

# gamania

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## Annual Shareholders' Meeting

# Meeting Agenda 2021

Time / June 24, 2021 / Thu / 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.**

## **Procedure for the 2020 General Shareholders' Meeting**

- I. Call the Meeting to Order
- II. Chairperson Takes Chair
- III. Chairperson Remarks
- IV. Management Presentation (Company Reports)
- V. Ratifications
- VI. Questions and Motions
- VII. Adjournment

# **Gamania Digital Entertainment Co., Ltd.**

## **Agenda of the 2020 General Shareholders' Meeting**

- I. Time: 9:00 am, Thursday, June 24, 2021
- II. Venue: Ballroom on the first floor of the Grand Victoria Hotel (No.168, Jingye 4<sup>th</sup> Road, Taipei City)
- III. Report the total number of shares represented by the attending shareholders
- IV. Chairperson Remarks
- V. Management Presentation (Company Reports)
  - (I) 2020 Business Report.
  - (II) Audit Committee' review of 2020 statements and reports.
  - (III) Distribution of 2020 remuneration to directors and employees.
  - (IV) Buyback of treasury stock.
- VI. Ratifications
  - (I) 2020 Statements and reports.
  - (II) Distribution of 2020 earnings.
- VII. Questions and Motions
- VIII. Adjournment

## I. Management Presentation (Company Reports)

### Motion 1

Cause: 2020 Business Report

Explanation: See pages 4-6 of the Handbook for details.

### Motion 2

Cause: Audit Committee review of 2020 statements and reports.

Explanation: See page 7 of the Handbook for details.

### Motion 3

Cause: Distribution of 2020 remuneration to directors and employees.

Explanation:

1. The distribution of 2020 remuneration to directors and employees was approved by the Board of Directors on March 22, 2021, and will be made in cash, but the date of payment has not been determined yet.
2. Remuneration to directors: NTD 23,000,000.
3. Remuneration to employees: NTD 118,051,982, subject to the Articles of Incorporation.
4. The remuneration to directors dropped by NTD 610,396 from that was recognized for 2020. The difference will be listed as the loss or profit for 2021.

### Motion 4

Cause: Report on Buyback of the Company's Treasury Stock

Explanation: See page 8 of the Handbook for details.

## II. Ratifications

Motion 1: Submitted by the Board of Directors

Cause: 2020 Statements and reports. It is hereby brought forth for ratification.

Explanation:

1. The 2020 Financial Statements of the Company have been audited and certified by CPAs, Lin Yi-Fan and Yen Yu-fun, from PwC Taiwan.
2. See pages 9-34 of the Handbook for the attached statements and the Review Report from CPAs.

Resolution:

Motion 2: Submitted by the Board of Directors

Cause: Distribution of 2020 Earnings. It is hereby brought forth for ratification.

Explanation:

1. In 2020, the Company's net profits after tax amounted to NTD 872,496,138 and distributable earnings for this period amounted to NTD 1,498,791,750.
2. See page 35 of the Handbook for the attached 2020 Earnings Distribution Table.

Resolution:

## III. Questions and Motions

## IV. Adjournment

# Letter to Shareholders

Dear shareholders, ladies and gentlemen:

The consolidated revenue of the Group in 2020 was NTD 10.44 billion, a growth of 8%, primarily due to the steady operations of the gaming business and the continuously optimized portfolios of respective businesses. The consolidated revenue broke the ten billion threshold again and marked the second highest in the history of the Group. Impacted by the renewal fees for gaming contracts in 2020, the net operating profit came to NTD 3.97 billion, an annual reduction of 3%. The operating expenditure was NTD 2.83 billion, which was equivalent to the year before. The operating profit amounted to NTD 1.14 billion and the operating profit ratio was 11%. The after-tax net profit attributable to the owner of the Company was NTD 870 million and the earnings per share (EPS) was NTD 5.00.

In 2020, Gamania continued to piece together its ecosystem. The gaming business, in particular, played a key role in profits and trend-setting. The charm of the main product “Lineage M” continued. Its major rehash attracted players extensively and was greatly discussed. The evergreen online game “MapleStory (New)”, on the other hand, hit a new record high revenue over the past 15 years under respective trendy transformation plans initiated by the operational team and contributed to the new record high revenue of Gamania Digital Entertainment (HK) Co., Ltd. to lay the groundwork for the long-term operational momentum of the Group. In the first half of 2021, the IP masterpiece “World of Dragon Nest” and the brand new pinball motion RPG “World Flipper” were introduced and for the second half of the year, the self-developed recreational “Chibi Maruko-chan for mobile phones” will be introduced. Hopefully, through the diversified deployment of products, the existing trend-setting advantages are kept track of and the user base is further expanded.

In 2020, when non-contact economy was booming, the four major businesses, namely gaming, payment, e-commerce, and media, gained traction and rendered synergistic effects in proactive bridging of diversified online and offline consumption scenes. The massive game users and the huge population brought about by the media business have helped the scope of service of the Group shift from the traditional stay-at-home economy to the whole living community. With the splendid performance in gaming, Gamania Digital Entertainment (HK) Co., Ltd. reached its scope of operation out to integrated media marketing to make the best of the marginal benefit. Meanwhile, while the pandemic remains unsteady, for more opportunities to contact and interact with users, the Group integrated its games, payment, e-commerce, and beanfun! for the first and third quarters of 2020 and created two rounds of the brand new Live Show “Gamania Online Carnival” with exposure to up to a head count of a million people. The number of viewers went higher and higher, too. The performance was impressive. Besides successfully keeping users of beanfun! active and

increasing the use rate of respective services, it also catalyzed the influential O2O curatorial brand for the Group.

In addition, the Group is proactively fulfilling its corporate social responsibilities. Besides broadening of horizon and development of practical ability of young people through its Foundation, answering to the adventurous essence of “Dare to Challenge”, starting in 2019, the Corporate Social Responsibility Report has been prepared. In the 13th Taiwan Corporate Sustainability Award screening of 2020, the Group was honored by the Silver Award for “Sustainability Report” and Award for “Excellent Sustainability Example” - Talent Development in recognition of the sustainable accomplishments of Gamania over the long term and its positive influence on society.

2021 will mark the beginning of a new wave of changes for the Group. On the basis of our experience on the market accumulated over the past 25 years, we are transforming it to third-generation competitiveness centering AI, big data, and platforms for the development. From gaming, we are setting foot also in a variety of other fields, namely, payment, e-commerce, media, and digital commerce. Through beanfun!, each service of the Group and its partners is linked together. It helps maximize the digital entertainment territory of the Group and challenge the market for mobile life portal in Taiwan.

The Group was able to constantly evolve over the past 25 years because of the long-term trust and support from all shareholders. We promise each shareholder that trusts Gamania that we will continue to create value and rewards and give them back to shareholders while at the same time making the best of our market insights and releasing a new wave of innovative momentum to create next exciting 25 golden years of Gamania.

I wish you

The best in all your endeavors and happiness and well-being of you and your loved ones!

Chairman and President

Liu, Po-Yuan

## Business Report

### 1. Implementation Accomplishments of 2020 Business Plan

Unit: NTD 1,000

Item	Value
Operating income	10,443,042
Operating gross profit	3,968,738
Operating profit	1,137,415
Pre-tax net profit	1,065,547
Net profit attributable to the owner of the parent company	872,496

### 2. Analysis of Financial Income and Expenditure and Profitability

See Six. Financial Overview, II. Financial Analysis of the Past Five Years of the 2020 Annual Report for details.

### 3. Status of Research and Development

See Five. Operational Overview, I. Business Activities, (III) Technology and R&D Overview of the 2020 Annual Report for details.

### 4. Expected Sales Volume and Rationale

The Company has different measurement units given its numerous types of operating income and has not prepared financial forecasts, so there are no statistics on the expected sales.

### 5. Impacts from External Competition, Regulatory Environment, and Overall Operational Setting

#### (1) Impacts from External Competition and Overall Operational Setting

The popularization of smart phones and mobile devices has contributed to the rapid growths in the production value brought about by games and has also attracted accession of foreign game service providers at the same time. As a result, the competition on the domestic gaming market is getting fiercer and fiercer. The external environment, international trade disputes, and the global pandemic, however, impact global economic growths and add uncertainties to the operational setting. In light of this, besides continuing to run large well-known IP games, the Company is proactively transforming to be a comprehensive web-based enterprise. Centering gaming consumers, respective businesses are connected to bring growth momentum for the Company.

#### (2) Impacts from Regulatory Setting

As far as the regulatory setting is concerned, besides complying with national policies and regulatory requirements, respective units, namely finance, sales, and auditing, of the Company are paying close attention to changes in important policies and laws in the nation at any time and are precisely keeping track of the latest information so as to adjust the Company's internal system and operating activities accordingly and to ensure smooth corporate operations.

Chairman of the Board:  
Liu, Po-Yuan

Manager: Liu, Po-Yuan

Head of Accounting:  
Su, Hsin-Hung

## **Audit Committee's Audit Report**

The Board of Directors prepared and submitted the 2020 Business Report, Financial Statements (parent company-only and consolidated), and Proposal on Distribution of Earnings. The Financial Statements, in particular, were completely audited by CPA Lin, Yi-Fan and CPA Yen, Yu-fun of PwC Taiwan and this Audit Report was issued. The above-mentioned Business Report, Financial Statements, and Proposal on Distribution of Earnings have been reviewed by the Audit Committee and no inconsistency has been found. Therefore, according to applicable requirements of the Securities and Exchange Act and the Company Act, it is reported as above. Your review and approval are cordially requested.

Gamania Digital Entertainment Co., Ltd.

Convener of Audit Committee:

March 22, 2021

## Gamania Digital Entertainment Co., Ltd. Buyback of the Company's Treasury Stock

(Done)

April 29, 2021

No.	11	12
Purpose of the buyback	Transfer to employees	Transfer to employees
Duration	November 9, 2018- January 8, 2019	March 13, 2020- May 12, 2020
Buyback price range	\$50-90	\$40-58
Type and number shares already bought back	Common stock 0 shares	Common stock 2,241,000 shares
Value of shares already bought back	\$0	\$91,449,447.00
Number of shares bought back/Number of shares expected to be bought back (%)	0	74.7
Number of shares that have been canceled and transferred	0 shares	2,241,000 shares
Accumulated number of shares held in the Company	0 shares	0 shares
Total number of shares in the Company/total number of outstanding shares (%)	0	0



## INDEPENDENT AUDITORS' REPORT

PWCR 20000391

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, 2020 and 2019, 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, 2020 and 2019, 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. Our responsibilities under those standards are further described in the *Auditors' 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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.

## **Estimate of revenue recognition of online and mobile games revenue**

### Description

Refer to Note 4(25) for accounting policies on revenue recognition, Note 5(2) for the critical accounting estimates and assumptions and Note 6(23) for the details of accounting applied on revenue recognition.

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

The estimation of the virtual items delivery period, which is the same as the 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. Given that the Company has many transactions of game revenue and the deferral of virtual items and the estimation of users relationship period involve management’s subjective judgement, 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 premium on investments accounted for under equity method**

### Description

Refer to Notes 4(11) and (16) for accounting policy on impairment assessment of investments accounted for under equity method, Note 6(6) for details of impairment assessment of investments accounted for under equity method, and Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for under equity method.

As of December 31, 2020, the investments of Gamania Digital Entertainment Co., Ltd. in NOWnews Network Co., Ltd. and Digicentre Company Limited are material and there is a premium arising from goodwill. The future cash flows projections of the expected recoverable amount was estimated based on management's estimation and expectation of 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 and operating profit margin with historical data;
  - (3) Reviewing the discount rate and comparing similar return on similar assets in the market.
- D. Comparing the recoverable value and book value of each cash-generating unit in order to assess the

reasonableness of the book value.

### **Realisability of license fee payment obligations**

#### Description

Refer to Note 4(13) for accounting policy on realisability of license fees payment obligations, Notes 6(10) and (14) for details of realisability of license fees payment obligations, and Note 5(2) for uncertainty of accounting estimates and assumptions in relation to realisability of license fees payment obligations.

The payment obligations of certain game license of the Company are to pay game developers license fees if the revenue reaches a certain amount within two years after the signing of the contract. Assessment of the realisability of license fees payment obligations involves subjective judgement of management, with respect to assumptions on the estimation of game point. Any changes in economic circumstances, industrial environment and the Group's strategy might affect the realisability of this payment obligation. Thus, we consider the realisability of license fees payment obligations as a key audit matter.

#### How our audit addressed the matter

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

- A. Obtained the budget of game point provided by the management and compared the recession rate and growth rate used in the budget with historical results and similar market information.
- B. Reviewing the monthly budget achievement rate by comparing the actual report of game point with the estimated budget and confirmed whether there is a payment obligation in the future.

#### ***Other matter – Scope of the Audit***

As described in Note 6(6), part of the investments accounted for under the equity method is based on the financial statements audited by other auditors appointed by these companies. We did not audit the financial statements of certain investments accounted for under the equity method. For the years ended December 31, 2020 and 2019, the comprehensive income amounted to NT\$89,185 thousand and NT\$100,973 thousand, respectively, and the balance of investments accounted for under equity method amounted to NT\$1,379,771 thousand and NT\$1,228,483 thousand as of December 31, 2020 and 2019, respectively. Those financial statements and information on the 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 are responsible for overseeing the Company's financial reporting process.

***Auditors' 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 auditors' 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 auditors' 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 auditors' 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.



資誠

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 year 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

Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2021

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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 independent auditors' report 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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 484,706	7	\$ 355,595	5
1170	Accounts receivable, net	6(2)	217,939	3	250,193	4
1180	Accounts receivable - related parties	7	300,881	4	354,191	5
1200	Other receivables		45,416	1	20,384	-
1210	Other receivables - related parties	7	25,532	-	115,863	2
1220	Current income tax assets		663	-	22,329	-
130X	Inventory	6(3)	967	-	2,464	-
1410	Prepayments	6(4)	114,453	1	170,564	3
11XX	<b>Total current assets</b>		<u>1,190,557</u>	<u>16</u>	<u>1,291,583</u>	<u>19</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non- current	6(5)	120,449	2	463,827	7
1550	Investments accounted for under equity method	6(6)	2,225,926	31	2,242,668	32
1600	Property, plant and equipment	6(7), 7 and 8	2,661,093	37	2,665,210	38
1755	Right-of-use assets	6(8)	43,491	1	31,250	1
1780	Intangible assets	6(10) and 7	808,911	11	158,910	2
1840	Deferred income tax assets	6(29)	152,373	2	100,397	1
1900	Other non-current assets	6(11)	13,444	-	15,563	-
15XX	<b>Total non-current assets</b>		<u>6,025,687</u>	<u>84</u>	<u>5,677,825</u>	<u>81</u>
1XXX	<b>Total assets</b>		<u>\$ 7,216,244</u>	<u>100</u>	<u>\$ 6,969,408</u>	<u>100</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(13)	\$ 102,533	2	\$ 650,000	9
2130	Current contract liabilities	6(23)	373,877	5	128,639	2
2150	Notes payable		1,211	-	1,237	-
2170	Accounts payable		225,025	3	270,606	4
2180	Accounts payable - related parties	7	33,327	1	33,307	-
2200	Other payables	6(14)	934,341	13	532,795	8
2220	Other payables - related parties	7	162,938	2	160,888	2
2230	Current income tax liabilities		99,828	1	42,747	1
2280	Current lease liabilities		17,379	-	12,259	-
2300	Other current liabilities	6(15)(16)	164,076	2	163,200	2
21XX	<b>Total current liabilities</b>		<u>2,114,535</u>	<u>29</u>	<u>1,995,678</u>	<u>28</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(16)	80,000	1	240,000	4
2580	Lease liabilities - non-current		26,163	1	19,067	-
2600	Other non-current liabilities	6(6)(17)	10,898	-	3,572	-
25XX	<b>Total non-current liabilities</b>		<u>117,061</u>	<u>2</u>	<u>262,639</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>2,231,596</u>	<u>31</u>	<u>2,258,317</u>	<u>32</u>
<b>Equity</b>						
	Share capital	6(19)				
3110	Common stock		1,754,936	24	1,754,936	25
	Capital surplus	6(20)				
3200	Capital surplus		1,352,471	18	1,291,593	18
	Retained earnings	6(21)				
3310	Legal reserve		264,787	4	175,997	3
3320	Special reserve		171,976	2	199,195	3
3350	Unappropriated retained earnings		1,992,382	28	1,461,346	21
	Other equity interest	6(22)				
3400	Other equity interest		( 551,904)	( 7)	( 171,976)	( 2)
3XXX	<b>Total equity</b>		<u>4,984,648</u>	<u>69</u>	<u>4,711,091</u>	<u>68</u>
	Significant contingent liabilities and unrecorded contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,216,244</u>	<u>100</u>	<u>\$ 6,969,408</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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(23) and 7	\$ 7,423,592	100	\$ 7,011,514	100
5000 Operating costs	6(3)(28) and 7	( 4,810,386)	( 65)	( 4,207,641)	( 60)
5950 Gross profit		<u>2,613,206</u>	<u>35</u>	<u>2,803,873</u>	<u>40</u>
Operating expenses	6(28) and 7				
6100 Selling expenses		( 523,319)	( 7)	( 560,733)	( 8)
6200 General and administrative expenses		( 789,233)	( 10)	( 747,242)	( 11)
6300 Research and development expenses		( 275,698)	( 4)	( 174,704)	( 2)
6450 Reversal of expected credit impairment loss		<u>18</u>	<u>-</u>	<u>4,538</u>	<u>-</u>
6000 Total operating expenses		( 1,588,232)	( 21)	( 1,478,141)	( 21)
6900 Operating income		<u>1,024,974</u>	<u>14</u>	<u>1,325,732</u>	<u>19</u>
Non-operating income and expenses					
7100 Interest income	6(24)	2,370	-	13,591	-
7010 Other income	6(25) and 7	70,924	1	64,146	1
7020 Other gains and losses	6(26)	( 18,235)	( -)	( 46,086)	( -)
7050 Finance costs	6(27)	( 8,729)	( -)	( 12,575)	( -)
7070 Share of loss of associates and joint ventures accounted for under equity method		( 31,293)	( 1)	( 194,953)	( 3)
7000 Total non-operating income and expenses		<u>15,037</u>	<u>-</u>	<u>175,877</u>	<u>( 2)</u>
7900 Profit before income tax		<u>1,040,011</u>	<u>14</u>	<u>1,149,855</u>	<u>17</u>
7950 Income tax expense	6(29)	( 167,515)	( 2)	( 261,960)	( 4)
8200 Profit for the year		<u>\$ 872,496</u>	<u>12</u>	<u>\$ 887,895</u>	<u>13</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial losses on defined benefit plan	6(17)	( \$ 7,940)	( -)	( \$ 2,247)	( -)
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(5)(22)	( 46,931)	( 1)	( 16,539)	( -)
8330 Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(22)	( 24,597)	( -)	( 27,444)	( -)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	<u>1,588</u>	<u>-</u>	<u>449</u>	<u>-</u>
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss		( 77,880)	( 1)	( 9,107)	( -)
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		( 39,950)	( 1)	( 14,501)	( -)
8380 Share of other comprehensive loss of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(22)	( 4,175)	( -)	( 5,185)	( -)
8399 Income tax relating to components of other comprehensive loss	6(29)	<u>9,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360 Other comprehensive loss that will be reclassified to profit or loss		( 34,794)	( 1)	( 19,686)	( -)
8300 Other comprehensive loss for the year		( \$ 112,674)	( 2)	( \$ 10,579)	( -)
8500 Total comprehensive income for the year		<u>\$ 759,822</u>	<u>10</u>	<u>\$ 877,316</u>	<u>13</u>
Earnings per share (in dollars)					
9750 Basic earnings per share	6(30)	<u>\$ 5.00</u>	<u>5.00</u>	<u>\$ 5.10</u>	<u>5.10</u>
9850 Diluted earnings per share	6(30)	<u>\$ 4.94</u>	<u>4.94</u>	<u>\$ 5.02</u>	<u>5.02</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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves				Retained Earnings			Other Equity Interest			Total equity
		Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	
<b>2019</b>												
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	6(21)	-	-	-	-	-	-	-	-	-	-	-
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 under equity method		-	-	-	486	-	-	-	-	-	-	486
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	64,060	-	-	(28,412)	-	-	-	35,648
Share-based payment	6(18)	-	-	-	86,303	-	-	-	-	-	-	86,303
Transfer of treasury stocks to employees		-	-	86,261	(86,303)	-	-	-	-	-	64,623	64,581
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(5)	-	-	-	-	-	-	(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
<b>2020</b>												
Balance at January 1, 2020		\$ 1,754,936	\$ 886,975	\$ 306,832	\$ 97,786	\$ 175,997	\$ 199,195	\$ 1,461,346	(\$ 73,174)	(\$ 98,802)	\$ -	\$ 4,711,091
Profit for the year		-	-	-	-	-	-	872,496	-	-	-	872,496
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(6,352)	(34,794)	(71,528)	-	(112,674)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	866,144	(34,794)	(71,528)	-	759,822
Appropriation and distribution of 2019 retained earnings	6(21)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	88,790	-	(88,790)	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(27,219)	27,219	-	-	-	-
Cash dividends		-	-	-	-	-	-	(544,030)	-	-	-	(544,030)
Changes in equity of associates and joint ventures accounted for under equity method		-	-	-	(2,496)	-	-	(787)	-	-	-	(3,283)
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	(2,495)	-	-	(2,326)	-	-	-	(4,821)
Purchase of treasury shares		-	-	-	-	-	-	-	-	-	91,449	91,449
Share-based payment	6(18)	-	-	-	65,863	-	-	-	-	-	-	65,863
Transfer of treasury stocks to employees		-	-	65,869	(65,863)	-	-	-	-	-	(91,449)	(91,443)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(5)	-	-	-	-	-	-	273,606	-	(273,606)	-	-
Balance at December 31, 2020		\$ 1,754,936	\$ 886,975	\$ 372,701	\$ 92,795	\$ 264,787	\$ 171,976	\$ 1,992,382	(\$ 107,968)	(\$ 443,936)	\$ -	\$ 4,984,648

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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,040,011	\$ 1,149,855
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of expected credit impairment loss	12(2)	( 18 )	( 4,538 )
Share-based payments	6(18)	49,966	59,011
Gain on financial assets at fair value through profit or loss	6(26)	-	( 902 )
Share of loss of associates accounted for under equity method	7	31,293	194,953
Loss on disposal of investments	6(26)	-	160
Loss (gain) on disposal of property, plant and equipment	6(26)	1	( 885 )
Depreciation	6(7)(8)(28)	118,798	106,021
Amortisation	6(10)(28)	722,451	111,521
Impairment loss on non-financial assets	6(12)	10,119	46,825
Interest income	6(24)	( 2,370 )	( 13,591 )
Dividend income	6(25)	-	( 2,436 )
Interest expense	6(27)	8,729	12,575
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	201,052
Accounts receivable		32,250	102,444
Accounts receivable - related parties		53,326	( 36,358 )
Other receivables		( 25,032 )	( 13,584 )
Other receivables - related parties		90,331	( 81,310 )
Inventory		1,497	( 2,193 )
Prepayments		56,111	58,386
Other non-current assets		( 826 )	-
Changes in operating liabilities			
Contract liabilities		245,238	( 290,827 )
Notes payable		( 26 )	( 1,153 )
Accounts payable		( 45,581 )	( 117,666 )
Accounts payable - related parties		20	( 14,372 )
Other payables		( 3,450 )	( 128,019 )
Other payables - related parties		5,541	41,979
Other current liabilities		876	( 1,077 )
Other non-current liabilities		( 596 )	( 603 )
Cash inflow generated from operations		2,388,659	1,375,268
Interest received		2,370	13,591
Dividends received		77,439	48,693
Interest paid		( 8,729 )	( 12,575 )
Income tax paid		( 129,825 )	( 624,670 )
Net cash flows from operating activities		<u>2,329,914</u>	<u>800,307</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	(\$ 78,376 )
Proceeds from liquidation of financial assets at fair value through other comprehensive income	6(5)	2,331	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	294,116	-
Acquisition of investments accounted for under equity method	6(31)	( 163,990 )	( 604,512 )
Proceeds from liquidation of investments accounted for under equity method	7	9,796	-
Acquisition of property, plant and equipment	6(31)	( 101,409 )	( 83,179 )
Proceeds from disposal of property, plant and equipment		-	4,762
Acquisition of intangible assets	6(31)	( 980,273 )	( 140,846 )
Decrease (increase) in refundable deposits		3,633	( 510 )
Decrease in other financial assets		-	84,516
Net cash flows used in investing activities		<u>( 935,796 )</u>	<u>( 818,145 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(32)	( 547,467 )	650,000
Repayment of long-term debt	6(32)	( 160,000 )	( 560,000 )
Decrease in guarantee deposit received		-	( 6 )
Payments of lease liabilities	6(32)	( 13,516 )	( 13,004 )
Purchase of treasury shares		( 91,449 )	-
Treasury shares purchased by employees		91,455	64,581
Cash dividends paid	6(21)	( 544,030 )	( 1,074,222 )
Net cash flows used in financing activities		<u>( 1,265,007 )</u>	<u>( 932,651 )</u>
Net increase (decrease) in cash and cash equivalents		129,111	( 950,489 )
Cash and cash equivalents at beginning of year		<u>355,595</u>	<u>1,306,084</u>
Cash and cash equivalents at end of year		<u>\$ 484,706</u>	<u>\$ 355,595</u>

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

INDEPENDENT AUDITORS' REPORT

PWCR20000387

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, 2020 and 2019, 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 (please refer to the other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, 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. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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. 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(27) for accounting policies on revenue recognition, Note 5(2) for the critical accounting estimates and assumptions and Note 6(25) for the details of accounting applied on revenue recognition.

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

The estimation of the virtual items delivery period, which is the same as the 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 transactions 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(17) and (18) for accounting policies on goodwill impairment, Note 6(12) for details of goodwill, and Note 5(2) 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 assessment 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. Comparing the recoverable value and book value of each cash-generating unit in order to assess the reasonableness of the book value.
-

## **Realisability of license fees payment obligations**

### Description

Refer to Note 4(17) for accounting policy on realisability of license fees payment obligations, Notes 6(12) and (16) for details of realisability of license fees payment obligations, and Note 5(2) for uncertainty of accounting estimates and assumptions in relation to realisability of license fees payment obligations.

The payment obligations of certain game license of the Group are to pay game developers license fees if the revenue reaches a certain amount within two years after the signing of the contract. Assessment of the realisability of license fees payment obligations involves subjective judgement of management, with respect to assumptions on the estimation of game point. Any changes in economic circumstances, industrial environment and the Group's strategy might affect the realisability of this payment obligation. Thus, we consider the realisability of license fees payment obligations as a key audit matter.

### How our audit addressed the matter

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

- A. Obtained the budget of game point provided by the management and compared the recession rate and growth rate used in the budget with historical results and similar market information.
- B. Reviewing the monthly budget achievement rate by comparing the actual report of game point with the estimated budget and confirmed whether there is a payment obligation in the future.

### ***Other matter – Reference to the audits of other auditors***

As described in Notes 4(3) and 6(8), part of the subsidiaries and investments accounted for under the equity method is based on the financial statements audited by other auditors appointed by these companies. We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method. Total assets of the subsidiaries amounted to NT\$2,186,919 thousand and NT\$2,125,556 thousand, constituting 24% and 23% of consolidated total assets as of December 31, 2020 and 2019, respectively, and operating revenue was NT\$2,716,688 thousand and NT\$2,186,630 thousand, constituting 26% and 23% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method amounted to NT\$106,943 thousand and NT\$0 thousand, constituting 1% and 0% of consolidated total assets as at December 31, 2020 and 2019, respectively, and other comprehensive loss accounted for under equity method was NT(\$70,713) thousand and NT\$0 thousand, constituting (11%) and 0% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements and information on the investees

disclosed in Note 13 were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent 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, 2020 and 2019.

***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 are responsible for overseeing the Group's financial reporting process.

***Auditors' 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 auditors' 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 auditors' 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 auditors' 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.

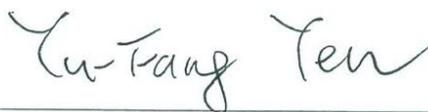
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2021

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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 independent auditors' report 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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,397,601	26	\$ 2,202,733	24
1136	Financial assets at amortised cost - current	6(7) and 8	102,626	1	40,185	-
1150	Notes receivable, net	6(2)	4,533	-	511	-
1170	Accounts receivable, net	6(2)	944,691	10	1,067,474	12
1180	Accounts receivable - related parties, net	7	13,345	-	6,702	-
1200	Other receivables	6(3)	258,160	3	370,354	4
1210	Other receivables - related parties	7	2,642	-	1,522	-
1220	Current income tax assets		9,580	-	26,070	-
130X	Inventory	6(4)	125,906	1	116,429	1
1410	Prepayments	6(5)	423,105	5	544,634	6
1470	Other current assets	8	100,446	1	182,474	2
11XX	<b>Total current assets</b>		<u>4,382,635</u>	<u>47</u>	<u>4,559,088</u>	<u>49</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	182,953	2	553,533	6
1550	Investments accounted for under equity method	6(8)	205,090	2	235,418	3
1600	Property, plant and equipment	6(9) and 8	2,845,436	31	2,857,123	31
1755	Right-of-use assets	6(10)	66,589	1	59,700	1
1780	Intangible assets	6(12)	1,411,663	15	842,551	9
1840	Deferred income tax assets	6(31)	165,441	2	111,269	1
1900	Other non-current assets	6(13)	45,088	-	41,203	-
15XX	<b>Total non-current assets</b>		<u>4,922,260</u>	<u>53</u>	<u>4,700,797</u>	<u>51</u>
1XXX	<b>Total assets</b>		<u>\$ 9,304,895</u>	<u>100</u>	<u>\$ 9,259,885</u>	<u>100</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(15)	\$ 226,148	3	\$ 748,179	8
2130	Current contract liabilities	6(25)	281,129	3	335,054	4
2150	Notes payable		1,211	-	1,237	-
2170	Accounts payable		500,183	5	540,739	6
2180	Accounts payable - related parties	7	4,060	-	297	-
2200	Other payables	6(16)	1,999,733	22	1,578,028	17
2220	Other payables - related parties	7	115,776	1	98,678	1
2230	Current income tax liabilities		193,041	2	69,237	1
2280	Current lease liabilities	7	30,142	-	24,183	-
2300	Other current liabilities	6(17)	228,179	3	210,447	2
21XX	<b>Total current liabilities</b>		<u>3,579,602</u>	<u>39</u>	<u>3,606,079</u>	<u>39</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(18)	80,000	1	240,000	3
2570	Deferred income tax liabilities	6(31)	66,637	1	61,297	1
2580	Lease liabilities - non-current		36,777	-	35,668	-
2600	Other non-current liabilities	6(19)	30,148	-	19,448	-
25XX	<b>Total non-current liabilities</b>		<u>213,562</u>	<u>2</u>	<u>356,413</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>3,793,164</u>	<u>41</u>	<u>3,962,492</u>	<u>43</u>
<b>Equity attributable to owners of the parent</b>						
	Share capital	6(21)				
3110	Common stock		1,754,936	19	1,754,936	19
	Capital surplus	6(22)				
3200	Capital surplus		1,352,471	14	1,291,593	14
	Retained earnings	6(23)				
3310	Legal reserve		264,787	3	175,997	2
3320	Special reserve		171,976	2	199,195	2
3350	Unappropriated retained earnings		1,992,382	21	1,461,346	16
	Other equity interest	6(24)				
3400	Other equity interest		( 551,904)	( 6)	( 171,976)	( 2)
31XX	<b>Equity attributable to owners of the parent</b>		<u>4,984,648</u>	<u>53</u>	<u>4,711,091</u>	<u>51</u>
36XX	<b>Non-controlling interest</b>	4(3)	<u>527,083</u>	<u>6</u>	<u>586,302</u>	<u>6</u>
3XXX	<b>Total Equity</b>		<u>5,511,731</u>	<u>59</u>	<u>5,297,393</u>	<u>57</u>
	Significant contingent liabilities and unrecorded contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 9,304,895</u>	<u>100</u>	<u>\$ 9,259,885</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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

Items	Notes	Year ended December 31,				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(25) and 7	\$ 10,443,042	100	\$ 9,681,345	100
5000	Operating costs	6(4)(30) and 7	( 6,474,304)	( 62)	( 5,588,187)	( 58)
5950	Gross profit		3,968,738	38	4,093,158	42
	Operating expenses	6(30) and 7				
6100	Selling expenses		( 1,199,557)	( 12)	( 1,243,681)	( 13)
6200	General and administrative expenses		( 1,250,368)	( 12)	( 1,226,253)	( 12)
6300	Research and development expenses		( 345,651)	( 3)	( 362,686)	( 4)
6450	Expected credit impairment loss	12(2)	( 35,747)	-	( 504)	-
6000	Total operating expenses		( 2,831,323)	( 27)	( 2,833,124)	( 29)
6900	Operating income		1,137,415	11	1,260,034	13
	Non-operating income and expenses					
7100	Interest income	6(26)	10,698	-	22,941	-
7010	Other income	6(11)(27) and 7	36,181	-	15,021	-
7020	Other gains and losses	6(28)	( 6,433)	-	( 30,470)	-
7050	Finance costs	6(29) and 7	( 12,209)	-	( 18,528)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	( 100,105)	( 1)	( 70,591)	( 1)
7000	Total non-operating income and expenses		( 71,868)	( 1)	( 81,627)	( 1)
7900	<b>Profit before income tax</b>		1,065,547	10	1,178,407	12
7950	Income tax expense	6(31)	( 283,227)	( 3)	( 313,789)	( 3)
8200	<b>Profit for the year</b>		\$ 782,320	7	\$ 864,618	9

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

Items	Notes	Year ended December 31,				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income, net</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Actuarial losses on defined benefit plan	6(19)	(\$ 7,940)	-	(\$ 2,247)	-
8316	Unrealised (loss) gain on investments in equity instruments at fair value through other comprehensive income	6(6)	( 71,408)	( 1)	11,541	-
8320	Share of other comprehensive losses of associates and joint ventures accounted for under equity method	6(24)	( 120)	-	( 636)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	1,588	-	449	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		( 77,880)	( 1)	9,107	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations		( 42,637)	-	( 16,733)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(24)	662	-	( 185)	-
8399	Income tax relating to the components of other comprehensive loss	6(31)	9,907	-	-	-
8360	Other comprehensive loss that will be reclassified to profit or loss		( 32,068)	-	( 16,918)	-
8300	<b>Total other comprehensive loss for the year</b>		(\$ 109,948)	( 1)	(\$ 7,811)	-
8500	<b>Total comprehensive income for the year</b>		\$ 672,372	6	\$ 856,807	9
<b>Profit (loss) attributable to:</b>						
8610	Owners of the parent		\$ 872,496	8	\$ 887,895	9
8620	Non-controlling interest		( 90,176)	( 1)	( 23,277)	-
			\$ 782,320	7	\$ 864,618	9
<b>Comprehensive income (loss) attributable to:</b>						
8710	Owners of the parent		\$ 759,822	7	\$ 877,316	9
8720	Non-controlling interest		( 87,450)	( 1)	( 20,509)	-
			\$ 672,372	6	\$ 856,807	9
<b>Earnings per share (in dollars)</b>						
9750	Basic earnings per share	6(32)	\$ 5.00		\$ 5.10	
9850	Diluted earnings per share	6(32)	\$ 4.94		\$ 5.02	

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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital Reserves				Retained Earnings				Other Equity Interest					
	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total			
<b>2019</b>														
	\$ 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	
	-	-	-	-	-	-	887,895	-	-	-	887,895	( 23,277 )	864,618	
	-	-	-	-	-	-	( 1,798 )	( 19,686 )	10,905	-	( 10,579 )	2,768	( 7,811 )	
	-	-	-	-	-	-	886,097	( 19,686 )	10,905	-	877,316	( 20,509 )	856,807	
Appropriations of 2018 retained earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-	
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 joint ventures accounted for under equity method	6(8)	-	-	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	
Share-based payment	6(20)	-	-	86,303	-	-	-	-	-	-	86,303	-	86,303	
Treasury shares distributed to employees	6(20)	-	-	86,303	-	-	-	-	-	64,623	64,581	-	64,581	
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	( 10,947 )	( 10,947 )	
Disposal of investments in equity instruments at fair value through other comprehensive income	6(6)	-	-	-	-	-	( 36,000 )	-	36,000	-	-	-	-	
Balance at December 31, 2019		\$ 1,754,936	\$ 886,975	\$ 306,832	\$ 97,786	\$ 175,997	\$ 1,461,346	(\$ 73,174)	(\$ 98,802)	\$ -	\$ 4,711,091	\$ 586,302	\$ 5,297,393	
<b>2020</b>														
	\$ 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	
	-	-	-	-	-	-	-	-	-	-	-	( 90,176 )	( 90,176 )	
	-	-	-	-	-	-	( 6,352 )	( 34,794 )	( 71,528 )	-	( 112,674 )	2,726	( 109,948 )	
	-	-	-	-	-	-	866,144	( 34,794 )	( 71,528 )	-	759,822	( 87,450 )	672,372	
Appropriations of 2019 retained earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	88,790	-	( 88,790 )	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	( 27,219 )	27,219	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	( 544,030 )	-	-	-	( 544,030 )	-	( 544,030 )	
Change in equity of associates and joint ventures accounted for under equity method	6(8)	-	-	( 2,496 )	-	-	( 787 )	-	-	-	( 3,283 )	-	( 3,283 )	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(33)	-	-	( 2,495 )	-	-	( 2,326 )	-	-	-	( 4,821 )	46,135	41,314	
Purchase of treasury shares		-	-	-	-	-	-	-	-	91,449	91,449	-	91,449	
Share-based payment	6(20)	-	-	65,863	-	-	-	-	-	-	65,863	-	65,863	
Treasury shares distributed to employees	6(20)	-	-	65,863	-	-	-	-	-	( 91,449 )	( 91,443 )	-	( 91,443 )	
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	( 17,904 )	( 17,904 )	
Disposal of investments in equity instruments at fair value through other comprehensive income	6(6)	-	-	-	-	-	273,606	-	( 273,606 )	-	-	-	-	
Balance at December 31, 2020		\$ 1,754,936	\$ 886,975	\$ 372,701	\$ 92,795	\$ 264,787	\$ 1,992,382	(\$ 107,968)	(\$ 443,936)	\$ -	\$ 4,984,648	\$ 527,083	\$ 5,511,731	

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, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,065,547	\$ 1,178,407
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	35,747	504
Depreciation	6(9)(10)(30)	164,394	154,646
Amortisation	6(12)(30)	839,191	177,341
Gain on financial assets at fair value through profit or loss	6(28)	-	( 902 )
Share-based payments	6(20)	65,863	86,303
Share of loss of subsidiaries and associates accounted for under equity method	6(8)	100,105	70,591
Gain on disposal of property, plant and equipment	6(28)	( 236 )	( 1,133 )
Intangible assets transferred to other losses and expenses	6(12)	-	4,707
Gain on disposal of investment	6(28)	-	( 8,027 )
Impairment loss on non-financial assets	6(14)(28)	10,119	46,825
Interest income	6(26)	( 10,698 )	( 22,941 )
Interest expense	6(29)	12,209	18,528
Dividend income	6(6)(27)	( 458 )	( 2,916 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	201,052
Notes receivable		( 4,022 )	941
Accounts receivable		91,813	( 142,835 )
Accounts receivable - related parties		( 6,643 )	45,002
Other receivables		25,135	30,088
Other receivables - related parties		( 1,120 )	12,135
Inventories		( 9,477 )	( 15,110 )
Prepayments		121,529	28,602
Other current assets		4,383	12,472
Other non-current assets		( 2,217 )	212
Changes in operating liabilities			
Contract liabilities - current		( 53,925 )	( 117,565 )
Notes payable		( 26 )	( 1,204 )
Accounts payable		( 40,556 )	( 94,025 )
Accounts payable - related parties		3,763	( 9,380 )
Other payables		69,818	( 107,045 )
Other payables - related parties		17,098	( 38,469 )
Other current liabilities		17,732	13,912
Other non-current liabilities		156	672
Cash inflow generated from operations		<u>2,515,224</u>	<u>1,521,388</u>
Interest received		10,698	22,941
Dividends received		1,078	4,477
Interest paid		( 12,209 )	( 18,528 )
Income tax paid		( 180,846 )	( 654,159 )
Net cash flows provided by operating activities		<u>2,333,945</u>	<u>876,119</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	(\$ 81,376 )
Proceeds from liquidation of financial assets at fair value through other comprehensive income	6(6)	2,331	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	294,116	-
Acquisition of investments accounted for under equity method	6(8)	( 96,776 )	( 81,988 )
Proceeds from capital reduction of investments accounted for under equity method	6(8)	23,340	-
Acquisition of subsidiaries (net of cash received)		-	( 101,859 )
Acquisition of property, plant and equipment	6(34)	( 129,301 )	( 104,707 )
Proceeds from disposal of property, plant and equipment		2,093	29,259
Acquisition of intangible assets	6(34)	( 992,805 )	( 300,401 )
Proceeds from disposal of intangible assets	6(34)	-	52
(Increase) decrease in financial assets as amortised cost		( 62,441 )	83,718
Increase in refundable deposits		( 986 )	( 6,082 )
Decrease (increase) in other financial assets		77,645	( 117,378 )
Net cash flows used in investing activities		( 882,784 )	( 680,762 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(35)	( 518,870 )	611,907
Repayment of long-term borrowings	6(35)	( 160,000 )	( 560,000 )
Purchase of treasury shares		( 91,449 )	-
Increase in subsidiaries capital from non-controlling interest	6(33)	12,009	244,883
Increase (decrease) in guarantee deposits received		2,604	( 276 )
Payment of lease liabilities	6(35)	( 26,632 )	( 25,966 )
Sale of treasury shares to employees		91,455	64,581
Cash dividends paid	6(23)	( 544,030 )	( 1,074,222 )
Cash dividends paid to non-controlling interest		( 13,742 )	( 10,947 )
Acquisition of additional equity interest in subsidiaries	6(33)	-	( 31,663 )
Net cash flows used in financing activities		( 1,248,655 )	( 781,703 )
Effect of exchange rate changes on cash and cash equivalents		( 7,638 )	( 7,650 )
Net increase (decrease) in cash and cash equivalents		194,868	( 593,996 )
Cash and cash equivalents at beginning of year		2,202,733	2,796,729
Cash and cash equivalents at end of year		\$ 2,397,601	\$ 2,202,733

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

Gamania Digital Entertainment Co., Ltd.  
2020 Earnings Distribution Table

Unit: NT\$

Item	Value
Earnings undistributed at the beginning of the reporting period	855,746,577
Add: Adjustments to long-term equity investment	(3,112,828)
: Other combined gains and losses	(6,352,007)
: Other combined gains and losses transferred retained earnings	273,605,610
Add: After-tax net profit for the year	872,496,138
Earnings available for distribution at the end of this period	1,992,383,490
Provision of 10% as legal reserve	(113,663,691)
Provision for special reserve	(379,928,049)
Earnings available for distribution for this period	1,498,791,750
Distribution: Cash dividends (NT\$ 4 per share)	701,974,292
Unappropriated retained earnings	796,817,458

Note: Subject to the principles of the Company's Earnings Distribution Table, priorities shall be given to distributable earnings of 2020.

Chairman of the Board:  
Liu, Po-Yuan

Manager: Liu, Po-Yuan

Head of Accounting:  
Su, Hsin-Hung

# **Gamania Digital Entertainment Co., Ltd.**

## **Articles of Incorporation**

### Chapter I General Rules

- Article 1: The Company is organized according to the Company Act, and named 遊戲橘子數位科技股份有限公司  
(English name: GAMANIA DIGITAL ENTERTAINMENT CO., LTD.)
- Article 2: The 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 that are subject to special approval)
  - V. Bidding and quotation for products on behalf of domestic and foreign manufacturers.
  - VI. I401010 General Advertisement Service
  - VII. J503020 Television Program Production
  - VIII. J503030 Broadcasting and Television Program Distribution
  - IX. J503040 Broadcasting and Television Commercial
  - X. JZ99050 Agency Services
  - XI. CC01050 Data Storage Media Units Manufacturing
  - XII. I301010 Information Software Services
  - XIII. J303010 Magazine (Periodical) Publishing
  - 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 the 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 NTD 2.5 billion, divided into 250 million shares at NTD 10 per share, which may be issued partially, including NTD 220 million, divided into 22 million shares of NTD 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 the 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 latest shareholders' 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' meeting.
- Article 5-2: The treasury stocks bought by the Company in accordance with the 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 general meeting, or within 30 days prior to the date of an extraordinary 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 general meetings and extraordinary meetings. A 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. Extraordinary meetings may be called for as needed by law.
- 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 the Company Act and the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authorities.
- 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 the 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

- Article 13: The Company has 5-9 directors, including at least 3 Independent Directors, all of whom are elected through a shareholders' meeting from capable persons. They will serve for a term of three years, and may be re-elected following appointment. The total number of registered shares in the Company held by all the directors 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 within the scope of business during their tenure in accordance with the law.
- Article 13-1: Directors shall be elected by way of nomination of candidates as set out in Article 192-1 of Company Act. The nomination and announcement of Directors shall be accepted in accordance with the 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 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 all Independent Directors, who are responsible for performance of the duties set out in the Company Act, Securities and Exchange Act and other relevant regulations.
- 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 the Company Act.

Article 15: Meetings of the Board of Directors are convened and chaired by the Chairman of the Board. Except for the first meetings of the Board of Directors, in accordance with the provisions of Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, meetings of the Board of Directors are convened by a majority of directors, and chaired in accordance with relevant regulations. Except as otherwise provided for by the 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 the 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 to 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.

#### 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 the 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 general shareholders' meeting for ratification.

Article 19: Deleted.

Article 20: 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 to directors. The Company shall appropriate for write-off the loss carried forward, if applicable.

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 the 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.

The 23rd amendment hereto will be made on June 17, 2020.

Gamania Digital Entertainment Co., Ltd.  
Chairman of the Board: Liu, Po-Yuan

**Gamania Digital Entertainment Co., Ltd.**  
**Rules of Procedure for Shareholders' Meetings**

1. The Rules of Procedure for Shareholders' Meetings, except as otherwise provided for by laws, regulations, or the articles of association, shall be as specified in these Rules.
2. For shareholders' 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.
3. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
4. A shareholders' 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.
5. If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors will be the chairperson of the meeting. In case the Chairman of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.  
If a shareholders' 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.
6. A shareholders' meeting shall, unless otherwise provided for in laws and regulations, be convened by the Board of Directors. 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 a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting. The electronic versions of the shareholders' meeting handbook and supplementary materials for the meeting shall be uploaded to the Market Observation Post System (MOPS) 21 days before a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting. Fifteen days prior to the shareholders' meeting, the Meeting Handbook and supplementary materials for the meeting shall be properly prepared and be available for retrieval by shareholders at any time and they shall be displayed at the Company and the professional shareholder service agent authorized by the Company and be distributed on the floor of the shareholders' meeting.  
The cause(s) or subject(s) of a meeting to be convened shall be indicated in the individual

notice and announcement; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

The following matters shall be set out in the notice of the reasons for convening a shareholders' 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-compete clauses; capital increase out of earnings or reserves; dissolution, merger or spin-off of the Company; or any matter under Article 185-1 of the Company Act.

Shareholder(s) holding one percent or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a general shareholders' meeting. Where a proposal contains more than one matter, such proposal shall not be included in the agenda. 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. In addition, if any subparagraph of Article 172-1, paragraph 4 of the 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 general shareholders' meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the general shareholders' 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 not more than three hundred (300) words; any one exceeding the limit will not be included in the agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the general shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

7. The Company shall have the entire sign-in process, the process of a general shareholders' meeting, and the voting and count of votes tape-recorded or videotaped from the time of accepting the registration for attendance by shareholders.

These tapes shall be preserved for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

8. The attendance in shareholders' meetings shall be calculated by the number of shares represented.

When the start time of the meeting is due, the chairperson shall call the meeting to order. When the total number of outstanding shares represented falls short of a majority, however, the chairperson may announce that the meeting will be postponed. Such postponement is limited twice only and the time involved in the postponements combined may not exceed one hour. 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 Company Act. Before the meeting is completed, if the number of shares represented by attending shareholders already reaches a majority of the total outstanding shares, the chairperson may bring forth a tentative resolution made to be voted on again as required by Article 174 of the Company Act.

9. The agenda of a shareholders' meeting shall be set by the Board of Directors, and relevant motions (including ad hoc motions and amendments to the original motions) should be voted on a case-by-case basis 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' 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' meeting in the same or other place after the meeting is adjourned; However, in the event that the chairman adjourns a shareholders' 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.

10. Before an attending shareholder speaks, it is required to first complete the speech note specifying highlights of his/her speech, the shareholder's account number (or the Attendance ID number) and name. The chairperson will decide the sequential order by which he/she may speak.

When an attending shareholder only presents the speech note without speaking, it is considered that the shareholder has not spoken. When the information provided in the speech differs from that in the speech note, the actual speech delivered shall prevail.

While an attending shareholder speaks, unless having obtained permissions from the chairperson and the speaking shareholder, other shareholders may not speak and interfere with the speech. The chairperson shall stop any violator.

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.

When an institutional shareholder sends more than two people to attend a shareholders' meeting, for the same proposal, only one of them may speak.

After an attending shareholder has spoken, the chairperson may reply in person or designate someone to reply.

11. The chairman may announce to end the discussion of any resolution and put it to the vote if he/she deems it appropriate, and reserve adequate voting time.
12. Scrutineers and vote counters for proposals put to the vote are to be assigned by the chairperson. The scrutineers, however, shall be shareholders.  
The results of voting shall be reported on the spot and placed on record.
13. When a meeting is in progress, the chairperson may announce a break if appropriate. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
14. 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 the Company Act.

Except as otherwise specified in the 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' meeting.

When voting, it is considered that a proposal is approved if no dissenting opinions are raised upon inquiries from the chairperson. The power shall be identical to that having been voted on. Besides the proposals included in the agenda, other proposals introduced on one proposal or an amendment or alternative to an existing proposal introduced by shareholders shall be supported by other shareholders. The shares held by the proposer along with the endorser(s) combined shall account for 1% of all voting rights of outstanding shares.

15. When there is an amendment or an alternative to one proposal, the chairperson shall decide the sequential order it is voted on along with the original proposal. If one of them has been approved, the other proposals are considered to have been vetoed; no additional voting is required.
16. Election of directors and appointment date set out in the notice of the reasons for convening a shareholders' meeting shall be subject to the applicable election rules adopted by the Company, and the voting results shall be announced on-site immediately. The appointment date shall not be changed by ad hoc motions or otherwise at the said shareholders' meeting.
17. The matters resolved at a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.  
The distribution of the meeting minutes in the foregoing paragraph may be announced as indicated in 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.
18. On the day of a shareholder's 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.
19. 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 Rules of Procedure and do not obey correction by the chairperson and do not stop interfering with the meeting may be asked to leave the venue by the inspector or security guard as instructed by the chairperson.
20. These Rules and any amendments hereto, shall be implemented as soon as adopted at the general meeting.
21. These Rules of Procedure were prepared on June 14, 2006.  
The 1st amendment hereto was made on June 22, 2012  
The 2nd amendment hereto was made on June 17, 2020

## Gamania Digital Entertainment Co., Ltd.

### Number of Shares Held by All Directors and Minimum Number of Shares That Should be Held

April 26, 2021

Position	Name	Number of shares held	% of shareholding
Chairman	Liu, Po-Yuan	20,291,305	11.56
Director	Representative of Wanin International: Hsiao, Cheng-Hao	15,101,000	8.60
Director	Lin, Hsien-Ming	0	-
Director	Representative of CLOUD COPIOUS INVESTMETN LIMITED: Chen, Shih-Ying	1,005	-
Independent Director	Sheng, Bao-Si	0	-
Independent Director	Lin, Ruei-Yi	0	-
Independent Director	Chen, Kuan-Pai	0	-
Number and percentage of shares held by all the directors (excluding Independent Directors)		35,393,310	20.17

Explanation:

1. The paid-in capital of the Company is NTD 1,754,935,730, and 175,493,573 shares have been issued.
2. As is required by Article 26 of the Securities and Exchange Act, the minimum number of shares that shall be held by all directors is 10,529,615.

Other Information:

1. No proposals for the current general shareholders' meeting of 2021 have been received from any shareholder.
2. Impacts of the free-gratis dividends on the Company's business performance, earnings per share and shareholder ROI: Not applicable.