

**SOFTSTAR ENTERTAINMENT INC.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

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The reader is advised that parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To Softstar Entertainment Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Softstar Entertainment Inc. (the “Company”) as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Other Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, 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 2024 parent company only financial statements. 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.

Revenue Recognition – Royalties

The Company's royalties are revenue from licensing its solely developed intellectual property (IP) to others that grant use in game development, game operations and film content. As the circumstances and developed products of each license agreement vary, it is necessary to identify performance obligations and determine whether the licensing nature provides a customer with a right to access the Company's IP over time or with a right to use the Company's IP at a point in time. Also, it is important to consider the expected development period of the games, game operation cycles, industry practices and historical experiences to estimate the duration of revenue allocation and variable consideration estimation, and to regularly review the reasonableness of estimation assumptions. As the Company's revenue recognition of royalties is significant and requires management judgement, we therefore consider this as a key audit matter.

In response to the risk of material misstatement regarding recognition of royalties revenue, our audit procedures included, but were not limited to:

1. Understanding the approach in which royalty revenue is recognized, evaluating and testing the internal controls regarding the recognition of royalties;
2. Obtaining the license agreements, identifying performance obligations, defining the transaction prices, and determining whether revenues are recognized over time or at a point in time;
3. Obtaining the details of recognition of royalties and confirming whether the performance obligations of the license agreement have been fulfilled; obtaining the details of royalty revenue allocation of games development and confirming the correctness of the development period and revenue allocation stated in the license agreements; and
4. Reviewing the reasonableness of the estimated allocation periods and the correctness of the calculation of royalty revenues allocation provided by the Company.

We also considered the appropriateness of the parent company only financial statements disclosure regarding royalty revenue and contract liabilities in Note 5 and 6.

Goodwill Impairment Assessment (recognized as investments accounted for using equity method)

The Company conducted the impairment tests annually on the goodwill (recognized as investments accounted for using equity method) acquired through business combinations in accordance with the regulations of International Financial Reporting Standards (IFRSs). As the carrying amount of goodwill is material to the Company and the assumptions involved management's judgement, we therefore considered this as a key audit matter.

Our audit procedures included, but were not limited to:

1. Understanding management's assessment processes and policies related to goodwill impairment;
2. Understanding management's criteria for identifying cash generating units and determining the measurement methods of recoverable amount, and reviewing the calculation process using the fair value less costs of disposal and value-in-use methods;
3. Understanding management's assessment process and basis for the projected growth rates and gross profit margins of the acquired companies' future operating prospects; and
4. Using internal experts to assist evaluating the valuation models and significant assumptions (including discount rates, etc.) utilized by management, and comparing the assumptions with market data and historical financial information to assess the reasonableness of management's judgments.

We also considered the appropriateness of the parent company only financial statements disclosure regarding investments accounted for using equity method in Note 4 and 6.

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain investments accounted for using the equity method. Those statements 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 for those investee companies accounted for using equity method and information disclosed in Note 13 relating to these equity investments, is based solely on the audit reports of other auditors. The investment accounted for using the equity method amounted to NT\$963,290 thousand and NT\$861,515 thousand, representing 34% and 42% of total assets as of December 31, 2024 and 2023, respectively. The related shares of profit or loss from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$10,872 thousand and NT\$(43,075) thousand, representing 18% of the profit before tax and 14% of the loss before tax for the years ended 31 December, 2024 and 2023, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$3,956 thousand and NT\$(15,852) thousand, representing 48% and (223)% of the other comprehensive income for the years ended 31 December, 2024 and 2023, respectively.

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 requirements of 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 parent company only financial statements, including the accompanying notes, and whether the parent company only 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 Company to express an opinion on the parent company only 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 2024 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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.

/s/Lu, Chian-Uen

/s/Wang, Mu-Fan

Ernst & Young, Taiwan

March 28, 2025

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of		Liabilities and Equity	Notes	As of	
		December 31, 2024	December 31, 2023			December 31, 2024	December 31, 2023
Current assets				Current liabilities			
Cash and cash equivalents	6	\$121,730	\$180,575	Short-term borrowings	6 and 8	\$205,000	\$142,000
Financial assets at fair value through profit or loss, current	6	125,275	3,000	Contract liabilities, current	6	37,783	19,805
Contract assets, current	6	2,979	-	Notes payable		-	201
Accounts receivable, net	6	23,829	9,959	Accounts payable		14,236	11,429
Accounts receivable-related parties, net	6 and 7	15,092	17,180	Accounts payable-related parties	7	6,298	2,120
Other receivables		17,469	7,995	Other payables	6	46,108	38,969
Other receivables-related parties	7	100,918	4,269	Other payables-related parties	7	1,679	455
Current income tax assets		2,791	1,389	Current income tax liabilities	6	7,108	45,340
Prepayment	7	100,822	75,345	Lease liabilities, current	6	12,800	13,103
Other financial assets, current	6 and 8	16,067	3,012	Current portion of long-term borrowings	6 and 8	15,441	83,114
Other current assets		525	2,011	Other current liabilities		49,309	1,731
Total current assets		<u>527,497</u>	<u>304,735</u>	Total current liabilities		<u>395,762</u>	<u>358,267</u>
Non-current assets				Non-current liabilities			
Financial assets at fair value through profit or loss, non-current	6	59,648	26,131	Financial liabilities at fair value through profit or loss, non-current	6	2,610	-
Financial assets at fair value through other comprehensive income, non-current	6	35,994	23,007	Bonds payable	6	279,030	-
Investments accounted for using the equity method	6	2,109,363	1,586,394	Long-term borrowings	6 and 8	32,248	129,596
Contract assets, non-current	6	-	6,495	Lease liabilities, non-current	6	25,641	21,486
Property, plant and equipment	6 and 7	14,963	8,826	Net defined benefit liabilities	6	6,603	8,851
Right-of-use assets	6	36,118	32,890	Negative balances from investments accounted for using the equity method	6	25,473	-
Intangible assets	6	5,133	17,371	Total non-current liabilities		<u>371,605</u>	<u>159,933</u>
Deferred tax assets	6	17,895	22,521	Total liabilities		<u>767,367</u>	<u>518,200</u>
Refundable deposits	7	4,712	5,094	Equity			
Other financial assets, non-current	6 and 8	6,000	37,553	Common stock	6	1,091,861	1,038,836
Total non-current assets		<u>2,289,826</u>	<u>1,766,282</u>	Additional paid-in capital	6	657,753	263,061
				Retained earnings	6		
				Legal reserve		175,480	175,480
				Special reserve		138,608	146,211
				Unappropriated earnings		334,855	255,999
				Other components of equity		(133,317)	(183,322)
				Treasury shares		(215,284)	(143,448)
				Total equity		<u>2,049,956</u>	<u>1,552,817</u>
Total assets		<u>\$2,817,323</u>	<u>\$2,071,017</u>	Total liabilities and equity		<u>\$2,817,323</u>	<u>\$2,071,017</u>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the Years Ended December 31,	
		2024	2023
Net sales	6 and 7	\$270,568	\$208,116
Cost of goods sold	6 and 7	(51,965)	(25,989)
Gross profit	6 and 7	218,603	182,127
Operating expenses	6 and 7		
Sales and marketing expenses		(114,209)	(39,820)
General and administrative expenses		(174,231)	(161,070)
Research and development expenses		(102,658)	(108,694)
Expected credit losses		(4,818)	(10,906)
Subtotal		(395,916)	(320,490)
Operating loss		(177,313)	(138,363)
Non-operating income and expenses	6 and 7		
Interest income		1,696	6,286
Other income		21,362	5,902
Other gains and losses		223,032	(10,181)
Finance costs		(9,992)	(6,038)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		2,310	(155,113)
Subtotal		238,408	(159,144)
Profit (loss) before income tax		61,095	(297,507)
Income tax benefit (expense)	6	16,544	(37,620)
Net income (loss)		77,639	(335,127)
Other comprehensive income (loss)	6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		2,050	(589)
Unrealized gains or losses from financial assets at fair value through other comprehensive income		12,987	7,368
Share of other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for using equity method		2,952	5,353
Tax of items that will not be reclassified subsequently to profit or loss		(509)	(99)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for using equity method		(9,200)	(4,938)
Total other comprehensive income, net of tax		8,280	7,095
Total comprehensive income		\$85,919	\$(328,032)
Earnings per share (NTD)	6		
Earnings (losses) per share-basic		\$0.77	\$(3.39)
Earnings (losses) per share-diluted		\$0.77	\$(3.39)

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

Description	Retained Earnings					Others Components of Equity					Total
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses from Financial Assets at Fair Value Through Other Comprehensive Loss	Unearned stock-based Employee Compensation	Treasury Shares		
Balance as of January 1, 2023	\$852,630	\$158,340	\$128,417	\$247,943	\$841,135	\$7,057	\$(153,267)	\$-	\$(101,847)	\$1,980,408	
Appropriation and distribution of 2022 retained earnings											
Legal reserve	-	-	47,063	-	(47,063)	-	-	-	-	-	
Cash dividends	-	-	-	-	(127,130)	-	-	-	-	(127,130)	
Stock dividends	169,506	-	-	-	(169,506)	-	-	-	-	-	
Reversal of special reserve	-	-	-	(101,732)	101,732	-	-	-	-	-	
Net income in 2023	-	-	-	-	(335,127)	-	-	-	-	(335,127)	
Other comprehensive income (loss) in 2023	-	-	-	-	(507)	(258)	7,860	-	-	7,095	
Total comprehensive income (loss) in 2023	-	-	-	-	(335,634)	(258)	7,860	-	-	(328,032)	
Repurchase of treasury share	-	-	-	-	-	-	-	-	(24,282)	(24,282)	
Acquisition of company's stocks by subsidiaries recognized as treasury shares	-	-	-	-	-	-	-	-	(19,403)	(19,403)	
Disposal of the parent company's stock by a subsidiary is regarded as a treasury stock transaction	-	2,682	-	-	-	-	-	-	2,084	4,766	
Parent company's cash dividends received by subsidiaries	-	4,195	-	-	-	-	-	-	-	4,195	
Difference between consideration and carrying amount of subsidiaries acquired	-	982	-	-	-	-	-	-	-	982	
Changes in ownership interests in subsidiaries	-	(12,690)	-	-	(7,535)	-	-	-	-	(20,225)	
Share-based payment transactions	16,700	109,552	-	-	-	-	-	(44,714)	-	81,538	
Balance as of December 31, 2023	\$1,038,836	\$263,061	\$175,480	\$146,211	\$255,999	\$6,799	\$(145,407)	\$(44,714)	\$(143,448)	\$1,552,817	
Balance as of January 1, 2024	\$1,038,836	\$263,061	\$175,480	\$146,211	\$255,999	\$6,799	\$(145,407)	\$(44,714)	\$(143,448)	\$1,552,817	
Appropriation and distribution of 2023 retained earnings											
Reversal of special reserve	-	-	-	(7,603)	7,603	-	-	-	-	-	
Donated surplus	-	13,601	-	-	-	-	-	-	-	13,601	
Equity component of convertible bonds	-	17,820	-	-	-	-	-	-	-	17,820	
Net loss in 2024	-	-	-	-	77,639	-	-	-	-	77,639	
Other comprehensive income (loss) in 2024	-	-	-	-	1,541	(9,200)	15,939	-	-	8,280	
Total comprehensive income (loss) in 2024	-	-	-	-	79,180	(9,200)	15,939	-	-	85,919	
Cash capital increase	52,000	286,000	-	-	-	-	-	-	-	338,000	
Acquisition of company's stocks by subsidiaries recognized as treasury shares	-	(112)	-	-	-	-	-	-	(71,836)	(71,948)	
Disposal of investments using the equity method	-	-	-	-	(607)	-	607	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired	-	12,287	-	-	(990)	-	-	-	-	11,297	
Changes in ownership interests in subsidiaries	-	61,640	-	-	(330)	-	(516)	-	-	60,794	
Share-based payment transactions	2,100	10,836	-	-	-	-	-	37,175	-	50,111	
Disposal of equity instruments investments measured at fair value through other comprehensive loss	-	-	-	-	(6,000)	-	6,000	-	-	-	
Employee restricted shares for cancellation	(1,075)	(7,380)	-	-	-	-	-	-	-	(8,455)	
Balance as of December 31, 2024	\$1,091,861	\$657,753	\$175,480	\$138,608	\$334,855	\$(2,401)	\$(123,377)	\$(7,539)	\$(215,284)	\$2,049,956	

Note: For the year ended December 31, 2024, employees' compensation and remuneration to directors and supervisors were NT\$1,909 thousand and NT\$636 thousand, respectively, and had already been deducted in the statement of comprehensive income, while for the year ended December 31, 2023, employees' compensation and remuneration to directors and supervisors were both NT\$0 thousand.

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Description	For the Years Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Income (loss) before tax	\$61,095	\$(297,507)
Adjustments for:		
Depreciation	23,945	17,718
Amortization	10,875	4,517
Expected credit impairment losses	4,818	10,906
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(11,666)	5,613
Interest expense	9,992	6,038
Interest income	(1,696)	(6,286)
Share-based payments expense	48,557	72,505
Share of profit or loss of associates and joint ventures accounted for using equity method	(2,310)	155,113
Losses on disposal of property, plant and equipment	2,036	5
(Gains) losses on disposal of intangible assets	(8,024)	335
Losses on disposal of investment	-	(711)
Impairment loss of non-financial assets	-	13
Gains on disposal of mobile game intellectual property	(212,472)	-
Others	(175)	(253)
Changes in operating assets and liabilities:		
Contract assets	483	635
Accounts receivable, net	(15,655)	2,994
Accounts receivable-related parties, net	2,088	4,524
Other receivables	6,926	(1,079)
Other receivables-related parties	(2,649)	23,991
Prepayment	(25,477)	(36,067)
Other current assets	1,486	(1,965)
Contract liabilities	83,726	(20,367)
Notes payable	(201)	201
Accounts payable	2,807	(2,014)
Accounts payable-related parties	4,178	(3,470)
Other payables	7,139	(22,783)
Other payables-related parties	1,224	157
Other current liabilities	47,578	(1,228)
Net defined benefit liabilities	(2,248)	(646)
Cash generated from operations	36,380	(89,111)
Interest received	1,696	6,286
Interest paid	(6,631)	(5,032)
Income tax paid	(18,563)	(15,350)
Net cash provided by (used in) operating activities	12,882	(103,207)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,093)
Acquisition of financial assets at fair value through profit or loss	(18,050)	(7,057)
Proceeds from disposal of financial assets at fair value through profit or loss	5,088	-
Acquisition of investments accounted for using equity method	(514,890)	(403,823)
Acquisition of property, plant and equipment	(16,005)	(8,525)
Proceeds from disposal of property, plant and equipment	449	64
Decrease in guarantee deposits paid	382	2,398
Other receivables-related parties	(94,000)	-
Acquisition of intangible assets	(10,202)	(21,665)
Proceeds from disposal of intangible assets	19,589	925
Decrease in other financial assets	18,498	75,436
Dividends received	-	360,697
Net cash used in investing activities	(609,141)	(7,643)
Cash flows from financing activities:		
Increase in short-term borrowings	310,000	187,000
Decrease in short-term borrowings	(247,000)	(238,000)
Proceeds from bonds issued	298,845	-
Proceeds from long-term borrowings	60,000	225,000
Repayment of long-term borrowings	(225,021)	(86,420)
Repayment of the principal portion of lease liabilities	(16,608)	(13,880)
Cash dividends	-	(127,130)
Cash capital increase	338,000	-
Treasury stock transactions	-	(24,282)
Disposal of ownership interests in subsidiaries (without losing control)	5,597	17,228
Others	13,601	-
Net cash provided by (used in) financing activities	537,414	(60,484)
Net decrease in cash and cash equivalents	(58,845)	(171,334)
Cash and cash equivalents at beginning of year	180,575	351,909
Cash and cash equivalents at end of year	\$121,730	\$180,575

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and organization

Softstar Entertainment Inc. (“the Company”), formerly known as Cyber Power Systems, Inc., was incorporated in August 1998 in the Republic of China and it changed its name to Softstar Entertainment Inc. the same year. The Company main business include online games, game software; instructional software; and research, design, sales of computer peripherals. On August 8, 2001, the Company listed its shares of stock on the Taipei Stock Exchange (TPEX). The Company’s registered office and the main business location is at 7F, No. 8, Lane 11, Sec. 2, Dunhua S. Road, Da’an District, Taipei, Taiwan.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2024 and 2023 were authorized for issue by the Company’s board of directors (hereinafter the “Board of Directors”) on March 28, 2025.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standard and amendment had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (a) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2025. The remaining standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
g	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

a. Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

b. Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

c. Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(d) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(e) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- a. Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- b. Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- c. Clarify the treatment of non-recourse assets and contractually linked instruments.
- d. Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(f) Annual Improvements to IFRS Accounting Standards – Volume 11

a. Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

b. Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

c. Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

d. Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

e. Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

f. Amendments to IAS 7

(g) Amendments to IFRS 9 “Financial Instruments” (IFRS 9) and IFRS 7 “Financial Instruments: Disclosures” (IFRS 7) - Contracts Referencing Nature-dependent Electricity

The amendments include:

- a. Clarify the application of the “own-use” requirements
- b. Permit hedge accounting if these contracts are used as hedging instruments.
- c. Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. Apart from items (c) explained or which the Company for the time being is unable to reasonably estimate the impact of said standards or interpretations on the Company, the remaining standards and interpretations have no material impact on the Company.

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations).

(2) Basis of preparation

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent company only financial statements are presented in NT\$, which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (A) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (B) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (C) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- (A) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (B) The Company holds the asset primarily for the purpose of trading.
- (C) The Company expects to realize the asset within twelve months after the reporting period.
- (D) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

A liability is classified as current when:

- (A) The Company expects to settle the liability in its normal operating cycle.
- (B) The Company holds the liability primarily for the purpose of trading.
- (C) The liability is due to be settled within twelve months after the reporting period.
- (D) The Company does not have a right to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within twelve months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 9 Financial Instruments: Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(A) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, other financial assets, current, refundable deposits and other financial assets, non-current etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(B) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(C) Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a Company of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (A) In the principal market for the asset or liability, or
- (B) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Investments accounted for using the equity method

According to Art. 21 of Regulation Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in its subsidiaries are presented as Investments accounted for using equity method with necessary adjustments so that the net income and other comprehensive income of individual financial report equal the net income and other comprehensive income attributed to the parent of consolidated financial report, and that the shareholder's equity of individual financial report equals the shareholder's equity attributed to the parent of consolidated financial report. Considering the accounting treatment for investment in subsidiaries specified in IFRS 10 "Consolidated Financial Reports", and the different accounting treatments for different level of investees, necessary adjustments are made by debiting or crediting "Investments accounted for using equity method", "Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method", and "Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method".

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional paid in capital and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (A) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
- (B) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss, furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Machinery and equipment	1~5 years
Office equipment	1~5 years
Right-of-use assets	3~5 years
Leasehold improvements	3 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (A) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (B) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (A) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (B) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (C) amounts expected to be payable by the lessee under residual value guarantees;
- (D) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (E) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (A) the amount of the initial measurement of the lease liability;
- (B) any lease payments made at or before the commencement date, less any lease incentives received;
- (C) any initial direct costs incurred by the lessee; and
- (D) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software	Other intangible assets
Useful lives	Finite	Indefinite
Amortization method used	Amortized on a straight- line basis over the estimated useful life	No amortization. Tested for impairment quarterly.
Internally generated or acquired	Acquired	Acquired

(13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Treasury stocks

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(15) Revenue recognition

The Company's revenue arising from contracts are primarily related to royalties. Licensing content includes licensing its solely developed intellectual property (IP) to others that grant use in game development, game operations and film content and online game operation services. The accounting policies are explained as follow:

Rendering of services

(A) The Company provides services related to game licensing. The Company identifies performance obligations and determines whether the licensing provides a customer with a right to access the Company's IP over time or with a right to use the Company's IP at a point in time. Based on experience, the Company uses the expected value method to estimate variable consideration. The scope is limited to the accumulated amount of the revenue recognized which is likely to not be significantly reversed in the subsequent period, when the uncertainty associated with the contracts are eliminated. For some contracts, if the Company has fulfilled the performance obligation but does not have a right to an unconditional consideration, these contracts should be presented as contract assets. Besides, loss allowance for contract assets was assessed in accordance with IFRS 9. For some rendering of services contracts, when part of the consideration was received from customers upon signing the contract, and the Company owns the obligation to provide the services subsequently, these contracts should be recognized as contract liabilities.

(B) The Company provides services related to online games. The Company sells online game time points to subsequently provide services, therefore sales amount from online game time points is recognized as a contract liabilities and revenue is subsequently recognized based on actual usage.

The Company usually fulfills its obligation and reclasses the contract liabilities to revenue within an year, thus, no significant financing component arose.

(C) The Company provides services related to the operation of online games. When the players recharge their game credits, they can subsequently use the credits to buy virtual items in the game. The Company recognizes the proceeds received from the sales of game points as contract liabilities. Revenue is recognized in accordance with the estimated lifetime of the virtual items after players recharge their game credits and subsequently use the credits to by virtual items.

The Company usually fulfills its obligation and reclasses the contract liabilities to revenue within a year, thus, no significant financing component arose.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Costs to fulfill a contract

The Company determines fulfillment costs should be capitalized if all the following criteria are met:

- (A) costs relate directly to a contract or to an anticipated contract the entity can specifically identify (e.g., costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract not yet approved);
- (B) costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- (C) costs are expected to be recovered.

(16) Borrowing Costs

Borrowing costs in line with the requirements which are directly attributable to the acquisition, construction or production of assets may be capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses incurred during the period. The borrowing costs include interest and other costs incurred in connection with the borrowing of funds.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (A) the date of the plan amendment or curtailment, and
- (B) the date that the Company recognizes restructuring-related costs or termination benefits

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (A) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (B) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (A) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (B) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty arising from these assumptions and estimates could result in material adjustments to the carrying amount of the assets or liabilities in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(A) Revenue recognition – royalties

In accordance with IRFS 15, the Company identifies performance obligations and determine whether the licensing provides a customer with a right to access the Company's IP over time or with a right to use the Company's IP at a point in time and recognizes royalty revenue when performance obligations have been satisfied.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. These estimates and assumptions are discussed below.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(A) Estimate of variable consideration

With the Company's business practices, the Company expects to provide a price concession. This price concession will depend on the situation of the industry at the time and the customer. The expected value method is used to estimate variable consideration to predict the amount of the consideration that the Company will be entitled to. When the aforementioned method for estimating variable consideration is included in the transaction price, the scope is limited to the accumulated amount of the revenue recognized, which is likely to not be significantly reversed in the subsequent period when the uncertainty associated with the contracts are eliminated.

(B) Accounts receivables—estimate of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (forward-looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(C) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (i.e. the discounted cash flows model) or market approach. Changes in assumptions used in the valuation model could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(D) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(E) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2024	2023
Cash on hand & petty cash	\$240	\$230
Checking and saving accounts	121,490	180,345
Total	<u>\$121,730</u>	<u>\$180,575</u>

(2) Accounts receivable and Accounts receivable-related parties

	As of December 31,	
	2024	2023
Accounts receivable	\$42,190	\$26,535
Less: loss allowance	(18,361)	(16,576)
Subtotal	<u>23,829</u>	<u>9,959</u>
Accounts receivable from related parties	15,092	17,180
Less: loss allowance	-	-
Subtotal	<u>15,092</u>	<u>17,180</u>
Total	<u>\$38,921</u>	<u>\$27,139</u>

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Accounts receivables were not pledged.

Accounts receivables are generally on 30-90 day terms. The total carrying amount as of December 31, 2024 and 2023 are NT\$57,582 thousand and NT\$43,715 thousand, respectively. Please refer to Note 6 (17) for more details on loss allowance of accounts receivable for the years ended December 31, 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

(3) Other financial assets

	As of December 31,	
	2024	2023
Reserve account-demand deposits	\$22,067	\$40,565
Current	\$16,067	\$3,012
Non-current	\$6,000	\$37,553

Please refer to Note 8 for further details on pledged other financial assets.

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

	As of December 31,	
	2024	2023
Financial assets designated at fair value through profit or loss:		
CMGE Technology Group Limited (Note 1)	\$124,594	\$-
Cathy Private Equity Smart Technology Limited Partnership	20,991	12,910
Cathy Private Equity Ecology Limited Partnership	20,017	9,293
Vertex Ventures (SG) SEA V LP	18,640	3,928
Film investment agreement (Note2)	651	3,000
Embedded derivatives	30	-
Total	\$184,923	\$29,131
Current	\$125,275	\$3,000
Non-current	\$59,648	\$26,131

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Note 1: The Group was approved by its board of directors on September 11, 2024 to dispose of the intellectual property rights of *Chinese Paladin: Sword and Fairy* (excluding China), the transaction consideration and the acquisition of financial assets at fair value through profit or loss, please note 6 (23) for details.

Note 2: The profit generated from the film would be allocated to the Company and other corporations based on the signed investment agreement.

Financial assets at fair value through profit or loss were not pledged.

(5) Financial assets at fair value through other comprehensive income, noncurrent

	As of December 31,	
	2024	2023
Equity instrument investments measured at fair value through other comprehensive income, noncurrent:		
Over-the-counter stocks		
Newretail Co., Ltd.	\$14,493	\$6,951
Emerging market stock		
Meimaii Technology Co., Ltd (Note1)	2,707	3,085
Private company stocks		
Taiwan Smart Card Co. (Note2)	18,794	12,971
Funfia Inc.	-	-
Total	<u>\$35,994</u>	<u>\$23,007</u>

Note 1: In January 2023, SNSplus, Inc. was renamed Meimaii Technology Co., Ltd.

Note 2: Funfia Inc. was dissolved on November 26, 2024 by the resolution of the shareholders' meeting, and as of December 31, 2024, the liquidation procedure has not been completed.

Financial assets at fair value through other comprehensive income were not pledged.

(6) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Investees	As of December 31,				Note
	2024		2023		
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	
Investments in subsidiaries:					
Uniplus Electronics Co., Ltd.	\$850,569	43.04%	\$432,983	43.76%	1
Lanjing Ltd.	368,336	100%	345,375	100%	2
Jiwei Technology Ltd.	218,862	100%	204,290	100%	2, 3, 7
Red Sunrise Co., Ltd.	196,006	50.02%	202,091	55.60%	1, 4, 5
Zhu International Group Inc.	134,295	86.91%	757	100%	5
JFN Investment Holding Corp.	88,155	100%	82,812	100%	2
Gamebase Digital Media Corporation	68,304	100%	99,075	100%	6
Chander Electronics Corp.	62,981	12.85%	129,812	13.02%	1, 2, 7
Time Vision International Limited	62,411	100%	30,355	100%	
New Profit Holding Limited	28,089	100%	26,386	100%	2
Le Tao Catering Business Inc.	9,970	100%	-	-%	8
Softstar Animation Limited	7,622	100%	6,950	100%	
Softstar Singapore Private Limited	2,242	100%	1,714	100%	
Activision Entertainment Ltd.	799	100%	886	100%	
GOLGEN AVENUE Group Ltd.	546	100%	-	-%	9
Loftstar Interactive Entertainment Inc.	(25,473)	100%	11,464	100%	10
Subtotal	<u>2,073,714</u>		<u>1,574,950</u>		
Investments in associates:					
Double Edge Entertainment Corp.	10,176	30.31%	11,084	30.31%	
A.R.T. Games Co., Ltd.	-	-%	360	49%	11
Chia-e International Inc.	-	28.21%	-	28.21%	
Subtotal	<u>10,176</u>		<u>11,444</u>		
Net amount of investments accounted for using the equity method					
	<u>\$2,083,890</u>		<u>\$1,586,394</u>		
Carrying amount of investments accounted for using the equity method					
	\$2,109,363		\$1,586,394		
Less: credit balance of investments accounted for using the equity method					
	<u>(25,473)</u>		<u>-</u>		10
Total	<u>\$2,083,890</u>		<u>\$1,586,394</u>		

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

- Note 1: In January 2024, Uniplus Electronics Co., Ltd. issued 4,050 thousand restricted employee shares, reducing the Company's ownership in the company to 42.93%. In December 2024, Uniplus Electronics Co., Ltd. conducted cash capital increase. The Company directly and indirectly participated in the offering through its subsidiaries, Red Sunrise Co., Ltd. and Chander Electronics Corp., increasing its ownership to 43.04%.
- Note 2: On December 31, 2024 and 2023, the Company directly and through its subsidiaries, Lanjing Ltd., Jiwei Technology Ltd., JFN Investment Holding Corp. and New Profit Holding Limited indirectly held 42.32% and 42.49% of Chander Electronics Corp.'s shares, respectively. The financial statements of Chander Electronics Corp. were audited by other auditors.
- Note 3: The Company through its subsidiary, Jiwei Technology Ltd., indirectly held 36.59% and 36.17% of shareholdings of Array Inc. on December 31, 2024 and 2023. The financial statements of Array Inc. were audited by other auditors.
- Note 4: In February 2024, Red Sunrise Co., Ltd. increased its capital by cash in the amount of NT\$21,000 thousand, issuing 1,500 thousand new shares. As the Company did not participate in the subscription, its shareholding percentage was diluted to 50.20%.
- Note 5: In January 2024, Zhu International Group Inc. issued new shares through cash capital increase. As the Company did not subscribe to the shares according to its ownership, its shareholding ratio was reduced to 66.88%. On June 25 and August 30, 2024, the Company acquired both 20,000 thousand shares of Zhu International Group Inc., increasing its shareholdings to 73.82%. On November 1, 2024, the Company acquired 2,500 thousand shares of Zhu International Group Inc. from Red Sunrise Co., Ltd. for NT\$25,000 thousand, increasing its shareholdings to 86.91%.
- Note 6: On December 31, 2024 and 2023, the Company through the subsidiary, Gamebase Digital Media Corporation, indirectly held 37.56% and 35.72% shareholdings of Niusnews Co., Ltd. The financial statements of Niusnews Co., Ltd. were audited by other auditors.
- Note 7: In January 2024, the Company sold 135,000 shares of Chander Electronics Corp., reducing its ownership to 12.85%.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Note 8: The Company invested and established Le Tao Catering Business Inc. on September 20, 2024.

Note 9: The Company invested in and established GOLDEN AVENUE GROUP Ltd. with its intellectual property on November 1, 2024 to dispose of intangible assets.

Note 10: On December 31, 2024, the investments accounted for using equity method of Loftstar Interactive Entertainment Inc. was recognized in credit balance.

Note 11: A.R.T. Games Co., Ltd. was resolved at the shareholders' meeting held on July 17, 2024. As of December 31, the liquidation procedure has not been completed.

(A) Investment in subsidiaries

The investments in subsidiaries were represented as “investments accounted for using the equity method” and adjusted for valuation if necessary.

(B) Investment in associates

The Company’s investments in Double Edge Entertainment Corp., A.R.T. Games Co., Ltd., and Chia-e International Inc. are not individually material. The aggregate carrying amount of the Company’s interests in Double Edge Entertainment Corp., A.R.T. Games Co., Ltd., and Chia-e International Inc. is NT\$10,176 thousand and NT\$11,444 thousand as of December 31, 2024 and 2023. The aggregate financial information of the Company’s investments is as follows:

	For the years ended	
	December, 31	
	2024	2023
Loss from continuing operations	\$(4,146)	\$(7,573)
Other comprehensive income (net of tax)	-	-
Total comprehensive loss	<u>\$(4,146)</u>	<u>\$(7,573)</u>

(C) The Company recognized the investment income(loss) based on the financial information of the investees recognized in investments accounted for under the equity method. Such financial information is as follows:

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

	Gain (loss) on investment	
	For the years ended	
	December 31	
	2024	2023
Double Edge Entertainment Corp.	\$(908)	\$(1,507)
A.R.T. Games Co., Ltd.	(360)	(1,275)
Total	<u>\$(1,268)</u>	<u>\$(2,782)</u>

- (D) Customers Delight is a subsidiary of Zhu International Group Inc., one of the Company's investee accounted for using the equity method, and was audited by other auditors. Upon Assessing the possibility of recovering the stores after the acquisition date, the investee recorded an impairment loss in the amount of NT\$1,213 thousand.
- (E) The aforementioned the subsidiaries and associates had no contingent liabilities or capital commitments as of December 31, 2024 and 2023. Please refer to Note 8 for further details on pledged bank borrowings.
- (F) We did not audit the financial statements of certain investments accounted for using the equity method. Those statements 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 for those investee companies accounted for using equity method and information disclosed in Note 13 relating to these equity investments, is based solely on the audit reports of other auditors. The investment accounted for using the equity method amounted to NT\$963,290 thousand and NT\$861,515 thousand, representing 34% and 42% of total assets as of December 31, 2024 and 2023, respectively. The related shares of profit or loss from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$10,872 thousand and NT\$(43,075) thousand, representing 18% of the profit before tax and 14% of the loss before tax for the years ended 31 December, 2024 and 2023, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$3,956 thousand and NT\$(15,852) thousand, representing 48% and (223)% of the other comprehensive income for the years ended 31 December, 2024 and 2023, respectively.

(7) Property, plant and equipment

	As of December 31,	
	2024	2023
Owner occupied property, plant and equipment	<u>\$14,963</u>	<u>\$8,826</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

	Machinery and equipment	Office equipment	Leasehold improvements	Total
Cost:				
As of January 1, 2024	\$7,893	\$12,364	\$8,222	\$28,479
Additions	1,089	2,039	12,877	16,005
Disposals	(168)	(1,387)	(7,804)	(9,359)
Transfers	(3,246)	3,246	-	-
As of December 31, 2024	<u>\$5,568</u>	<u>\$16,262</u>	<u>\$13,295</u>	<u>\$35,125</u>
As of January 1, 2023	\$6,423	\$11,328	\$2,807	\$20,558
Additions	951	2,159	5,415	8,525
Disposals	(18)	(586)	-	(604)
Transfers	537	(537)	-	-
As of December 31, 2023	<u>\$7,893</u>	<u>\$12,364</u>	<u>\$8,222</u>	<u>\$28,479</u>
Depreciation and impairment:				
As of January 1, 2024	\$6,119	\$10,583	\$2,951	\$19,653
Depreciation	621	1,169	5,593	7,383
Disposals	(168)	(979)	(5,727)	(6,874)
Transfers	(2,720)	2,720	-	-
As of December 31, 2024	<u>\$3,852</u>	<u>\$13,493</u>	<u>\$2,817</u>	<u>\$20,162</u>
As of January 1, 2023	\$5,933	\$10,021	\$539	\$16,493
Depreciation	566	717	2,412	3,695
Disposals	(18)	(517)	-	(535)
Transfers	(362)	362	-	-
As of December 31, 2023	<u>\$6,119</u>	<u>\$10,583</u>	<u>\$2,951</u>	<u>\$19,653</u>
Net carrying amounts as of:				
December 31, 2023	<u>\$1,716</u>	<u>\$2,769</u>	<u>\$10,478</u>	<u>\$14,963</u>
December 31, 2022	<u>\$1,774</u>	<u>\$1,781</u>	<u>\$5,271</u>	<u>\$8,826</u>

Property, plant and equipment were not pledged.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(8) Intangible assets

	Computer software	Other intangible assets	Total
Cost:			
As of January 1, 2024	\$22,498	\$11,578	\$34,076
Addition-acquired separately	969	9,233	10,202
Deduction-derecognized	(158)	(11,578)	(11,736)
As of December 31, 2024	<u>\$23,309</u>	<u>\$9,233</u>	<u>\$32,542</u>
As of January 1, 2023	\$16,634	\$-	\$16,634
Addition-acquired separately	8,827	12,838	21,665
Deduction-derecognized	(2,963)	(1,260)	(4,223)
As of December 31, 2023	<u>\$22,498</u>	<u>\$11,578</u>	<u>\$34,076</u>
Amortization and impairment:			
As of January 1, 2024	\$16,692	\$13	\$16,705
Amortization	3,118	7,757	10,875
Deduction-derecognized	(158)	(13)	(171)
As of December 31, 2024	<u>\$19,652</u>	<u>\$7,757</u>	<u>\$27,409</u>
As of January 1, 2023	\$15,138	\$-	\$15,138
Amortization	4,517	-	4,517
Impairment	-	13	13
Deduction-derecognized	(2,963)	-	(2,963)
As of December 31, 2023	<u>\$16,692</u>	<u>\$13</u>	<u>\$16,705</u>
Net carrying amount as of:			
December 31, 2024	<u>\$3,657</u>	<u>\$1,476</u>	<u>\$5,133</u>
December 31, 2023	<u>\$5,806</u>	<u>\$11,565</u>	<u>\$17,371</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended December, 31	
	2024	2023
Operating costs	<u>\$7,757</u>	<u>\$-</u>
Sales and marketing expenses	<u>\$29</u>	<u>\$68</u>
General and administrative expenses	<u>\$203</u>	<u>\$290</u>
Research and development expenses	<u>\$2,886</u>	<u>\$4,159</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(9) Short-term borrowings

	As of December 31, 2024		
	Interest Rate	Expiration date	Amount
Secured loan	2.46%~2.85%	December 20, 2025	\$205,000

	As of December 31, 2023		
	Interest Rate	Expiration date	Amount
Secured loan	2.38%~2.50%	September 23, 2024	\$142,000

The Company's unused short-term line of credit amounted to NT\$0 thousand and NT\$30,000 thousand as of December 31, 2024 and 2023.

Please refer to Note 8 for further details on pledged short-term borrowings.

(10) Other payables

	As of December 31,	
	2024	2023
Salary payable	\$24,681	\$23,824
Professional service fees payable	8,033	6,032
Equipment payable	3,200	666
Insurance payable	2,250	2,216
Pension payable	1,158	1,081
VAT payable	828	2,812
Other accrued expenses	5,958	2,338
Total	\$46,108	\$38,969

(11) Long-term borrowings

Details of long-term loans are as follows:

Lenders	As of December 31, 2024	Interest Rate (%)	Maturity date and terms of repayment
Land Bank of Taiwan secured loan	30,000	2.66%	From December 28, 2023 to December 28, 2026, the interest is paid monthly and the principal of loans should be refunded at maturity.
Shin Kong Bank secured loan	10,147	2.99%	Repayable monthly from December 1, 2023 to December 1, 2025 and interest is paid monthly.
First Bank unsecured loan	7,542	2.65%	Repayable monthly from May 29, 2023 to May 29, 2026 and interest is paid monthly.
Subtotal	\$47,689		
Less: current portion	(15,441)		
Total	\$32,248		

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Lenders	As of December		Maturity date and terms of repayment
	31, 2023	Interest Rate (%)	
Bank of Panhsin secured loan	\$45,993	2.84%	Repayable monthly from September 11, 2023 to September 11, 2026 and interest paid monthly.
Land Bank of Taiwan secured loan	30,000	2.53%	From December 28, 2023 to December 28, 2026, the interest is paid monthly and the principal of loans should be refunded at maturity.
The Shanghai Commercial & Savings Bank secured loan	26,777	2.50%	Repayable monthly from August 24, 2023 to August 24, 2026 and interest is paid monthly.
Taishin International Bank secured loan	26,667	2.65%	Repayable monthly from July 31, 2023 to July 31, 2026 and interest is paid monthly.
First Bank unsecured loan	24,343	2.53%	Repayable monthly from May 29, 2023 to May 29, 2026 and interest is paid monthly.
Taichung Commercial Bank secured loan	21,875	3.10%	From February 8, 2023 to February 8, 2025, the interest is paid monthly and the principal is paid back quarterly.
Shin Kong Bank secured loan	20,000	2.86%	Repayable monthly from December 1, 2023 to December 1, 2025 and interest is paid monthly.
Taiwan Cooperative Bank secured loan	14,476	2.64%	Repayable monthly from December 24, 2020 to December 24, 2025 and interest is paid monthly.
The Shanghai Commercial & Savings Bank secured loan	2,579	2.50%	Repayable monthly from March 8, 2021 to March 8, 2024 and interest is paid monthly.
Subtotal	\$212,710		
Less: current portion	(83,114)		
Total	\$129,596		

Please refer to Note 8 for further details on pledged long-term borrowings.

(12) Bonds payable

	As of December 31,	
	2024	2023
Convertible domestic bonds payable	\$279,030	\$-
Less: current portion	-	-
Total	\$279,030	\$-

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(a) Convertible domestic bonds payable

	As of December 31,	
	2024	2023
Liability:		
Principal amount	\$300,000	\$-
Premiums (discounts) on bonds payable	(20,970)	-
Subtotal	279,030	-
Less: current portion	-	-
Total	\$279,030	\$-
Embedded derivatives-asset	\$30	\$-
Embedded derivatives-liability	\$2,610	\$-
Equity component	\$17,820	\$-

Note: Chander Electronics Corp., a subsidiary of the Company, purchased 400 domestic convertible bonds of the Company in the third quarter of 2024, and the transaction was eliminated when preparing the consolidated financial statements.

Please refer to Note 6(20) for the amount of Embedded derivatives – Redemption Valuation Gains and Losses and Interest Expense on Bond Recognition.

(b) The Company issued the second domestic unsecured convertible bonds on September 10, 2024, with the following terms:

a. Total issued amount: NT\$300,000 thousand.

b. Issue price: 101% of par value.

c. Issue period: September 10, 2024 to September 10, 2027

d. Important redemption terms:

(i) From the day after the expiration of three months from the date of issuance (December 11, 2024) to forty days before the expiration of the issue period (August 1, 2027), if the closing price of the Company's ordinary shares at the business premises of the securities dealer, exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may notify the Company to withdraw the outstanding convertible bonds in cash according to the face value of the bonds.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

- (ii) From the day after the expiration of three months from the date of issuance (December 11, 2024) to the forty days before the expiration of the issue date (August 1, 2027), if the outstanding balance of the converted bonds is less than 10% of the total amount of the original issuance, the Company may recover the outstanding bonds in cash according to the face value of the bonds at any time.
 - (iii) If the bondholder fails to reply in writing to the Company's stock agency before the base date of the bond call as stated in the Bond Call Notice, the Company will recover the bond in cash within five business days after the base date of the call.
- (c) Conversion method:
- a. Conversion subject : Common shares.
 - b. Conversion Period: Bondholders may apply for conversion into ordinary shares instead of cash repayment from the day following the expiration of three months from the date of issuance (December 11, 2024) to the maturity date (September 10, 2027) of the convertible bonds, except for the period of suspension of conversion stipulated in the conversion measures.
 - c. Conversion Price and Adjustment: The conversion price shall be set at NT\$67 per share when issued. And in the event of an adjustment of the conversion price of the Company's ordinary shares in accordance with the offering regulations, the conversion price shall be adjusted in accordance with the formula prescribed in the offering regulations.

Redemption on maturity date: When the convertible bond has not been converted at maturity, it will be redeemed according to the face value of the bond.

(13) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, and the Company will make monthly contributions of no less than 6% of the employee's monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 are NT\$6,317 thousand and NT\$6,023 thousand, respectively.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor standards Act, The Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$219 thousand to its defined benefit plan during the 12 months after December 31, 2024.

The weighted-average durations of the defined benefits plan obligation were 9 and 9 years as of December 31, 2024 and 2023, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2024 and 2023:

	For the years ended	
	December 31,	
	2024	2023
Current period service costs	\$-	\$-
Interest income or expense	107	117
Total	<u>\$107</u>	<u>\$117</u>

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Reconciliation of present value of the pension obligation under defined benefit pension plans and fair value of the plan assets are as follows:

	As of		
	December 31, 2024	December 31, 2023	January 1, 2023
Present value of the pension obligation under defined benefit pension plans	\$14,415	\$20,446	\$24,796
Fair value of plan assets	(7,812)	(11,595)	(15,806)
Net defined benefit liabilities, noncurrent	<u>\$6,603</u>	<u>\$8,851</u>	<u>\$8,990</u>

Reconciliation of liability (asset) of the defined benefit plan are as follows:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (assets)
As of January 1, 2023	\$24,796	\$(15,806)	\$8,990
Current period service costs	-	-	-
Net interest expense (income)	323	(206)	117
Subtotal	323	(206)	117
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	187	-	187
Experience adjustments	426	(24)	402
Subtotal	613	(24)	589
Payments from the plan	(5,286)	5,286	-
Contributions by employer	-	(845)	(845)
As of December 31, 2023	20,446	(11,595)	8,851
Current period service costs	-	-	-
Net interest expense (income)	245	(138)	107
Subtotal	245	(138)	107
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(489)	-	(489)
Experience adjustments	(453)	(1,108)	(1,561)
Subtotal	(942)	(1,108)	(2,050)
Payments from the plan	(5,334)	5,334	-
Contributions by employer	-	(305)	(305)
As of December 31, 2024	<u>\$14,415</u>	<u>\$(7,812)</u>	<u>\$6,603</u>

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The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2024	2023
Discount rate	1.60%	1.20%
Expected rate of salary increases	2.00%	2.00%

Sensitivity analysis:

	2024		2023	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(294)	\$-	\$(459)
Discount rate decrease by 0.25%	302	-	474	-
Future salary increase by 0.25%	264	-	417	-
Future salary decrease by 0.25%	-	(259)	-	(408)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(14) Equities

(A) Common stock

The Company's authorized capital was NT\$1,300,000 thousand as of December 31, 2024 and 2023. The Company has issued capital amounted to NT\$1,091,861 thousand and NT\$1,038,836 thousand, with 109,186 thousand shares and 103,884 thousand shares, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The shareholders' meeting held on June 26, 2023 approved the issuance of 16,951 thousand shares of common stock from unappropriated retained earnings in the amount of NT\$169,506 thousand, at a par value of NT\$10 per share. The base date for capital increase was September 3, 2023, and the registration was completed.

On August 11, 2023, the Board of Directors of the Company resolved to issue 1,670 thousand restricted employee stock, at a par value of NT\$10 per share, totaling NT\$16,700 thousand. The capital increase date was set as August 11, 2023. The addition in capital was approved and registered by the competent authority on September 1, 2023. The Company withdrew and cancelled 107,500 issued but unvested restricted stocks in accordance with the issuance regulations, and the base date of capital reduction was August 19, 2024.

On May 24, 2024, the Board of Directors decided to issue 5,200 thousand ordinary shares at a subscription price of NT\$65 per share, and the paid-in share proceeds of NT\$338,000 thousand were fully collected on July 17, 2024, and were approved on August 28, 2024, and the change of registration has been completed.

On August 13, 2024, the Company's board of directors resolved to issue 210 thousand new shares with a par value of NT\$10 per share, totaling NT\$2,100 thousand, and set August 20, 2024 as the base date for capital increase. The capital increase was approved by the competent authority, and the change registration was completed on September 16, 2024.

(B) Capital surplus

	As of December,	
	2024	2023
Additional Paid-in Capital	\$505,951	\$167,137
Share of changes in net assets of associates and joint ventures accounted for using equity method	70,943	9,303
Difference between consideration and carrying amount of subsidiaries acquired	33,028	20,741
Stock options	17,820	-
Donated assets	13,601	-
Treasury shares	10,992	11,104
Restricted employee stock	5,418	54,776
Total	<u>\$657,753</u>	<u>\$263,061</u>

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

According to the Company Act, the capital reserve shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the per value of capital and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares.

(C) Treasury stocks

The details of the carrying amounts and the number of shares held by the Company and its subsidiaries were as follows:

	Amount (in thousand NT\$)	
	As of December 31,	
	2024	2023
The Company	\$31,275	\$31,225
Uniplus Electronics Co., Ltd.	87,383	89,636
Chander Electronics Corp.	84,764	10,677
Toptrend Technologies Corp.	11,862	11,910
Total	<u>\$215,284</u>	<u>\$143,448</u>

	Number of shares (in thousands)	
	As of December 31,	
	2024	2023
The Company	510	510
Uniplus Electronics Co., Ltd.	6,370	6,370
Chander Electronics Corp.	3,378	623
Toptrend Technologies Corp.	821	821
Total	<u>11,079</u>	<u>8,324</u>

(D) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The company's dividend distribution adopts conservative principle. Paying stock dividend is preferred. If there is a surplus, it will be distributed to shareholders as cash dividends, but the ratio of cash dividend distribution is expected to be lower than 50% of the total dividend distribution.

According to the Company Act, the Company is required to set aside an amount from its earnings to legal reserve unless such legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

In accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865 and “Applicable question and answer for the provision of special reserves after the adoption of International Financial Reporting Standards (IFRSs)”, the Company sets aside and reverses special reserves.

Details of the 2023 earnings distribution and dividends per share approved by the Board of Directors and the shareholder’s meeting held on June 25, 2024, respectively, were as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2024	2023	2024	2023
Legal reserve appropriated	(Note)	\$-	(Note)	\$-
Special reserve reversed	(Note)	(7,603)	(Note)	
Cash dividend on common stock	(Note)	-	(Note)	

The appropriation of 2024 unappropriated retained earnings has not yet been resolved by the Board of Directors as of the reporting date.

Please refer to Note 6 (19) for details on employees’ compensation and remuneration to directors and supervisors.

(15) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations. The company grants the equity instruments to the employees in return for the services they provide. These plans are accounted for as equity-settled share-based payment transactions.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(A) On June 26, 2023, the shareholders' meeting of the Company resolved to issue 2,500 thousand restricted stocks in installments, applicable to issue in one tranche or in installments within two years from the resolution date. Each share shall be issued at a par value of NT\$0, provided as non-cash consideration through gratuitous distribution to employees. On August 13, 2024, and August 11, 2023, the Board of Directors resolved to issue 210 thousand and 1,670 thousand restricted ordinary shares to employees, and the price per share on the grant date was NT\$61.60 and NT\$75.60. The share-based payment plan was as follows:

Type of grant	Date of grant	Total numbers of options granted (thousand)	Contract period	Vesting Conditions
Restricted employee stock plan (Note 1)	August 11, 2023	1,670	16 months	Achievement of performance conditions (Note 2)
	August 20, 2024	210	16 months	

Note 1: The restricted employee stock rights issued by the Company were not transferable during the contract period, but they did not restrict voting rights and included in the distribution of dividends. Employees who leave during the vested period were required to return the shares without the need to return the dividends obtained.

Note 2: Employees who are still employed by the Company as of the grant date of the restricted stocks for employees with grade A in the latest performance appraisal shall be entitled to 50% of the allocated shares. Employees who remain employed by the Company for 16 months from the grant date of the restricted stocks for employees with grade A in the latest performance appraisal as of the grant date shall be entitled to the remaining 50% of the allocated shares.

As of December 31, 2024, since the employees have not yet met the vesting conditions, the balance of unearned compensation accounted for the deduction of equity was NT\$7,539 thousand, which would be recognized as salary expenses in future vesting period.

(B) The expense recognized for employee services received for the year ended December 31, 2023, is shown in the following table:

	For the years ended	
	December 31,	
	2024	2023
Total expense arising from equity-settled share-based payment transactions	\$48,557	\$72,505

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(16) Operating revenue

	For the years ended	
	December 31,	
	2024	2023
Revenue from contracts with customers		
Rendering of service	\$270,568	\$208,116

Analysis of revenue from contracts with customers during the years ended December 31, 2024 and 2023 are as follows:

(A) Disaggregation of revenue

	For the years ended	
	December 31,	
	2024	2023
Timing of revenue recognition:		
At a point in time	\$56,793	\$86,052
Over time	213,775	122,064
Total	\$270,568	\$208,116

(B) Contract balances

Net contract assets (liabilities) are as follows:

	December 31, 2024	December 31, 2023	Difference	%
Contract assets, current	\$2,979	\$-	\$2,979	100%
Contract assets, noncurrent	-	6,495	6,495	(100%)
Contract liabilities, current	(37,783)	(19,805)	(17,978)	91%
Contract liabilities, noncurrent	-	-	-	-

As certain contract assets' rights to receive consideration were no longer deemed unconditional in the current year, contract assets decreased by NT\$3,516 thousand from December 31, 2023 to December 31, 2024, and was reclassified as expected credit loss.

Contract liabilities increased by NT\$17,978 thousand from December 31, 2023 to December 31, 2024 was mainly due to the pending launch of some projects, and the contract liabilities were not yet transferred to operating revenue.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(C) Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT\$37,783 thousand as of December 31, 2024. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one year.

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT\$19,085 thousand as of December 31, 2023. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one year.

(17) Expected credit losses/ (gains)

	For the years ended	
	December 31,	
	2024	2023
Operating expenses – Expected credit losses/(gains)		
Contract assets	\$3,033	\$(1,071)
Accounts receivable	1,785	11,977
Total	<u>\$4,818</u>	<u>\$10,906</u>

The credit risk for the Company's financial assets measured at amortized cost were assessed as low (the same as the assessment result in the beginning of the period) as of December 31, 2024 and 2023. As the Company's trade partners are financial institutions with good credit, the loss allowance was NT\$0 thousand measured at a loss ratio of 0%.

The Company measures the loss allowance of its contract assets and trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessments of the Company's loss allowance as of December 31, 2024 and 2023 are as follows:

(A) The gross carrying amount of contract assets are NT\$2,979 thousand and NT\$6,495 thousand as of December 31, 2024 and 2023, respectively. The loss allowance amounts to NT\$0 where an expected credit loss ratio of 0% is used.

(B) The Company groups its trade receivables by counterparties' credit rating, geographical region and industry sector, and its loss allowance is measured by using a provision matrix, details are as follow:

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As of December 31, 2024

Group 1

	Not yet due	Overdue			Total	
		<=30 days	31-60 days	61-150 days		>=151 days
Gross carrying amount	\$34,194	\$1,580	\$2,926	\$-	\$18,582	\$57,282
Loss ratio	-%	-%	13.70%	-%	96.66%	
Lifetime expected credit losses	-	-	(400)	-	(17,961)	(18,361)
Subtotal	\$34,194	\$1,580	\$2,526	\$-	\$621	\$38,921

As of December 31, 2023

Group 1

	Not yet due	Overdue			Total	
		<=30 days	31-60 days	61-150 days		>=151 days
Gross carrying amount	\$23,437	\$409	\$348	\$3,464	\$16,057	\$43,715
Loss ratio	-%	-%	7.86%	16.34%	99.54%	
Lifetime expected credit losses	-	-	(27)	(566)	(15,983)	(16,576)
Subtotal	\$23,437	\$409	\$321	\$2,898	\$74	\$27,139

- (C) The Company measures the loss allowance of its other receivable at an amount equal to lifetime expected credit losses. The Company recognized NT\$0 thousand allowance loss as of December 31, 2024 and 2023.

The movement in the provision for impairment of contract assets and accounts receivable during the years ended December 31, 2024 and 2023 is as follows:

	Contract Assets	Accounts Receivable
As of January 1, 2024	\$-	\$16,576
Addition/(reversal) for the current period	3,033	1,785
Write off due to inability to receive	(3,033)	-
As of December 31, 2024	\$-	\$18,361
As of January 1, 2023	\$-	\$4,599
Addition/(reversal) for the current period	(1,071)	11,977
Write off due to inability to receive	1,071	-
As of December 31, 2023	\$-	\$16,576

Please refer to Note 12 for further details on credit risk.

(17) Leases

(A) Company as a lessee

The Company leases various properties, including buildings and transportation equipment. The lease terms range from 1 to 5 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2024	2023
Buildings	\$36,118	\$32,890

The Company's right-of-use assets increased by NT\$22,844 thousand and NT\$30,610 thousand as for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	As of December 31,	
	2024	2023
Lease liabilities	\$38,441	\$34,589
Current	\$12,800	\$13,103
Non-current	\$25,641	\$21,486

Please refer to Note 6 (20) (D) for the interest on lease liabilities recognized during the years ended December 31, 2024 and 2023 and Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2024 and 2023.

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(b) Amounts recognized in the statement of profit or loss

Depreciation expense of right-of-use assets

	For the year ended December 31,	
	2024	2023
Buildings	\$16,562	\$13,495
Vehicles	-	528
Total	\$16,562	\$14,023

(c) Income and costs relating to leasing activities

	For the year ended December 31,	
	2024	2023
The expenses relating to short-term leases	\$6,378	\$4,606
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	88	96

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2024 and 2023, the Company's total cash outflows for leases amounting to NT\$23,919 thousand and NT\$19,588 thousand, respectively.

(B) Company as a lessor

As of December 31, 2024, the operating lease contract of property signed by the Company had matured. The total amount of undiscounted lease payment uncollected amounted to NT\$0 thousand and NT\$0 thousand as of December 31, 2024 and 2023, respectively.

	For the years ended December 31,	
	2024	2023
Rental income from operating lease		
Fixed rental	\$11,144	\$5,332

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(18) Summary statement of employee benefits, depreciation and amortization expense by function during the years ended December 31, 2024 and 2023:

	For the years ended December 31,					
	2024			2023		
	Operating costs	Operating expenses	Total amount	Operating Costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$-	\$176,970	\$176,970	\$-	\$195,002	\$195,002
Labor and health insurance	-	12,694	12,694	-	12,703	12,703
Pension	-	6,424	6,424	-	6,140	6,140
Directors' remuneration	-	3,049	3,049	-	1,800	1,800
Other employee benefits expense	-	8,208	8,208	-	6,094	6,094
Depreciation	-	23,945	23,945	-	17,718	17,718
Amortization	7,757	3,118	10,875	-	4,517	4,517

The number of employees for the Company as of December 31, 2024 and 2023 was 160 and 161, respectively, of which the number of directors were not concurrent employees was 5 and 4, respectively.

The average number of employees for the Company in 2024 and 2023 was 150 and 148 respectively.

The Company's average employee benefit expenses for the years ended December 31, 2024 and 2023 were NT\$1,362 thousand and NT\$1,486 thousand, respectively.

The Company's average salary expenses for the years ended December 31, 2024 and 2023 were NT\$1,180 thousand and NT\$1,318 thousand, respectively. The Company's average salary expenses adjustment for the year ended December 31, 2024 changed by (10%).

According to the Articles of Incorporation, no less than 3% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The Company set the compensation policy for directors and employees, the amount of distributed compensation was determined by the salary price level of the industry, the responsibilities and authority of the position and the individual contribution to the operating goal. The determination of compensation to directors and executive officers is based on the operation results and contributions, domestic and foreign industry trends was considered also. The distribution of directors' and executive officers' compensations were approved through the compensation committee, and resolved by the meeting of the Board of Directors.

For the year ended December 31, 2023, the Company incurred a net loss after tax, hence employees' compensation and remuneration to directors and supervisors were not estimated.

In 2024, the Company's employee compensation and director's remuneration were estimated at 3% and 1% respectively, at NT\$1,909 thousand and NT\$636 thousand, which were included in salary expenses.

(20) Non-operating income and expenses

(A) Interest income

	For the years ended December 31,	
	2024	2023
Financial assets measured at amortized cost	\$1,696	\$6,286

(B) Other income

	For the years ended December 31,	
	2024	2023
Rental income	\$11,144	\$5,332
Tax refund	456	15
Other income	9,762	555
Total	\$21,362	\$5,902

(C) Other gains and losses

	For the years ended December 31,	
	2024	2023
Gains on disposal of mobile game intellectual property	\$212,472	\$-
Losses from financial assets at fair value through profit or loss	11,666	(5,613)
Gains (loss) on disposal of intangible assets	8,024	(335)
Gains on lease modification	175	253
Gains on disposal of investments	-	711
Impairment loss from non-financial assets	-	(13)
Foreign exchange (losses) gains, net	(1,122)	(4,536)
Losses on disposal of property, plant and equipment	(2,036)	(5)
Others	(6,147)	(643)
Total	\$223,032	\$(10,181)

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(D) Finance costs

	For the years ended	
	December 31,	
	2024	2023
Interest on borrowings from bank	\$6,631	\$5,032
Interest on bonds payable	2,516	-
Interest on lease liabilities	845	1,006
Total	<u>\$9,992</u>	<u>\$6,038</u>

(21) Components of other comprehensive loss

For the year ended December 31, 2024:

	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	\$2,050	\$-	\$2,050	\$(509)
Unrealized gains or losses from financial assets at fair value through other comprehensive income	12,987	-	12,987	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	2,952	-	2,952	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(9,200)	-	(9,200)	-
Total of other comprehensive loss	<u>\$8,789</u>	<u>\$-</u>	<u>\$8,789</u>	<u>\$(509)</u>

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For the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$ (589)	\$ -	\$ (589)	\$ (99)	\$ (688)
Unrealized gains or losses from financial assets at fair value through other comprehensive income	7,368	-	7,368	-	7,368
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	5,353	-	5,353	-	5,353
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(4,938)	-	(4,938)	-	(4,938)
Total of other comprehensive loss	\$7,194	\$-	\$7,194	\$(99)	\$7,095

(22) Income tax

The major components of income tax expense for the years ended December 31, 2023 and 2022 are as follows:

(A) Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2024	2023
Current income tax expense (income):		
Current income tax charge	\$10,983	\$51,924
Tax adjustments on prior years	(31,644)	5,542
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	4,117	(19,846)
Total income tax expense	\$(16,544)	\$37,620

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Income tax expense recognized in other comprehensive income

	For the years ended December 31,	
	2024	2023
Deferred tax expense (income)		
Remeasurements of defined benefit plans	\$(509)	\$(99)

(B) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2024	2023
Accounting profit (loss) before tax from continuing operations	\$61,095	\$(297,506)
Tax at the domestic rates applicable to profits in the country concerned	\$12,219	\$(59,501)
Tax effect of revenues exempt from taxation	(4,048)	96,486
Tax adjustments on prior years	(31,644)	5,542
Tax effect of deferred tax assets/liabilities	5,533	(9,148)
Overseas withholding tax	1396	4,241
Total income tax expense (income) recognized in profit or loss	\$(16,544)	\$37,620

(C) Deferred tax assets (liabilities) relate to the following

For the year ended December 31, 2024

	Beginning balance as of January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Unrealized bad debt expenses	\$3,228	\$329	\$-	\$3,557
Investment Losses	14,194	(1,883)	-	12,311
Unrealized impairment loss	2,395	(2,395)	-	-
Defined benefit liability, non-current	1,770	60	(509)	1,321
Unrealized foreign exchange losses	28	237	-	265
Others	906	(465)	-	441
Deferred tax income/ (expense)		\$(4,117)	\$(509)	
Net deferred tax assets/(liabilities)	\$22,521			\$17,895
Reflected in balance sheet as follows:				
Deferred tax assets	\$22,521			\$17,895
Deferred tax liabilities	\$-			\$-

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For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Unrealized bad debt expenses	\$809	\$2,419	\$-	\$3,228
Investment Losses	-	14,194	-	14,194
Unrealized impairment loss	-	2,395	-	2,395
Defined benefit liability, non-current	1,798	71	(99)	1,770
Unrealized foreign exchange losses	-	28	-	28
Unrealized foreign exchange gains	(900)	900	-	-
Others	1,067	(161)	-	906
		<u>\$19,846</u>	<u>\$(99)</u>	
Deferred tax income/ (expense)				
Net deferred tax assets/(liabilities)	<u>\$2,774</u>			<u>\$22,521</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$3,674</u>			<u>\$22,521</u>
Deferred tax liabilities	<u>\$900</u>			<u>\$-</u>

(D) The assessment of income tax returns

As of December 31, 2024, the income tax returns of the Company have been assessed and approved up to 2022.

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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	For the years ended	
	December 31,	
	2024	2023
(A) Basic earnings (losses) per share		
Net (loss) income attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$77,639</u>	<u>\$(335,127)</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>100,448</u>	<u>98,735</u>
Basic earnings (losses) per share (NT\$)	<u>\$0.77</u>	<u>\$(3.39)</u>
 (B) Diluted earnings (losses) per share		
Net (loss) income attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>\$77,639</u>	<u>\$(335,127)</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	100,448	98,735
Effect of dilution:		
Employee compensation-stock (in thousands)	34	(Note)
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>770</u>	<u>(Note)</u>
Weighted average outstanding ordinary shares (effects adjusted after dilution) (in thousands)	<u>101,252</u>	<u>98,735</u>
Diluted earnings (losses) per share (NT\$)	<u>\$0.77</u>	<u>\$(3.39)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

Note 1: For the year ended December 31, 2023, the net loss caused the potential ordinary shares into anti-dilutive.

Note 2: The Company issued convertible bonds in the third quarter of 2024, and the conversion price set was higher than the stock price at the end of 2024, therefore there is no anti-dilutive effect.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(24) Disposal of material assets

On May 14, 2024, the Board of Directors resolved to dispose of the intellectual property rights of *Chinese Paladin: Sword and Fairy* (all overseas market (including Taiwan) except mainland China) and Xuan-Yuan Sword (global), and authorized the chairman to plan and negotiate such rights.

(A) The Company was approved by the Board of Directors on September 11, 2024 to dispose of the intellectual property rights of Sword and Fairy (except China) cases are as follows:

(a) Transaction Counterparty and Price: SuperNova Overseas Limited is a wholly-owned subsidiary of CMGE

Technology Group Limited (CMGE), a Hong Kong-listed company . The price is RMB18,300 thousand in cash and 38,000 thousand ordinary shares issued by CMGE, with a total price converted at approximately NT\$190,816 thousand.

a. The related disposition gains and losses are presented as follows: In the fourth quarter of this year, the intellectual property transfer procedure of Sword and Fairy was completed, and recognized gain from disposal in the amount of NT\$212,472 thousand, recorded under other gains and losses, and received the first instalment of cash consideration in the amount of RMB14,640 thousand (approximately NT\$65,748 thousand) and 38,000 thousand ordinary shares of CMGE. The second instalment of RMB 3,660 thousand was recorded in other receivables - others.

(B) The Company was approved by its board of directors on September 11, 2024 to dispose of the intellectual property rights of Xuan-Yuan Sword (global) cases are as follows:

(a) Transaction Counterparty and Price: Huandong (Hong Kong) Technology Co., Ltd. (hereinafter referred to as "Huandong Company"), and the price is US\$10,450 thousand.

(b) The Company intends to transfer the entire equity interest in the newly established 100% Samoa subsidiary through the transfer Xuan-Yuan Sword (global).

a. The Company establishes a new subsidiary in Samoa with 100% ownership, GOLDEN AVENUE GROUP (hereinafter referred to as "GOLDEN")

b. The Company intends to sell the intellectual property rights of Xuan-Yuan Sword (global) at the price of US\$10,450 thousand to acquire one new share of GOLDEN.

c. The Company transfers all the equity of Golden to Huandong Company.

The Company received the first instalment of US\$1,400 thousand in the fourth quarter of 2024. As of the reporting date of the 2024 consolidated financial statements, the disposal procedure has not yet been completed..

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7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Global Angel Investments Limited	The chairman of the Company is the chairman of this company
Bacchus Wine Group Co., Ltd.	The chairman of the Company is the chairman of this company
Loftstar Interactive Entertainment Inc.	Subsidiary
Gamebase Digital Media Corporation	Subsidiary
Red Sunrise Co., Ltd.	Subsidiary
Sun Tech Co., Ltd.	Subsidiary
Chander Electronics Corp.	Subsidiary
Uniplus Electronics Co., Ltd.	Subsidiary
Green Bless Co., Ltd.	Subsidiary
Array Taiwan Inc.	Subsidiary
Array Inc.	Subsidiary
San Jiang Electric MFG. Co., Ltd.	Subsidiary
Dara Power Co., Ltd.	Subsidiary
Yun Fang Co., Ltd.	Subsidiary
Zhu International Group Inc.	Subsidiary
Double Edge Entertainment Corp.	Associate

Significant transactions with the related parties

(1) Rendering of services

	For the years ended	
	December 31,	
	2024	2023
Subsidiaries		
Loftstar Interactive Entertainment Inc.	\$27,408	\$46,946
Red Sunrise Co., Ltd.	6,134	136
Dara Power Co., Ltd.	5,793	-
Green Bless Co., Ltd.	437	600
Sun Tech Co., Ltd.	200	-
Chander Electronics Corp.	136	-
Other related parties		
Bacchus Wine Group Co., Ltd.	177	625
Total	<u>\$40,285</u>	<u>\$48,307</u>

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The sales price to the above related parties was determined through mutual agreement. The collection period from sales to the related party customers are 30~60 days, which is the same with third party customers.

(2) Operating costs

	For the years ended	
	December 31,	
	2024	2023
Subsidiary		
Loftstar Interactive Entertainment Inc.	\$7,337	\$7,504
Other related parties		
Double Edge Entertainment Corp.	1,162	270
Total	<u>\$8,499</u>	<u>\$7,774</u>

Operating costs relate to subsidiary database fees and royalty costs.

(3) Accounts receivable-related parties

	As of December 31,	
	2024	2023
Subsidiaries		
Loftstar Interactive Entertainment Inc.	\$14,634	\$17,127
Dara Power Co., Ltd.	400	-
Green Bless Co., Ltd.	26	53
Chander Electronics Corp.	21	-
Sun Tech Co., Ltd.	11	-
Total	<u>\$15,092</u>	<u>\$17,180</u>

(4) Other receivables-related parties

	As of December 31,	
	2024	2023
Subsidiaries		
Array Taiwan Inc.	\$57,076	\$-
Array Inc.	39,024	-
San Jiang Electric MFG. Co., Ltd.	1,492	192
Zhu International Group Inc.	1,330	-
Loftstar Interactive Entertainment Inc.	1,190	1,659
Uniplus Electronics Co., Ltd.	328	-
Chander Electronics Corp.	309	463
Dara Power Co., Ltd.	169	-
Gamebase Digital Media Corporation	-	1,955
Total	<u>\$100,918</u>	<u>\$4,269</u>

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Other receivables-related parties mainly related to subsidiary assistance of daily operations and office rental.

(5) Prepayment

	As of December 31,	
	2024	2023
Subsidiaries		
Loftstar Interactive Entertainment Inc.	\$33,719	\$19,048
Gamebase Digital Media Corporation	-	1,905
Associates		
Double Edge Entertainment Corp.	516	904
Other related party		
Global Angel Investments Limited	677	435
Total	<u>\$34,912</u>	<u>\$22,292</u>

Prepayment-related parties mainly related to game outsourcing costs, licensing fees and rent prepayment.

(6) Refundable deposits

	As of December 31,	
	2024	2023
Other related party		
Global Angel Investments Limited	<u>\$2,070</u>	<u>\$1,344</u>

(7) Accounts payable-related parties

	As of December 31,	
	2024	2023
Subsidiaries		
Loftstar Interactive Entertainment Inc.	\$6,050	\$2,120
Associates		
Double Edge Entertainment Corp.	248	-
Total	<u>\$6,298</u>	<u>\$2,120</u>

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SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(8) Other payables-related parties

	As of December 31,	
	2024	2023
Subsidiaries		
Loftstar Interactive Entertainment Inc.	\$1,524	\$10
San Jiang Electric MFG. Co., Ltd.	64	438
Yun Fang Co., Ltd.	49	-
Gamebase Digital Media Corporation	42	-
Chander Electronics Corp.	-	7
Total	<u>\$1,679</u>	<u>\$455</u>

(9) Property transactions

The Company sold property, plant and equipment to the related parties, the amount is as follows:

	As of December 31,	
	2024	2023
Subsidiaries		
Zhu International Group Inc.	\$206	\$-
Loftstar Interactive Entertainment Inc.	178	-
Uniplus Electronics Co., Ltd.	49	-
San Jiang Electric MFG. Co., Ltd.	11	-
Chander Electronics Corp.	2	-
Array Taiwan Inc.	-	42
Other related party		
Bacchus Wine Group Co., Ltd.	-	26
Total	<u>\$446</u>	<u>\$68</u>

(10) Interest income

	As of December 31,	
	2024	2023
Subsidiaries		
Array Taiwan Inc.	\$366	\$-
Array Inc.	25	-
San Jiang Electric MFG. Co., Ltd.	-	4,373
Other related party		
Global Angel Investments Limited	25	-
Total	<u>\$416</u>	<u>\$4,373</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

During March 2023, the Company acquired 15 thousand preferred shares of San Jiang Electric MFG. Co., Ltd. at a par value of 10 thousand, with a total amount of NT\$150,000 thousand. On December 6, 2023, the board of directors of San Jiang Electric MFG. Co., Ltd. resolved to redeem all the 15 thousand preferred shares from the Company with NT\$150,000 thousand and pay a dividend of NT\$4,373 thousand to the Company.

(11) Other

Other transactions between the Company and subsidiaries are shown below:

Item	For the years ended	
	December 31,	
	2024	2023
Other income	\$25,273	\$5,478
Rental income	11,144	5,332
Interest income	391	152
Professional expenses	(7,158)	(4,762)
Rental expenses	(1,037)	(885)
Exhibition expenses	-	(128)
Purchase of miscellaneous items	(190)	(92)
Advertisement expenses	(6,865)	(45)
Business hospitality expenses	(204)	-
Miscellaneous expenses	71	-
Administrative expenses	23	-
Electricity expenses	40	-
Total	\$21,488	\$5,050

Other transactions between the Company and associate are shown below:

Item	For the years ended	
	December 31,	
	2024	2023
Professional expenses	\$46	\$-

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SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Other transactions between the Company and other related parties are shown below:

Item	For the years ended December 31,	
	2024	2023
Other income - other	\$793	\$-
Interest income	25	13
Rental expenses	(6,064)	(3,643)
Entertainment expenses	(164)	(207)
Professional expenses	(668)	(58)
Miscellaneous expenses	(61)	(24)
Postage fee	(26)	(23)
Purchase of miscellaneous items	-	(15)
Total	<u><u>\$(6,165)</u></u>	<u><u>\$(3,957)</u></u>

(13) Key management personnel compensation

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$27,222	\$23,500
Post-employment benefits	449	417
Share-based payment	26,335	52,487
Other long-term benefits	1,464	1,236
Total	<u><u>\$55,470</u></u>	<u><u>\$77,640</u></u>

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

Items	Carrying amount		Secured liabilities
	December 31, 2024	December 31, 2023	
Other financial assets, current (demand deposits)	\$16,067	\$3,012	Short-term borrowings and long-term borrowings
Other financial assets, non-current (demand deposits)	6,000	37,553	Long-term borrowings
Investments accounted for using equity method	-	74,084	Short-term borrowings
Total	<u><u>\$22,067</u></u>	<u><u>\$114,649</u></u>	

9. Commitments and contingencies

None.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

10. Loss due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

<u>Financial assets</u>	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets at fair value through profit or loss	\$184,923	\$29,131
Financial assets at fair value through other comprehensive income	35,994	23,007
Financial assets measured at amortized cost		
Cash and cash equivalents (except for cash on hand)	121,490	180,345
Accounts receivable, net	23,829	9,959
Accounts receivable-related parties, net	15,092	17,180
Other receivables	17,469	7,995
Other receivables-related parties	100,918	4,269
Other financial assets	22,067	40,565
Refundable deposits	4,712	5,094
Total	<u>\$526,494</u>	<u>\$317,545</u>

<u>Financial liabilities</u>	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial liabilities measured at fair value through profit or loss	\$2,610	\$-
Financial liabilities at amortized cost:		
Short-term borrowings	205,000	142,000
Notes payable, net	-	201
Accounts payable, net	14,236	11,429
Accounts payable-related parties, net	6,298	2,120
Other payables	46,108	38,969
Other payables-related parties	1,679	455
Bonds payable	279,030	-
Long-term borrowings (including current portion)	47,689	212,710
Lease liabilities	38,441	34,589
Total	<u>\$641,091</u>	<u>\$442,473</u>

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency A and foreign currency B. The information of the sensitivity analyses as follows:

- (A) When NTD strengthens/weakens against USD by 1%, the profit or loss for the years ended December 31, 2024 and 2023 is decreased/increased by NT\$99 thousand and increased/ decreased by NT\$(18) thousand, respectively.
- (B) When NTD strengthens/weakens against RMB by 1%, the profit or loss for the years ended December 31, 2024 and 2023 is decreased/increased by NT\$469 thousand and NT\$292 thousand, respectively.
- (C) When NTD strengthens/weakens against JPY by 1%, the profit or loss for the years ended December 31, 2024 and 2023 is decreased/increased by NT\$376 thousand and NT\$0 thousand, respectively.

Interest rate risk

The interest rate risk is the risk that the fluctuation of fair value and future cash flow of financial instruments caused by the movement of the market interest rate. The Group's interest rate risk arises from the investments of floating rate debt instruments, fixed rate borrowings, and floating rate borrowings.

The Company managed interest rate risk by sustaining appropriate combination of fixed and floating interest rate, but it's not applicable to hedge accounting because of not meeting the criteria of hedge accounting.

The sensitivity analysis of the interest rate risk pertains primarily to the interest rate exposure items at the end of financial statement reporting period, including floating rate borrowings. Assuming holding in a whole fiscal year, an increase/ decrease of 10% in interest rate, the profit for the years ended December 31, 2024 and 2023 is decreased/increased by NT\$253 thousand and NT\$355 thousand, respectively.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Equity price risk

The fair value of the Company's listed and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial asset at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

As of December 31, 2024 and 2023, an increase/decrease of 10% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income will be increase/decrease by NT\$1,720 thousand and NT\$1,004 thousand on the equity attributable to the Company for the years ended December 31, 2024 and 2023, respectively.

Please refer to Note 12 (8) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2024 and 2023, accounts receivable and contract assets from top ten customers represent 44.86% and 68.53% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivable and contract assets is relatively insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions and companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2024					
Short-term borrowings	\$210,461	\$-	\$-	\$-	\$210,461
Accounts payable					
(including other payables)	68,321	-	-	-	68,321
Long-term borrowings					
(including estimated interest)	15,885	33,104	-	-	48,989
Bonds payable	-	280,970	-	-	280,970
Lease liabilities (Note)	17,757	30,050	114	-	47,921
As of December 31, 2023					
Short-term borrowings	\$147,032	\$-	\$-	\$-	\$147,032
Accounts payable					
(including other payables)	53,174	-	-	-	53,174
Long-term borrowings					
(including estimated interest)	87,625	72,520	63,758	-	223,903
Lease liabilities (Note)	13,804	15,280	6,924	-	36,008

Note: Including cash flows resulted from short-term leases or leases of low-value assets.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2024:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of January 1, 2024	\$142,000	\$212,710	\$34,589	\$-	\$389,299
Cash flows	63,000	(165,021)	(16,608)	298,845	180,216
Non-cash changes	-	-	20,460	(19,815)	645
As of December 31, 2024	\$205,000	\$47,689	\$38,441	\$ 279,030	\$570,160

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Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$193,000	\$74,130	\$32,131	\$299,261
Cash flows	(51,000)	138,580	(13,880)	73,700
Non-cash changes	-	-	16,338	16,338
As of December 31, 2023	<u>\$142,000</u>	<u>\$212,710</u>	<u>\$34,589</u>	<u>\$389,299</u>

(7) Fair values of financial instruments

(A) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivables, refundable deposits, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method or income approach valuation techniques. The market method valuation is based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities). The income method is based on the estimated recoverable amount of the present value of similar financial assets that are expected to be received from cash dividends or disposals of investments.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

- (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(B) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost is approximate their fair value.

(C) Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

(A) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(B) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$124,594	\$-	\$-	\$124,594
Limited partnership	-	-	59,648	59,648
Film investment agreement	-	-	651	651
Redemption Right of Convertible Bonds	-	30	-	30
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	2,707	14,493	18,794	35,994

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Limited partnership	\$-	\$-	\$26,131	\$26,131
Film investment agreement	-	-	3,000	3,000
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	3,085	6,951	12,971	23,007

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

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Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets		Assets
	Limited partnership	Movie investment agreement	Measured at fair value through other comprehensive income Stocks
Beginning balances as of January 1, 2024	\$26,131	\$3,000	\$12,971
Total gains and losses recognized for the year ended December 31, 2024			
Amount recognized in net income (presented in “Unrealized gains (losses) from financial asset at fair value through profit or loss)	17,698	-	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	-	5,823
Acquired in 2024	18,050	-	-
Disposed in 2024	(2,231)	(2,349)	-
Ending balances as of December 31, 2024	<u>\$59,648</u>	<u>\$651</u>	<u>\$18,794</u>
Beginning balances as of January 1, 2023	\$24,687	\$3,000	\$6,160
Total gains and losses recognized for the year ended December 31, 2023			
Amount recognized in net income (presented in “Unrealized gains (losses) from financial asset at fair value through profit or loss)	(5,613)	-	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	-	6,811
Acquired in 2023	7,057	-	-
Ending balances as of December 31, 2023	<u>\$26,131</u>	<u>\$3,000</u>	<u>\$12,971</u>

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

The fair value of fund and unlisted stocks are estimated by the asset-based approach. The asset-based approach involves assessing the total value of individual assets and liabilities to reflect the overall value of the enterprise or business and calculating the equity value of the company based on the fair value of its net assets.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	(Expressed in thousands)		
	December 31, 2024		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
JPY	\$180,151	0.21	\$37,814
USD	325	32.79	10,644
RMB	10,464	4.48	46,881
<u>Financial liabilities</u>			
Monetary items:			
JPY	\$1,150	0.21	\$241
USD	22	32.79	707

	(Expressed in thousands)		
	December 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$30	30.71	\$914
RMB	6,739	4.34	29,247
<u>Financial liabilities</u>			
Monetary items:			
USD	\$89	30.71	\$2,746

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

The above information is disclosed based on the carrying amount of foreign currency (after conversion of functional currency).

The Company has a variety of functional currencies, therefore the monetary impact on financial assets and liabilities impact for each individual currency cannot be disclosed. For the years ended December 31, 2024 and 2023, foreign exchange gain (loss) were net loss NT\$1,122 thousand and net gain NT\$4,536 thousand, respectively.

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional disclosure

- (1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau and information on investees:
 - (A) Financing provided to other: Please refer to Attachment 1-1 to 1-4.
 - (B) Endorsement/Guarantee provided to others: Please refer to Attachment 2-1 to 2-3.
 - (C) Securities held (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.
 - (D) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: Please refer to Attachment 4.
 - (E) Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions: Please refer to Attachment 7.
 - (F) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million and 20 percent of the capital stock: Please refer to Attachment 5.
 - (G) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
 - (H) Disposal of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
 - (I) Receivables from related parties with amounts exceeding the lower of NT\$100 million and 20 percent of capital stock: Please refer to Attachment 6.
 - (J) Financial instruments and derivative transactions: None.

(2) Information on investments in mainland China

(A) Basic information: Please refer to Attachment 8.

(B) Directly or indirectly significant transactions through third regions with the investees in Mainland China: None

(3) Information on major shareholders

Information on major shareholders: Please refer to Attachment 9.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

(Expressed in thousands of NTD unless otherwise stated)

Attachment 1-1: Financing provided to others - Softstar Entertainment Inc.

NO. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum amount of current period	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 4)	Limit of financing amount (Note 4)
													Item	Value		
0	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	Other Receivables - related parties	Yes	\$50,000	\$-	\$-	3.119%	2	\$-	Operating capital	\$-	-	\$-	\$614,987	\$819,982
0	Softstar Entertainment Inc.	Array Taiwan Inc.	Other Receivables - related parties	Yes	\$30,000	\$30,000	\$30,000	3.224%	2	\$-	Operating capital	\$-	-	\$-	\$614,987	\$819,982
0	Softstar Entertainment Inc.	Array Taiwan Inc.	Other Receivables - related parties	Yes	\$30,000	\$30,000	\$25,000	3.224%	2	\$-	Operating capital	\$-	-	\$-	\$614,987	\$819,982
0	Softstar Entertainment Inc.	Array Inc.	Other Receivables - related parties	Yes	\$39,000	\$39,000	\$39,000	3.224%	2	\$-	Operating capital	\$-	-	\$-	\$614,987	\$819,982

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is "0".

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

Note 2: Name of account in which the loans are recognized including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3: The number filled in for nature of loan are as follows:

(1) Business transaction is "1".

(2) Short-term financing is "2".

Note 4: Limit of financing amount for individual counter-party shall not exceed 30% of the Company's net value; limit of total financing amount shall not exceed 40% of the Company's net asset value.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 1-2: Financing provided to others - Chander Electronics Corp.

NO. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum amount of current period	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter- party	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 4)	Limit of financing amount (Note 4)
													Item	Value		
1	San Jiang Electric MFG. Co., Ltd.	Chander Electronics Corp.	Other Receivables	Yes	\$17,000	\$17,000	\$-	2.75%	2	\$-	Operating capital	\$-	-	\$-	\$33,793	\$135,173

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is "0".

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

Note 2: Name of account in which the loans are recognized including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3: The number filled in for nature of loan are as follows:

(1) Business transaction is "1".

(2) Short-term financing is "2".

Note 4: For those who have business transactions, the total amount of loans granted by San Jiang Electric MFG. Co., Ltd. should not exceed 40% of the net value of San Jiang Electric MFG. Co., Ltd., and the individual financing amount should not exceed 10% of the net value of San Jiang Electric MFG. Co., Ltd.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 1-3: Financing provided to others - Array Inc.

NO. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note 4)	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 4)	Limit of financing amount (Note 4)
													Item	Value		
1	Array Inc.	Array Networks, Inc. (Array US)	Accounts receivable – related parties	Yes	\$16,393 (USD 500)	\$- (USD -)	\$- (USD -)	-	2	\$-	Operating capital	\$-	-	\$-	\$130,952	\$130,952
1	Array Inc.	Array Networks, Inc. (Array US)	Accounts receivable – related parties	Yes	26,228 (USD 800)	26,228 (USD 800)	26,228 (USD 800)	-	2	-	Operating capital	-	-	-	\$130,952	\$130,952
1	Array Inc.	Array Networks, Inc. (Array US)	Accounts receivable – related parties	Yes	32,785 (USD 1,000)	32,785 (USD 1,000)	18,556 (USD 566)	-	2	-	Operating capital	-	-	-	\$130,952	\$130,952
1	Array Inc.	Array Taiwan Inc.	Accounts receivable – related parties	Yes	19,671 (USD 600)	19,671 (USD 600)	13,299 (USD 406)	-	2	-	Operating capital	-	-	-	\$130,952	\$130,952

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Name of account in which the loans are recognized including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3: The number filled in for nature of loan are as follows:

- (1) Business transaction is "1".
- (2) Short-term financing is "2".

Note 4: The financing limit for each individual counter-party should not exceed 40% of the lender's net worth as stated in its latest audited or reviewed financial statements.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 1-4: Financing provided to others - Array Taiwan Inc.

NO. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 4)	Limit of financing amount (Note 4)
													Item	Value		
1	Array Taiwan Inc.	Array Inc.	Accounts receivable – related parties	Yes	\$16,393	\$16,393	\$-	-	2	\$-	Operating capital	\$-	-	\$-	\$130,952	\$130,952

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is "0".

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

Note 2: Name of account in which the loans are recognized including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3: The number filled in for nature of loan are as follows:

(1) Business transaction is "1".

(2) Short-term financing is "2".

Note 4: The financing limit for each individual counter-party should not exceed 40% of the lender's net worth as stated in its latest audited or reviewed financial statements.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 2-1: Endorsement/Guarantee provided to others - Uniplus Electronics Co., Ltd.

No. (Note 1)	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/Guarantee Amount Allowable (Note 4)	Guarantee Provided by Parent Company (Note 7)	Guarantee Provided by A Subsidiary (Note 7)	Guarantee Provided to Subsidiaries in Mainland China (Note 7)
		Company Name	Relationship (Note 2)										
1	Uniplus Electronics Co., Ltd.	San Jiang Electric MFG. Co., Ltd.	2	\$3,129,663	\$2,649,846	\$1,025,000	\$434,818	\$-	49.13%	\$4,172,884	Y	N	N

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in the limits and maximum amount on endorsement/guarantee to individual guaranteed party which are in accordance with the operating procedures of endorsement/guarantee provided to others by the Company. According to the "operating procedures of endorsement/guarantee" of Uniplus Electronics Co., Ltd., the total amount of endorsement/guarantee of Uniplus Electronics Co., Ltd. shall not exceed 200% of the net value of Uniplus Electronics Co., Ltd. for the current period and the limits on endorsement/guarantee to each guaranteed party shall not exceed 150% of the net value of Uniplus Electronics Co., Ltd. for the current period.

Note 4: Year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: 'Y' represents cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, or provision to the party in Mainland China.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 2-2: Endorsement/Guarantee provided to others -Chander Electronics Corp.

No. (Note 1)	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/Guarantee Amount Allowable (Note 4)	Guarantee Provided by Parent Company (Note 7)	Guarantee Provided by A Subsidiary (Note 7)	Guarantee Provided to Subsidiaries in Mainland China (Note 7)
		Company Name	Relationship (Note 2)										
1	Toptrend Technologies Corp.	Chander Electronics Corp.	3	\$101,380	\$40,000	\$40,000	\$27,718	\$27,718	11.84%	\$337,933	N	Y	N

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in the limits and maximum amount on endorsement/guarantee to individual guaranteed party which are in accordance with the operating procedures of endorsement/guarantee provided to others by the Company. According to the "operating procedures of endorsement/guarantee" of Uniplus Electronics Co., Ltd., the total amount of endorsement/guarantee of Uniplus Electronics Co., Ltd. shall not exceed 200% of the net value of Uniplus Electronics Co., Ltd. for the current period and the limits on endorsement/guarantee to each guaranteed party shall not exceed 150% of the net value of Uniplus Electronics Co., Ltd. for the current period.

Note 4: Year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: 'Y' represents cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, or provision to the party in Mainland China.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 2-3: Endorsement/Guarantee provided to others - Array Inc.

No. (Note 1)	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/Guarantee Amount Allowable (Note 4)	Guarantee Provided by Parent Company (Note 7)	Guarantee Provided by A Subsidiary (Note 7)	Guarantee Provided to Subsidiaries in Mainland China (Note 7)
		Company Name	Relationship (Note 2)										
1	Array Taiwan Inc.	Array Inc.	3	\$327,380	\$14,400	\$14,400	\$14,400	\$-	4.40%	\$327,380	N	Y	N

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in the limits and maximum amount on endorsement/guarantee to individual guaranteed party which are in accordance with the operating procedures of endorsement/guarantee provided to others by the Company. According to the "operating procedures of endorsement/guarantee" of Uniplus Electronics Co., Ltd., the total amount of endorsement/guarantee of Uniplus Electronics Co., Ltd. shall not exceed 200% of the net value of Uniplus Electronics Co., Ltd. for the current period and the limits on endorsement/guarantee to each guaranteed party shall not exceed 150% of the net value of Uniplus Electronics Co., Ltd. for the current period.

Note 4: Year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: 'Y' represents cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, or provision to the party in Mainland China.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 3: Securities held as of December 31, 2023

Names of companies held	Type of securities (Note 1)	Name of securities (Note 1)	Relationship with the Issuer (Note 2)	Financial statement account	December 31, 2023				Note (Note 4)
					Shares (in thousand)	Carrying amount (Note 3)	Shareholding (%)	Fair value	
Softstar Entertainment Inc.	Stock	CMGE Technology Group Limited	-	Designated as financial assets at fair value through profit or loss, current	37,852	\$124,594	-	\$124,594	None
Softstar Entertainment Inc.	Stock	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income, non-current	2,552	18,794	15.95	18,794	None
Softstar Entertainment Inc.	Stock	Funfia Inc.	-	Financial assets at fair value through other comprehensive income, non-current	600	-	11.51	-	None
Softstar Entertainment Inc.	Emerging stock	Meimai Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	266	2,707	0.67	2,707	None
Softstar Entertainment Inc.	Listed stock	Newretail Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	657	14,493	0.95	14,493	None
Softstar Entertainment Inc.	Limited partnership	Cathay Private Equity Ecology Limited Partnership	-	Designated as financial assets at fair value through profit or loss, non-current	-	20,017	16.21	20,017	None
Softstar Entertainment Inc.	Limited partnership	Cathy Private Equity Smart Technology Limited Partnership	-	Designated as financial assets at fair value through profit or loss, non-current	-	20,991	4.43	20,991	None
Softstar Entertainment Inc.	Limited partnership	Vertex Ventures (SG) SEA V LP	-	Designated as financial assets at fair value through profit or loss, non-current	-	18,640	1.02	18,640	None
Mega Media Group Limited	Stock	BLC Group Holding Limited	-	Financial assets at fair value through other comprehensive income, non-current	678	8,208	8.82	8,208	None
Mega Media Group Limited	Stock	Boom Fintech Inc.	-	Financial assets at fair value through other comprehensive income, non-current	250	-	9.22	-	None
Uniplus Electronics Co., Ltd.	Limited partnership	Outstanding Capital Limited Partnership	-	Designated as financial assets at fair value through profit or loss, non-current	-	19,808	4.86	19,808	None
Uniplus Electronics Co., Ltd.	Listed stock	Softstar Entertainment Inc.	Parent company	Financial assets at fair value through other comprehensive income, non-current	6,370	358,647	5.83	358,647	None
Chander Electronics Corp.	Listed stock	Array Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2	51	-	51	None
Chander Electronics Corp.	Listed stock	Softstar Entertainment Inc.	Parent company	Financial assets at fair value through other comprehensive income, non-current	3,378	190,162	3.09	190,162	None
Chander Electronics Corp.	Stock	Super Energy Materials Inc.	-	Financial assets at fair value through other comprehensive income, non-current	4,544	68,910	13.73	68,910	None
Chander Electronics Corp.	Bonds	Softstar Entertainment Inc.	Parent company	Designated as financial assets at fair value through profit or loss, current	400	38,300	13.33	38,300	None
Chander Electronics Corp.	Limited partnership	Cathay Private Equity Global Select Limited Partnership	Parent company	Designated as financial assets at fair value through profit or loss, non-current	-	8,102	-	8,102	None
Chander Electronics Corp.	Listed stock	Uniplus Electronics Co., Ltd.	-	Designated as financial assets at fair value through profit or loss, current	1,000	23,350	0.40	23,350	None
Toptrend Technologies Corp.	Fund	Allianz Global Investors Income and Growth Fund	-	Designated as financial assets at fair value through profit or loss, current	5	1,705	-	1,705	None
Toptrend Technologies Corp.	Limited partnership	Wisdom Capital Limited Partnership	-	Designated as financial assets at fair value through profit or loss, non-current	-	28,253	-	28,253	None
Toptrend Technologies Corp.	Listed stock	Softstar Entertainment Inc.	Parent company	Financial assets at fair value through other comprehensive income, non-current	821	46,197	0.75	46,197	None
Toptrend Technologies Corp.	Stock	Hanbang Precision Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	93	71	1.56	71	None
Toptrend Technologies Corp.	Stock	Zhu International Group Inc.	-	Financial assets at amortized cost, non-current	5,000	50,000	-	50,000	None
Array US	Fund	Morgan Stanley Mutual Funds	-	Designated as financial assets at fair value through profit or loss, current	-	12	-	12	None
Red Sunrise Co., Ltd.	Stock	Uniplus Electronics Co., Ltd.	-	Designated as financial assets at fair value through profit or loss, current	1,000	23,350	0.41	23,350	None
Red Sunrise Co., Ltd.	Stock	Field System Inc.	-	Financial assets at fair value through other comprehensive income, non-current	10	-	2.39	-	None
Red Sunrise Co., Ltd.	Stock	Spreadsun Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	190	-	19.00	-	None

Note 1: Securities on the list refer to securities such as stocks, bonds, beneficiary certificates and securities derived from those items included in IFRS 9 "Financial Instruments".

Note 2: Fields do not have to be filled in if the security issuer is not a related party.

Note 3: Securities which were acquired by using fair value method, please fill in amount based on calculating after adjustment from fair value minus accumulated impairment; fill in the rest amount based on original acquired cost or after amortization minus accumulated impairment.

Note 4: Listed securities due to guarantees, pledged loans, or others who are restricted by agreement shall specify in the remarks column the number of guarantees or the number of shares borrowed, the amount of the guarantee or the amount of the loan, and restrictions on use.

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 4: Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital

Purchaser/Seller	Marketable securities type and name (Note1)	Financial statement account	Counter-party	Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Carrying value	Gain/Loss on disposal	Shares/Units	Amount (Note 2)
Chander Electronics Corp.	Stock	Investments accounted for using the equity method	Note 1	-	24,649	\$449,573	-	\$-	13,104	\$525,320	\$238,766	\$286,554	11,545	\$221,071
												(Note 3)		

Note 1: There are 125 natural persons and Feiteng Capital Co., Ltd., Tuoli International Investment Co., Ltd., Li Zhanfeng International Investment Co., Ltd., Qunyi Venture Capital Co., Ltd., Yongfu Venture Capital Co., Ltd., Fulin Investment Co., Ltd.

Note 2: The amount at the end of the period includes investment profit and loss accounted for using the equity method and related adjustments.

Note 3: The gains and losses on disposal include the realized goodwill of the original merger and acquisition.

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SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 5: Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Purchaser/Seller	Counter-party	Relationship with the counter-party	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Array US	Uniplus Electronics Co., Ltd.	Parent company	Sales	\$122,604	17.00%	Net 120 days	The transaction price and payment terms are not materially different from the third party.	Not related Net 30-180 days	Accounts payable \$50,260	7.00%	Note

Note: Eliminated in the consolidated financial statement.

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SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

Attachment 6: Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Creditor	Counter-party	Relationship with the counter-party	Balance of receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance	Allowance for doubtful accounts
					Amount	Action taken		
Array US	Zentry Security Inc.	Same parent company	Accounts receivable-related parties \$103,853	-	\$-	-	\$-	\$-
Array US	Array Networks India Private Limited	Same parent company	Accounts receivable-related parties \$242,768	1.12%	\$-	-	\$5,274	\$-

Note: Accounts receivable includes a net payment of NT\$50,260 thousand and a premium receivable of NT\$192,508 thousand.

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SOFSTAR ENTERTAINMENT INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
(Expressed in thousands of NTD unless otherwise stated)

Attachment 7: Names, locations and related information of investee companies (Not including investment in Mainland China)

Investor company	Investee company	Location	Main business and products	Original investment amount		Investment as of December 31, 2024			Net income (loss) of investee (Note 1)	Investment income (loss) recognized (Note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousand)	Percentage of ownership (%)	Book value			
Sofstar Entertainment Inc.	Lofstar Interactive Entertainment Inc.	Taiwan	Software wholesale and information software services	\$157,533	\$157,533	14,850	100	\$(25,473)	\$(36,706)	Subsidiary	
Sofstar Entertainment Inc.	Activation Entertainment Ltd.	Taiwan	Performing arts	6,000	6,000	-	100	799	(87)	Subsidiary	
Sofstar Entertainment Inc.	Red Sunrise Co., Ltd.	Taiwan	Third-party payment services	191,519	191,519	7,756	50	196,006	(8,383)	Subsidiary	
Sofstar Entertainment Inc.	Gamebase Digital Media Corporation	Taiwan	Software publishing and information software services	187,000	163,000	18,700	100	68,304	(48,750)	Subsidiary	
Sofstar Entertainment Inc.	Sofstar Animation Limited	Samoa	Investment holding	29,888	29,888	980	100	7,622	672	Subsidiary	
Sofstar Entertainment Inc.	A.R.T. Games Co., Ltd.	Taiwan	Network software development and technical services	-	12,250	-	-	-	(1,147)	Investee accounted for using the equity method	
Sofstar Entertainment Inc.	Chia-e International Inc.	Taiwan	Investment holding	20,000	20,000	814	28	-	-	Investee accounted for using the equity method	
Sofstar Entertainment Inc.	Time Vision International Limited	Samoa	Investment holding	79,210	47,154	2,500	100	62,411	-	Subsidiary	
Sofstar Entertainment Inc.	Uniplus Electronics Co., Ltd.	Taiwan	Electronic component manufacturing, lamination, research and development and trade of business operation	834,110	545,012	103,988	43	850,569	199,797	Subsidiary	
Sofstar Entertainment Inc.	New Profit Holding Ltd.	Seychelles	Investment holding	24,703	24,501	1,616	100	28,089	1,770	Subsidiary	
Sofstar Entertainment Inc.	JFN Investment Holding Corp.	BVI	Investment holding	78,605	78,605	13	100	88,155	5,941	Subsidiary	
Sofstar Entertainment Inc.	Lanjiang Ltd.	Taiwan	Investment holding	317,118	316,916	-	100	368,336	25,287	Subsidiary	
Sofstar Entertainment Inc.	Jiwei Technology Ltd.	Taiwan	Investment holding	229,197	229,197	-	100	218,862	(1,531)	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	230,523	232,188	10,378	13	62,981	185,966	Subsidiary	
Sofstar Entertainment Inc.	Double Edge Entertainment Corp.	Taiwan	Film production and media distribution	34,926	34,926	1,591	30	10,175	(2,999)	Investee accounted for using the equity method	
Sofstar Entertainment Inc.	Sofstar Singapore Private Limited	Singapore	Investment holding	3,191	3,191	135	100	2,242	526	Subsidiary	
Sofstar Entertainment Inc.	Zhu International Group Inc.	Taiwan	Hospitality service	17,500	1,000	16,600	87	134,295	(44,807)	Subsidiary	
Sofstar Entertainment Inc.	Le Tao Catering Business Inc.	Taiwan	Hospitality service	10,000	-	1,000	100	9,971	(29)	Subsidiary	
Sofstar Entertainment Inc.	GOLDEN AVENUE GROUP Ltd.	Taiwan	Hospitality service	-	-	-	100	546	546	Subsidiary	
Sofstar Entertainment Inc.	Zhu International Group Inc.	Taiwan	Hospitality service	25,000	-	2,500	13	19,471	(44,807)	Subsidiary	
Lanjiang Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	316,703	316,703	17,479	22	368,346	185,966	Subsidiary	
Zhu International Group Inc.	Yoshimoto Co., Ltd	Taiwan	Investment holding	182,164	-	9	100	177,407	(3,192)	Subsidiary	
Yoshimoto Co., Ltd	CS-delight Co., LTD.	Taiwan	Hospitality service	182,164	-	-	100	176,408	(2,193)	Indirect subsidiary	
Jiwei Technology Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	17,480	17,480	920	1	20,207	185,966	Subsidiary	
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	British Cayman Islands	Investment holding	201,134	201,134	-	100	191,483	(2,774)	Indirect subsidiary	
New Profit Holding Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	24,213	24,213	1,274	2	27,894	185,966	Subsidiary	
JFN Investment Holding Corp.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5	87,927	185,966	Subsidiary	
Gamebase Digital Media Corporation	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	53,916	49,644	2,212	29	12,336	(7,233)	Investee accounted for using the equity method	
Gamebase Digital Media Corporation	Mega Media Group Limited	Seychelles	General investment	93,260	93,260	2,800	100	47,740	(25,629)	Indirect subsidiary	
Gamebase Digital Media Corporation	Seconds Media Corp.	Taiwan	Advertisement and information software services	-	3,500	-	-	-	(231)	Indirect subsidiary	
Mega Media Group Limited	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	73,260	73,260	666	9	39,527	(7,233)	Investee accounted for using the equity method	
Array Holdings for APGFIII Fund LPs	Array Inc.	British Cayman Islands	Investment holding	190,303	193,291	20,766	37	171,177	3,251	Indirect subsidiary	
Sofstar Singapore Private Limited	Starlight Gaming India Private Limited	India	Game agent and marketing	3,124	3,124	800	100	2,149	(Note4)	Indirect subsidiary	
Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	Taiwan	Beauty and skincare products	94,736	94,736	2,900	100	8,460	(12,032)	Indirect subsidiary	
Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	55,000	55,000	5,500	55	71,017	(29,291)	Indirect subsidiary	
Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	1,000	1,000	100	100	583	(58)	Indirect subsidiary	
Uniplus Electronics Co., Ltd.	San Jiang Electric MFG. Co., Ltd.	Taiwan	Production and sale of transformers and distribution boards	1,293,127	1,344,400	12	100	1,607,681	213,410	Indirect subsidiary	
Red Sunrise Co., Ltd.	Sun Tech Co., Ltd.	Taiwan	Design of vouchers and BNPL	101,000	101,000	10,100	100	79,133	(7,721)	Indirect subsidiary	
Red Sunrise Co., Ltd.	Soundnet Tech Co., Ltd.	Taiwan	Sale of computer software	1,820	1,820	282	100	-	-	Indirect subsidiary	
Chander Electronics Corp.	Chander Electronics (HK) Corporation	Hong Kong	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	118,585	114,142	30,037	100	12,148	(4,474)	Indirect subsidiary	
Chander Electronics Corp.	Neweb Technologies Co., Ltd.	Taiwan	Software wholesale and retail sales; electronic data supply services	163,911	349,954	11,545	15	271,256	51,454	Investee accounted for using the equity method	
Chander Electronics Corp.	Yun Fang Co., Ltd.	Taiwan	Tobacco, liquor, beverage, food and medical equipment wholesale and retail	5,000	5,000	500	100	1,264	(1,462)	Indirect subsidiary	
Chander Electronics Corp.	Toptrend Technologies Corp.	Taiwan	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	321,440	321,440	18,040	94	382,630	17,212	Indirect subsidiary	
Chander Electronics Corp.	Quan Zhe Metal Corp.	Taiwan	Electronic component products, information software	3,313	2,484	331	83	620	(576)	(477)	Indirect subsidiary
Chander Electronics Corp.	Dara Power Co., Ltd.	Taiwan	Electronic parts and components manufacturing and energy technical service	63,000	8,000	6,300	57	67,468	(22,542)	(15,329)	Indirect subsidiary
Chander Electronics Corp.	Quanyun Co., Ltd.	Taiwan	wholesale and retail, and data processing services	5,000	-	500	100	5,003	3	3	Indirect subsidiary
Chander Electronics Corp.	New Perpetual Co., Ltd	Taiwan	Automobile retail and leasing industry	3,000	-	300	100	2,641	(359)	(359)	Indirect subsidiary
Array Inc.	Array Cayman	British Cayman Islands	Investment holding	370,326	370,326	37,032	100	331,670	117,491	117,491	Indirect subsidiary
Array Inc.	Array Taiwan Inc.	Taiwan	Research and development of network functional platform products	30,000	30,000	3,000	100	(28,957)	(38,498)	Indirect subsidiary	
Array Cayman	Array US	US	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	197,323	184,813	-	100	477,985	116,485	116,485	Indirect subsidiary
Array Cayman	Zentry Security Inc.	US	Zentry modernizes the secure access with enhanced security, improved productivity, and ease of use. It helps customers migrate to Zero Trust Security model from obsolete perimeter model (Firewall & VPN)	367,192	343,896	-	100	(146,314)	1,007	1,007	Indirect subsidiary
Array US	Array Networks Japan Kabishiki Kaisha	Japan	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	2,754	2,579	200	100	19,776	(1,452)	(1,452)	Indirect subsidiary
Array US	Array Networks India Private Limited	India	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	55,144	51,646	-	100	86,202	12,525	12,525	Indirect subsidiary

Note 1: If the listed company set up the overseas investment company and consolidated financial statements are primary financial statements under local regulations, information about overseas investees can be disclosed only to the extent of the overseas investment company.

Note 2: If not qualified for the situation stated in Note 1, the above table should be made under rules as follows:

(1) Information about the Company's investments should be filled in the "Investee", "Location", "Main business", "Original investment" and "Investment as of December 31, 2018" columns. The relationship between the investee and the Company should be filled in the "Note" column.

(2) The net income for the year of each investee should be filled in the "Net income (loss) of investee" column.

(3) Only the investment income (loss) of subsidiaries or investees accounted for using the equity method recognized by the Company should be filled in the "Investment income (loss) recognized" column. The investment income (loss) recognized should include investment income (loss) recognized by the investee.

Note 3: The original investment was completed through share swap.

Note 4: Including the amortization of differences between the carrying amount and the fair value based the purchase price allocation reports.

Note 5: Seconds Media Corp. was dissolved on July 15, 2024.

Note 6: A.R.T. Games Co., Ltd. was dissolved by resolution of the shareholders' meeting on July 17, 2024, and has not completed the liquidation procedure as of December 31, 2024.

Attachment 8: Informations on investments in Mainland China - Chander Electronics Corp.

1. The following table presents names, main businesses and products, total amount of paid-in capital, method of investment, accumulated outflow of investment from Taiwan, investment income recognized, carrying amount, and accumulated inward remittance of earnings on investment of investees in Mainland China

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as at January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023	Note
					Outflow	Inflow							
Trendwin Electronics (Shenzhen) Corporation (Note4)	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	HKD -	2	HKD 7,639 (USD 980)	\$-	\$-	HKD 7,639 (USD 980)	\$-	-	\$-	\$-	\$-	
Changsha Zecheng Technology Co., Ltd. (Note5)	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	31,005 (USD 998)	1	26,486 (USD 858)	4,536 (USD 140)	-	31,022 (USD 998)	(8,014)	100%	(7,657)	10,499	-	

2. Investment quota for Mainland China:

Accumulated investment in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment in accordance with Ministry of Economic Affairs regulations
USD 1,978 (Note5)	USD 1,838 (Note5)	\$587,857 (Note5)

Note 1: The method for engaging in investment in Mainland China include the following :

- (1) Direct investment in Mainland China with capital increase through companies registered in third region.
- (2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of company in third region)
- (3) Other method.

Note 2: For the investment income (loss) recognized in current period, the investment income (loss) was determined based on the following basis:

- (1) It should be noted if it is in preparation which there is no investment profit or loss.
- (2) The investment income (loss) were determined based on the following basis:
 - A.The financial statement was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
 - B.The financial statement was audited by the auditors of the parent company.
 - C.Others.

Note 3: The upper limit of investment amount in Mainland China is the higher of 60% of the net value or 60% of consolidated net value.

Note 4: Trendwin Electronics (Shenzhen) Corporation was liquidated in mainland China in August 2016, but the registration in the Investment Commission, MOEA has not yet been cancelled.

Note 5: Chander Electronics Corp. newly invested NT\$4,536 thousand (US\$140 thousand) in Changsha Zecheng Technology Co., Ltd. on August 16, 2024, which has not been approved by the Investment Commission, MOEA.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Attachment 9: Major shareholder information

Name	Shares	Holding shares	Holding percentage(%)
Oriental Golden Richness Ltd.		9,708,162	8.89
Uniplus Electronics Co., Ltd.		6,370,290	5.83
Angel Fund (ASIA) Investments Limited		6,081,682	5.57
Global Angel Investments Limited		5,995,018	5.49

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SOFTSTAR ENTERTAINMENT INC.

1. Statement of cash and cash equivalents

December 31, 2024

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Cash on hand	Including JPY \$150,000.00	\$240	1. None of these savings was pledged. 2. As of December 31, 2024
	Including CNY \$8,000.00		
	Including USD \$2,500.00		
Demand deposits	Including JPY \$180,001,273.00	121,490	Exchange rate: JPY1 = NTD 0.21 CNY1 = NTD 4.48 USD1 = NTD 32.79 HKD1 = NTD 4.22
	Including CNY \$148,119.99		
	Including USD \$13,335.12		
	Including HKD \$175.26		
Total		\$121,730	

SOFTSTAR ENTERTAINMENT INC.

2. Statement of accounts receivable, net

December 31, 2024

In Thousands of New Taiwan Dollars

Customer name	Amount	Note
Related Parties		
Loftstar Interactive Entertainment Inc.	\$14,634	
Dara Power Co., Ltd.	400	
Green Bless Co., Ltd.	26	
Chander Electronics Corp.	21	
Sun Tech Co., Ltd.	11	
Less: loss allowance	-	
Subtotal	15,092	
Third Parties		
Customer A	\$12,320	
Customer B	8,724	
Customer C	6,384	
Customer D	3,586	
Customer E	3,316	
Customer F	2,895	
Others	4,965	The amount of individual customer in others does not exceed 5% of the account balance.
Less: loss allowance	(18,361)	
Subtotal	23,829	
Total	\$38,921	

SOFTSTAR ENTERTAINMENT INC.

3. Statement of prepayment

December 31, 2024

In Thousands of New Taiwan Dollars

Customer name	Amount	Note
Prepayment for purchases	\$81,598	
Other prepayments	16,493	
Others	2,731	The amount of individual customer in others does not exceed 5% of the account balance.
Total	<u>100,822</u>	

SOFTSTAR ENTERTAINMENT INC.

4. Statement of changes in investments accounted for using equity method

For the Year Ended December 31, 2024

In Thousands of Shares/ New Taiwan Dollars

Investee	Beginning balance		Additions		Disposals		Investment Income (Loss) Amount	Ending balance			Fair value / Net assets value		Collateral	Note
	Shares	Amount (Adjusted)	Shares	Amount	Shares	Amount		Shares	%	Amount	Unit Price (NTD)	Total amount		
Lofstar Interactive Entertainment Inc.	14,850	\$11,464	-	\$-	-	\$(231)	\$(36,706)	14,850	100%	(25,473)	\$(1.72)	\$(25,473)	None	
Activision Entertainment Ltd.	-	886	-	-	-	-	(87)	-	100%	799	-	799	None	
Gamebase Digital Media Corporation	16,700	99,075	2,000	20,000	-	(2,021)	(48,750)	18,700	100%	68,304	3.65	68,304	None	
Softstar Animation Limited	980	6,950	-	-	-	-	672	980	100%	7,622	7.78	7,622	None	
A.R.T. Games Co., Ltd.	1,225	360	-	-	1,225	-	(360)	-	0%	-	-	-	None	
Chia-e International Inc.	814	-	-	-	-	-	-	814	28.21%	-	-	-	None	
Time Vision International Limited	1,500	30,355	1,000	32,056	-	-	-	-	100%	62,411	-	62,411	None	
Uniplus Electronics Co., Ltd.	91,955	432,983	12,033	334,882	-	-	82,704	103,988	43.04%	850,569	8.18	850,569	None	
New Profit Holding Limited	1,610	26,386	6	202	-	(269)	1,770	1,616	100%	28,089	17.38	28,089	None	
JFN Investment Holding Corp.	13	82,812	-	-	-	(598)	5,941	13	100%	88,155	6,781.15	88,155	None	
Lanijing Ltd.	-	345,375	-	-	-	(2,326)	25,287	-	100%	368,336	-	368,336	None	
Jiwei Technology Ltd.	-	204,290	-	16,103	-	-	(1,531)	-	100%	218,862	-	218,862	None	
Chander Electronics Corp.	10,513	129,812	-	-	135	(80,508)	13,677	10,378	12.85%	62,981	6.07	62,981	None	
Red Sunrise Co., Ltd.	7,756	202,091	-	189	-	-	(6,274)	7,756	50.20%	196,006	25.27	196,006	None	
Double Edge Entertainment Corp.	1,591	11,084	-	-	-	-	(909)	1,591	30.31%	10,175	6.40	10,175	None	
Softstar Singapore Private Limited	135	1,714	-	2	-	-	526	135	100.00%	2,242	16.61	2,242	None	
Zhu International Group Inc.	100	757	16,500	167,705	-	-	(34,167)	16,600	86.91%	134,295	8.09	134,295	None	
Le Tao Catering Business Inc.	-	-	1,000	10,000	-	-	(29)	1,000	100.00%	9,971	9.97	9,971	None	
Golden Avenue Group Limited	-	-	-	-	-	-	546	-	100.00%	546	-	546	None	
Total		\$1,586,394		\$581,139		\$(85,953)	\$2,310			\$2,083,890				

SOFTSTAR ENTERTAINMENT INC.

5. Statement of changes in cost, accumulated depreciation and accumulated impairment of right-of-use assets

December 31, 2024

In Thousands of New Taiwan Dollars

Investee	Beginning balance	Additions	Disposals	Ending balance	Note
Cost					
Buildings	\$50,774	\$22,844	\$(18,574)	\$55,044	
Accumulated depreciation and accumulated impairment					
Buildings	(17,884)	(16,562)	15,520	\$(18,926)	
Carrying amount, net	\$32,890	\$6,282	\$(3,054)	\$36,118	

SOFTSTAR ENTERTAINMENT INC.

6. Statement of accounts payable

December 31, 2024

In Thousands of New Taiwan Dollars

Vendor name	Amount	Note
Third Parties		
Vendor A	\$6,810	
Vendor B	3,831	
Vendor C	1,469	
Vendor D	729	
Others	1,397	The amount of individual item in others does not exceed 5% of the account balance.
Total	<u>\$14,236</u>	

SOFTSTAR ENTERTAINMENT INC.

7. Statement of lease liabilities

December 31, 2024

In Thousands of New Taiwan Dollars

Item	Contract period	Discount rates applied	Description	Amount	Note
Buildings	2024.09~2027.10	2.68%	Current	\$4,824	The amount of individual item in others does not exceed 5% of the account balance.
		2.68%	Non-current	9,186	
			Subtotal	<u>14,010</u>	
Buildings	2023.01~2025.12	2.44%	Current	3,038	
		2.44%	Non-current	<u>6,590</u>	
			Subtotal	<u>9,628</u>	
Buildings	2022.04~2027.12	2.44%	Current	2,893	
		2.44%	Non-current	<u>6,277</u>	
			Subtotal	<u>9,170</u>	
Buildings	2024.12~2027.01	2.44%	Current	1,162	
		2.44%	Non-current	<u>2,769</u>	
			Subtotal	<u>3,931</u>	
Others			Current	883	
			Non-current	819	
			Subtotal	<u>1,702</u>	
		Total	<u><u>\$38,441</u></u>		
		Current	<u>\$12,800</u>		
		Non-current	<u><u>\$25,641</u></u>		

SOFTSTAR ENTERTAINMENT INC.

8. Statement of operating costs

For the Year Ended December 31, 2024

In Thousands of New Taiwan Dollars

Item	Amount		Note
	Description	Total	
Labor cost		\$29,214	
Other operating costs		<u>22,751</u>	
Total		<u><u>\$51,965</u></u>	

SOFTSTAR ENTERTAINMENT INC.

9. Statement of marketing expenses

For the Year Ended December 31, 2024

In Thousands of New Taiwan Dollars

Item	Amount	Note
Advertising expense	\$70,171	
Salaries	25,073	Including pension expense.
Labor expense	6,051	
Other expenses	12,914	The amount of individual item in others does not exceed 5% of the account balance.
Total	<u>\$114,209</u>	

SOFTSTAR ENTERTAINMENT INC.

10. Statement of general and administrative expenses

For the Year Ended December 31, 2024

In Thousands of New Taiwan Dollars

Item	Amount	Note
Salaries	\$100,908	Including pension expense. The amount of individual item in others does not exceed 5% of the account balance.
Labor expense	26,004	
Miscellaneous expense	8,968	
Depreciation	10,653	
Other expenses	27,698	
Total	<u>\$174,231</u>	

SOFTSTAR ENTERTAINMENT INC.

11. Statement of research and development expenses

For the Year Ended December 31, 2024

In Thousands of New Taiwan Dollars

Item	Amount	Note
Salaries	\$57,413	Including pension expense. The amount of individual item in others does not exceed 5% of the account balance.
Insurance expense	5,833	
Depreciation	12,085	
Labor expense	\$15,210	
Other expenses	12,117	
Total	<u>\$102,658</u>	