds, directly or indirectly, 50% or more of the voting shares, the Company's aggregate of liability for endorsements & guarantees shall be limited to 30% of total amount of capital of the Company, not subject to the limit of NT \$ 30 million in the preceding paragraph.</p> <p>The Company and its subsidiary's aggregate maximum of liability for endorsements & guarantees shall be limited to 100% of the Company's total amount of capital; The endorsement & guarantee provided by the Company and the subsidiary to the same enterprise shall be limited to NT \$ 50 million, no higher than the paid in capital of the enterprise.</p> <p>Except to the extent that endorsements & guarantees are provided to a company in which the Company holds, directly or indirectly, 50% or more of the voting shares.</p> <p>If the Company and its subsidiary's aggregate maximum of liability for endorsements & guarantees reach 50% or more of the net worth of the Company, the necessity and reasonableness thereof shall be stated at a shareholders' general meeting.</p> <p>If endorsements & guarantees are provided to a subsidiary whose net worth is less than one-half of its paid-in capital, the Company or the subsidiary shall review the statements of the subsidiary on a quarterly basis so</p>	<p>The Company and its subsidiary's aggregate maximum of liability for endorsements & guarantees shall be limited to 100% of its net worth as stated in its latest financial statement; The endorsement & guarantee provided by the Company to the same enterprise shall be limited to 10% of the Company's net worth as stated in its latest financial statement.</p> <p>If the Company and its subsidiary's aggregate maximum of liability for endorsements & guarantees reach 50% or more of the net worth of the Company, the necessity and reasonableness thereof shall be stated at a shareholders' general meeting.</p> <p>If endorsements & guarantees are provided to a subsidiary whose net worth is less than one-half of its paid-in capital, the Company or the subsidiary shall review the statements of the subsidiary on a quarterly basis so as to put forward a financing improvement plan.</p> <p>If the shares of a subsidiary have no face value or the face value per share is less than NT\$10, the amount of paid-in capital calculated according to the preceding paragraph shall be the sum of the capital stock plus capital reserves, minus share premium.</p>	

Original Provisions	Provisions after Amendment	Description
<p>as to put forward a financing improvement plan.</p> <p>If the shares of a subsidiary have no face value or the face value per share is less than NT\$10, the amount of paid-in capital calculated according to the preceding paragraph shall be the sum of the capital stock plus capital reserves, minus share premium.</p>		
<p>Article 28</p> <p>1. In terms of endorsements & guarantees, the Company should check whether or not the qualifications and quotas of the endorsed & guaranteed companies meet the requirements of these Procedures item by item based on their application, keep track of their business conditions, financial position, and credit ratings to evaluate the necessity, rationality and risks of the endorsements & guarantees, and make records including the impact of the endorsements & guarantees on the Company's operational risks, financial position and shareholders' equity. When necessary, collateral shall be obtained with its value evaluated by relevant personnel. The contents, reasons and risk assessment results of the endorsements & guarantees shall be stated and submitted to the Board of Directors for discussions after being approved by the chairman of the Board; if within the prescribed credit line, the chairman will make</p>	<p>Article 28</p> <p>1. In terms of endorsements & guarantees, the Company should check whether or not the qualifications and quotas of the endorsed & guaranteed companies meet the requirements of these Procedures item by item based on their application, keep track of their business conditions, financial position, and credit ratings to evaluate the necessity, rationality and risks of the endorsements & guarantees, and make records including the impact of the endorsements & guarantees on the Company's operational risks, financial position and shareholders' equity. When necessary, collateral shall be obtained with its value evaluated by relevant personnel. The contents, reasons and risk assessment results of the endorsements & guarantees shall be stated and submitted to the Board of Directors for discussions after being approved by the chairman of the Board; if within the prescribed credit line, the chairman will make decisions based on the creditworthiness and financial position of the endorsed &</p>	<p>In response to the request for setting up an Audit Committee this year</p>

Original Provisions	Provisions after Amendment	Description
<p>decisions based on the creditworthiness and financial position of the endorsed & guaranteed companies. If a guarantee is provided to a foreign company, the letter of guarantee issued by the Company should be signed by the person authorized by the Board of Directors.</p> <p>2. The financial unit shall prepare memorandum books for endorsements & guarantees. After endorsements & guarantees are adopted by the Board of Directors or approved by the chairman of the Board, the Company shall keep records of the entities to which endorsements & guarantees are provided, amount, the date when endorsements & guarantees are adopted by the Board of Directors or approved by the chairman, the effective date for endorsements & guarantees, and the matters to be prudently evaluated in accordance with these Procedures for future reference. Documents such as bills and agreements should also be photocopied for safekeeping.</p> <p>3. The financial unit shall prepare a detailed list of monthly guarantees incurred and canceled for control and tracking, and shall evaluate or recognize the contingent losses from the endorsements & guarantees on a quarterly basis, disclose the information about the endorsements & guarantees in the financial statements, and</p>	<p>guaranteed companies. If a guarantee is provided to a foreign company, the letter of guarantee issued by the Company should be signed by the person authorized by the Board of Directors.</p> <p>2. The financial unit shall prepare memorandum books for endorsements & guarantees. After endorsements & guarantees are adopted by the Board of Directors or approved by the chairman of the Board, the Company shall keep records of the entities to which endorsements & guarantees are provided, amount, the date when endorsements & guarantees are adopted by the Board of Directors or approved by the chairman, the effective date for endorsements & guarantees, and the matters to be prudently evaluated in accordance with these Procedures for future reference. Documents such as bills and agreements should also be photocopied for safekeeping.</p> <p>3. The financial unit shall prepare a detailed list of monthly guarantees incurred and canceled for control and tracking, and shall evaluate or recognize the contingent losses from the endorsements & guarantees on a quarterly basis, disclose the information about the endorsements & guarantees in the financial statements, and provide the certified public accountants with the relevant information.</p> <p>4. If the entities to which endorsement & guarantee are provided no longer meet the requirements of these Procedures or the amount exceeds the limit when</p>	

Original Provisions	Provisions after Amendment	Description
<p>provide the certified public accountants with the relevant information.</p> <p>4. If the entities to which endorsement & guarantee are provided no longer meet the requirements of these Procedures or the amount exceeds the limit when there are changes in the circumstances, an improvement plan shall be developed. The relevant improvement plan shall also be submitted to each supervisor and Independent Directors.</p> <p>5. Before the expiration date of an endorsement & guarantee, the financial unit shall take the initiative to notify the guaranteed enterprise to withdraw the guarantee notes deposited with a bank or financial institution, and cancel the deed of endorsement & guarantee.</p> <p>6. Internal auditors shall audit the implementation of these Procedures at least on a quarterly basis and produce written audit records. Should there be any material violation found, a written report is needed to notify the supervisors and Independent Directors.</p>	<p>there are changes in the circumstances, an improvement plan shall be developed. The relevant improvement plan shall also be submitted to the Audit Committee and Independent Directors.</p> <p>5. Before the expiration date of an endorsement & guarantee, the financial unit shall take the initiative to notify the guaranteed enterprise to withdraw the guarantee notes deposited with a bank or financial institution, and cancel the deed of endorsement & guarantee.</p> <p>6. Internal auditors shall audit the implementation of these Procedures at least on a quarterly basis and produce written audit records. Should there be any material violation found, a written report is needed to notify the Audit Committee and Independent Directors.</p>	
<p>Article 29</p> <p>1. The Company shall announce and declare the balance of the endorsement & guarantee provided by it and its subsidiaries in the preceding month by the 10th day of each month.</p> <p>2. If the balance of the endorsement & guarantee made</p>	<p>Article 29</p> <p>1. The Company shall announce and declare the balance of the endorsement & guarantee provided by it and its subsidiaries in the preceding month by the 10th day of each month.</p> <p>2. If the balance of the endorsement & guarantee made by the Company falls into any of the following</p>	<p>Revision made in accordance with laws and regulations</p>

Original Provisions	Provisions after Amendment	Description
<p>by the Company falls into any of the following circumstances, the Company shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:</p> <p>(1) The balance of the endorsement & guarantee provided by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of the endorsement & guarantee provided by the Company and its subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of the endorsement & guarantee provided by the Company and its subsidiaries to a single enterprise reaches NT\$ 10 million, and the aggregate of the endorsement & guarantee carrying amount of investments recognized under equity method and the balance of loans from the Company and its subsidiaries to such single enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsement & guarantee provided by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public-</p>	<p>circumstances, the Company shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:</p> <p>(1) The balance of the endorsement & guarantee provided by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of the endorsement & guarantee provided by the Company and its subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of the endorsement & guarantee provided by the Company and its subsidiaries to a single enterprise reaches NT\$ 10 million, and the aggregate of the endorsement & guarantee carrying amount of investments recognized under equity method and the balance of loans from the Company and its subsidiaries to such single enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsement & guarantee provided by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>If it is necessary for the Company's subsidiary which is not a Taiwan public company to announce or report such event as listed in the</p>	

Original Provisions	Provisions after Amendment	Description
<p>company's net worth as stated in its latest financial statement. If it is necessary for the Company's subsidiary which is not a Taiwan public company to announce or report such event as listed in the paragraphs described above, the Company will follow the requirement on behalf of its subsidiary.</p> <p>3. The public company shall evaluate or recognize the contingent losses from the endorsements & guarantees, appropriately disclose the information about the endorsements & guarantees in the financial statements, and provide the certified public accountants with the relevant information for them to adopt the necessary verification procedures.</p>	<p>paragraphs described above, the Company will follow the requirement on behalf of its subsidiary.</p> <p>3. The public company shall evaluate or recognize the contingent losses from the endorsements & guarantees, appropriately disclose the information about the endorsements & guarantees in the financial statements, and provide the certified public accountants with the relevant information for them to adopt the necessary verification procedures.</p>	
<p>Article 32</p> <p>1. These Procedures shall be submitted to each supervisor at the shareholders' general meeting for approval after the establishment hereof is adopted by the Board of Directors by a resolution. If any director raises an objection evidenced by records or a written statement, the Company shall submit the objection to each supervisor for discussion at the supervisor' general meeting. Such requirements also apply to the amendments hereto.</p> <p>2. The Company has appointed Independent Directors. When the Procedures for Fund Lending and Endorsement & Guarantee</p>	<p>Article 32</p> <p>1. These Procedures shall be submitted to the Audit Committee at the shareholders' general meeting for approval after the establishment hereof is adopted by the Board of Directors by a resolution. If any director raises an objection evidenced by records or a written statement, the Company shall submit the objection to the Audit Committee for discussion at the general meeting. Such requirements also apply to the amendments hereto.</p> <p>2. The Company has appointed Independent Directors. When the Procedures for Fund Lending and Endorsement & Guarantee are submitted to the Board of Directors</p>	<p>In response to the request for setting up an Audit Committee this year</p>

Original Provisions	Provisions after Amendment	Description
<p>are submitted to the Board of Directors for discussions in accordance with the preceding paragraph, the opinions expressed by the Independent Directors shall be taken into full consideration. If an independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.</p> <p>3. If there are any matters not covered herein, amendments may be made in due time according to regulations.</p>	<p>for discussions in accordance with the preceding paragraph, the opinions expressed by the Independent Directors shall be taken into full consideration. If an independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.</p> <p>3. If there are any matters not covered herein, amendments may be made in due time according to regulations.</p>	

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Articles of Association (Before Amendment)

Chapter I General Rules

- Article 1: The Company is organized according to Taiwan's Company Act, and named as 遊戲橘子數位科技股份有限公司
(English name: GAMANIA DIGITAL ENTERTAINMENT CO., LTD.)
- Article 2: The Company's business is as follows:
- I. Trading in all kinds of computer hardware and software.
 - II. Design, planning, trading, agency and distribution of industrial and commercial machinery and equipment.
 - III. Output of machinery and equipment across the plant.
 - IV. General import and export trade. (Except for those subject to special approval)
 - V. Bidding and quotation for products on behalf of domestic and foreign manufacturers.
 - VI. I401010 General advertising services.
 - VII. J503020 TV program production.
 - VIII. J503030 Broadcast and television program distribution.
 - IX. J503040 Broadcasting and TV advertising.
 - X. JZ99050 Intermediary services.
 - XI. CC01050 Data storage and processing equipment manufacturing.
 - XII. I301010 Information software services.
 - XIII. J303010 Magazine industry.
 - XIV. ZZ99999 All business items that are not prohibited or limited by law, except for those that are subject to special approval.
- Article 2-1: If the Company needs to provide guarantees and make investments in other business, the total amount of investment shall not be limited to 40% of the paid-up share capital of the Company as set out in Article 13 of Taiwan's Company Act.
- Article 3: The Company is headquartered in Taipei City. If necessary, it will establish

subsidiaries or offices at home and abroad by the resolution of the Board of Directors.

Article 4: Deleted.

Chapter II Shares

Article 5: The total capital of the Company is NT\$ 2.5 billion, divided into 250 million shares at NT \$ 10 per share, which may be issued partially, including NT \$ 220 million, divided into 22 million shares of NT \$ 10 per share, which are reserved for the issuance of stock warrants, and unissued shares will be issued in such number and at such time as the Board of Directors may determine as necessary in future.

Article 5-1: Transfer of shares to employees at an average price lower than the actual repurchase price by the Company shall be approved by votes of at least two-thirds of the shareholders representing more than half of the Company's outstanding shares who are present at the recent shareholders' general meeting.
Stock warrants shall not be issued to employees at a subscription price lower than the closing price for the ordinary shares issued by a Japanese company unless approved by votes of at least two-thirds of the shareholders representing more than half of the Company's outstanding shares who are present at a shareholders' general meeting.

Article 5-2: The treasury stocks bought by the Company in accordance with Taiwan's Company Act may be transferred to (including) the employees under the control of or affiliated with the Company who meet the conditions of the transfer.
Stock warrants may be issued by the Company to (including) the employees under the control of or affiliated with the Company who meet the conditions of subscription.
When new shares are issued by the Company, the employees who subscribe new shares include those under the control of or affiliated with the Company who meet the conditions of subscription.
Targets to which the Company issues new shares that restrict employees' rights include the employees under the control of or affiliated with the Company who

meet the conditions of subscription.

Article 6: For transfer of shares, both parties shall fill in an application for transfer of shares, and the holder of shares shall apply to the Company for transfer of names. The transfer of shares shall not become effective unless recorded in the Company's register of members.

Article 7: The Company shall issue registered shares only. They shall be issued according to law after being signed or sealed by three or more directors, numbered, and certified by the competent authority or the authorized registration authority. The shares issued by the Company are exempt from printing, but should be registered with the securities centralized storage institutions.

Article 7-1: The Company's registered shares must be registered in the names of shareholders, if they are owners of legal persons, names of such legal persons shall be registered; the names of the shareholders, representatives, and domiciles shall be entered into the register of members; in the case of a share registered in the names of two or more holders, one of them shall be elected as a representative.

Article 8: The transfer of shares shall be suspended within 60 days prior to the date of each shareholders' general meeting, or within 30 days prior to the date of an special meeting, or within 5 days before the record date when the Company decides to distribute dividends and bonuses or other benefits.

Chapter III Meetings of Shareholders

Article 9: The meetings of shareholders will be divided into shareholders' general meetings and special meetings. A shareholders' general meeting will be held at least once a year by the Board of Directors according to law within six months after the end of each fiscal year. A special meeting will be convened according to law when necessary.

Article 10: When a shareholder is unable to attend the meeting for any reason, he/she shall issue a power of attorney issued by the Company, stating the scope of authorization and designating a proxy to attend on his/her behalf in accordance with "Taiwan's Company Act and the Rules Governing the Use of Proxies for

Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority.

Article 11: A shareholder shall be entitled to one vote for each share held, except for such circumstances as may be stipulated in Article 179 of Taiwan’s Company Act.

Article 12: Unless otherwise provided for by the Act, a resolution shall be adopted at a meeting of shareholders at which the shareholders representing a majority of outstanding shares are present by a majority of the votes represented by the attending shareholders. A shareholder may also exercise voting rights electronically, and those who exercise voting rights in such way will be deemed present at the shareholders’ meeting in person in accordance with the laws and regulations.

Chapter IV Directors and Supervisors

Article 13: The Company has 5-9 directors, and 2-3 supervisors, all of whom are elected at the meeting of shareholders from capable persons. They will serve for a term of three years, and may be re-elected following appointment. Total number of the registered shares in the Company held by all the directors and supervisors shall be subject to the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the competent authority. The Company may take out insurance against the liability for damages to be assumed by the directors and supervisors within the scope of business during their tenure in accordance with the law.

Article 13-1: The Company appoints Independent Directors in accordance with Article 14-2 of the Securities and Exchange Act, the number of them shall not be less than two, or less than one fifth of the number of directors.

Independent Directors shall be elected by way of nomination of candidates as set out in Article 192-1 of Taiwan’s Company Act. The nomination and announcement of Independent Directors shall be accepted in accordance with Taiwan’s Company Act, Securities and Exchange Act and other relevant regulations. Directors whether independent or not shall be elected together to

calculate the number of elected candidates.

Article 13-2: The Company will re-elect directors at the Annual shareholders' General Meeting for 2020 and set up an Audit Committee instead of supervisors in accordance with the provisions of Article 14-4, paragraph 2 of the Securities and Exchange Act.

The Audit Committee shall consist of three Independent Directors.

Article 14: The Board of Directors shall be composed of directors, more than two-thirds of directors present at a meeting of the Board of Directors shall elect one of their number to be chairman of the Board by the majority of votes of the directors, one person can be selected as the vice chairman of the Board in the same way. The chairman of the Board acts on behalf the Company. In case the chairman is on leave or cannot exercise his/her power and authority for any cause, the vice chairman shall act on his/her behalf in accordance with Article 208 of Taiwan's Company Act.

Article 15: Except to the extent that the first meetings of the Board of Directors are held in accordance with the provisions of Article 203 of Taiwan's Company Act, the rest of meetings are convened and chaired by the chairman of the Board; Except as otherwise provided for by Taiwan's Company Act, resolutions of the Board shall be approved by more than half of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors. If a director is unable to attend the meeting for any reason, it shall issue a power of attorney in accordance with the provisions of Article 205 of Taiwan's Company Act to appoint another director to attend the meeting on his/her behalf, provided that only one person shall be appointed. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 16: The Board of Directors is authorized to determine the remuneration for all the directors and supervisors based on the degree of participation in and contribution to the operation of the Company, and with reference to the generally-accepted industry standards.

Chapter V Managers

Article 17: The Company may have a manager for whom the appointment, dismissal and

remuneration shall be handled in accordance with the provisions of Article 29 of Taiwan's Company Act.

Article 17-1: The Company may authorize the Board of Directors appoint legal, accounting, business and technical consultants in light of business needs.

Chapter VI Accounting

Article 18: The following documents shall be prepared by the Board of Directors after the end of each fiscal year: 1. Business Report; 2. Financial statements; and 3. Proposal for distribution of earnings or allowance for losses which shall be submitted at shareholders' general meeting for ratification.

Article 19: Deleted.

Article 20: If the Company is profitable in the year, 10% to 15% of the profits will be set aside to pay employee remuneration, and no more than 2% of profits will be set aside to pay remuneration for directors and supervisors. However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance.

The employee remuneration in the form of shares or in cash described in the preceding paragraph shall be paid to (including) the employees under the control of or affiliated with the Company who meet the conditions of distribution.

Article 20-1: If there are surpluses in the Company's annual final accounts, taxes and previous losses shall be paid out of such surpluses first, 10% of them shall be set aside as statutory surplus reserves, however, this clause shall not apply if the statutory surplus reserves have reached the paid-in capital of the Company. In addition, special surplus reserves will be set aside in light of business needs and according to law, for surpluses (if any) and the undistributed earnings at the beginning of the period, the Board of Directors shall propose a statement for distribution of earnings, and submit it to the shareholders' meeting for resolution.

The Company's dividend policy adopts the principle of sound balance, taking into account factors such as profitability, financial structure and the Company's future development, and at least 10% of the dividends distributed in the current year will be set aside to pay cash dividends.

Chapter VII Supplemental Provisions

Article 21: The matters not covered by the Articles of Association shall be dealt with in accordance with the provisions of Taiwan's Company Act.

Article 22: These Articles were made effective as of May 26, 1995.
The 1st amendment hereto was made on March 9, 1998.
The 2nd amendment hereto was made on April 7, 1999.
The 3rd amendment hereto was made on September 20, 1999.
The 4th amendment hereto was made on October 8, 1999.
The 5th amendment hereto was made on March 24, 2000.
The 6th amendment hereto was made on July 28, 2000.
The 7th amendment hereto was made on May 22, 2001.
The 8th amendment hereto was made on January 31, 2002.
The 9th amendment hereto was made on June 3, 2002.
The 10th amendment hereto was made on April 28, 2003.
The 11th amendment hereto was made on April 29, 2004.
The 12th amendment hereto was made on June 14, 2005.
The 13th amendment hereto was made on June 14, 2006.
The 14th amendment hereto was made on June 13, 2007.
The 15th amendment hereto was made on June 13, 2008.
The 16th amendment hereto was made on June 10, 2009.
The 17th amendment hereto was made on June 9, 2010.
The 18th amendment hereto was made on June 19, 2013.
The 19th amendment hereto was made on June 16, 2016.
The 20th amendment hereto was made on June 8, 2017.
The 21st amendment hereto was made on June 13, 2018.
The 22nd amendment hereto was made on May 29, 2019.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Chairman of the Board: Liu, Po-Yuan

GAMANIA DIGITAL ENTERTAINMENT CO., LTD
Procedural Rules of Shareholders' General Meetings (Before
Amendment)

- I. The Procedural Rules of Shareholders' General Meetings, except as otherwise provided for by laws, regulations, or the articles of association, shall be as specified in these Rules.
- II. For shareholders' general meetings, the Company shall have a visitors' book for the attending shareholders to sign in, or the attending shareholders shall issue the sign-in cards instead.

The number of shares held by the shareholders attending the meeting shall be calculated in accordance with the records of the visitors' book or attendance cards submitted by the shareholders.

- III. For each shareholders' general 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. A shareholders' general meeting shall be convened at the place where the Company is located or at such places convenient for attendance by shareholders and suitable for convention. The meeting shall not begin earlier than 9:00 a.m or later than 3:00 p.m.
- V. The chairman of the Board shall chair a shareholders' general meeting if the meeting is convened by the Board of Directors. In case the chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the deputy chairman shall act on his/her behalf, if the Company has no deputy chairman or the deputy chairman is also on leave or absent or cannot exercise his/her power and authority for any cause, the chairman of the Board shall designate one of managing directors to act on his/her behalf; if the Company has no managing directors, a director shall be designated to chair the meeting. In the absence of such a designation, the managing directors or directors shall elect one of their number to be chairman of the meeting.

If a shareholders' general meeting is convened by any person entitled to convene the meeting other than a member of the Board, such person shall preside at the meeting.

The Company may appoint the designated counsel, CPA or other related persons to attend the meeting.

- VI. Shareholder(s) holding one percent or more of the total number of outstanding shares may propose in writing to the Company a proposal for discussion at a shareholders' general meeting. Where a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, if any subparagraph of Article 172-1, paragraph 4 of Taiwan's Company Act applies to a proposal put forward by a shareholder, the BOD may exclude it from the agenda.

Prior to the date on which share transfer is suspended before the convention of a shareholders' general meeting, the Company shall give a public notice announcing the place

and the period for shareholders to submit proposals to be discussed at the shareholders' general meeting; and the period for accepting such proposals shall not be less than ten (10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to no more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' general meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the shareholders' general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

VII. Sound or video recordings shall be made for the process of Shareholders' General Meetings and shall be kept for at least one year. If a shareholder institutes legal proceeding in accordance with Article 189 of Taiwan's Company Act, the relevant audio or video recordings shall be retained until the legal proceedings are concluded.

VIII. Attendance at a shareholders' general meeting shall be based on the number of shares. The chairman shall call a shareholders' general meeting to order at the time scheduled for the meeting. If the number of shares represented by the shareholders present at the meeting has not yet constituted the quorum at the time scheduled for the meeting, the chairman may postpone the time for the meeting. The postponements shall be limited to two times and meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements, the number of shares represented by the attending shareholders has not constituted more than one third of outstanding shares, a tentative resolution may be passed in accordance with paragraph 1 of Article 175 of the Taiwan's Company Act. By the end of such meeting, if number of shares represented by the attending shareholders has already constituted more than one half of the outstanding shares, the chairman may put the tentative resolution to the vote at the shareholders' general meeting again in accordance with Article 174 of the Taiwan's Company Act.

IX. The agenda of a shareholders' general meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda.

The above provision applies *mutatis mutandis* to the cases where the meeting is convened by any person, other than a member of the Board of Directors, who is entitled to convene such meeting.

Unless otherwise resolved at the shareholders' general meeting, the chairman may not announce adjournment of the meeting before all the discussions (including ad hoc motions) listed in the agenda are resolved. The shareholders cannot designate any other person as chairman and continue a shareholders' general meeting in the same or other place after the meeting is adjourned; However, in the event that the chairman adjourns a shareholders' general meeting in violation of these Procedural Procedures, one person shall be elected as chairman to continue the meeting by a majority of votes represented by the shareholders attending the meeting.

- X. When a shareholder present at the shareholders' general meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance certificate) and the account name of the shareholder. The sequence of speeches should be decided by the chairman.
- If any shareholder present at the shareholders' general meeting submits a speech note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech made by a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail.
- Unless otherwise permitted by the chairman and the speaking shareholder, no shareholder shall interrupt the speeches of the other shareholders, otherwise, the chairman shall stop such interruption.
- Unless otherwise permitted by the chairman, each shareholder shall not speak more than twice concerning the same item, and each speech shall not last more than 5 minutes. In case the speech of any shareholder violates the preceding paragraph or exceeds the scope of the agenda, the chairman may stop the speech of such shareholder.
- If a corporate shareholder has designated two or more representatives to attend the shareholders' general meeting, only one representative can speak for each discussion item.
- After the speech of any attending shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
- XI. The chairman may announce to end the discussion of any resolution and put it to the vote if he/she deems it appropriate.
- XII. The person(s) to check and count the ballots during votes on agenda items shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).
- The results of voting shall be reported on the spot and placed on record.
- XIII. When a meeting is in progress, the chair may announce a break if appropriate. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- XIV. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of Taiwan's Company Act.
- Except as otherwise specified in Taiwan's Company Act or in the Articles of Association of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the shareholders' general meeting.
- At the time of voting, a resolution shall be deemed approved and voted on by the Board if no objection is raised when the chairman puts forward the resolution, with the same effect as that of voting by ballots. In addition to the motions listed on the agenda, other motions proposed by shareholders on the same motion or amendments or alternatives to the original motions shall be seconded by other shareholders. The voting rights represented by the proponents and seconders shall account for 1% of the total voting rights of the issued shares.
- XV. If there is amendment to or substitute for an original proposal, the chairman shall decide on

the sequence of voting for such proposal, the amendment or the substitute. However, if any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

- XVI. The election of directors and supervisors at a shareholders' general meeting shall be held in accordance with the applicable election rules adopted by the Company, and the voting results shall be announced on-site immediately.
- XVII. The matters resolved at a shareholders' general meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes, financial statements, and statement for distribution of earnings or loss off-setting proposals shall be distributed in the form of announcement.
- XVIII. On the day of a shareholders' general meeting, the Company shall explicitly disclose the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies at the place of the meeting.
- XIX. The persons transacting affairs of the Meeting shall wear identification cards or badges. The chairman may direct inspectors (or security guards) to assist in keeping order at the meeting venue. Such inspectors or security guards shall wear badges marked with "Inspectors" for identification purpose to assist in keeping order at the meeting venue. Shareholders who violate the Procedural Rules and refuse to obey the instructions given by the chairman, the chairman may order inspectors or security guards to remove them from the meeting venue.
- XX. These Rules and any amendments hereto, shall be implemented as soon as adopted at the shareholders' general meeting.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Procedures for Election of Directors (Before Amendment)

- I. Except as otherwise specified in Taiwan's Company Act and in the Articles of Association of the Company, directors of the Company shall be elected in accordance with these Procedures.
- II. When directors are elected by the Company, the number of votes exercisable in respect of one Share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. Independent Directors shall be elected by way of nomination of candidates.

Directors whether independent or not shall be elected together to calculate the number of elected candidates.
- III. The directors of the Company shall be elected at shareholders' general meetings at which the Company shall produce ballots attached voting rights, and distribute the same to the shareholders present at the meetings.
- IV. When the election begins, the chair of shareholders shall appoint several persons to perform the respective duties of vote monitoring and counting personnel.

The monitoring personnel may be appointed among the attending shareholders.
- V. A ballot box for election of directors shall be provided by the Company, and shall be publicly inspected by the monitoring personnel before the voting.
- VI. If a candidate is a shareholder, the elector must fill in the "candidate" column on each ballot with the candidate's account name, shareholder account number, and the number of votes cast; if not, the elector shall specify the name and identity card number of the candidate and the number of votes voted. However, when the government or legal person shareholder is elected, the "candidate" column on each ballot shall be filled out with the name of the government or legal person, as well as the name of their representative.
- VII. A ballot is invalid if:
 - (I) It is not prepared by the Company;
 - (II) A blank ballot is put in the ballot box;
 - (III) The handwriting is unrecognizable or altered;
 - (IV) If the candidate on a ballot is a shareholder, the account name, and shareholder account number do not match the register of members;

If the candidate on a ballot is not a shareholder, his name and identity card number are found to be inconsistent.
 - (V) A ballot contains other information other than the candidate's account name or shareholder account number (unified identity card number) and number of votes distributed.
 - (VI) The candidate's account name or account number (unified identity card number) are not filled out on the ballot.
 - (VII) Where the sum of votes cast exceeds the voter's total available voting rights

(VIII) The number of candidates filled out on the ballot exceeds the number of candidates to be elected.

- VIII. The directors of the Company are elected at the meeting of shareholders from capable persons. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director so elected based on the number of directors determined in the Articles of Association. If votes cast for more than two candidates (inclusive) are the same and more than the stipulated quota, the voting results will be decided by lottery. Lots will be drawn by the chairman of the Board on behalf of those not present at the meeting.
- IX. After the voting, voting results will be announced by the chairman on the spot.
- X. The elected directors shall be issued a notice of election by the Company.
- XI. These Procedures and any amendments hereto, shall be implemented as soon as adopted at the shareholders' general meeting.

These Procedures were made effective as of March 17, 2002

1st Amendment made on May 29, 2019

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Procedures for Acquisition or Disposal of Assets (Before Amendment)

Article 1 Purpose and Legal Basis:

These Procedures are formulated with a view to providing operating specifications and standards for acquisition or disposal of the assets of the Company and its subsidiaries. These Procedures are established in accordance with Article 36-1 of Securities and Exchange Act, and the “Regulations Governing the Acquisition or Disposal of Assets of Public Companies” promulgated by the Securities and Futures Bureau, Financial Supervisory Commission of the Republic of China (SFB).

Article 2 Scope:

- I. Shares, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including lands, houses and buildings, investment property, and inventories of construction enterprises) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 3 The terms used in these Procedures are defined as follows:

- I. Derivatives: Transaction contracts, (such as forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, the combination of the aforesaid contracts or compound contracts incorporating derivative products or structured products), whose value is derived from certain interest rates, prices for financial instruments, prices for commodities, foreign exchange rates, indexes for prices or fee rates, credit ratings or indexes or other variables.
 1. The term “forward contracts” referred to herein does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
 2. Matters relating to transactions for guarantee deposit on securities shall be handled in accordance with the relevant provisions of these Procedures. However, trading of bonds under repurchase and resale agreements shall be excluded from monthly public disclosure as well as monthly operating conditions in these Procedures.
- II. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions or transfer of shares in accordance with the Law refer to the assets acquired or disposed through mergers, spin-offs or acquisitions conducted under the Mergers

and Acquisition Act, Financial Holding Company Act, Financial Institutions Merger Act or other laws, or share transfer by issuance of new shares as consideration conducted under the Paragraph 3 of Article 156 of Taiwan's Company Act) (hereinafter "Transfer of Shares").

- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. "Date of Occurrence": Refers to date of contract signing, date of payment, date of consignment trade, date of transfer, dates of resolutions of the Board of Directors, or other date that can confirm the counterparty and transaction amount; whichever date is earlier. Provided that, for the investments required to be approved by the competent authority, the earlier of the above date or the date of receipt of approval from the competent authority shall apply.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. "Within one year" refers to one year from the date when assets are acquired or disposed of. The assets declared in accordance with regulations shall be excluded from calculation.
- VIII. "Latest financial statements" refer to the financial statements verified, certified or audited by a certified public accountant in accordance with the law prior to the acquisition or disposal of the assets by the Company.
- IX. Investment professionals refer to financial holding companies, banks, insurance companies, bills finance companies, trust companies, securities dealers engaged in self-operated or underwriting business, futures traders engaged in self-operated business, securities investment trust enterprises, securities investment consulting enterprises and fund management companies which are established in accordance with the Law and supervised by the local financial authorities.
- X. Stock exchange refers to the stock exchange in Taiwan, Taiwan Stock Exchange Corporation; foreign stock exchange refers to any securities trading market organized and managed by the securities authorities of the country.
- XI. Over-The-Counter Markets: the domestic OTC market refers to the place where the OTC trading of securities is conducted by securities dealers in accordance with the Regulations Governing Trading of Securities on Over-The-Counter Markets; foreign OTC markets refer to the business places of financial institutions for dealing of securities under the supervision of foreign securities authorities.

Section I Procedures

Article 4 Establishment of the Procedures

These Procedures as well as any amendment thereto shall be established pursuant to Regulations Governing the Acquisition or Disposal of Assets of Public Companies, and shall be submitted to each supervisor at the shareholders' general meeting for

approval after being adopted by the Board of Directors. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

If the Company has appointed Independent Directors in accordance with the law, when the Procedures for Acquisition or Disposal of Assets are submitted to the Board of Directors for discussions in accordance with the preceding paragraph, the opinions expressed by the Independent Directors shall be taken into full consideration, and the specific opinions from such Independent Directors for consent or objection, and reasons for objection shall be stated in the minutes of the meeting.

If the Company has set up an Audit Committee in accordance with the law, the enactment of or amendment to the Procedures for Acquisition or Disposal of Assets shall be approved by more than one half of the members of the Audit Committee subject to the resolution of the Board of Directors.

If the enactment or amendment is not approved by more than one-half of the members of the audit committee as set forth in the preceding paragraph, no enactment or amendment may be made unless approved by more than two-thirds of all the directors, and the resolutions of the audit committee shall be stated in the meeting minutes of the Board of Directors.

The terms "all Audit Committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Section II Acquisition or Disposal of Assets

Article 5 Limits

I. Purchase Limits:

The Company invests in shares, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, real property and other negotiable securities approved by the Ministry of Finance, R.O.C. within the following limits:

1. Investment in real property and its right to use assets not for business purpose shall be limited to 100% of the paid-in capital of the Company.
 2. The total value of investment in securities shall be limited to 150% of the Company's shareholders' equity, and the investment in individual negotiable securities shall be limited to 100% of the Company's shareholders' equity.
- II. The total purchase amount and limit for the subsidiaries shall be determined in accordance with their respective internal procedures for acquisition or disposal of assets.

Article 6 Evaluation and Operating Procedures:

I. Evaluation Procedures

1. If the Company intends to acquire or dispose of assets, the undertaking unit shall report the reasons for the acquisition or disposal, the subject matter, counterparty, transfer price, conditions of payment, basis of price reference and other matters to the responsible unit for deliberation and approval.
2. Professional appraisers and their officers, certified public accountants, attorneys, or securities underwriters that provide the Company with appraisal

reports or opinions shall meet the provisions of Article 5 of the Regulations Governing the Acquisition or Disposal of Assets of Public Companies.

II. Operating Procedures

In addition to these Procedures, the relevant operations for acquisition or disposal of assets should be handled in accordance with the relevant provisions of the Company's internal control manual.

Article 7 Decision Making and Authorization Level of Transaction Conditions

I. Price Determination Method and Reference Basis

1. For purchase and sales of the securities which are traded at centralized trading market or over-the-counter markets, prices are subject to the share or bond price at the time.
2. For purchase and sales of the shares which are not traded at centralized trading market or over-the-counter markets, the net value per share, profitability, development potential of the shares in the future, etc. shall be taken into consideration with reference to transaction prices at the time.
3. For purchase and sales of the securities other than shares which are not traded at centralized trading market or over-the-counter markets, the market interest rate at that time, the bond coupon rate, and the debtor's credit ratings shall be taken into account.
4. When the Company acquires or disposes of real property, the prices for the transaction shall be determined based on the publicly announced current value, appraised value and actual transaction price for adjacent real property.

II. Authorization Level

1. No long-term equity investment, investment in securities not for trading purposes or acquisition or disposal of real property is allowed unless approved by the Board of Directors, the chairman of the Board may be authorized by the Board of Directors to make a decision first (to the extent that the transaction amount is limited to NT \$ 50 million) before the transaction is submitted to the Board for approval provided that the transaction amount is limited to NT \$ 100 million.
2. Investment in securities for trading purposes or acquisition or disposal of equipment shall be made by reporting level by level, a single transaction of more than NT \$ 100 million is only conducted after being approved by the Board of Directors, except to the extent that acquisition or disposal of bond funds is not limited by NT \$ 100 million; However, if the amount of a single transaction exceeds NT \$ 100 million, it must be reported to the Board of Directors for approval.
3. Acquisition or disposal of assets shall be resolved or approved or reported at the Company meetings (such as the meetings of the Board of Directors or shareholders' meetings) if required by Taiwan's Company Act or other relevant laws and regulations.

Article 8 Execution Units

The unit responsible for investments in securities is a financial unit or another unit, and the execution unit of real property or equipment is an asset use department, an

administration department or another unit.

Article 9 Acquisition of Asset Valuation Reports

When the Company acquires or disposes of real property equipment or right to use assets, if the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NTD 300 million or more, the Company, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of the facilities or right to use assets for business purpose, shall obtain an appraisal report prior to the Date of Occurrence from a professional appraiser (the matters recorded in the valuation report shall be done in accordance with the regulations of SFB), and shall further comply with the following provisions:

- I. Where it is necessary to take a restrictive price, specified price or special price as a reference basis for the transaction price for special reason, the transaction shall be submitted for approval in advance by the Board; the same procedure shall be followed for any subsequent changes to the terms and conditions of the transaction.
- II. Where the transaction amount reaches NTD 1 billion or more, two or more professional appraisers shall be engaged to carry out appraisal.
- III. Where the appraisal results of a professional appraiser falls into any one of the following circumstances, except to the extent that the appraisal price is higher than the transaction amount in acquisition of asset(s), or the appraisal price is lower than the transaction amount in disposal of asset(s), a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Taiwan's Accounting Research and Development Foundation (Accounting Research and Development Foundation), and express specific opinions regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (I) The discrepancy between the appraisal result and the transaction amount is twenty percent or more of the transaction amount.
 - (II) The discrepancy between the appraisal results of two or more professional appraisers is ten percent or more of the transaction amount.
- IV. The interval between date when a report is issued by the professional appraiser and the date when the contract is entered into shall not exceed three months.
However, provided that the publicly announced current value for the same period is used and no more than six months have elapsed, opinions may still be issued by the original professional appraiser.

Article 10 Opinions of CPAs

- I. For acquisition or disposal of securities, the most recent financial statements of the target company certified or reviewed by a certified public accountant shall be obtained prior to the Date of Occurrence to be used as reference for determining the transaction price. If the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NTD 300 million, a certified public accountant shall, prior to the Date of Occurrence, be engaged to express opinions in respect of the reasonableness of the transaction price, if the certified public accountant

needs professional reports, he shall acquire the same in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. However, if there is a public offer for the securities in the active market or unless otherwise provided for by the Financial Supervisory Commission, such limits do not apply.

- II. Whenever the Company acquires or disposes of intangible assets or right to use assets or memberships, if the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NTD 300 million, except for transacting with a domestic government agency, a certified public accountant shall, prior to the Date of Occurrence, be engaged to express opinions in respect of the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

The transaction amount described in the preceding paragraph shall be calculated pursuant to paragraph 2 of Article 38 hereof. "Within one year" refers to one year from the actual date of the transaction. If the Company has obtained an appraisal report from a professional appraiser or opinions from a certified public accountant in accordance with these Procedures, it shall be exempt from such requirement.

Article 11 Certification Issued by a Court

A certification issued by a court may substitute for the appraisal report or opinions issued by the certified public accountant if the Company acquires or disposes of assets through judicial foreclosure.

Section III Transactions with Related Persons

Article 12 Acquisition of Real Property from a Related Party.

When the Company intends to acquire or dispose of assets from a related party, except for the necessary resolutions adopted, the reasonableness of the transaction terms appraised, and other relevant matters done in accordance with these Procedures, if transaction amount is more than 10% of the Company's total assets, the Company is also required to obtain an appraisal report from a professional appraiser or opinions from a certified public accountant in accordance with the preceding paragraph. The transaction amount in the preceding paragraph shall be calculated in accordance with Article 38 hereof.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 13 Materials Submitted to Board Meetings

When the Company acquires or disposes of real property or right to use assets from a related party, or when the Company intends to acquire or dispose of any assets other than real property or right to use assets from a related party, the transaction amount reaches 20% of the paid-in capital of the Company, or 10% of the aggregate amount of assets of the Company, or NTD 300 million or more. Except for trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities, investment and trust enterprises, the following materials shall be submitted for approval firstly by the Board of Directors and supervisors before any transaction agreement is signed or any

payment is made:

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the related party as a transaction counterparty.
- III. In acquisition of real property or right to use assets from a related party, the information regarding the reasonableness of the proposed transaction terms shall be evaluated in accordance with Articles 14 and 15 hereof.
- IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VI. The appraisal report obtained from a professional appraiser or opinions from a certified public accountant in accordance with the preceding paragraph.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

The amount of transactions described above shall be calculated in accordance with paragraph 2 of Article 38 hereof. "Within one year" refers to one year from the actual date of the transaction. However, the calculation should exclude the amount which has already been submitted for approval by supervisors as well as the Board in accordance with these Procedures.

If the Company intends to enter into the following transactions with its subsidiaries or the subsidiaries in which the Company holds, directly or indirectly, 100% of the issued shares or total capital, the chairman may be first authorized by the Board of Directors to make decisions at a certain amount before the transaction is submitted to the Board for approval at the next meeting immediately following the transactions.

- I. Acquisition or disposal of the equipment or right to use assets for business purpose.
- II. Acquisition or disposal of real property or right to use assets for business purpose. If the Company has appointed Independent Directors in accordance with the law. When the acquisition or disposal of real property or right to use assets is reported to the Board of Directors for discussions in accordance with paragraph 1, the opinions expressed by the Independent Directors shall be taken into full consideration. If an independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.

If the Company has set up an Audit Committee in accordance with the law, the matters that require the approval of supervisors in accordance with paragraph 1 shall be approved by more than one-half of the members of the Audit Committee subject to the resolution of the Board of Director. The provisions of Article 4, paragraphs 3 and 4 shall apply.

Article 14 Evaluation of the Reasonableness of the Transaction Costs

In acquisition of real property or right to use assets from a related party, the reasonableness of the transaction costs shall be evaluated by the following means:

- I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

In acquiring real property or right to use assets from a related party, the Company shall appraise the cost of the real property or right to use assets in accordance with the provisions of the paragraphs 1 and 2 of this Article, and shall also engage a certified public accountant to check the appraisal and express specific opinions. Where the acquisition of real property or right to use assets from a related party falls into one of the following circumstances, the real property or right to use assets shall be acquired in accordance with Article 13 hereof, without regard to the preceding three paragraphs:

- I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- III. The real property is acquired by entering into a joint development contract with the related party, or engaging others to build on its own land, engaging others to build on rented land or engaging related parties to build real property.
- IV. A public company acquires the real property or its right-to-use assets for business purpose from its subsidiaries, or a subsidiary in which the company holds, directly or indirectly, 100% of the issued shares or total capital.

Article 15

If the costs appraised in accordance with Article 14 (1) and (2) are both lower than transaction prices, transaction amount shall be calculated pursuant to Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for

development, it may submit proof of compliance with one of the following conditions:

- (I) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (II) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (III) In accordance with standard property leasing market practices, for other floors of the same property leased by unrelated parties within the preceding year, there shall be similar transaction terms after calculation of reasonable price discrepancies among floors.
- II. Where the evidence produced by the Company proves that in the acquisition of real property from a related party or acquisition of the right to use real property by lease, the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 16

When real property is acquired from a related party, if the costs appraised in accordance with Articles 14 and 15 hereof are both lower than transaction prices, the following matters shall be addressed:

- I. Special surplus reserves shall be set aside in accordance with the regulations against the difference between the transaction price and the appraised costs for real property, and may not be distributed or used for capital increase or issuance of bonus shares. If the special surplus reserves set aside by the invested company are recognized by the Company by employing the equity method, the Company shall also make a provision for special surplus reserves pro rata to the shareholding against the amount set aside.
- II. Supervisors shall comply with Article 218 of Taiwan's Company Act.
- III. The actions taken pursuant to paragraphs 1 and 2 of this Article shall be reported

to at a shareholders' general meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

If the Company makes a provision for special surplus reserves in accordance with the preceding paragraph, it shall purchase the assets for which losses from falling prices have been recognized or which have been disposed of or which have been appropriately compensated or restored the status quo ante at a high price, or if there is other evidence indicating that the transaction is reasonable, the special surplus reserves may not be used unless with the consent of the Securities and Futures Bureau.

If there is other evidence indicating that the acquisition of real property from a related party is not consistent with the business practice, such acquisition shall be subject to the preceding two paragraphs of this Article.

Article 17 Transaction Type

- I. The Company is engaged in the following derivative product transactions: Forward contracts, options, futures and other transactions approved by the chairman of the Board.
- II. For effective risk control and mitigation of risks, the Company's subsidiaries shall keep out of derivative financial commodity operations.

Article 18 Strategies for Business or Mitigation of Risks

The Company is engaged in derivative product transactions with a view to avoiding risks. Therefore, choices of trading commodities focus on avoiding risks arising from business operations. Before trading, it is necessary to determine whether the nature of trading is "transactional" (non-hedging transactions for trading purposes) or "non-transactional" (non-trading hedging transactions) to serve as the basis for accounting.

Article 19 Division of Powers and Responsibilities

The Company puts the following units in charge of derivative commodities operations based on the nature of their work.

- I. Financial unit:
 1. Responsible for formulating operation strategies for derivative commodities other than commodity futures.
 2. Conduct transactions within the scope of authorization.
- II. Legal unit: Responsible for review of non-finalized transaction contracts.
- III. Accounting unit: Responsible for accounting treatment of and preparation of accounting statements for derivative product transactions
- IV. Audit unit: Get to know the appropriateness of internal control such as the division of powers and responsibilities, operation procedures, etc., and check the compliance of the transaction department with these Procedures.

Article 20 Essentials of Performance Evaluation

- I. Non-trading:
 1. Based on the types of commodities traded, the financial unit uses the realized net profits and losses as the basis of performance evaluation after the closing date of each trading contract.
 2. Comparison and regular review of the profit and loss performance against the transaction goals, with the results of comparison and review submitted to the senior executive of the financial unit for review.

- II. Trading:
 1. Realized targets: The financial unit uses the actual profits and losses as the basis for performance evaluation.
 2. Unrealized targets: The daily closing price is used to liquidate the net profit and loss and the total amount of the open position day by day as a reference for performance evaluation.
- III. By reference to the performance report on profits and losses for each period, the financial unit periodically reviews whether the operation performance conforms to the established business strategy and the risks undertaken are permitted by the standard measures.
- IV. The financial unit evaluates the positions held by transactional trading at least once a week; non-trading transactions are evaluated at least once every half a month, with the evaluation report sent to the senior executive of the financial unit for review.
- V. The senior executive of the financial unit should pay attention to the supervision and control over the risks of derivative product transactions at all times, and periodically assess whether or not the risk management measures currently taken are appropriate and in accordance with these Procedures.
- VI. The senior executive of the financial unit supervises transactions and the profits and losses therefrom, if any abnormal circumstances are found, the necessary countermeasures shall be taken, and such circumstances shall be reported to the Board of Directors immediately. If the Company has appointed Independent Directors, the Board of Directors shall have Independent Directors to attend the meeting convened for such circumstances and express their opinions.

Article 21 Total Contract Amount and Upper Limit on Losses

- I. Non-trading transactions: For actual business needs of the Company. In the case of cross-hedging, the total profits and losses of the hedging instrument and subject matter must be taken into consideration at the same time. If the total contract amount of the hedging instrument and subject matter has lost more than 3% due to market changes, countermeasures should be proposed for approval of the chairman of the Board.
- II. Trading transactions: The total amount is limited to 10% of the Company 's net worth. After the transaction, if the amount of an individual contract has lost more than 5% or total contract amount has lost more than 3% due to market changes, countermeasures should be proposed for approval of the chairman of the Board.

Article 22 Scope of Authorization

- I. If the Company is engaged in derivative product transactions for trading (investment) purposes, no such transaction may be proceeded unless submitted to the chairman of the Board for approval.
- II. If the Company is engaged in derivative product transactions for non-trading (hedging) purposes, the transaction shall be conducted within the scope of authorization: <calculated based on the total transaction amount, instead of the amount of deposit>
 1. Board of Directors: The total daily amount is more than US \$ 1 million, and

the cumulative net position is more than US \$ 3 million.

2. Report to the Board at the next meeting immediately following the transaction after approval by the chairman of the Board: The total daily amount is less than US \$ 1 million (inclusive), and the cumulative net position is US \$ 3 million (inclusive) or less.
3. Chairman of the Board: The total daily amount is less than US \$ 300,000 (inclusive) and the cumulative net position is less than US \$ 1.3 million (inclusive).

Article 23 Job Description

- I. Transaction personnel shall conduct transactions within the scope of authorization.
- II. Non-finalized transaction contracts shall be countersigned by the legal unit.
- III. Transaction personnel will confirm and indicate the details of the trade ticket for each transaction, and submit the same to their supervisors for approval.
- IV. Transaction information is transferred to the closing personnel for confirmation and closing.
- V. Deal tickets and monthly statements are transferred to the accounting staff for preparing financial statements.
- VI. The financial unit prepares periodical performance reports on profits and losses based on the actual profits and losses, conducts a review and reports to the senior executive of the financial unit and the chairman of the Board.

Article 24 Risk Management

- I. Credit risks: After banks and legal brokers are selected by counterparties for frequent business dealings, a transaction limit is set in advance for each financial institution under the control of the head of the financial unit. It is inadvisable to excessively focus on a few financial institutions. The transaction limit for each financial institution can be flexibly adjusted in light of changes in market conditions.
 - II. Market risks: limited to transactions in open centralized market and store market.
 - III. Liquidity risks: Priorities given to the products with longer trading time, high liquidity and relatively stable market prices.
 - IV. Operational risks: Strict compliance with the authorized limits and operating procedures set by the Company shall be included in internal audits to avoid operational risks; Traders engaged in derivative products transactions shall not concurrently serve as operators responsible for confirmation and closing; Closing personnel are required to keep track of and notify traders of the transactions due within one week to ensure smooth closing.
 - V. Legal risks: The non-finalized transaction contracts must be countersigned by the legal unit.
 - VI. Cash flow risks: The head of the financial unit prudently evaluates the risks of future changes in cash flows of monetary financial products. In selection of products, it is necessary to simultaneously assess the cash flow risks and the relative market price risks, so as to minimize the overall risks for the Company.
- Traders of the financial unit engaged in derivative products transactions shall not

concurrently serve as operators responsible for confirmation and closing; other personnel not from the financial unit shall not engage in derivative products transactions unless authorized by the chairman of the Board, and shall report to the Board at the next meeting immediately following the transaction.

The risk measurement, supervision and control personnel shall be in different departments from the those described in the preceding paragraph, and shall report to the Board of Directors.

Article 25 Memorandum Books

The Company shall establish a memorandum book for derivative commodity transactions, and keep records of the type and amount of derivative commodity transactions, the date when such transactions are adopted by the Board of Directors, and the matters to be prudently evaluated in accordance with paragraphs 3, 4 and 5 of Article 20 hereof for future reference.

Article 26 Internal Control

- I. Confirm that each transaction has been approved by the responsible supervisor.
- II. The transaction unit determines the transaction process, including the negotiation with counterparties on transactions, and deal confirmation process.
- III. Non-finalized contracts shall be countersigned by the legal unit.
- IV. The documented transaction process is handed over to the accounting unit and the audit office for reference.
- V. An operator places an order through a pre-approved broker.
- VI. After the transaction, the broker will transfer deal tickets to the head of the trading unit.
- VII. The supervisor of the trading unit checks the transaction details with the operator.
- VIII. The head of the trading unit signs and returns deal tickets to the broker.
- IX. The accounting unit confirms the legitimacy and rationality of the transaction data from external sources before bookkeeping.
- X. Each unit checks the correctness of data.
- XI. Confirm that the trading in transactional commodities is within the upper limit.
- XII. The audit office checks operation procedures at irregular intervals by dawn raids.

Article 27 Accounting Treatment

The accounting treatment of derivative products transactions is handled in accordance with the generally accepted accounting principles and other relevant laws and regulations.

Article 28 Internal Audit

Internal auditors shall evaluate the appropriateness of internal control over derivative product transactions on a regular basis, and check the compliance of these Procedures by the trading department, and analyze the trading cycle on a monthly basis to prepare an audit report which shall be submitted to the Board of Directors. Should there be any material breach found, a written notice shall be sent to each supervisor.

If the Company has appointed Independent Directors in accordance with the law, Independent Directors shall also be notified in writing of the matters for which a notice shall be given to each supervisor in accordance with the preceding paragraph.

If the Company has set up an Audit Committee in accordance with the law, the

provisions of paragraph 1 applicable for supervisors also apply to the Audit Committee.

Article 29 Declaration

Audit unit shall submit the audit report to and report on the annual audit of internal audit and annual check plan to the competent authority by the end of February of the following year, and report the improvements in abnormalities to SFB for reference at the latest by the end of May of the following year.

Article 30 Expert Opinions

Prior to convening the meeting of the Board to resolve on mergers, spin-off, acquisitions or transfer of shares, the Company shall engage a certified public accountant, attorney, or securities underwriter to offer opinions on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to the Members, and submit such opinions to the Board for deliberation and approval. However, for the mergers of the Company with its subsidiary in which it holds, directly or indirectly, 100% of the issued shares or total capital, or the mergers between the subsidiaries in which it holds, directly or indirectly, 100% of the issued shares or total capital, it is unnecessary to obtain opinions from the aforesaid experts.

Article 31 Convening of Shareholders' General Meetings

The company engaged in mergers, spin-offs or acquisitions shall prepare and submit a report to the Members detailing the significant contents of a merger, spin-off, or acquisition and the relevant matters before a shareholders' general meeting is held, together with the expert opinions referred to in the preceding Article and the notice of the shareholders' general meeting as reference for the Members to determine whether or not to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 32 Board Meetings on the Same Day

- I. A company who participates in a merger, spin-off, or acquisition shall convene the meeting of the Board and shareholders' general meeting on the same day to resolve on the matters relevant to the merger, spin-off, or acquisition, unless otherwise specified by other laws or approved by SFB in advance under extraordinary circumstances.
- II. A company who participates in transfer of shares shall convene the meeting of the Board on the same day when the shares are transferred, unless otherwise specified by other laws or approved by SFB in advance under extraordinary circumstances.
- III. The companies participating in a merger, spin-off, acquisition, or transfer of shares at over-the-counter markets shall keep complete written records of the following information for five (5) years for future verification:

1. Basic personnel information: including the title, name, and identity card number (or the passport number, if he/she is a foreigner) of every person participating in the Company's plan for a merger, spin-off, acquisition, or transfer of shares or executing such plan prior to public disclosure of the information.
 2. Date of important matters: including the dates of signing a letter of intent or memorandum, entrusting financial or legal counsel, signing a contract and a meeting of the Board of Directors.
 3. Significant books and meeting minutes: Including a plan for a merger, spin-off, acquisition, or transfer of shares, letters of intent or memorandums, important contracts and meeting minutes of the Board of Directors.
- IV. The information in subparagraphs 1 and 2 of the preceding paragraph shall be reported to the Internet Information System for review in the prescribed format within two days from the day when the Board of Directors passes the resolution.
- If a company participating in a merger, spin-off, acquisition, or transfer of shares is not a listed company or has no shares traded at over-the-counter markets, it shall enter into an agreement with a listed company or a company with shares traded at over-the-counter markets, and conduct the merger, spin-off, or acquisition in accordance with paragraphs 3 and 4 of this Article.

Article 33 Confidentiality

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 34 Share Exchange Ratios and Purchase Prices

No changes may be made to share exchange ratios or purchase prices for mergers, spin-off, acquisitions or transfer of shares unless the following events occur, and conditions of changes shall be specified in the contracts for mergers, spin-off, acquisitions or transfer of shares:

- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
- II. An action, such as a disposal of major assets, that affects the company's financial operations.
- III. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- VI. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 35 Matters to be Specified in Contracts

In case of mergers, spin-off, acquisitions or transfer of shares, except for the rights and obligations of the companies engaged in mergers, spin-off, acquisitions or transfer of shares, the following matters shall be specified in the contracts therefor:

- I. Handling of breach of contract.
- II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- IV. The manner of handling changes in the number of participating entities or companies.
- V. Preliminary progress schedule for plan execution, and anticipated completion date.
- VI. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 36 Change of Plans

If any company who participates in a merger, spin-off, acquisition, or transfer of shares intends further to carry out another merger, spin-off, acquisition, or share transfer with another company after public disclosure of the information, the Company shall carry out anew the procedures or legal actions that were originally required for the former merger, spin-off, acquisition, or transfer of shares, and may be exempted from calling another shareholders' general meeting to resolve on the matter anew; except to the extent that the number of participating companies is decreased and the shareholders' general meeting has resolved on authorizing the Board to alter the limits of authority.

Article 37 Other

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company, and be engaged in the merger, spin-off, acquisition, or transfer of shares in accordance with Articles 31, 33 and 36 hereof.

Article 38 Public Disclosure and Declaration Standards

A report on the relevant information about acquisition or disposal of assets by the Company shall be made in the prescribed format and based on the nature of the assets within two days from the day of occurrence of the fact on the MOPS, in case of:

- I. When the Company acquires or disposes of real property or right to use assets from a related party, or when the Company intends to acquire or dispose of any assets other than real property or right to use assets from a related party, the transaction amount reaches 20% of the paid-in capital of the Company, or 10% of the aggregate amount of assets of the Company, or NTD 300 million or more. However, trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities, investment and trust enterprises is excluded.
- II. Merger, spin-off, acquisition, or transfer of shares.

- III. Losses from derivatives trading reach the limits on aggregate losses or losses of individual contracts set out in these Procedures.
- IV. The trading counter party of the equipment or right to use assets to be acquired or disposed of for business purpose is not a related party, and the transaction amount complies with one of the following provisions:
 - (I) A public company whose paid in capital is below NTD 10 billion, and the transaction amount reaches NTD 500 million or more.
 - (II) A public company whose paid in capital is NTD 10 billion or more, and the transaction amount reaches NTD 1 billion or more.
- V. Where real property is acquired through an arrangement for commissioned construction on the self-owned land or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership, or joint construction and separate sales, the trading counter party is not a related party, the amount of funds the Company expects to invest in the transaction is more than NTD 500 million.
- VI. In a transaction of assets, or disposal of receivables by a financial institution or investments made in Mainland China other than any of those referred to in the preceding six subparagraphs, the transaction amount reaches twenty percent (20%) of the Company's paid in capital or NTD 300 million. Provided that, this limitation shall not apply to the following circumstances:
 - (I) Purchase or sale of domestic government bonds.
 - (II) The Company is engaged in investment business, securities trading on securities exchanges or over-the-counter markets, or subscription, offering or issuance of ordinary corporate bonds and general financial bonds not involving equity (excluding subordinated financial bonds) in the primary market, or subscription or repurchase of securities, investment and trust funds or futures trust funds, or as a emerging stock company, a securities dealer instructs or recommends another securities dealer to subscribe securities in accordance with the regulations of Taipei Exchange.
 - (III) Trading of bonds under repurchase/resale agreements, or subscription or redemption of the money market funds issued by domestic securities, investment and trust enterprises.

The amount of transactions above shall be calculated as follows:

- I. The amount of any individual transaction.
- II. The cumulative transaction amount of the same type of the assets acquired from or disposed of with the same trading counter party within one year.
- III. The cumulative transaction amount of the real property or right to use assets acquired or disposed of (cumulative amount, respectively) for the same development project within one year.
- IV. The cumulative transaction amount of the same securities acquired or disposed of (cumulative amount, respectively) within one year.

“Within one year” referred to in the preceding paragraph means one year from the actual date of the transaction. If the Company has obtained an appraisal report from a professional appraiser or opinions from a certified public accountant in accordance with these Procedures, it shall be exempt from such requirement.

Public disclosure by subsidiaries:

- I. If a subsidiary who is not a Taiwan public company acquires or disposes of assets reaching the threshold for public disclosure as stipulated in these Procedures, the Company shall make disclosure on behalf of the subsidiary.
- II. For purposes of determining whether or not disclosure is required from a subsidiary, “paid-in capital or aggregate amount of assets” refers to the paid-in capital or the aggregate amount of assets of the Company.

The financial unit shall, on a monthly basis, distinguish between derivative product transactions conducted by the end of last month for trading purposes from those for non-trading purposes, and have the total amount of transactions not written off, net profit and loss estimated based on market prices, amount of margin paid, total amount of the transaction contract written off or closed, recognized profit and loss, etc. as well as monthly operating conditions entered into the MOPS by the tenth day of each month.

When acquiring or disposing of assets, the Company shall keep all the relevant contracts, meeting minutes, memorandum books, appraisal reports and the opinions from certified public accountants, attorneys, and securities underwriters at the Company’s headquarters for at least five years unless otherwise set forth in other laws.

Article 39 Updated Public Disclosure

After a public disclosure is made pursuant to Article 38 hereof, a report on the relevant information shall be made within two days from the day of occurrence of the fact on the MOPS, in case of:

- I. Changes to, termination, or rescission of a contract signed in regard to the original transaction.
- II. The merger, spin-off, acquisition, or transfer of shares not completed by the scheduled date set forth in the contract.
- III. Amendments to or changes in the report previously made to the information reporting website.

Article 40 Other Matters

- I. When the Company at the time of public announcement is required to correct any omission made in an item required by these Procedures to be publicly announced, all the items shall be publicly announced and reported again within two days from the date when such omission is found.
- II. If acquisition or disposal of assets reaches the threshold for public disclosure as stipulated in Article 39, and the transaction counterparty shares substantive relationship with the Company, the contents of public announcement shall be disclosed in the notes to financial statements and reported at a shareholders’ general meeting.
- III. 10% of the aggregate amount of assets set forth in these Procedures shall be calculated based on the aggregate amount of assets shown in the latest individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. If the shares of the Company has no face value or the face value per share is less

than NT\$10, the amount of paid-in capital shall be calculated based on 10% of the equity attributable to owners of the parent as set forth in Articles 9, 10, 13 and 38 if the paid-in capital reaches 20% of the transaction amount; or based on equity attributable to owners of the parent equivalent to NT\$10 20 billion in accordance with the “Regulations Governing the Acquisition or Disposal of Assets of Public Companies” if the paid-in capital reaches NT\$ 10 billion of transaction amount.

- V. If there is misrepresentation or nondisclosure in opinions from a professional appraiser or certified public accountant engaged pursuant to Articles 10 and 11 of these Procedures, the Company, professional appraiser or certified public accountant shall be held liable in accordance with the law.
- VI. A subsidiary of the Company which is a Taiwan public company shall adopt and establish the Procedures for Acquisition or Disposal of Assets in accordance with the “Regulations Governing the Acquisition or Disposal of Assets of Public Companies”; A subsidiary of the Company which is not a Taiwan public company shall adopt or establish the Procedures for Acquisition or Disposal of Assets with reference to these Procedures.
- VII. The Company shall exercise control over acquisition or disposal of assets by its subsidiaries in accordance with these Procedures.

Article 41 If there are any matters not covered herein, amendments may be made in due time according to regulations.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD
Procedures for Fund Lending and Endorsement & Guarantee (Before
Amendment)

Article 1 Purpose and Legal Basis

These Procedures are promulgated in order to clarify the Company's operations related to fund lending and endorsement & guarantee in accordance with Article 36-1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

Article 2 A "subsidiary" and "parent company" as referred to in these Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The financial reports on public companies shall be prepared in accordance with the International Financial Reporting Standards. "Net worth" as referred to in these Procedures shall be equity attributable to owners of the parent company as shown in the balance sheets set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 3 The term "Announcement and Report" as used in these Procedures mean the process of entering data to the information reporting website designated by the Financial Supervisory Commission.

The "Date of Occurrence" as referred to herein shall mean the date of contract signing, date of payment, date of a resolution adopted by the Board of Directors, or other date that can confirm the transaction counterparty to fund lending or endorsement & guarantee and transaction amount; whichever is earlier.

Article 4 Reasons for and Necessity of Fund Lending

The Company shall not lend funds to any of its shareholders or any other person except under the following circumstances:

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
2. Where an inter-company or inter-firm short-term financing facility is necessary. The term short-term refers to a period of one year or one business cycle (whichever is longer).

Other legal persons or organizations (hereinafter referred to as the "Borrowers") that meet the requirements for loans shall apply for loans in accordance with these Procedures.

Article 5 Application for Fund Lending

If a borrower applies for loans from the Company, the person in charge should first make contact with the borrower to understand the purpose of funds and the recent business and financial condition, prepare the records of negotiation if feasible and report to the chairman of the Board level by level subject to the resolution of the Board of Directors.

If the Company has appointed Independent Directors, when lending of funds to others, the opinions expressed by the Independent Directors shall be taken into full consideration. If an independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.

Article 6 Credit Line for Loaning of Funds and Maximum Amount Permitted to a Single Borrower

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement, the total amount of funds is limited to 30% of the net worth of the Company. Funds lent by the Company to a single enterprise is limited to 15% of the net worth of the Company.
2. Where an inter-company or inter-firm short-term financing facility calls for a loan arrangement, the total amount of funds is limited to 30% of the net worth of the Company. Funds lent by the Company to a single enterprise is limited to 15% of the net worth of the Company. The restriction shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of funds from foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares to the Company.
3. For the fund lending between the Company and its subsidiaries, or between the subsidiaries of the Company, the Chairman shall be authorized to grant loans at such credit limit as determined by the Board of Directors within a certain period of time no less than one year by installments or recycle the loans. For a certain credit limit referred to in the preceding paragraph, the authorized credit line for the loans granted by the Company or its subsidiary to a single enterprise shall not exceed 10 percent of the enterprise's net worth as stated in its latest financial statement, except as permitted by the provisions of subparagraph 1 of paragraph 2.

Article 7 Evaluation Standards for Lending of Funds

1. Where a business transaction calls for a loan arrangement, the total amount of funds is limited to the total amount of this business transaction in the current year or the previous year.
2. Short-term financing facility is necessary for the following purposes:

- (1) In order to maintain normal operations
- (2) Other circumstances approved by the Board of Directors.

Article 8 Calculation Method of Interest on Loans

The interest on loans shall be paid on a monthly basis with reference to the basic lending rate of the Bank of Taiwan.

Article 9 Credit Investigation on Lending of Funds

1. When applying to the Company for loans, a Borrower shall issue an application letter or official letter detailing the amount, duration and purpose of loans and the guarantee provided. The borrower should provide basic and financial information necessary for the credit investigation.
2. In the case of a continuous borrower, the credit investigation will be conducted once a year in principle. If it is a major case, the credit investigation will be conducted in light of actual needs.

Article 10 Approval of Loans

If the results of the credit investigation, credit ratings and the purpose of borrowing satisfy the requirements, lending of funds is necessary, and the Borrower has repayment capacity, person in charge should fill out a credit report and express opinions on the Company's operational risks, financial status, shareholders' equity and other items, draft the lending conditions, and submit them to the chairman of the Board level by level subject to the resolution of the Board of Directors. If deemed necessary by the Board of Directors, a Borrower shall provide collateral equivalent to financing limit and a personal or corporate guarantee against its value or financial strength to ensure the integrity of its rights.

Article 11 Notice to Borrowers

After loans are approved, the person in charge shall give a notice to the borrower in writing or via telephone as soon as possible, detailing the borrowing conditions of the Company, including the credit line, term, interest rate, collateral and guarantor, and ask the borrower to sign the loan contract within the time limit.

Article 12 Procedures for Signing a Loan Contract

1. Loan contracts shall be drawn up by the person in charge, and reviewed by the manager before signature.
2. The contents of contracts shall be in consistent with the approved borrowing conditions. If joint guarantor is necessary, the person in charge shall complete the formalities for cross collateral.

Article 13 Qualifications and Responsibilities of Guarantors

1. With good credit rating, goodwill and no bad behavior records.
2. The guarantor shall be jointly and severally liable for repayment when the Borrower cannot repay debts for cause.

Article 14 Rights in and to Collateral for Loans

1. If a collateral for loans is required, the borrower shall provide the collateral and go through the procedures for pledge or mortgage to guarantee against the creditor's rights of the Company.
2. Rights in and to collateral, interest calculation and repayment methods shall be specified in contracts, and all loan application shall be kept for archiving.

Article 15 Insurance for Fund Lending

1. Except for land and securities, collateral should be insured against fire. Ships and vehicles should be insured against all risk. The insurance amount should be no less than the collateral value, with the Company marked as the beneficiary on the insurance policy. The name, quantity, and storage location of the subject matter, insurance conditions and endorsement indicated on the policy shall be in accordance with the lending conditions originally approved by the Company; if no house number of a building is fixed at the time of development, the address of the building shall be determined based on the place where it is located and the parcel number.
2. Please note that the Borrower shall be notified to continue to insure before the expiration of the insurance term.

Article 16 Requirements for Making Loans

No loans may be granted unless the lending of funds has been approved, the borrower has signed the loan contract, other preparations have been made and all the formalities are verified as qualified.

Article 17 Notes to Repayment of Loans

1. After loans are granted, attention should be paid to the financial, business and credit status of the borrower and guarantor. If a collateral is provided, attention should be paid to whether there is any change in the collateral value.
2. For the loans to be repaid by the borrower when they fall due, the interest payable shall be charged first, only after the interest together with the principal are repaid, may the collateral be returned to the borrower.

Article 18 Duration of Loans

Where short-term financing facility is necessary for a company or firm, term of loans is limited to one year or one business cycle (whichever is longer) from the date when

loans are granted; a company or firm who has business dealings with the Company may apply for renewal of contracts based on actual circumstances subject to approval of the Board of Directors. However, if the Company is in a poor financial position due to bad running, it may notify the Borrowers to repay debts in advance at any time. The restriction shall not apply to loaning of funds between the foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the upper limits and term of loans specified in Articles 6 and 8 hereof still apply.

Article 19 Scope of Authorization for Loans

The lending of funds to others by the Company must be approved by the Board of Directors by way of resolution, and no other person may be authorized to make such decision. For the fund lending between the Company and its subsidiaries, or between the subsidiaries of the Company, the Chairman shall be authorized to grant loans at such credit limit as determined by the Board of Directors within a certain period of time no less than one year by installments or recycle the loans.

Article 20 Follow-up Control Measures for Loans Made and Procedures for Collection of Overdue Debts

1. After loans are granted, attention should be paid to the financial, business and credit status of the borrower and guarantor. If a collateral is provided, attention should be paid to whether there is any change in the collateral value. In case of any material change, a notice shall be given to the chairman of the Board immediately, and such change shall be handled properly as instructed thereby. Before loans fall due, the borrower shall be notified to pay off the principal and interest on due date or go through the extension procedures.
2. The financial unit shall prepare memorandum books, and keep records of the borrowers, amount of loans, the date when loans are approved by the Board of Directors, the date of lending and the matters to be prudently assessed in details in accordance with these Procedures for future reference at the end of each month. Lending of funds to others shall be reported to the Board of Directors and relevant units in the prescribed format.
3. The accounting unit shall evaluate the status of fund lending and make a provision for adequate allowance for bad debts, properly disclose the relevant information in the financial statements, and provide the certified public accountants with the relevant information necessary for them to carry out verification procedures.
4. Internal auditors shall audit the implementation of these Procedures at least on a quarterly basis and produce written audit records. Should there be any material violation found, a written report is needed to notify the supervisors and Independent Directors.
5. If loans are overdue and cannot be recovered, recourse action shall be taken

against debtors through legal channels to protect the rights and interests of the Company.

Article 21 Public Announcements and Procedures for Disclosure of Fund Lending

1. The Company shall announce and declare the balance of the funds lent by it and its subsidiaries in the preceding month by the 10th day of each month.
2. If the balance of the funds lent falls into any of the following circumstances, the Company shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:
 - (1) The balance of the funds lent to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of the funds lent by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The amount of additional funds lent by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

If it is necessary for the Company's subsidiary which is not a Taiwan public company to announce or report such event as listed in the paragraphs described above, the Company will follow the requirement on behalf of its subsidiary.

Article 22 Scope of Endorsement & Guarantee

The endorsement & guarantees referred to in these Procedures include financing, customs duty and other items. The endorsement & guarantees against financing referred to herein means bill discount financing in which endorsements & guarantees provided to other companies for financing, and separate bills are drawn by the Company to non-financial undertakings as guarantee against financing. Endorsement & guarantee against customs duty refers to the endorsement or guarantee provided by the Company or another company for the matters concerning customs duty. Other endorsements & guarantees refer to the endorsements or guarantees other than those described in the preceding two paragraphs.

Article 23 Endorsements & guarantees are provided to the companies who meet the following conditions:

1. A company who has business contacts with the Company.
2. A company in which the Company holds, directly or indirectly, 50% of the voting shares.
3. A company that holds, directly or indirectly, 50% of the voting shares in the Company.

The Company shall endorse a company in which the Company holds, directly or indirectly, 90% or more of the voting shares at an amount no more than 10% of the Company's net worth. The restriction shall not apply to the endorsements & guarantees between the companies in which the Company holds, directly or indirectly, 100% of the voting shares.

The mutual guarantees under contracts between peers for the purpose of the contracted works, or the endorsements & guarantees provided by all the shareholders who have contributed capital based on the ratio of shareholding to the invested company for joint venture are not subject to the provisions of the preceding paragraphs.

Article 24 Credit Line for Endorsements & Guarantees and Maximum Amount Permitted to a Single Borrower

The Company's aggregate maximum of liability for endorsements & guarantees shall be limited to 100% of total amount of capital; The endorsement & guarantee provided by the Company to the same enterprise shall be limited to NT \$ 30 million, no higher than the paid-in capital of the enterprise. Except to the extent that endorsements & guarantees are provided to a company in which the Company holds, directly or indirectly, 50% or more of the voting shares.

If endorsements & guarantees are provided to a subsidiary in which the Company holds, directly or indirectly, 50% or more of the voting shares, the Company's aggregate of liability for endorsements & guarantees shall be limited to 30% of total amount of capital of the Company, not subject to the limit of NT \$ 30 million in the preceding paragraph.

The Company and its subsidiary's aggregate maximum of liability for endorsements & guarantees shall be limited to 100% of the Company's total amount of capital; The endorsement & guarantee provided by the Company and the subsidiary to the same enterprise shall be limited to NT \$ 50 million, no higher than the paid-in capital of the enterprise. Except to the extent that endorsements & guarantees are provided to a company in which the Company holds, directly or indirectly, 50% or more of the voting shares.

If the Company and its subsidiary's aggregate maximum of liability for endorsements & guarantees reach 50% or more of the net worth of the Company, the necessity and reasonableness thereof shall be stated at a shareholders' general meeting.

If endorsements & guarantees are provided to a subsidiary whose net worth is less than one-half of its paid-in capital, the Company or the subsidiary shall review the statements of the subsidiary on a quarterly basis so as to put forward a financing improvement plan.

If the shares of a subsidiary have no face value or the face value per share is less than NT\$10, the amount of paid-in capital calculated according to the preceding paragraph shall be the sum of the capital stock plus capital reserves, minus share premium.

Article 25 Evaluation Standards for Endorsements & Guarantees

Where a business transaction calls for endorsements & guarantees, the total amount thereof is limited to the total amount of this business transaction in the previous fiscal year.

Article 26 Decisions on and Authorization Level of Endorsements & Guarantees

1. Endorsements & guarantees shall be provided by the Company in accordance with the provisions of Article 26 of these Procedures after the approval of the Board of Directors. However, time is of the essence, if the consideration for endorsements & guarantees is NTD 30 million or less, the chairman of the Board may be authorized by the Board of Directors to make a decision first (except to the extent that endorsements & guarantees are provided to a company in which the Company holds, directly or indirectly, 50% or more of the voting shares), and then report to the Board for approval at the next meeting immediately following the transaction. The endorsements & guarantees between the subsidiaries in which the Company holds, directly or indirectly, 90% of the voting shares are not permitted by paragraph 2 of Article 21 hereof unless reported to the Company's Board of Directors for resolution. The restriction shall not apply to the endorsements & guarantees between the companies in which the Company holds, directly or indirectly, 100% of the voting shares.

2. If it is necessary to make endorsements & guarantees at a amount higher than the limit set forth in these Procedures for business needs, and the conditions prescribed herein are met, the endorsements & guarantees shall be approved at the shareholders' general meeting after more than half of the directors provide joint guarantee against the losses from the overrun limit with the consent of the Board, and these Procedures are amended; if the overrun limit is disapproved at the shareholders' general meeting, the Company shall plan to eliminate the overrun limit within a certain period of time.

If the Company has appointed Independent Directors, during discussions among the Board of Directors in accordance with the preceding paragraphs, the opinions expressed by the Independent Directors shall be taken into full consideration. If an independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.

Article 27 Procedures for Custody of Common Seal of Endorsements & Guarantees

1. The common seal registered with the Ministry of Economic Affairs upon application by the Company may be used as a special seal for endorsements & guarantees which should be kept by the dedicated person approved by the Board of Directors. Changes to the seal custodian shall be reported to the Board of Directors

- for approval, and the seal in custody shall be transferred.
2. After the endorsement & guarantee is approved by the Board of Directors or chairman of the Board, the financial unit shall have the approval records and endorsement & guarantee contract or guarantee notes and other documents to be affixed with seals approved by the chairman of the Board before getting the seal from the custodian.
 3. When using the seal, the seal custodian should check whether the approval records and the application for sealing documents are consistent.

Article 28 Procedures for Provision of Endorsements & Guarantees

1. In terms of endorsements & guarantees, the Company should check whether or not the qualifications and quotas of the endorsed & guaranteed companies meet the requirements of these Procedures item by item based on their application, keep track of their business conditions, financial position, and credit ratings to evaluate the necessity, rationality and risks of the endorsements & guarantees, and make records including the impact of the endorsements & guarantees on the Company's operational risks, financial position and shareholders' equity. When necessary, collateral shall be obtained with its value evaluated by relevant personnel. The contents, reasons and risk assessment results of the endorsements & guarantees shall be stated and submitted to the Board of Directors for discussions after being approved by the chairman of the Board; if within the prescribed credit line, the chairman will make decisions based on the creditworthiness and financial position of the endorsed & guaranteed companies. If a guarantee is provided to a foreign company, the letter of guarantee issued by the Company should be signed by the person authorized by the Board of Directors.
2. The financial unit shall prepare memorandum books for endorsements & guarantees. After endorsements & guarantees are adopted by the Board of Directors or approved by the chairman of the Board, the Company shall keep records of the entities to which endorsements & guarantees are provided, amount, the date when endorsements & guarantees are adopted by the Board of Directors or approved by the chairman, the effective date for endorsements & guarantees, and the matters to be prudently evaluated in accordance with these Procedures for future reference. Documents such as bills and agreements should also be photocopied for safekeeping.
3. The financial unit shall prepare a detailed list of monthly guarantees incurred and canceled for control and tracking, and shall evaluate or recognize the contingent losses from the endorsements & guarantees on a quarterly basis, disclose the information about the endorsements & guarantees in the financial statements, and provide the certified public accountants with the relevant information.
4. If the entities to which endorsement & guarantee are provided no longer meet the

requirements of these Procedures or the amount exceeds the limit when there are changes in the circumstances, an improvement plan shall be developed. The relevant improvement plan shall also be submitted to each supervisor and Independent Directors.

5. Before the expiration date of an endorsement & guarantee, the financial unit shall take the initiative to notify the guaranteed enterprise to withdraw the guarantee notes deposited with a bank or financial institution, and cancel the deed of endorsement & guarantee.
6. Internal auditors shall audit the implementation of these Procedures at least on a quarterly basis and produce written audit records. Should there be any material violation found, a written report is needed to notify the supervisors and Independent Directors.

Article 29 Procedures for Public Disclosure of Endorsement & Guarantee

1. The Company shall announce and declare the balance of the endorsement & guarantee provided by it and its subsidiaries in the preceding month by the 10th day of each month.
2. If the balance of the endorsement & guarantee made by the Company falls into any of the following circumstances, the Company shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:
 - (1) The balance of the endorsement & guarantee provided by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of the endorsement & guarantee provided by the Company and its subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The balance of the endorsement & guarantee provided by the Company and its subsidiaries to a single enterprise reaches NT\$ 10 million, and the aggregate of the endorsement & guarantee carrying amount of investments recognized under equity method and the balance of loans from the Company and its subsidiaries to such single enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
 - (4) The amount of new endorsement & guarantee provided by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement.

If it is necessary for the Company's subsidiary which is not a Taiwan public company to announce or report such event as listed in the paragraphs described above, the Company will follow the requirement on behalf of its subsidiary.

3. The public company shall evaluate or recognize the contingent losses from the endorsements & guarantees, appropriately disclose the information about the

endorsements & guarantees in the financial statements, and provide the certified public accountants with the relevant information for them to adopt the necessary verification procedures.

Article 30 Other Matters

1. Control over fund lending and endorsement & guarantee to subsidiaries by the Company shall be exercised in accordance with these Procedures.
2. If subsidiaries of the Company intend to lend funds and make endorsement & guarantees, the relevant operating procedures shall be established in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.

Article 31 Penalties

If the managers and sponsors of the relevant units fail to comply with the provisions of these Procedures with respect to fund lending and endorsement & guarantee, causing losses to the Company, they should be liable for making compensation to the Company.

Article 32 Entry into Force and Amendment

1. These Procedures shall be submitted to each supervisor at the shareholders’ general meeting for approval after being adopted by the Board of Directors. If any director raises an objection evidenced by records or a written statement, the Company shall submit the objection to each supervisor for discussion at the shareholders’ general meeting. Such requirements also apply to the amendments hereto.
2. The Company has appointed Independent Directors. When the Procedures for Fund Lending and Endorsement & Guarantee are submitted to the Board of Directors for discussions in accordance with the preceding paragraph, the opinions expressed by the Independent Directors shall be taken into full consideration. If an independent director has objections or qualified opinions, such objections or qualified opinions shall be stated in the minutes of the meeting of the Board.
3. If there are any matters not covered herein, amendments may be made in due time according to regulations.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD

Number of Shares and Minimum Number of Shares Held by All the Directors and Supervisors

April 19, 2020

Position	Name	Number of shares held	% of shareholding
Chairman	Liu, Po-Yuan	19,372,202	11.04
Vice chairman	Representative of JL INVESTMENT TAIWAN LTD.: Liao Wen Duo	1,000	-
Director	Representative of WANIN INTERNATIONAL CO., LTD.: Shiau Jeng Hau	15,101,000	8.60
Director	Representative of Wistron Corporation: Lin Shian Ming	1,126,445	0.64
Director	Shie Jin Chang	17,387	0.01
Independent director	Cheng Bau Shi	0	-
Independent director	Lin Ruei Yi	0	-
Supervisor	Representative of Zhongying Investment Co., Ltd.: Cheng Shih Chia	1,260,744	0.72
Supervisor	Representative of Yunpei Investment Co.,Ltd.: Chiu Chia Lin	1,005	-
Number and percentage of shares held by all the directors (excluding Independent Directors)		35,618,034	20.30
Number and percentage of shares held by all the supervisors		1,261,749	0.72

Explanatory notes:

- I. The paid-in capital of the Company is NTD 1,754,935,730, and 175,493,573 shares have been issued.
- II. According to Article 26 of the Securities and Exchange Act, minimum number of shares held by all the directors shall be 10,529,615.
Minimum number of shares held by all the supervisors shall be 1,052,962.

Other Description:

- I. No shareholder makes proposals at the Annual Shareholders' General Meeting for 2020 of the Company.
- II. Impact of the free-gratis dividends on the Company's business performance, earnings per share and shareholder ROI:
The Company has not disclosed the financial forecasts for the year of 2020, so there is no need to disclose the estimated information for 2020: not applicable.

List of Candidates for the Independent Directors Nominated by the Board of Directors

No.	Candidate 1	Candidate 2	Candidate 3
Name	Lin Rwei Yi	Cheng Bau Shi	Chen Guan Bai
Shareholding numbers	Nil	Nil	Nil
Education	Master of Business Administration of George Washington University	Bachelor of Economics of University of California - Berkeley	Master of University of Southern California
Current position	Chairman of STARTRII CO., LTD.	Chairman of Bora Pharmaceuticals	Chairman of Baichuan International Investment (Stock) Company
Experience	General Manager of SHUNG YE TRADING CO., LTD.	Chairman of Bora Pharmaceuticals	Director of Aurora Group

