

**SOFTSTAR ENTERTAINMENT INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

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

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2024 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of combined financial statements than the Consolidated Financial Statements.

Very truly yours,

SOFTSTAR ENTERTAINMENT INC.

Chairman: Tu, Chun-Kuang

March 28, 2025

Independent Auditors' Report Translated from Chinese

To Softstar Entertainment Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Softstar Entertainment Inc. (the “Company”) and its subsidiaries as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2024 and 2023, and their consolidated 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 and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

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 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon we do not provide a separate opinion on these matters.

Revenue Recognition - the Power Distribution Machinery Manufacturing Department

The operating revenue of the Company's subsidiary, San Jiang Electric MFG. Co., Ltd., from the sales of transformers and distribution boards (the power distribution machinery manufacturing department of the Group) during the year ended December 31, 2024 amounted to NT\$1,988,998 thousand. It is necessary to judge and determine the performance obligation of a contract and the timing of its satisfaction in terms of sales orders and agreements when recognizing the revenue. Therefore, we determined this is a key audit matter.

Our audit procedures included, but were not limited to:

1. Evaluating the appropriateness of the accounting policy related to revenue recognition and testing the effectiveness of the internal controls over the revenue recognition established by the management.
2. Selecting samples to perform tests of details and examine the relevant evidence to verify the accuracy of revenue recognition and the occurrence of transaction.
3. Performing cut off procedures by selecting revenue transactions for certain period before and after the balance sheet date, and tracing to relevant documents to verify whether the timing of revenue recognition was correct.
4. Performing analytical procedures to analyze the fluctuations in order to assess the reasonableness of the transactions.

We also considered the appropriateness of the parent company only financial statements disclosure regarding sales revenue in Note 4 and 6.

Goodwill Impairment Assessment

The carrying amount of goodwill of the Company and its subsidiaries amounted to NT\$1,023,270 thousand, constituting 13% of the consolidated total assets as of December 31, 2024. The Company conducted the impairment tests annually on the goodwill 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 consolidated financial statements disclosure regarding goodwill impairment assessment in Notes 4 and 6.

Other Matter – Making Reference to the Audit(s) of Other Auditors

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of other auditors. The total assets of those subsidiaries amounted to NT\$2,693,194 thousand and NT\$2,082,770 thousand, constituting 34% and 29% of consolidated total assets as of December 31, 2024 and 2023, respectively, and total operating revenues of NT\$2,017,268 thousand and NT\$1,334,656 thousand, constituting 40% and 41% of consolidated operating revenues for the years ended December 31 2024 and 2023, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$323,118 thousand and NT\$646,746 thousand, representing 4% and 8% of consolidated total assets as of December 31, 2024 and 2023, respectively. The related shares of profit or loss from the associates and joint ventures under the equity method amounted to NT\$8,167 thousand and NT\$(6,716) thousand, representing 3% of the consolidated profit before tax and 2% of the consolidated loss before tax for the years ended December 31 2024 and 2023, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to NT\$(607) thousand and NT\$2,665 thousand, representing (20)% and 29% of the consolidated other comprehensive income for the years ended December 31, 2024 and 2023, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries 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 and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
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 and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 consolidated 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.

Other Matter

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2024 and 2023.

/s/Lu, Chian-Uen

/s/Wang, MU-FAN

Ernst & Young, Taiwan

March 28, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 practice to audit such consolidated 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 Consolidated Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED 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	\$1,062,709	\$843,759	Short-term borrowings	6 and 8	\$801,619	\$1,043,669
Financial assets at fair value through profit or loss, current	6	126,992	33,629	Contract liabilities, current	6	199,890	168,052
Contract assets, current	6	2,979	-	Notes payable	6	32,728	24,885
Notes receivable, net	6	7,177	7,834	Accounts payable	6	476,986	561,340
Accounts receivable, net	6	1,294,844	1,010,573	Accounts payable-related parties	6 and 7	301	-
Accounts receivable-related parties, net	6 and 7	60,839	7,373	Other payables	6	323,625	745,991
Financing lease receivables, net	6	15,075	-	Other payables-related parties	7	438	188
Other receivables	6	28,346	30,917	Current income tax liabilities	6	66,044	84,134
Other receivables-related parties	6 and 7	-	763	Provisions, current	6 and 7	544	6,174
Current income tax assets	6 and 7	12,529	21,252	Lease liabilities, current	6 and 7	164,900	64,867
Inventories, net	6 and 8	919,408	1,067,282	Current portion of long-term borrowings	6 and 8	116,594	228,860
Prepayment	6 and 7	189,755	156,125	Other current liabilities	6	293,165	232,489
Other financial assets, current	6 and 8	268,494	311,687	Total current liabilities		<u>2,476,834</u>	<u>3,160,649</u>
Other current assets		5,411	29,962	Non-current liabilities			
Total current assets		<u>3,994,558</u>	<u>3,521,156</u>	Financial liabilities at fair value through profit or loss, non-current	6	2,610	-
				Contract liabilities, non-current	6	173,020	146,411
Non-current assets				Bonds payable	6	241,771	-
Designated financial assets at fair value through profit or loss, non-current	6 and 7	115,811	34,403	Long-term borrowings	6 and 8	356,309	536,676
Financial assets at fair value through other comprehensive income, non-current	6 and 8	113,183	122,299	Provision, non-current	6 and 8	3,290	2,861
Investments accounted for using the equity method	6	333,294	658,190	Deferred tax liabilities	6	149,362	153,109
Contract assets, non-current	6	-	6,495	Lease liabilities, non-current	6 and 7	420,211	114,226
Property, plant and equipment, net	6 and 7	842,982	785,588	Net defined benefit liabilities, non-current	6	-	1,794
Right-of-use assets	6 and 7	520,743	172,375	Guarantee deposits	6	29,298	26,164
Investment properties	6	48,541	-	Other non-current liabilities		1,789	-
Intangible assets	6	1,553,023	1,523,574	Total non-current liabilities		<u>1,377,660</u>	<u>981,241</u>
Deferred tax assets	6	33,405	33,345	Total liabilities		<u>3,854,494</u>	<u>4,141,890</u>
Other noncurrent assets	6	42,755	39,410	Equity attributable to the parent company	6		
Refundable deposits	7	106,013	30,469	Common stock		1,091,861	1,038,836
Long-term financing lease receivables, net	6	52,384	-	Additional paid-in capital		657,753	263,061
Other financial assets, non-current	6	131,362	205,166	Retained earnings			
Total non-current assets		<u>3,893,496</u>	<u>3,611,314</u>	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 attributable to the parent company		<u>2,049,956</u>	<u>1,552,817</u>
				Non-controlling interests	6	1,983,604	1,437,763
				Total equity		<u>4,033,560</u>	<u>2,990,580</u>
Total assets		<u>\$7,888,054</u>	<u>\$7,132,470</u>	Total liabilities and equity		<u>\$7,888,054</u>	<u>\$7,132,470</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED 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	\$5,102,627	\$3,262,181
Cost of goods sold	6 and 7	(3,341,737)	(2,175,050)
Gross profit		<u>1,760,890</u>	<u>1,087,131</u>
Operating expenses	6 and 7		
Sales and marketing expenses		(972,240)	(597,106)
General and administrative expenses		(683,241)	(535,012)
Research and development expenses		(225,330)	(222,924)
Expected credit losses		(18,258)	(19,309)
Subtotal		<u>(1,899,069)</u>	<u>(1,374,351)</u>
Operating loss		<u>(138,179)</u>	<u>(287,220)</u>
Non-operating income and expenses			
Interest income	6 and 7	14,303	11,664
Other income	6 and 7	61,187	33,784
Other gains and losses	6	414,249	6,644
Finance costs	6	(71,355)	(41,401)
Share of profit or loss of associates and joint ventures accounted for using equity method		6,898	(9,113)
Subtotal		<u>425,282</u>	<u>1,578</u>
Profit (loss) before income tax		287,103	(285,642)
Income tax expense	6	(38,784)	(94,353)
Net income (loss)		<u>248,319</u>	<u>(379,995)</u>
Other comprehensive income (loss)	6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		2,904	(359)
Unrealized gains or losses from financial assets at fair value through other comprehensive income		(8,253)	7,307
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(607)	2,670
Tax of items that will not be reclassified subsequently to profit or loss		(171)	72
Items that may be reclassified subsequently to profit or loss:			
Exchange differences resulting from translating the financial statements of foreign operations		9,185	(384)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		-	(5)
Total other comprehensive income, net of tax		<u>3,058</u>	<u>9,301</u>
Total comprehensive income (loss)		<u>\$251,377</u>	<u>\$(370,694)</u>
Net income (loss) attributable to:			
Stockholders of the parent		\$77,639	\$(335,127)
Non-controlling interests		170,680	(44,868)
		<u>\$248,319</u>	<u>\$(379,995)</u>
Comprehensive income (loss) attributable to:			
Stockholders of the parent		\$85,919	\$(328,032)
Non-controlling interests		165,458	(42,662)
		<u>\$251,377</u>	<u>\$(370,694)</u>
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 consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED 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	Non-Controlling Interests	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	Total					
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	\$1,291,481	\$3,271,889			
Appropriation and distribution of 2021 retained earnings															
Legal reserve	-	-	47,063	-	(47,063)	-	-	-	-	-	-	-			
Cash dividends	-	-	-	-	(127,130)	-	-	-	-	(127,130)	-	(127,130)			
Stock dividends	169,506	-	-	-	(169,506)	-	-	-	-	-	-	-			
Special reserve	-	-	-	(101,732)	101,732	-	-	-	-	-	-	-			
Net loss in 2023	-	-	-	-	(335,127)	-	-	-	-	(335,127)	(44,868)	(379,995)			
Other comprehensive income (loss) in 2023	-	-	-	-	(507)	(258)	7,860	-	-	7,095	2,206	9,301			
Total comprehensive income (loss) in 2023	-	-	-	-	(335,634)	(258)	7,860	-	-	(328,032)	(42,662)	(370,694)			
Repurchase of treasury share	-	-	-	-	-	-	-	-	(24,282)	(24,282)	-	(24,282)			
Acquisition of parent company's stocks by subsidiaries recognized as treasury shares	-	-	-	-	-	-	-	-	(19,403)	(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	2,774	7,540			
Parent company's cash dividends received by subsidiaries	-	4,195	-	-	-	-	-	-	-	4,195	3,329	7,524			
Difference between consideration and carrying amount of subsidiaries acquired	-	982	-	-	-	-	-	-	-	982	-	982			
Changes in ownership interests in subsidiaries	-	(12,690)	-	-	(7,535)	-	-	-	-	(20,225)	5,338	(14,887)			
Share-based payment transactions	16,700	109,552	-	-	-	-	-	(44,714)	-	81,538	-	81,538			
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	158,100	158,100			
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	\$1,437,763	\$2,990,580			
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	\$1,437,763	\$2,990,580			
Appropriation and distribution of 2023 retained earnings															
Special reserve	-	-	-	(7,603)	7,603	-	-	-	-	-	-	-			
Donated surplus	-	13,601	-	-	-	-	-	-	-	13,601	1	13,602			
Equity component of convertible bonds	-	17,820	-	-	-	-	-	-	-	17,820	-	17,820			
Net income in 2024	-	-	-	-	77,639	-	-	-	-	77,639	170,680	248,319			
Other comprehensive income (loss) in 2024	-	-	-	-	1,541	(9,200)	15,939	-	-	8,280	(5,222)	3,058			
Total comprehensive income (loss) in 2024	-	-	-	-	79,180	(9,200)	15,939	-	-	85,919	165,458	251,377			
Cash capital increase	52,000	286,000	-	-	-	-	-	-	-	338,000	-	338,000			
Acquisition of parent company's stocks by subsidiaries recognized as treasury shares	-	(112)	-	-	-	-	-	-	(71,836)	(71,948)	(96,484)	(168,432)			
Disposal of investments using the equity method	-	-	-	-	(607)	-	607	-	-	-	-	-			
Difference between consideration and carrying amount of subsidiaries acquired	-	12,287	-	-	(990)	-	-	-	-	11,297	(1,476)	9,821			
Parent company's cash dividends received by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-			
Changes in ownership interests in subsidiaries	-	61,640	-	-	(330)	-	(516)	-	-	60,794	39,304	100,098			
Share-based payment transactions	2,100	10,836	-	-	-	-	-	37,175	-	50,111	36,861	86,972			
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	402,177	402,177			
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)	-	(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	\$1,983,604	\$4,033,560			

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED 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	\$287,103	\$(285,642)
Adjustments for:		
Depreciation	214,567	108,237
Amortization	72,658	78,036
Expected credit impairment losses	18,258	19,309
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(12,654)	4,182
Interest expense	71,355	41,401
Interest income	(14,303)	(11,664)
Share-based payments expense	103,405	82,855
Share of profit or loss of associates and joint ventures accounted for using equity method	(6,898)	9,113
(Gains) losses on disposal of property, plant and equipment	(1,138)	3,612
Gains on disposal of intangible assets	(8,024)	(30)
Gains on disposal of investment	(229,963)	(38,410)
Impairment loss from non-financial assets	49,668	4,174
Gains on disposal of mobile game intellectual property	(212,472)	-
Others	(13,030)	699
Changes in operating assets and liabilities:		
Contract assets	3,516	(1,787)
Notes receivable, net	657	3,805
Notes receivable-related parties, net	-	804
Accounts receivable, net	(287,029)	18,051
Accounts receivable-related parties, net	(53,466)	4,075
Other receivables	(67,078)	(22,472)
Other receivables-related parties	763	(657)
Inventories, net	153,117	(238,615)
Prepayment	(30,294)	(41,927)
Other current assets	26,178	(16,607)
Other financial assets	32,479	28,555
Contract liabilities	58,447	(26,391)
Notes payable	7,843	(3,198)
Accounts payable	(101,937)	91,759
Accounts payable-related parties	301	-
Other payables	(4,740)	(92,053)
Other payables-related parties	250	(624)
Provisions	(20,463)	2,931
Other current liabilities	93,196	17,294
Net defined benefit liabilities	(1,794)	(4,708)
Cash generated from operations	128,478	(265,893)
Interest received	14,303	11,664
Interest paid	(59,973)	(36,259)
Income tax paid	(51,958)	(66,563)
Net cash provided by (used in) operating activities	30,850	(357,051)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(89,708)	(24,757)
Proceeds from disposal of financial assets at fair value through profit or loss	12,590	-
Acquisition of investments accounted for using equity method	(4,272)	(7,174)
Proceeds from disposal of investments accounted for using equity method	525,320	43,095
Acquisition of subsidiaries (net of cash acquired)	-	(708,257)
Acquisition of property, plant and equipment	(116,014)	(47,205)
Proceeds from disposal of property, plant and equipment	6,230	1,162
Increase in refundable deposits	(14,465)	(5,952)
Acquisition of intangible assets	(36,241)	(59,574)
Proceeds from disposal of intangible assets	20,005	1,290
Cash outflow due to merger	(164,103)	-
Decrease in other financial assets	84,518	25,564
Decrease (increase) in other noncurrent assets	75,796	(29,994)
Others	(448,727)	-
Net cash used in investing activities	(149,071)	(811,802)
Cash flows from financing activities:		
Increase in short-term borrowings	-	43,040
Decrease in short-term borrowings	(242,050)	-
Proceeds from bonds issued	298,845	-
Proceeds from long-term borrowings	608,511	692,000
Repayment of long-term borrowings	(901,144)	(229,750)
Increase in guarantee deposits received	3,134	2,600
Repayment of the principal portion of lease liabilities	(172,649)	(64,067)
Decrease in other non-current liabilities	(9,933)	-
Cash dividends	-	(117,520)
Cash capital increase	338,000	-
Treasury stock transactions	(71,836)	(24,282)
Changes in non-controlling interests	476,913	120,560
Others	13,601	-
Net cash provided by financing activities	341,392	422,581
Net foreign exchange difference	(4,221)	(110)
Net increase (decrease) in cash and cash equivalents	218,950	(746,382)
Cash and cash equivalents at beginning of year	843,759	1,590,141
Cash and cash equivalents at end of year	\$1,062,709	\$843,759

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED 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 changed its name to Softstar Entertainment Inc. the same year. The Company and its subsidiaries (“the Group”) main business include online games, game software; instructional software; research, design, sales of computer peripherals; multilayer printed circuit board; copper clad laminate; prepreg and electronic component manufacturing, lamination, research and development and trade of business operation; the production and sale of the transformers and distribution boards; third-party payment services; distribution, maintenance and trade of export electronic component, integrated circuit, computer equipment; domestic and foreign liquor agency; and research, manufacturing and sale of application delivery controllers, high-end SSL VPN systems, remote desktop access solutions, application acceleration and WAN optimization controllers. On August 8, 2001, the Company listed its shares of stock on the Taipei Exchange (TPEX). The Company’s registered office and the main business location is at 7F, No. 8, Lane 11, Sec. 2, Dunhua S. Road, Republic of China (R.O.C.).

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

The consolidated financial statements of the Group for the years ended December 31, 2024 and 2023 were authorized for issue by the Group’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 Group 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 standards and amendments had no material impact on the Group.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (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 Group 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.

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.

- (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.

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(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.

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.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (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 :

- i. Clarify the application of the “own-use” requirements
- ii. Permit hedge accounting if these contracts are used as hedging instruments.
- iii. 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 consolidated financial statements of the Group 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”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (A) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (B) exposure, or rights, to variable returns from its involvement with the investee, and
- (C) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (A) the contractual arrangement with the other vote holders of the investee
- (B) rights arising from other contractual arrangements
- (C) the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee or not if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

If the Company loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			December 31, 2024	December 31, 2023	Note
The Company	Loftstar Interactive Entertainment Inc.	Software wholesale and software services	100	100	
The Company	Activision Entertainment Ltd.	Performing arts	100	100	
The Company	Gamebase Digital Media Corporation	Software services and information processing services, etc.	100	100	
The Company	Softstar Animation Limited (SAL)	Investment holdings	100	100	
The Company	Time Vision International Limited (TVI)	Investment holdings	100	100	
The Company	Uniplus Electronics Co., Ltd.	Manufacture, lamination, processing, research and development, and merchandising of electronic parts/components	43.04	43.76	1
The Company	New Profit Holding Limited	Investment holdings	100	100	
The Company	JFN Investment Holding Corp	Investment holdings	100	100	
The Company	Lanjing Ltd.	Investment holdings	100	100	
The Company	Jiwei Technology Ltd.	Investment holdings	100	100	
The Company	Red Sunrise Co., Ltd.	Third-party payment services	50.20	55.60	2
The Company	Chander Electronics Corp.	Electronic Products Distribution	12.85	13.02	3

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			December 31, 2024	December 31, 2023	Note
The Company	Softstar Singapore Private Limited	Investment holdings	100	100	
The Company	Zhu International Group Inc.	Catering	86.91	100	4
The Company	Golden Avenue Group Limited	Investment holdings	100	-	6
The Company	Le Tao Catering Business Inc.	Catering	100	-	12
Loftstar Interactive Entertainment Inc.	Zhu International Group Inc.	Catering	13.09	-	4
New Profit Holding Limited	Chander Electronics Corp.	Electronic Products Distribution	1.58	1.58	
JFN Investment Holding Corp	Chander Electronics Corp.	Electronic Products Distribution	5.11	5.11	
Lanjing Ltd.	Chander Electronics Corp.	Electronic Products Distribution	21.64	21.64	
Jiwei Technology Ltd.	Chander Electronics Corp.	Electronic Products Distribution	1.14	1.14	
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	Investment holdings	100	100	
Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	Beauty and skincare products	100	100	
Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	Wholesale of electronic equipment	55.00	55.00	5
Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	Wholesale of electronic equipment	100	100	
Uniplus Electronics Co., Ltd.	San Jiang Electric MFG. Co., Ltd.	Production and sale of transformers and distribution panels	100	100	
Gamebase Digital Media Corporation	Mega Media Group Limited	Investment holdings	100	100	
Gamebase Digital Media Corporation	Seconds Media Corp.	Advertisement and information software services	-	100	7
Softstar Singapore Private Limited	Starlight Gaming India Private Limited	Game agent and marketing	99.99	99.99	
Red Sunrise Co., Ltd.	Sun Tech Co., Ltd.	Sale of vouchers and BNPL	100	100	
Red Sunrise Co., Ltd.	Soundnet Tech Co., Ltd.	Design of computer software	100	100	
Red Sunrise Co., Ltd.	Zhu International Group Inc.	Catering	-	-	4
Chander Electronics Corp.	Chander Electronics (HK) Corporation	Maintenance, distribution and trade of electronic components, integrated circuits, computer equipment, liquor and related products	100	100	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			December 31, 2024	December 31, 2023	Note
Chander Electronics Corp.	Yun Fang Co., Ltd.	Tobacco, alcohol, beverage, food and medical equipment wholesalers and retail	100	100	
Chander Electronics Corp.	Changsha Zecheng Technology Co., Ltd.	Maintenance, distribution and trade of electronic components, integrated circuits, computer equipment, and related products	100	100	
Chander Electronics Corp.	Quan Zhe Metal Corp.	Electronic component products, information software wholesalers and retail, and data processing services	82.81	82.81	8
Chander Electronics Corp.	Toptrend Technologies Corp.	Electronic products and components trading services	94.37	94.37	
Chander Electronics Corp.	Dara Power Co., Ltd.	Electronic parts and components manufacturing and Energy Technical Service	57.27	100	9
Chander Electronics Corp.	Quanxin Sustainability Management Consulting Co., Ltd	Management consulting, manpower dispatching	100	-	13
Chander Electronics Corp.	Quanyun Co., Ltd	Automotive Retail, Leasing	100	-	14
Array Holdings for APG FIII Fund LPs	Array Inc.	Research and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	36.59	36.17	10
Array Inc.	Array Networks, Inc. (Array Cayman)	Investment holdings	100	100	
Array Inc.	Array Taiwan Inc.	Research and development of network functional platform products	100	100	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			December 31, 2024	December 31, 2023	Note
Array Cayman	Array Networks, Inc. (Array US)	Research, manufacture and sale of Network Functions Platform, Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	100	100	
Array Cayman	Zentry Security Inc.	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)	99.95	99.95	
Array US	Array Networks Japan Kabishiki Kaisha	Research, manufacture and sale of Network Functions Platform, Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	100	100	
Array US	Array Networks India Private Limited	Research, manufacture and sale of Network Functions Platform, Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	100	100	
Zhu International Group Inc.	Yoshimoto Co., Ltd	Catering	100	-	4、11
Yoshimoto Co., Ltd	CS-delight Co., LTD.	Catering	100	-	11

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Note 1: In January 2024, Uniplus Electronics Co., Ltd. issued restricted stocks of 4,050,000 shares, reducing the Group's shareholdings ratio to 42.93%. Uniplus Electronics Co., Ltd. conducted a cash capital increase in December 2024. The Company subscribed to the new shares in proportion to its initial shareholding, and its subsidiaries, Red Sunrise Co., Ltd. and Chander Electronics Corp., participated in the capital increase, increasing the Group's shareholding ratio to 43.04%.
- Note 2: In July 2023, the Company acquired 680 thousand shares of Red Sunrise Co., Ltd. from the original shareholders, increasing the shareholding ratio to 55.60%. In February 2024, Red Sunrise Co., Ltd. increased its capital by NT\$21,000 thousand in cash, totaling 1,500 thousand shares, but the Company did not subscribe to the new shares, the shareholding ratio was reduced to 50.20%.
- Note 3: In December 2023, the Company disposed of 582 thousand shares of Chander Electronics Ltd., decreasing the Company's shareholdings to 13.02%. In January 2024, the Company disposed of 135 thousand shares of Chander Electronics Ltd., decreasing the Company's shareholdings to 12.85%.
- Note 4: The Company invested and established Zhu International Group Inc. on December 12, 2023. In January 2024, the Company invested NT\$150,000 thousand in cash in the newly established company, totally 15,000 thousand shares. Among them, 10,000 thousand shares were subscribed by Softstar Entertainment Inc. and 2,500 thousand shares each were subscribed by Loftstar Interactive Entertainment Inc. and Red Sunrise Co., Ltd. The above-mentioned shareholding ratio after the subscription amounted to 66.88%, 16.56% and 16.56% respectively. On June 25, 2024 and August 30, 2024, Zhu International Group Inc. issued 20,000 thousand new shares separately, totaling 40,000 thousand shares, which were fully subscribed by the Company. On November 1, 2024, Red Sunrise Co., Ltd. sold all of the shares it held in Zhu International Group Inc. to the Company, increasing the shareholding ratio to 86.91%. Moreover, since Loftstar Interactive Entertainment Inc. did not subscribe to the new shares in proportion to its shareholdings, its shareholding ratio was reduced to 13.09%.
- Note 5: Hang Zheng Technology Co., Ltd. increased its capital by NT\$90,000 thousand on August 10, 2023. As Uniplus Electronics Co., Ltd. did not subscribe to the new shares in proportion to its shareholdings, and only acquired NT\$45,000 thousand shares, the shareholding ratio was reduced to 55%.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6: The Company invested in and established Golden Avenue Group Limited in September 2024.

Note 7: In October 2023, Gamebase Digital Media Corporation acquired 150 thousand shares of Seconds Media Corp., increasing its shareholding to 100%. Seconds Media Corp. was dissolved on June 27, 2024.

Note 8: In May, October, and December of 2023, Quan Zhe Metal Corp. conducted cash capital increase. As Chander Electronics Corp. did not proportionally acquire newly issued shares according to its original ownership interest, its interest was reduced to 82.81%.

Note 9: Chander Electronics Corp. established Dara Power Co., Ltd. in June 2023. In March, April and November of 2024, Dara Power Co., Ltd. conducted cash capital increase. As Chander Electronics Corp. did not proportionally acquire newly issued shares according to its original ownership interest, its interest was reduced to 57.27%.

Note 10: In March 2023, Array Inc. increased capital through private placement in the amount of NT\$89,880 thousand, totaling 7,000 thousand shares. The Group did not participate in the subscription, and the employees of Array Inc. exercised employee stock options in June, July, September, and December 2023, totaling 423,100 shares. the Group's shareholding ratio was reduced to 36.17%. In July 2024, Array Inc. canceled its treasury shares and its subsidiary, Array Holdings for APGFIII Fund LPs, disposed of 406 thousand shares of Array Inc., increasing the Group's shareholding ratio to 36.59%.

Note 11: On February 1, 2024, Zhu International Group Inc. acquired the restaurant business of Customers Delight Group, Inc. from Customers Delight Group, a Japanese corporation, for JPY750,000 thousand and established CS-delight Co. On July 2, 2024, the Company transferred the shares of CS-delight Co., LTD. to establish Yoshimoto Co., Ltd. and Yoshimoto Co., Ltd. has full control over it.

Note 12: The Company invested and established Le Tao Catering Business Inc. on September 20, 2024.

Note 13: Chander Electronics Corp. invested in and established Quanxin Sustainability Management Consulting Co., Ltd. in October 2024.

Note 14: Chander Electronics Corp. invested in and established Quanyun Co., Ltd. in December 2024.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The total assets of those subsidiaries amounted to NT\$2,693,194 thousand and NT\$2,082,770 thousand, constituting 34% and 29% of consolidated total assets as of December 31, 2024, and 2023, respectively, and total operating revenues of NT\$2,017,268 thousand and NT\$1,334,656 thousand, constituting 40% and 41% of consolidated operating revenues for the years ended December 31, 2024, and 2023, respectively.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group 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.

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.

(5) 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.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group 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.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group 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.

(7) Cash and cash equivalents

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

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IAS 9 *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 Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group 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 Group's business model for managing the financial assets and
- (B) the contractual cash flow characteristics of the financial asset.

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, financial assets measured at amortized cost and other receivables, 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 Group 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 Group 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.

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 Group 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 Group 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 Group 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.

B. Impairment of financial assets

The Group 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 Group 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 measured as follows:

- (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 Group 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 Group 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 Group 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.

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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (C) The Group 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 Group 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 Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group 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.

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).

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 group 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 group 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.

(9) 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 Group.

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 Group 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.

(10) Inventories

Inventories are valued at lower of cost and net realizable value. Cost is calculated by the weighted average method. Some subsidiaries' inventories are recorded at the standard cost and adjusted to weighted-average cost in the reporting period. Cost of finished goods and work in progress include direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. When comparing cost and the net realizable value item by item, the net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Group'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 Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group'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 Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate, the Group 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 prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings. 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 Group disposes the associate or joint venture.

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

The Group 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 Group 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 Group 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 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 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 Group 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 entity continues to apply the equity method and does not remeasure the retained interest.

(12) 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 Group 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.

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

Buildings	50~55 years
Machinery and equipment	1~10 years
Office equipment	1~10 years
Leasehold improvements	3~5 years
Transportation equipment	5 years
Other equipment	1~8 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.

(13) Investment property

The Group's investment properties are measured at original cost and include the transaction costs of acquiring the assets. The carrying amount of an investment property includes the cost of repairs or additions to the existing investment property to the extent that the cost is recognizable, except for routine maintenance costs, which are not recognized as part of the cost of the investment property. After initial recognition, investment property is measured using the cost model in accordance with IAS 16, Property, Plant and Equipment, unless it qualifies for classification as held for sale (or is included in a group of disposals classified as held for sale) in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, in which case it is treated in accordance with IAS 16, Property, Plant and Equipment, unless it is held by the lessee as a right-of-use asset and is held by the Company in accordance with IAS 16, Property, Plant and Equipment. However, if a property is held by a lessee as a right-of-use asset and is not held for sale under IFRS 5, it is accounted for in accordance with IFRS 16.

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

Buildings	5~55 years
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Investment property is derecognized from the balance sheet and recognized as profit or loss when it is disposed of, or when it is permanently withdrawn from use and no future economic benefits are expected to result from its disposal.

(14) Leases

The Group 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 Group 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 Group 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 Group 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 Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

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

At the commencement date, the Group 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 Group 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 Group 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 Group 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 Group 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.

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

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group 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 Group 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 Group accounted for as short-term leases or leases of low-value assets, the Group 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 Group 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.

Group as a lessor

At inception of a contract, the Group 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. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

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

The Group 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.

(15) 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of the policies applied to the Group’s intangible assets is as follows:

	Trademark	Game royalty	Computer software	Technology of patent	Goodwill	Other Intangible assets
Useful lives	Indefinite	Finite	Finite	Finite	Indefinite	Finite
Amortization method used	No amortization	Amortized on a straight-line basis within six months from the date of commercial operation of the game.	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life	No amortization. Tested for impairment annually.	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired	Acquired	Acquired

The digital assets with indefinite useful lives was recognized as other intangible assets and subject to impairment testing according to fair value on a quarterly basis.

(16) Impairment of non-financial assets

The Group 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 Group 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 Group 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.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Sales returns and allowances

A provision has been recognized for sales returns and allowances in accordance with IFRS 15.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(18) 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.

(19) Revenue recognition

The Group'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:

Sale of goods

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main products of the Group are game software and related peripherals and electronic products and transformers and distribution panels and revenue is recognized based on the consideration stated in the contract.

The Group recognizes revenue and accounts receivable when the products of electronic components, tobacco, liquor, application delivery controllers, high-end SSL VPN systems, remote desktop access solutions, application acceleration and WAN optimization controllers are delivered and arrived at the place designated by the customers, as the customers have the right of pricing and use and responsibility of reselling and take the risk on obsolescence of the goods.

The credit period of the Group's sale of goods is from 30 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

A. The Group provides services related to game licensing. The Group identifies performance obligations and determines whether the licensing provides a customer with a right to access the Group's IP over time or with a right to use the Group's IP at a point in time. Based on experience, the Group 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 Group 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 Group owns the obligation to provide the services subsequently, these contracts should be recognized as contract liabilities.

- B. The Group provides services related to online games. The Group 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.
- C. The Group 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 Group 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 buy virtual items.
- D. The Group provides third-party payment services to members, after the performance obligations of the contracts with customers are identified, the transaction price is allocated to each performance obligation, and revenue is recognized when each performance obligation is satisfied. As the revenue of transaction fees from cash flow services is specially related to each distinct cash flow or logistics service, it is recognized at a point in time when the transaction is processed. The revenue of annual fee is recognized as contract liabilities once the annual membership fees was received and subsequently realized as revenue on timely basis according to the agreed contract period, which typically ranges from one to three years.
- E. The Group provides after-sales support services of application delivery controllers, high-end SSL VPN systems, remote desktop access solutions, application acceleration and WAN optimization controllers. As the Group provides support services, customers simultaneously receive and consume the benefits provided by the Group's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are rendered.

(20) 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.

(21) 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.

(22) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries 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 and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries 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. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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 Group recognizes restructuring-related costs

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.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(23) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries 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 Group'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.

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 Group 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.

(24) 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.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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.

(25) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgements, 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 Group'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 Group identifies performance obligations and determine whether the licensing provides a customer with a right to access the Group's IP over time or with a right to use the Group's IP at a point in time and recognizes royalty revenue when performance obligations have been satisfied.

B. Business combination

The business combination in the Group is in accordance with Business Mergers and Acquisitions Act. The costs relating to the acquisitions are recognized as expense when the costs happen and the servings were accessed. Goodwill is initially measured as the net amount of the excess of the aggregate of the consideration transferred, the non-controlling interest, and the fair value of equity held by the investor at the acquisition date over the net fair value of the identifiable assets acquired and the liabilities assumed. The non-controlling interest is measured as its share of the net identifiable assets of investee.

C. Judgment regarding acting as a principal or as an agent on commission

Regarding revenue transactions, since the Group is engaged in the distribution agency business, it should judge whether the performance obligations of the sales contract are in the role of the principal or the agent, and determine whether the total consideration that is expected to be received in exchange should be recognized as revenue, or the amount of any fees or commissions expected to be received in exchange for arranging specific goods provided by the other party should be recognized as revenue.

(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.

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A. Estimate of variable consideration

With the Group's business practices, the Group 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 Group 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 Group 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. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

E. 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 Group 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.

F. 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 Group 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 Group company's domicile.

Deferred tax assets are recognized for all carry forward 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Cash on hand and petty cash	\$12,624	\$1,347
Checking and saving accounts	1,050,085	827,057
Time deposit	-	15,355
Total	<u>\$1,062,709</u>	<u>\$843,759</u>

(2) Notes receivable and Notes receivable-related parties

	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Notes receivable	\$7,177	\$7,834
Less: loss allowance	-	-
Total	<u>\$7,177</u>	<u>\$7,834</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9. Please refer to Note 6 (24) for more details on loss allowance and Note 12 for details on credit risk.

(3) Accounts receivable and Accounts receivable-related parties

	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Accounts receivable	\$1,369,086	\$1,070,238
Less: Loss allowance	(74,242)	(59,665)
Subtotal	1,294,844	1,010,573
Accounts receivable-related parties	60,839	7,373
Total	<u>\$1,355,683</u>	<u>\$1,017,946</u>

Accounts receivables were not pledged.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Accounts receivables are generally on 30-180 day terms. The total carrying amount as of December 31, 2024 and 2023 were NT\$1,429,925 thousand and NT\$1,077,611 thousand, respectively. Please refer to Note 6 (24) 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.

(4) Inventories, net

	As of December 31,	
	2024	2023
Raw materials	\$230,564	\$150,410
Work in progress	36,655	48,211
Finished goods	563,075	771,667
Commodities	89,114	96,994
Total	<u>\$919,408</u>	<u>\$1,067,282</u>

(A) Expenses and loss incurred on inventories were as follows:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$2,775,016	\$1,852,097
Write-downs (reversal) of inventories	18,696	(4,252)
Scrap loss	1,452	-
Total	<u>\$2,795,164</u>	<u>\$1,847,845</u>

For the years ended December 31, 2024 and 2023, the inventory write-down and reversal of inventory write-down were amounted to NT\$18,696 thousand and NT\$4,252 thousand, respectively. The reversal of net realizable value of inventories for the years ended December 31, 2024 and 2023 was because of the partial inventories close-out.

(B) Please refer to Note 8 for further details on pledge for the inventory.

(5) Prepayments

	As of December 31,	
	2024	2023
Prepayment for purchases	\$93,136	\$67,763
Prepaid outsourcing fee	81,598	70,960
Other prepayments	15,021	17,402
Total	<u>\$189,755</u>	<u>\$156,125</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Other financial assets

	As of December 31,	
	2024	2023
Restricted trust deposits	\$25	\$188,351
Restricted demand deposits	255,007	154,363
Restricted time deposits	144,004	173,371
Pledged deposits	820	768
Total	<u>\$399,856</u>	<u>\$516,853</u>
Current	<u>\$268,494</u>	<u>\$311,687</u>
Non-current	<u>\$131,362</u>	<u>\$205,166</u>

The Group's proxy receipts from cash flow and logistics service are guaranteed by delivering to trust, which means to enter into a trust contract with a trust management bank, and the proxy receipts will be remitted to the dedicated trust account in accordance with the contract. Subsequently, the trust management bank will remit the proxy receipts to designated members based on the Company's transaction instructions. These proxy receipts deposited in the trust accounts were recognized as "restricted demand deposits" and "restricted trust deposits".

Please refer to Note 8 for further details on pledged financial assets measured at amortized cost.

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

	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
Wisdom Capital Limited Partnership	28,253	17,323
Outstanding Capital Limited Partnership (Note 2)	19,808	8,272
Vertex Venfures (SG) SEA V LP	18,640	3,928
Cathy Private Equity Ecology Limited Partnership	8,102	-
Allianz Global Investors Income and Growth Fund	1,705	1,461
Film investment agreement (Note 3)	651	3,000
Morgan Stanley Mutual Funds	12	11,845
Embedded derivatives	30	-
Cathy Private Equity Ecology Limited Partnership	20,017	9,293
Total	<u>\$242,803</u>	<u>\$68,032</u>
Current	<u>\$126,992</u>	<u>\$33,629</u>
Non-current	<u>\$115,811</u>	<u>\$34,403</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1: The Group was approved by the Board of Directors on September 11, 2024 to dispose of the intellectual property rights of *Chinese Paladin: Sword and Fairy* (excluding China area), the transaction consideration and the acquisition of financial assets at fair value through profit or loss, please refer to Note 6 (33) for more details.

Note 2: The Group entered into a limited partnership agreement with Outstanding Capital Limited Partnership with a specified duration in 2024 and 2023. Once the agreement expires, the dissolution and liquidation of the limited partnership will be commenced, and the net assets will be distributed to the investors proportionately. The Group assessed that the net assets of this investment object was nearly equal to its fair value.

Note 3: The profit generated from the film would be allocated to the Group and other corporations based on the signed investment agreement.

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

(8) 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:		
Listed company stocks		
Newretail Co., Ltd.	\$14,493	\$6,951
Emerging market stocks		
Meimaii Technology Co., Ltd.	2,707	3,085
Private company stocks		
Super Energy Materials Inc.	68,910	90,880
Taiwan Smart Card Co.	18,794	12,971
BLC Group Holding Limited	8,208	8,352
Hanbang Precision Technology Co., Ltd.	71	60
Total	<u>\$113,183</u>	<u>\$122,299</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Investments accounted for using the equity method

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

Investees	As of December 31,				Note
	2024		2023		
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	
<u>Investments in associates:</u>					
Neweb Technologies Co., Ltd.	\$271,256	15.28%	\$556,349	32.63%	Note 1,2
Niusnews Co., Ltd.	51,863	37.56%	90,397	35.72%	Note 3
Double Edge Entertainment Corp.	10,175	30.31%	11,084	30.31%	
A.R.T. Games Co., Ltd.	-	-	360	49%	Note 4
PayNow Inc.	-	-	-	-	Note 5
Chia-e International Inc.	-	28.21%	-	28.21%	
Total	<u>\$333,294</u>		<u>\$658,190</u>		

Note 1: During the period from January 1, 2024 to December 31, 2024, the Group disposed of 17.35% of the shares of NewebPay Technology Co., Ltd. for NT\$525,320 thousand, and the gain on disposal amounted to NT\$286,554 thousand.

Note 2: As of December 31, 2024, the Group held less than 20% of the shares of NewebPay Technology Co., Ltd. However, the Group's subsidiary, Chander Electronics Corp., has significant influence on NewebPay Technology Co., Ltd. as it serves as three of the seven seats of directors on the board of NewebPay Technology Co., Ltd. and participates in the decision of NewebPay Technology Co., Ltd. Therefore, Chander Electronics Corp. had significant influence over NewebPay Technology Co., Ltd., which is classified as an investment accounted for under the equity method.

Note 3: On January 23, 2024, the Group increased its investment in Niusnews Co., Ltd. through Gamebase Digital Media Corporation by NT\$4,272 thousand, and the Group's total shareholding ratio raised to 37.56%.

Note 4: A.R.T. Games Co., Ltd. was dissolved on July 17, 2024 by a resolution of the shareholders' meeting, and as of December 31, 2024, the liquidation procedures have not been completed.

Note 5: In August 2023, the Group sold all shares of PayNow Inc.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A. Investments in Associates

Information on the material associate of the Group:

Company name: Neweb Technologies Co., Ltd.

Nature of the relationship with the associate: Neweb Technologies Co., Ltd. is in the business of information processing services. The Group invested in Neweb Technologies Co., Ltd. for the purpose of business needs.

Principal place of business (country of incorporation): Taiwan

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

The summarized financial information of the associate is as follows:

	As of December 31,	
	2024	2023
Current assets	\$3,138,163	\$3,152,451
Non-current assets	719,331	840,366
Current liabilities	(2,693,623)	(2,890,125)
Non-current liabilities	(103,566)	(91,023)
Equity	1,060,305	1,011,669
Property of the Group's ownership	15.28%	32.63%
Subtotal	165,113	330,106
Goodwill	106,143	226,243
Carrying amount of the investment	<u>\$271,256</u>	<u>\$556,349</u>
	As of December 31,	
	2024	2023
Operating revenue	\$1,458,227	\$1,268,071
Profit or loss from continuing operations	51,454	\$2,296
Other comprehensive income	(3,903)	8,184
Total comprehensive income	<u>\$47,551</u>	<u>\$10,480</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

B. The Group's investments in Niusnews Co., Ltd., Double Edge Entertainment Corp., PayNow Inc., A.R.T. Games Co., and Chia-e International Inc. are not individually material. The aggregate carrying amount of the Group's interests in Niusnews Co., Ltd., Double Edge Entertainment Corp., PayNow Inc., A.R.T. Games Co., and Chia-e International Inc. was NT\$62,039 thousand and NT\$101,841 thousand, as of December 31, 2024 and 2023, respectively. The aggregate financial information is as follows:

	For the years ended	
	December 31,	
	2024	2023
Net loss from continuing operations (Note)	\$(11,379)	\$(27,537)
Other comprehensive income (net of tax) (Note)	-	-
Total comprehensive loss (Note)	<u>\$(11,379)</u>	<u>\$(27,537)</u>

C. The Group 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:

	Investment gain/(loss)	
	For the years ended	
	December 31,	
	2024	2023
Niusnews Co., Ltd.	\$(2,684)	\$(7,465)
Double Edge Entertainment Corp.	(909)	(1,507)
A.R.T. Games Co., Ltd.	(360)	(1,275)
Neweb Technologies Co., Ltd.	10,851	749
PayNow Inc.	-	385
Total	<u>\$6,898</u>	<u>\$(9,113)</u>

D. As of December 31, 2024, the Group assessed that the recoverable amount of its equity-method investment, Niusnews Co., Ltd. was less than the carrying amount and therefore, recognized impairment losses in the amount of NT\$39,046 thousand and NT \$7,966 thousand for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, the recoverable amount of NT\$52,338 thousand was less than the carrying amount, which was the present value of the net cash flow projection of the financial budget for the next five years based on the value-in-use evaluation report issued by an external expert at a discount rate of 16.90% per annum.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On June 30, 2024, the recoverable amount of NT\$82,259 thousand was less than the carrying amount, which was the present value of the net cash flow projection of the financial budget for the next five years based on the value-in-use measurement and evaluation report issued by an external expert using a discount rate of 15.00% per annum.

For the year ended December 31, 2023, Niusnews Co., Ltd.'s recoverable amount of NT\$95,499 thousand was less than the carrying amount, which was the present value of the net cash flow projection of the financial budget for the next five years based on the value-in-use measurement and evaluation report issued by an external expert using a discount rate of 15.70% per annum.

E. The aforementioned associates had no contingent liabilities or capital commitments as of December 31, 2024 and 2023. No investments accounted for using the equity method were pledged.

F. We did not audit the financial statements of certain investee companies. 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. These associates and joint ventures under equity method amounted to NT\$323,118 thousand and NT\$646,746 thousand, representing 4% and 8% of consolidated total assets as of December 31, 2024 and 2023, respectively. The related shares of profit or loss from the associates and joint ventures under the equity method amounted to NT\$8,167 thousand and NT\$(6,716) thousand, representing 3% of the consolidated profit before tax and 2% of the consolidated loss before tax for the years ended December 31 2024 and 2023, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to NT\$(607) thousand and NT\$2,665 thousand, representing (20)% and 29% of the consolidated other comprehensive income for the years ended December 31, 2024 and 2023, respectively.

(10) Property, plant and equipment

	As of December 31,	
	2024	2023
A. Owner occupied property, plant and equipment	\$842,982	\$785,588

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Total
Cost:								
As of January 1, 2024	\$594,076	\$140,211	\$227,374	\$70,415	\$3,410	\$98,779	\$23,504	\$1,157,769
Additions	-	7,193	43,585	14,242	286	6,861	43,847	116,014
Disposals	-	(289)	(3,499)	(3,997)	(227)	(3,088)	(10,338)	(21,438)
Acquisition from combination	-	-	4,372	-	305	7,717	53,352	65,746
Other changes	(28,336)	(29,996)	383	4,751	-	7,787	401	(45,010)
As of December 31, 2024	<u>\$565,740</u>	<u>\$117,119</u>	<u>\$272,215</u>	<u>\$85,411</u>	<u>\$3,774</u>	<u>\$118,056</u>	<u>\$110,766</u>	<u>\$1,273,081</u>
As of January 1, 2023	\$72,454	\$71,626	\$182,385	\$68,242	\$2,227	\$109,719	\$12,704	\$519,357
Additions	-	2,830	17,065	8,279	227	4,967	13,837	47,205
Disposals	-	-	(86,035)	(1,885)	(2,535)	(19,578)	(3,036)	(113,069)
Acquisition of indirect subsidiaries	521,622	58,294	94,480	10,397	3,491	1,302	-	689,586
Other changes	-	7,461	19,479	(14,618)	-	2,369	(1)	14,690
As of December 31, 2023	<u>\$594,076</u>	<u>\$140,211</u>	<u>\$227,374</u>	<u>\$70,415</u>	<u>\$3,410</u>	<u>\$98,779</u>	<u>\$23,504</u>	<u>\$1,157,769</u>
Depreciation and impairment:								
As of January 1, 2024	\$-	\$43,991	\$164,755	\$59,929	\$1,946	\$92,676	\$8,884	\$372,181
Depreciation	-	5,747	23,105	7,954	686	7,002	17,549	62,043
Disposals	-	(215)	(3,374)	(2,482)	(45)	(2,674)	(7,556)	(16,346)
Acquisition from combination	-	-	-	-	-	-	10,258	10,258
Other changes	-	(10,341)	1,263	5,358	(1)	4,974	710	1,810
As of December 31, 2024	<u>\$-</u>	<u>\$39,182</u>	<u>\$185,749</u>	<u>\$70,759</u>	<u>\$2,586</u>	<u>\$101,978</u>	<u>\$29,845</u>	<u>\$430,099</u>
As of January 1, 2023	\$-	\$9,197	\$147,693	\$61,723	\$805	\$104,097	\$4,486	\$328,001
Depreciation	-	5,292	25,290	5,564	743	6,212	5,103	48,204
Disposals	-	-	(85,237)	(1,701)	(1,808)	(18,847)	(702)	(108,295)
Acquisition of indirect subsidiaries	-	26,642	61,912	8,037	2,206	1,085	-	99,882
Other changes	-	2,860	15,097	(13,694)	-	129	(3)	4,389
As of December 31, 2023	<u>\$-</u>	<u>\$43,991</u>	<u>\$164,755</u>	<u>\$59,929</u>	<u>\$1,946</u>	<u>\$92,676</u>	<u>\$8,884</u>	<u>\$372,181</u>
Net carrying amounts as of:								
December 31, 2024	<u>\$565,740</u>	<u>\$77,937</u>	<u>\$86,466</u>	<u>\$14,652</u>	<u>\$1,188</u>	<u>\$16,078</u>	<u>\$80,921</u>	<u>\$842,982</u>
December 31, 2023	<u>\$594,076</u>	<u>\$96,220</u>	<u>\$62,619</u>	<u>\$10,486</u>	<u>\$1,464</u>	<u>\$6,103</u>	<u>\$14,620</u>	<u>\$785,588</u>

Note: Other changes included transfers, reclassifications and effect of foreign currency exchange differences.

B. Please refer to Note 8 for further details on pledged property, plant and equipment.

C. The substantial components of the Group's property, plant and equipment are mainly plant and production equipment, which were depreciated according to their respective useful life.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Investment properties

Investment properties includes the Group's own investment properties. The Group has entered into commercial property leases for its own investment properties with a lease term of one year, which includes a clause to adjust the rental according to the annual market conditions

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost:			
As of January 1, 2024	\$-	\$-	\$-
Additions - from subsequent expenditures	-	1,228	1,228
Transfer from property, plant and equipment	28,336	29,997	58,333
As of December 31, 2024	<u>\$28,336</u>	<u>\$31,225</u>	<u>\$59,561</u>
As of January 1, 2023	\$-	\$-	\$-
Transfer from property, plant and equipment	-	-	-
As of December 31, 2023	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Depreciation and impairment:			
As of January 1, 2024	\$-	\$-	\$-
Depreciation	-	679	679
Transfer	-	10,341	10,341
As of December 31, 2024	<u>\$-</u>	<u>\$11,020</u>	<u>\$11,020</u>
As of January 1, 2023	\$-	\$-	\$-
Depreciation	-	-	-
Transfer	-	-	-
As of December 31, 2023	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
	<u>Land</u>	<u>Building</u>	<u>Total</u>
Net carrying amounts as of:			
December 31, 2024	<u>\$28,336</u>	<u>\$20,205</u>	<u>\$48,541</u>
December 31, 2023	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
		<u>As of December</u>	<u>As of December</u>
		31, 2024	31, 2023
Rental income from investment properties		<u>\$359</u>	<u>\$-</u>

Please refer to Note 8 for more detailed on pledge on investment properties.

The investment properties held by the Group are not measured at fair value, and only information about their fair value is disclosed, and their fair value hierarchy is Level 3. The fair value of investment properties held by the Group was NT\$52,565 thousand as of December 31, 2024, which was determined by appointing independent external appraisers. The fair value was determined based on market evidence. The valuation methods used as of December 31, 2024 were the comparative method and the direct capitalization method.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Intangible assets

	Trademarks	Computer software	Game Royalty	Technology of patent	Goodwill	Other intangible assets	Total
Cost:							
As of January 1, 2024	\$35,988	\$183,752	\$23,951	\$24,295	\$970,211	\$577,028	\$1,815,225
Addition-acquired separately	-	19,622	9,233	-	-	7,386	36,241
Deduction-derecognized	-	(748)	-	(2,885)	-	(11,578)	(15,211)
Acquisition from combination	16,217	213	-	-	51,934	18,886	87,250
Other changes(Note)	-	8,555	-	856	1,125	(299)	10,237
As of December 31, 2024	<u>\$52,205</u>	<u>\$211,394</u>	<u>\$33,184</u>	<u>\$22,266</u>	<u>\$1,023,270</u>	<u>\$591,423</u>	<u>\$1,933,742</u>
As of January 1, 2023	\$35,988	\$151,276	\$4,259	\$24,295	\$476,156	\$384,605	\$1,076,579
Addition-acquired separately	-	35,623	23,951	-	-	-	59,574
Deduction-derecognized	-	(3,086)	(4,259)	-	-	(1,260)	(8,605)
Acquisition of indirect subsidiaries	-	-	-	-	494,069	192,847	686,916
Other changes	-	(61)	-	-	(14)	836	761
As of December 31, 2023	<u>\$35,988</u>	<u>\$183,752</u>	<u>\$23,951</u>	<u>\$24,295</u>	<u>\$970,211</u>	<u>\$577,028</u>	<u>\$1,815,225</u>
Amortization and impairment:							
As of January 1, 2024	\$27,395	\$155,064	\$19,633	\$18,325	\$-	\$71,234	\$291,651
Amortization	-	13,543	12,075	1,951	-	45,089	72,658
Impairment	8,593	-	-	2,885	-	-	11,478
Deduction-derecognized	-	(332)	-	(2,885)	-	(13)	(3,230)
Acquisition from combination	-	75	-	-	-	-	75
Other changes(Note)	-	8,117	-	-	-	(30)	8,087
As of December 31, 2024	<u>\$35,988</u>	<u>\$176,467</u>	<u>\$31,708</u>	<u>\$20,276</u>	<u>\$-</u>	<u>\$116,280</u>	<u>\$380,719</u>
As of January 1, 2023	\$27,395	\$141,147	\$3,693	\$16,374	\$-	\$36,268	\$224,877
Amortization	-	17,128	20,199	1,951	-	38,758	78,036
Impairment	-	(3,086)	(4,259)	-	-	-	(7,345)
Deduction-derecognized	-	-	-	-	-	(3,792)	(3,792)
Other changes	-	(125)	-	-	-	-	(125)
As of December 31, 2023	<u>\$27,395</u>	<u>\$155,064</u>	<u>\$19,633</u>	<u>\$18,325</u>	<u>\$-</u>	<u>\$71,234</u>	<u>\$291,651</u>
Net carrying amount as of:							
December 31, 2024	<u>\$16,217</u>	<u>\$34,927</u>	<u>\$1,476</u>	<u>\$1,990</u>	<u>\$1,023,270</u>	<u>\$475,143</u>	<u>\$1,553,023</u>
December 31, 2023	<u>\$8,593</u>	<u>\$28,688</u>	<u>\$4,318</u>	<u>\$5,970</u>	<u>\$970,211</u>	<u>\$505,794</u>	<u>\$1,523,574</u>

Note: Other changes included reclassifications and effect of foreign currency exchange differences.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	For the years ended December 31,	
	2024	2023
Operating costs	\$13,073	\$20,924
Sales and marketing expenses	\$13,806	\$20,721
Administrative expense	\$42,894	\$32,233
Research and development expense	\$2,885	\$4,158

Trademark rights are conveyed for a limited term 10 years that can be renewed, the Group has the intention and ability to extend the useful life continuously. Due to no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity for intangible assets. An intangible asset with an indefinite useful life should not be amortized. However, the amortization period should be reviewed at least annually. Please refer to Note 6 (13) for details.

(13) Impairment test for goodwill and intangible asset with an indefinite useful life

For impairment testing, goodwill and intangible asset with an indefinite useful life acquired through business combinations has been allocated to 6 cash-generating units as follows:

- A. Power distribution machinery manufacturing unit
- B. Electronic parts and components unit
- C. Network application unit
- D. Electronic products unit
- E. Third-party payment unit
- F. Others unit

Carrying amount of goodwill and intangible asset with an indefinite useful life allocated to each cash-generating unit:

	As of December 31,			
	2024		2023	
	Trademark	Goodwill	Trademark	Goodwill
Power distribution machinery manufacturing unit	\$-	\$494,069	\$-	\$494,069
Electronic parts and components unit	-	147,718	-	147,718
Network application unit	-	140,169	-	140,169
Electronic products unit	-	97,215	-	97,215
Third-party payment unit	-	88,328	-	88,328
Catering unit	16,217	53,059	-	-
Others unit	-	2,712	8,593	2,712
Total	\$16,217	\$1,023,270	\$8,593	\$970,211

Cash-generating unit of power distribution machinery manufacturing

The recoverable amount of electrical machinery manufacturing cash generating unit was determined based on the value in use which is calculated according to the forecasted cash flow in five-year-financial budget approved by the management. The gross profit margin is forecasted by the management with reference to historical gross profit margins. The calculation of discount rate is based on the specific circumstances of the Group and its operating segments, derived from its weighted average cost of capital (WACC). For the forecasts of cash flow used in 2024 and 2023, the post-tax discount rate were 13.06% and 10.50%. Cash flows beyond the five-year period were extrapolated at a growth rate of 1.5% and 1% in 2024 and 2023, which approximated the long-term average growth rate of the relevant industry. Based on the above key assumptions, the calculation of recoverable amount and the carrying amount of assets and goodwill allocated to the cash-generating unit for operational use as of the assessment date are compared. Management believes that there was no impairment of goodwill allocated to this cash-generating unit for the year ended December 31, 2024 and 2023.

Cash-generating unit of electronic parts and components

The goodwill of electronic parts and components unit was acquired through the combination of Chander Electronics Corp. and its subsidiaries in April 2022. The recoverable amounts as of December 31, 2024 and 2023 have been determined based on the fair value less costs to sell, and the fair value was assessed based on market approach. Based on the abovementioned analysis, the management assessed that the goodwill was not impaired as of December 31, 2024 and 2023.

Cash-generating unit of network application

The goodwill of network application unit was acquired through the combination of Array Inc. and its subsidiaries in April 2022. The recoverable amounts as of December 31, 2024 and 2023 have been determined based on the fair value less costs to sell, and the fair value was assessed based on market approach. Based on the abovementioned analysis, the management assessed that the goodwill was not impaired as of December 31, 2024 and 2023.

Cash-generating unit of electronic products

The goodwill of electronic products unit was acquired through the combination of Uniplus Electronics Co., Ltd. and its subsidiary, Hang Zheng Technology Co., Ltd., in 2021. The recoverable amounts as of December 31, 2024 and 2023 have been determined based on the fair value less costs to sell, and the fair value was assessed based on market approach. Based on the abovementioned analysis, the management assessed that the goodwill was not impaired as of December 31, 2024 and 2023.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash-generating unit of third-party payment

The recoverable amount of third-party payment unit was determined based on the value in use which is calculated according to the forecasted cash flow in five-year-financial budget approved by the management. The forecasted cash flow was updated to inflect the changes of the demands for the related products. The after-tax discount rates of the forecasted cash flow in 2024 and 2023 were 15.86% and 15.18%, respectively, with the growth rate of the cash flow in the period more than 5 years in 2024 was 1%. The growth rate is equivalent to the long-term growth rate of the industry. Based on the abovementioned analysis, the management assessed that the goodwill allocated to the cash-generating unit was not impaired.

Cash-generating unit of others

The recoverable amount of others unit was determined based on the value in use which is calculated according to the forecasted cash flow in five-year-financial budget approved by the management. The gross profit margin used in the forecasts of cash flow is based on the average gross profit margin achieved prior to the commencement of the financial budget period, and it is expected to increase during the budget period due to efficiency improvement, and the forecasted cash flow was updated to reflect the changes of the demands for the related products. The calculation of discount rate is based on the specific circumstances of the Group and its operating segments, derived from its weighted average cost of capital (WACC). For the forecasts of cash flow used for the years ended December 31, 2024 and 2023, the post-tax discount rates were 12.57% and 11.73%, respectively. Based on the abovementioned analysis, the management assessed that the impairment losses of trademark right were NT\$8,593 thousand and NT\$0 for the years ended December 31, 2024 and 2023.

(14) Short-term borrowings

Details of short-term loans are as follows:

	As of December 31, 2024			
	Currency	Interest Rate	Expiration date	Amount
Secured bank loan	NTD	2.26%~3.75%	2024.9~2025.12	\$651,698
Unsecured bank loan	NTD	2.26%~8.50%	2024.9~2025.12	149,921
Total				<u>\$801,619</u>

	As of December 31, 2023			
	Currency	Interest Rate	Expiration date	Amount
Secured bank loan	NTD	2.06%~2.60%	2023.9~2023.12	\$357,420
Unsecured bank loan	NTD	2.29%~8.50%	2023.11~2024.7	686,249
Total				<u>\$1,043,669</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Group's unused short-term line of credit amounted to NT\$1,100,946 thousand and NT\$328,186 thousand as of December 31, 2024 and 2023, respectively.

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

(15) Accounts Payable and Accounts Payable - Related Parties

	As of December 31,	
	2024	2023
Accounts payable	\$476,986	\$561,340
Accounts payable - related parties	301	-
Total	<u>\$477,287</u>	<u>\$561,340</u>

The Group has established the financial risk management policy to ensure that all payables are settled within the predetermined credit terms.

(16) Other payables

	As of December 31,	
	2024	2023
Salary payable	\$81,617	\$83,788
Royalties payable	33,329	29,366
VAT payable	27,479	-
Contingent consideration payable for acquisition of equity interests (Note)	-	500,000
Other accrued expenses	181,200	132,837
Total	<u>\$323,625</u>	<u>\$745,991</u>

Note: Please refer to Note 6 (31) for further details on contingent consideration payable for acquisition of equity interests.

(17) Other current liabilities

	As of December 31,	
	2024	2023
Receipts under custody from third-party payment	\$194,484	\$207,492
Others	98,681	24,997
Total	<u>\$293,165</u>	<u>\$232,489</u>

The Group's receipts under custody from third-party payment are receipts from members' transactions.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Long-term borrowings

A. Details are as follows:

	As of December 31, 2024			
	Currency	Interest Rate	Expiration date	Amount
Secured bank loan (Note1)	NTD	2.22%~3.68%	2025.2~2029.2	\$430,916
Unsecured bank loan	NTD	2.53%~2.95%	2026.5~2026.8	22,666
Inventory financing borrowings (Note2)	NTD	6.64%	2027.1	19,321
Subtotal				472,903
Less: current portion				(116,594)
Total				<u>\$356,309</u>

	As of December 31, 2023			
	Currency	Interest Rate	Expiration date	Amount
Secured bank loan (Note1)	NTD	2.40%~3.95%	2024.11~2027.4	\$690,340
Unsecured bank loan	NTD	2.62%~2.82%	2026.5~2026.8	61,264
Inventory financing borrowings (Note2)	NTD	5.10%	2026.3	13,932
Subtotal				765,536
Less: current portion				(228,860)
Total				<u>\$536,676</u>

Note 1: (1) In July 2023, San Jiang Electric MFG. Co., Ltd. entered into a credit agreement with CTBC Bank with a total amount of NT\$330 million, which is a medium-to long-term loan and is not revolving. The credit agreement requires San Jiang Electric MFG. Co., Ltd. to meet certain financial ratios and standards starting from 2023 during the loan period. The financial statements of San Jiang Electric MFG. Co., Ltd. for the years ended December 31, 2024 and 2023, which were audited by a certified public accountant, did not violate the financial ratios of the credit agreement, and therefore had no significant impact on the financial statements of San Jiang Electric MFG. Co., Ltd.

(2) In March 2024, the Company drew down from Cathay United Bank's line of credit of NT\$30,000 thousand. The credit agreement requires that the Company's individual financial ratios as of April 30, 2024 and 2025 shall be (1) current ratio: 1.5 times or higher; and (2) total liabilities over EBITDA shall not be higher than 2.5 times, and if these ratios are not met, the percentage of pledged deposits will increase from 20% to 50%.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2: Chander Electronics Corp. made cash refundable deposits to obtain inventory financing. In addition, Chander Electronics Corp. pledged assets and Mr. Tu Chun Rong, the chairman of Chander Electronics Corp. provided endorsement and guarantee for the company to secure bank loans, please refer to Note 8 for details.

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

(19) Bonds payable

	As of December 31,	
	2024	2023
Domestic convertible bonds payable	\$241,771	\$-
Less: current portion	-	-
Total	<u>\$241,771</u>	<u>\$-</u>

(1) Conversion of domestic bonds payable

	As of December 31,	
	2024	2023
Liability:		
Principal amount	\$300,000	\$-
Related party transactions eliminated (Note)	(40,000)	-
Premiums (discounts) on bonds payable	(18,229)	-
Subtotal	241,771	-
Less: current portion	-	-
Total	<u>\$241,771</u>	<u>\$-</u>
Embedded derivatives-asset	<u>\$30</u>	<u>\$-</u>
Embedded derivatives-liability	<u>\$2,610</u>	<u>\$-</u>
Equity component	<u>\$17,820</u>	<u>\$-</u>

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(27) for the amount of Embedded derivatives – Redemption Valuation Gains and Losses and Interest Expense on Bond Recognition.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) 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:

- (a) 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 have a notification to withdraw the outstanding convertible bonds in cash according to the face value of the bonds.
- (b) 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 period (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.
- (c) 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.

E. 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (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.

(20) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, and the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employee's monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts. In addition, the employees of Changsha Zecheng Technology Co., Ltd. in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 are NT\$24,182 thousand and NT\$19,236 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 Group expects to contribute NT\$277 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 years 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	\$99	\$-
Interest income or expense	19	42
Total	<u>\$118</u>	<u>\$42</u>

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	\$18,051	\$24,066	\$29,145
Fair value of plan assets	(20,053)	(22,272)	(22,643)
Net defined benefit liabilities, noncurrent	<u>\$(2,002)</u>	<u>\$1,794</u>	<u>\$6,502</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability /(asset)
As of January 1, 2023	\$29,145	\$(22,643)	\$6,502
Current period service costs	-	-	-
Net interest expense (income)	513	(471)	42
Subtotal	513	(471)	42
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	187	-	187
Experience adjustments	(467)	(24)	(491)
Remeasurements of the defined benefit asset	-	(121)	(121)
Subtotal	(281)	(145)	(426)
Payments from the plan	(16,185)	16,185	-
Contributions by employer	-	(915)	(915)
Acquisition of subsidiaries	10,873	(14,283)	(3,410)
As of December 31, 2023	24,066	(22,272)	1,794
Current period service costs	99	-	99
Net interest expense (income)	290	(271)	19
Subtotal	389	(271)	118
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(652)	-	(652)
Experience adjustments	(418)	(1,108)	(1,526)
Remeasurements of the defined benefit asset	-	(1,372)	(1,372)
Subtotal	(1,070)	(2,480)	(3,550)
Payments from the plan	(5,334)	5,334	-
Contributions by employer	-	(364)	(364)
As of December 31, 2024	<u>\$18,051</u>	<u>\$(20,053)</u>	<u>\$ (2,002)</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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%-1.65%	1.20%-1.25%
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%	\$	\$(393)	\$-	\$(561)
Discount rate decrease by 0.25%	407	-	580	-
Future salary increase by 0.25%	704	-	863	-
Future salary decrease by 0.25%	-	\$(637)	-	(788)

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.

(21) Equities

A. Common stock

The Company's authorized capital were both NT\$1,300,000 thousand, and issued capital (less the canceled capital in the amount of NT\$1,075 thousand) were NT\$ 1,091,861 thousand and NT\$ 1,038,836 thousand with 109,186 thousand shares and 103,884 thousand shares as of December 31, 2024 and 2023, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On May 24, 2024, the board meeting resolved to issue 5,200 thousand common shares at an exercise price of \$65, and the paid-in capital of NT\$338,000 thousand was received in full on July 17, 2024, and completed the change of registration with the competent authority on August 28, 2024.

On August 13, 2024, the Board of Directors of the Company resolved to issue 210 thousand restricted employee stock, at a par value of NT\$10 per share, totaling NT\$ 2,100 thousand. The capital increase date was set as August 20, 2023. The addition in capital was approved and registered by the competent authority on September 16, 2023.

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. In accordance with the issuance plan, the Company withdrew and cancelled 107,500 new shares of restricted employee rights issued but not vested, with the capital reduction date of August 19, 2024, as the record date.

B. Capital surplus

	As of December 31,	
	2024	2023
Additional Paid-in Capital	\$505,951	\$167,137
Restricted employee stock	5,418	54,776
Difference between consideration and carrying amount of subsidiaries acquired	33,028	20,741
Treasury shares	10,992	11,104
Share of changes in net assets of associates and joint ventures accounted for using equity method	70,943	9,303
Share Options	17,820	-
Donating Assets	13,601	-
Total	<u>\$657,753</u>	<u>\$263,061</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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

On December 13, 2022, the Board of Directors meeting resolved to repurchase treasury stocks. 510 shares were repurchased in the amount of NT\$31,225 thousand from December 14, 2022 to February 13, 2023. The actual number of shares repurchased was less than the expected 1,000 thousand shares, due to the protection of shareholders' interest and the consideration of market mechanisms. This adjustment in the repurchase strategy was influenced by the changes in market price and trading volume.

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>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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 serve 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 Group 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:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NTD)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
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 (26) for details on employees' compensation and remuneration to directors and supervisors.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

E. Non-controlling interests

	As of December 31,	
	2024	2023
Beginning balance	\$1,437,763	\$1,291,481
Loss attributable to non-controlling interests	170,680	(44,868)
Other comprehensive income attributable to non-controlling interests	(5,222)	2,206
Acquisition of equity interests of subsidiaries	402,177	122,583
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	-	40,855
Share-based payment transactions	36,861	-
Receipt of parent company's cash dividends	-	3,329
Difference between consideration and carrying amount of subsidiaries acquired	37,829	2,774
Disposal of parent company's stocks by subsidiaries recognized as treasury share transactions	-	19,403
Acquisition of parent company's stocks by subsidiaries recognized as treasury shares	(96,484)	-
Ending balance	<u>\$1,983,604</u>	<u>\$1,437,763</u>

(22) Share-based payment plans

A. Certain employees of the Group are entitled to share-based payment as part of their remunerations. The group 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.

(A) The Company's restricted stock plan for employees

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 were \$61.60 and NT\$75.60. The share-based payment plan was as follows:

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Type of grant	Date of grant	Offering shares	Contract period	Vesting Conditions
Restricted employee stock plan (Note 1)	August 11, 2023	1,670,000	16 months	Achievement of performance conditions (Note 2)
	August 20, 2024	210,000	16 months	

Note 1: The restricted employee stock 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, but the dividends obtained is not required to return.

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 subsidiary- Share-based payment plan of Array Inc.

Array Inc. did not issue any employee share options for the years ended December 31, 2024 and 2023. Information on employee share options was as follows:

	For the years ended December 31,			
	2024		2023	
	Number of Exercisable Options (In Thousands)	Weighted-average Exercise Price (US\$)	Number of Exercisable Options (In Thousands)	Weighted-average Exercise Price (US\$)
Balance at January 1	1,893	\$0.31	2,348	\$0.33
Options expired	(250)	0.30	(47)	0.39
Options exercised	(126)	0.31	(408)	0.34
Balance at December 31	<u>1,517</u>	0.32	<u>1,893</u>	0.31
Options exercisable, end of year	<u>1,171</u>	0.31	<u>1,057</u>	0.51

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(C) Chander Electronics Corp.'s restricted stock plan for employees

On May 8, 2023, the board of directors resolved to issue 2,500 thousand shares of new stock with restricted employees' rights, which were granted to the employees of Chander Electronics Corp meeting certain conditions. The application for issue had been filed and reported to the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC) and became effective.

As of December 31, 2024, Chander Electronics Corp. had not yet determined the actual date of issuance and the number of shares to be issued for the above share-based payment plan.

(D) Uniplus Electronics Co., Ltd.'s restricted stock plan for employees

On June 5, 2023, the annual general meeting of Uniplus Electronics Co., Ltd. resolved to issue 4,000 thousand restricted stocks in installments, applicable for issue in tranches within two years from the resolution date. In addition, the number of shares to be issued was revised to 5,000 thousand shares at the shareholders' meeting held on September 28, 2023. Each share shall be issued at a par value of NT\$0, provided as non-cash consideration through gratuitous distribution to employees. On January 23, 2024, the board of directors resolved to issue 4,050 thousand restricted ordinary shares to employees, and the price per share on the grant date were NT\$28. The share-based payment plan was as follows:

Type of grant	Date of grant	Offering shares	Contract period	Vesting Conditions
Restricted employee stock plan (Note 1)	January 23, 2024	4,050,000	30 months	Achievement of performance conditions (Note 2)

Note 1: The restricted employee stock issued by Uniplus Electronics Co. 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, but the dividends obtained is not required to return.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2: Employees who remain employed by Uniplus Electronics Co. for six months from the date of issuance of the new shares with restricted employee rights will be vested 20% of the allotted shares in equal installments, and another 20% of the shares will be allotted to employees if there is net profit after tax shown in the consolidated financial statements of Uniplus Electronics Co. for the most recent fiscal year audited and certified by a certified public accountant. Employees who are still employed by Uniplus Electronics Co. 18 months after the issuance date of the new shares with restricted employee rights will be vested 15% of the allotted shares in equal installments, and another 15% of the shares will be vested to employees if there is net profit after tax shown in the consolidated financial statements of Uniplus Electronics Co. for the most recent year have been audited and certified by a certified public accountant. Employees who are still employed by Uniplus Electronics Co. 30 months after the date of issuance of the new shares with restricted employee rights will be vested 15% of the shares in equal installments, and another 15% of the shares if there is net profit after tax shown in the consolidated financial statements of Uniplus Electronics Co. for the most recent fiscal year audited and certified by a certified public accountant.

As of December 31, 2024, the balance of unearned compensation for employees, recorded as a reduction of equity, amounted to NT\$25,165 thousand because employees had not yet fulfilled their vesting conditions. Salary expense was recognized during the vesting period, and the transaction was eliminated when preparing the consolidated financial statements.

B. The expenses recognized for employee services received for the years ended December 31, 2024 and 2023, are shown in the following table:

	For the years ended December 31,	
	2024	2023
Total expense arising from equity-settled share-based payment transactions	\$103,405	\$82,855

(23) Operating revenue

	For the years ended December 31,	
	2024	2023
Revenue from contracts with customers		
Sale of goods	\$4,433,368	\$2,159,194
Rendering of service	680,061	1,109,601
Less: sales returns and allowances	(10,802)	(6,614)
Total	\$5,102,627	\$3,262,181

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

A. Disaggregation of revenue

For the year ended December 31, 2024

	Power Distribution								Total
	Operating Department	Electronic Products Department	Electronic Parts and components Department	Network Application Department	Third-party Payment Department	Machinery			
						Manufacturing Department	Food & Beverage		
							Services	Others	
Sale of goods	\$23,660	\$336,554	\$722,925	\$712,765	\$1,301	\$1,988,998	\$615,736	\$34,708	\$4,436,647
Rendering of services	447,470	-	-	-	218,510	-	-	-	665,980
Total	\$471,130	\$336,554	\$722,925	\$712,765	\$219,811	\$1,988,998	\$615,736	\$34,708	\$5,102,627
Timing of revenue recognition:									
At a point in time	\$96,005	\$336,554	\$722,925	\$712,765	\$212,756	\$1,988,998	615,736	\$34,708	\$4,720,447
Over time	375,125	-	-	-	7,055	-	-	-	382,180
Total	\$471,130	\$336,554	\$722,925	\$712,765	\$219,811	\$1,988,998	615,736	\$34,708	\$5,102,627

For the year ended December 31, 2023

	Power Distribution							Total
	Operating Department	Electronic Products Department	Electronic Parts and components Department	Network Application Department	Third-party Payment Department	Machinery		
						Manufacturing Department	Others	
Sale of goods	\$38,527	\$283,622	\$693,647	\$216,094	\$2,069	\$893,692	\$25,662	\$2,153,313
Rendering of services	462,864	-	-	410,596	235,408	-	-	1,108,868
Total	\$501,391	\$283,622	\$693,647	\$626,690	\$237,477	\$893,692	\$25,662	\$3,262,181
Timing of revenue recognition:								
At a point in time	\$114,275	\$283,622	\$693,647	\$626,690	\$228,964	\$893,692	\$25,662	\$2,866,552
Over time	387,116	-	-	-	8,513	-	-	\$395,629
Total	\$501,391	\$283,622	\$693,647	\$626,690	\$237,477	\$893,692	\$25,662	\$3,262,181

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	(199,890)	(168,052)	(31,838)	18.94%
Contract liabilities, noncurrent	(173,020)	(146,411)	(26,609)	18.17%

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contract assets decreased by NT\$3,516 thousand from December 31, 2023 to December 31, 2024, in the current year, certain contract assets were reclassified to accounts receivable as the payment rights were obtained.

Contract liabilities increased by NT\$58,447 thousand from December 31, 2023 to December 31, 2024, mainly due to the recognition of revenue totaling approximately NT\$388,641 thousand as performance obligations were satisfied, and an increase in advance receipts of approximately NT\$447,088 thousand in the current year.

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT\$372,910 thousand as of December 31, 2024. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one to two years.

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT\$314,463 thousand as of December 31, 2023. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one to two years.

(24) Expected credit losses (gains)

	For the years ended	
	December 31,	
	2024	2023
Operating expenses – Expected credit losses (gains)		
Accounts receivable	\$15,225	\$20,380
Contract assets	3,033	(1,071)
Total	<u>\$18,258</u>	<u>\$19,309</u>

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- 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 as of December 31, 2024.
- B. the Group 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:

As of December 31, 2024

Group 1

	Not yet due (Note)	Overdue				Total
		<=30 days	31-60 days	61-150 days	>=151 days	
Gross carrying amount	\$41,470	\$1,588	\$2,927	\$29	\$18,990	\$65,004
Loss ratio	0.3%	5.96%	6.24%	-%	95.52%	
Lifetime expected credit losses	(123)	(95)	(183)	-	(18,139)	(18,540)
Subtotal	\$41,347	\$1,493	\$2,744	\$29	\$851	\$46,464

Group 2

	Not yet due (Note)	Overdue					Total
		<=90 days	91-180 days	181-270 days	>=271 days	>=361 days	
Gross carrying amount	\$328,771	\$4,870	\$-	\$-	\$-	\$32,614	\$366,255
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(32,614)	(32,614)
Subtotal	\$328,771	\$4,870	\$-	\$-	\$-	\$-	\$333,641

Group 3

	Not yet due (Note)	Overdue		Total
		<=90 days	>=90 days	
Gross carrying amount	\$186,035	\$1,494	\$42	\$187,571
Loss ratio	-%	0.4%	100%	
Lifetime expected credit losses	-	(6)	(42)	(48)
Subtotal	\$186,035	\$1,488	\$-	\$187,523

Group 4

	Not yet due (Note)	Overdue				Total
		<=180 days	181-270 days	271-360 days	>=360 days	
Gross carrying amount	\$447,886	\$165,782	\$77,391	\$12,481	\$13,468	\$717,008
Loss ratio	0.13%	3.51%	5.02%	41.05%	41.59%	
Lifetime expected credit losses	(597)	(5,822)	(3,882)	(5,124)	(5,601)	(21,026)
Subtotal	\$447,289	\$159,960	\$73,509	\$7,357	\$7,867	\$695,982

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Group 5

	Not yet due	Overdue				Total
	(Note)	<=90 days	91-180 days	181-270 days	>=271 days	
Gross carrying amount	\$68,683	\$52	\$450	\$1,893	\$-	\$ 71,078
Loss ratio	-	-	77%	83%	-	
Lifetime expected credit losses	-	-	(345)	(1,669)		(2,014)
Subtotal	\$ 68,683	\$52	\$105	\$224	\$	\$69,064

Group 6

	Not yet due	Overdue				Total
	(Note)	<=30 days	31-60 days	61-150 days	>=151 days	
Gross carrying amount	\$97,645	\$-	\$-	\$-	\$-	\$97,645
Loss ratio	-	-	-	-	-	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	\$97,645	\$-	\$-	\$-	\$-	\$97,645
Total						\$1,430,319

As of December 31, 2023

Group 1

	Not yet due	Overdue				Total
	(Note)	<=30 days	31-60 days	61-150 days	>=151 days	
Gross carrying amount	\$121,460	\$502	\$372	\$3,509	\$16,300	\$142,143
Loss ratio	-	-	7.36%	16.13%	99.15%	
Lifetime expected credit losses	-	-	(28)	(566)	(16,161)	(16,755)
Subtotal	\$121,460	\$502	\$344	\$2,943	\$139	\$125,388

Group 2

	Not yet due	Overdue					Total
	(Note)	<=90 days	91-180 days	181-270 days	>=271 days	>=365 days	
Gross carrying amount	\$165,282	\$1,129	\$9	\$11	\$-	\$32,581	\$199,012
Loss ratio	-	5.41%	100%	100%	-	100%	
Lifetime expected credit losses	-	(61)	(9)	(11)	-	(32,581)	(32,662)
Subtotal	\$165,282	\$1,068	\$-	\$-	\$-	\$-	\$166,350

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Group 3

	Not yet due (Note)	Overdue				Total
		<=90 days	91-120 days	121-365 days	>=365 days	
Gross carrying amount	\$188,317	\$3,409	\$-	\$-	\$-	\$191,726
Loss ratio	-%	2%	-%	-%	-%	
Lifetime expected credit losses	-	(68)	-	-	-	(68)
Subtotal	\$188,317	\$3,341	\$-	\$-	\$-	\$191,658

Group 4

	Not yet due (Note)	Overdue				Total
		<=180 days	181-270 days	271-360 days	>=360 days	
Gross carrying amount	\$374,579	\$58,065	\$29,245	\$1,133	\$2,608	\$465,630
Loss ratio	0.12%	8.53%	4.76%	69.29%	100%	
Lifetime expected credit losses	(444)	(4,951)	(1,392)	(785)	(2,608)	(10,180)
Subtotal	\$374,135	\$53,114	\$27,853	\$348	\$-	\$455,450

Group 5

	Not yet due (Note)	Overdue				Total
		<=90 days	91-180 days	181-270 days	>=271 days	
Gross carrying amount	\$86,934	\$-	\$-	\$-	\$-	\$86,934
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	\$86,934	\$-	\$-	\$-	\$-	\$86,934
Total						\$1,025,780

Note: The Group's notes receivables are not overdue.

C. the Group measures the loss allowance of its other receivable and other receivable-related parties at an amount equal to lifetime expected credit losses. On December 31, 2024 and 2023, the total carrying amounts were NT\$28,346 thousand and NT\$31,680 thousand, respectively. As of December 31, 2024 and 2023, the Group both recognized NT\$0 thousand allowance loss.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Contract Assets	Accounts Receivable
As of January 1, 2024	\$-	\$59,665
Reversal and write off due to receipt	3,033	15,225
Write off due to inability to receive	(3,033)	(1,566)
Exchange differences	-	918
As of December 31, 2024	<u>\$-</u>	<u>\$74,242</u>
Beginning balance	\$-	\$36,603
Reversal and write off due to receipt	(1,071)	20,380
Write off due to inability to receive	1,071	(30,486)
Acquisition of subsidiaries	-	32,581
Exchange differences	-	587
As of December 31, 2023	<u>\$-</u>	<u>\$59,665</u>

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

(25) Leases

A. Group as a lessee

The Group leases various properties, including real estate (buildings), transportation equipment and other equipment. The lease terms range from 2 to 7 years.

The Group'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	495,221	\$157,584
Transportation equipment	9,017	10,479
Other equipment	16,505	4,312
Total	<u>\$520,743</u>	<u>\$172,375</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Group's right-of-use assets increased by NT\$532,816 thousand (including the addition of NT\$183,377 thousand and the acquisition of NT\$349,439 thousand for the current period) and NT\$113,225 thousand (including the addition of NT\$86,127 thousand and the acquisition of NT\$27,098 thousand for the current period) as from January 1 to December 31, 2024 and 2023.

b. Lease liabilities

	As of December 31,	
	2024	2023
Lease liabilities	\$585,111	\$179,093
Current	\$164,900	\$64,867
Non-current	\$420,211	\$114,226

Please refer to Note 6 (27) for the interest on lease liabilities recognized for the years ended December 31, 2024 and 2023 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

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

Depreciation expense of right-of-use assets

As of December 31, 2024

	Buildings	Transportation		Total
		equipment	Other equipment	
Depreciation expense	\$144,156	\$4,371	\$3,318	\$151,845
Impairment loss	1,213	-	-	1,213

As of December 31, 2023

	Buildings	Transportation		Total
		equipment	Other equipment	
Depreciation expense	\$54,997	\$3,845	\$1,191	\$60,033
Impairment loss	-	-	-	-

(C) Income and costs relating to leasing activities

	For the years ended	
	2024	2023
The expenses relating to short-term leases	\$23,091	\$12,977
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	265	2,713
Total	\$23,356	\$15,690

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(D) Cash outflow relating to leasing activities

As of December 31, 2024 and 2023, the Group's total cash outflows for leases were amounted to NT\$207,377 thousand and NT\$79,757 thousand, respectively.

B. Group as a lessor

The Group signs operating lease contract to lend parts of leasing office and factory. Because almost all the risk and benefit of the ownership of identified assets were not transferred, the leases were classified as operating lease.

	For the years ended December 31,	
	2024	2023
Rental income from operating lease		
Income relating to fixed rental	\$1,646	\$2,299

The Group signs operating lease contract, the expected total amount of undiscounted rental payment and residual years as of December 31, 2024 and 2023 are as follows:

	As of December 31,	
	2024	2023
Within 1 year	\$1,137	\$1,458
Between 1-2 years	-	1,458
Between 3-4 years	-	1,458
Between 4-5 years	-	729
Total	\$1,137	\$5,103

The Group signs financial lease contract, the expected total amount of undiscounted rental payment and residual years as of December 31, 2024 and 2023 are as follows:

	As of December 31,	
	2024	2023
Within 1 year	\$15,075	\$-
Between 1-2 years	10,484	-
Between 2-3 years	7,213	-
Between 3-4 years	7,307	-
Between 4-5 years	7,402	-
Over 5 years	19,978	-
Total	\$67,459	\$-
Current	\$15,075	\$-
Non-current	\$52,384	\$-

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) 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	\$84,197	\$873,881	\$958,078	\$57,110	\$587,574	\$644,684
Labor and health insurance	12,570	78,027	90,597	10,911	60,115	71,026
Pension	2,635	21,665	24,300	1,658	17,620	19,278
Other employee benefits expense	4,144	38,788	42,932	2,342	16,444	18,786
Depreciation	20,407	194,160	214,567	20,288	87,949	108,237
Amortization	13,073	59,585	72,658	20,924	57,112	78,036

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.

Based on the profit for the year ended December 31, 2024, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2024 to be 3% of profit of the current year and 1% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2024 amount to NT\$1,909 thousand and NT\$636 thousand, respectively.

The shareholders' meeting held on June 26, 2023 resolved to distribute NT\$21,398 thousand and NT\$7,133 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2022, with no material variance with the estimated amount accrued in the financial statements for the year ended December 31, 2022.

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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2024	2023
Interest income		
Financial assets measured at amortized cost	\$14,303	\$11,664

B. Other income

	For the years ended December 31,	
	2024	2023
Tax refund income	\$2,347	\$-
Rental income	1,646	2,299
Government support(Note2)	-	14,835
Other income (Note1)	57,194	16,650
Total	\$61,187	\$33,784

Note 1: Please refer to Note 6 (31) for the Other income for contingent consideration.

Note 2: The Group applied to the U.S. federal government for employee retention tax credits in the third quarter of 2023 and has received the subsidy of NT\$14,835 thousand.

C. Other gains and losses

	For the years ended December 31,	
	2024	2023
Gains on disposal of investments	\$229,963	\$38,410
Gains on disposal of mobile game intellectual property	212,472	-
Foreign exchange gains and losses, net	16,720	(4,653)
Foreign exchange gains and losses, net	12,654	(4,182)
Gain on disposal of intangible assets	8,024	30
Gain (loss) on disposal of property, plant and equipment	1,138	(3,612)
Non-financial asset impairment losses, net	(49,668)	(4,174)
Other	(17,054)	(15,175)
Total	\$414,249	\$6,644

Note 1: Please refer to Note 6 (33) for the disposal of mobile game intellectual property.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

D. Finance costs

	For the years ended December 31,	
	2024	2023
Interest on borrowings from bank	\$57,457	\$36,259
Interest on lease liabilities	11,372	5,142
Interest on bonds payable	2,526	-
Total	<u>\$71,355</u>	<u>\$41,401</u>

(28) Components of other comprehensive income (loss)

For the year ended December 31, 2024:

	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	\$2,904	\$-	\$2,904	\$(171)	\$2,733
Unrealized gains or losses from financial assets at fair value through other comprehensive income	(8,253)	-	(8,253)	-	(8,253)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(607)	-	(607)	-	(607)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of a foreign operation	9,185	-	9,185	-	9,185
Total of other comprehensive income	<u>\$3,229</u>	<u>\$-</u>	<u>\$3,229</u>	<u>\$(171)</u>	<u>\$3,058</u>

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	\$(359)	\$-	\$(359)	\$72	\$(287)
Unrealized gains or losses from financial assets at fair value through other comprehensive income	7,307	-	7,307	-	7,307
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	2,670	-	2,670	-	2,670
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of a foreign operation	(384)	-	(384)	-	(384)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(5)	-	(5)	-	(5)
Total of other comprehensive income	<u>\$9,229</u>	<u>\$-</u>	<u>\$9,229</u>	<u>\$72</u>	<u>\$9,301</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29) Income tax

The major components of income tax expense for the years ended 31 December 2024 and 2023 are as follows:

Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2024	2023
Current income tax expense:		
Current income tax charge	\$44,117	\$105,042
Adjustments in respect of current income tax of prior periods	2,401	11,018
Deferred tax (income) expense:		
Deferred tax (income) expense relating to origination and reversal of temporary differences	(7,734)	(21,707)
Total income tax expense	<u>\$38,784</u>	<u>\$94,353</u>

A. 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	\$171	\$(72)

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 (loss) profit before tax from continuing operations	<u>\$287,103</u>	<u>\$(285,642)</u>
Tax at the domestic rates applicable to profits in the country concerned	\$107,692	\$(55,633)
Tax adjustments for prior periods	2,401	11,018
Tax effect of revenues exempt from taxation	12,396	101,444
Tax effect of revenues exempt from taxation	(60,502)	-
Tax effect of deferred tax assets/liabilities	(36,446)	673
Income basic tax	7,031	-
Additional income tax on unappropriated earnings	1,100	103
Unrecognized loss carryforwards	11,326	17,062
Effect of different tax rates of entities operating in other jurisdictions	(15,446)	8,230
Overseas withholding tax	9,232	11,456
Total income tax (income) expense recognized in profit or loss	<u>\$38,784</u>	<u>\$94,353</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2024

	Beginning balance as of January 1, 2023 (Adjusted)	Recognized in profit or loss	Recognized in other comprehensive income	Effect of acquisition of subsidiaries	Ending balance as of December 31, 2023
Temporary differences					
Unrealized bad debt expense	\$3,228	\$432	\$-	\$-	\$3,660
Unrealized foreign exchange gains and losses	28	(1,898)	-	-	(1,870)
Investment Losses	14,194	(1,883)	-	-	12,311
Unrealized impairment loss	8,705	(2,395)	-	-	6,310
Gain on land revaluation	(42,042)	-	-	-	(42,042)
Fiscal and tax differences in amortization of intangible assets	(92,265)	8,515	-	(3,756)	(87,506)
Fiscal and tax differences in depreciation of fixed assets	(15,479)	1,453	-	-	(14,026)
Unrealized loss on inventory valuations	1,165	2,215	-	-	3,380
Defined benefit liability, non-current	1,770	(278)	(171)	-	1,321
Defined benefit asset, non-current	(3,021)	(310)	-	-	(3,331)
Others	3,953	1,862	-	-	5,815
Unused tax losses	-	21	-	-	21
Deferred tax (expense)/ income		<u>\$7,734</u>	<u>\$(171)</u>	<u>\$(3,756)</u>	
Net deferred tax assets/(liabilities)	<u>\$(119,764)</u>				<u>\$(115,957)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$33,345</u>				<u>\$33,405</u>
Deferred tax liabilities	<u>\$153,109</u>				<u>\$149,362</u>

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023 (Adjusted)	Recognized in profit or loss	Recognized in other comprehensive income	Effect of acquisition of subsidiaries	Ending balance as of December 31, 2023
Temporary differences					
Unrealized bad debt expense	\$809	\$2,419	\$-	\$-	\$3,228
Unrealized foreign exchange gains and losses	1,519	(1,491)	-	-	28
Investment Losses	-	14,194	-	-	14,194
Unrealized impairment loss	-	2,501	-	6,204	8,705
Gain on land revaluation	(3,551)	-	-	(38,491)	(42,042)
Fiscal and tax differences in amortization of intangible assets	(60,591)	6,895	-	(38,569)	(92,265)
Fiscal and tax differences in depreciation of fixed assets	(13,662)	1,724	-	(3,541)	(15,479)
Unrealized loss on inventory valuations	1,178	(13)	-	-	1,165
Defined benefit liability, non-current	1,798	(100)	72	-	1,770
Defined benefit asset, non-current	(2,789)	(232)	-	-	(3,021)
Others	705	3,248	-	-	3,953
Unused tax losses	7,438	(7,438)	-	-	-
Deferred tax (expense)/ income		<u>\$21,707</u>	<u>\$72</u>	<u>\$(74,397)</u>	
Net deferred tax assets/(liabilities)	<u>\$(67,146)</u>				<u>\$(119,764)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$15,516</u>				<u>\$33,345</u>
Deferred tax liabilities	<u>\$82,662</u>				<u>\$153,109</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

C. The information of the unused tax losses for the Group is as follows:

Year	Unused tax losses		Expiration year
	As of December 31,		
	2024	2023	
2013	\$-	\$23,777	2023
2014	-	31,975	2024
2016	35,511	35,511	2026
2017	672,598	672,598	2027
2018	57,037	57,037	2028
2019	35,425	35,425	2029
2020	166,872	198,221	2030
2021	94,772	94,772	2031
2022 (predicted)	100,442	100,377	2032
2023 (predicted)	194,878	170,394	2033
2024 (predicted)	176,775	-	2034
Subtotal	1,534,310	1,420,087	
Foreign subsidiaries	686,682	992,199	
Total	\$2,220,992	\$2,412,286	

D. As of December 31, 2024 and 2023, the total amount of unrecognized deferred tax assets in respect of tax losses, investment credits, foreign tax credit and capital expenditure losses in the balance sheet amounted to NT\$510,184 thousand and NT\$513,803 thousand, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company and its subsidiaries in Taiwan is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2022
Subsidiary - Loftstar Interactive Entertainment Inc.	Assessed and approved up to 2022
Subsidiary - Activision Entertainment Ltd.	Assessed and approved up to 2022
Subsidiary - Gamebase Digital Media Corporation	Assessed and approved up to 2022
Subsidiary - Uniplus Electronics Co., Ltd.	Assessed and approved up to 2022
Subsidiary - Red Sunrise Co., Ltd.	Assessed and approved up to 2022
Subsidiary - Lanjing Ltd.	Assessed and approved up to 2022
Subsidiary - Jiwei Technology Ltd.	Assessed and approved up to 2022
Subsidiary - Sun Tech Co., Ltd.	Assessed and approved up to 2022
Subsidiary - Soundnet Tech Co., Ltd.	Assessed and approved up to 2021
Subsidiary - Chander Electronics Corp.	Assessed and approved up to 2022
Indirect subsidiary - Green Bless Co., Ltd.	Assessed and approved up to 2022
Indirect subsidiary - Hang Zheng Technology Co., Ltd.	Assessed and approved up to 2022
Indirect subsidiary - San Jiang Electric MFG. Co., Ltd.	Assessed and approved up to 2022
Indirect subsidiary - Toptrend Technologies Corp.	Assessed and approved up to 2022
Indirect subsidiary - Jiu He Yi Technology Co., Ltd.	Assessed and approved up to 2022

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) 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.

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

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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Business combinations

A. Obtain control of subsidiaries

(A) Acquisition of Chander Electronics Corp.

The Group acquired 28,181 thousand shares of Chander Electronics Corp. in a private placement with 41.04% shareholdings in April 2022. As the Company obtained the substantial controls over Chander Electronics Corp., it was consolidated as the Company's subsidiary from the control acquisition date. The non-controlling interest was measured by the proportionate share of Chander Electronics Corp.'s identifiable net assets.

The fair value of the identifiable assets and liabilities of Chander Electronics Corp. and its subsidiaries on the acquisition date are as follows:

	<u>Carrying amount</u>
Cash and cash equivalents	\$273,809
Financial assets at fair value through other comprehensive income, current	1,368
Notes and accounts receivable, net	342,660
Other receivables	4,927
Inventories	111,075
Other current assets	10,713
Other financial assets	44,151
Financial assets at fair value through other comprehensive income, non-current	29,301
Investments accounted for using the equity method	640,117
Property, plant and equipment	137,357
Right-of-use assets	2,933
Intangible assets	301,752
Deferred tax assets	4,934
Other noncurrent assets	2,868
Short-term borrowings	(282,700)
Contract liabilities, current	(41,945)
Accounts payable	(148,348)
Other payables	(48,447)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Carrying amount
Current income tax liabilities	(5,742)
Lease liabilities, current	(1,121)
Current portion of long-term borrowings	(48,793)
Other current liabilities	(677)
Long-term borrowings	(99,525)
Deferred tax liabilities	(64,691)
Lease liabilities, non-current	(1,820)
Other noncurrent liabilities	(15)
Total net assets of Chander Electronics Corp. and its subsidiaries	1,164,141
Non-controlling interests	(256,880)
Total net assets attributed to Chander Electronics Corp.	907,261
Percentage of ownership	41.04%
Net assets attributed based on percentage of ownership	372,340
Fair value of the equity investment on the date of acquisition	520,059
Goodwill	\$147,719

Cash outflow of acquiring the subsidiary

	Carrying amount
Cash consideration paid	\$296,487
Less: Balance of cash and equivalent cash acquired	(273,809)
Cash outflow of acquiring the subsidiary, net	\$22,678

The Group had sought an independent appraisal of the assets held by Chander Electronics Corp. and its subsidiaries and the purchase price allocation was completed. According to the purchase price allocation result, the fair value on the acquisition date was NT\$1,164,141 thousand, an increase of NT\$353,875 thousand compared to the provisional value.

(B) Acquisition of Array Inc.

As the Group obtained the substantial controls over Array Inc. with additional 29.21% shares through acquiring the control of Chander Electronics Corp. in April 2022, Chander Electronics Corp. and Array Inc. were consolidated in the financial statements. The Company's subsidiary, Jiwei Technology Ltd., acquired all the shares of Array Holdings for APGFIII Fund LPs in the same month, therefore, the Group held 21,172 thousand shares of Array Inc. in a private placement, with 41.42% shareholdings. The carrying amount of assets and liabilities of Array Inc. and its subsidiaries on the acquisition date are as follow:

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	<u>Carrying amount</u>
Cash and cash equivalents	\$137,034
Financial assets at fair value through other comprehensive income, current	47,633
Financial assets at amortized cost, current	117,075
Accounts receivable-third party	211,714
Other receivables	545
Inventories	44,466
Other current assets	12,777
Property, plant and equipment	13,008
Right-of-use assets	44,610
Other intangible assets	19,946
Deferred tax assets	2,591
Other noncurrent assets	1,898
Contract liabilities, current	(119,243)
Accounts payable	(21,809)
Other payables	(50,663)
Current income tax liabilities	(2,299)
Lease liabilities, current	(12,689)
Other current liabilities	(3,789)
Contract liabilities, non-current	(126,795)
Deferred tax liabilities	(3,510)
Lease liabilities, non-current	(36,586)
Other noncurrent liabilities	(3,115)
Total net assets of Array Inc. and its subsidiaries	<u>272,799</u>
Non-controlling interests	(35)
Total net assets attributed to Array Inc.	<u>272,764</u>
Percentage of ownership	<u>41.42%</u>
Net assets attributed based on percentage of ownership	<u>\$112,979</u>

Array Inc. was consolidated since the Group obtained the substantial controls over Chander Electronics Corp. in April 2022, without any cash outflow.

The Group had sought an independent appraisal of the assets held by Array Inc. and its subsidiaries and the purchase price allocation was completed in 2023. According to the purchase price allocation result, the fair value on the acquisition date was NT\$272,799 thousand, an increase of NT\$14,038 thousand compared to the provisional value.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(C) Acquisition of San Jiang Electric MFG. Co., Ltd.

The Group acquired 11,550 ordinary shares of San Jiang Electric MFG. Co., Ltd. from its original shareholders, Mighty Firm International Ltd. and individual shareholders, on March 6, 2023. Each share had a par value of NT\$10,000 and the total amount of investment amounted to NT\$1,294,000 thousand. The Group's ownership interest after the acquisition was 76.49%. As the Group obtained majority voting rights in the shareholders' meeting and exercises control over its relevant activities, San Jiang Electric MFG. Co., Ltd. was considered a subsidiary from the acquisition date and consolidated in the financial statements from the day of gaining control.

The fair values of the identifiable assets and liabilities of San Jiang Electric MFG. Co., Ltd. as of the acquisition date are as follows:

	<u>The fair value on the day of gaining control</u>
Cash and cash equivalents	\$85,743
Notes and accounts receivable, net	176,080
Other receivables	182
Inventories, net	606,776
Prepayments	23,906
Other current assets	25
Financial assets at fair value through other comprehensive income	31
Property, plant and equipment	589,705
Right-of-use assets	26,022
Other intangible assets	192,847
Net defined benefit assets	3,418
Other non-current assets	167,606
Short-term borrowings	(559,448)
Contract liabilities	(1,563)
Notes and accounts payable	(305,944)
Other payables	(41,035)
Lease liabilities	(26,081)
Current income tax liabilities	(75)
Other current liabilities	(733)
Long-term borrowings	(45,034)
Deferred tax liabilities	(92,419)
Guarantee deposits	(78)
Total net assets of San Jiang Electric MFG. Co., Ltd.	799,931
Fair value of the equity investment on the date of acquisition	1,294,000
Goodwill	\$494,069
<u>Acquisition consideration</u>	
Cash	\$594,000
Contingent consideration liabilities (recognized as other payables)	700,000
Total consideration	\$1,294,000

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Analysis of cash flows from acquisition:

	For the years ended	
	December 31,	
	2024	2023
Cash consideration paid in current year	\$448,727	\$794,000
Less: Balance of cash and equivalent cash acquired	-	(85,743)
Cash outflow of acquiring the subsidiary, net	<u>\$448,727</u>	<u>\$708,257</u>

The Group had sought an independent appraisal of the net assets held by San Jiang Electric MFG. Co., Ltd. and the purchase price allocation was completed. According to the purchase price allocation result, the fair value on the acquisition date was NT\$799,931 thousand, an increase of NT\$228,544 thousand compared to the provisional assessment.

Contingent consideration

The contingent consideration for the equity acquisition has been agreed upon and was included in the purchase agreement and supplementary agreements signed with the former owners of San Jiang Electric MFG. Co., Ltd. According to the agreement terms, the Group shall make additional payments to the former owners of San Jiang Electric MFG. Co., Ltd. under the following circumstances:

- (A) The financial statements of San Jiang Electric MFG. Co., Ltd. for the year ended December 31, 2022 had been audited by the auditor with an unqualified audit opinion, and the financial statements for the three month period ended March 31, 2023 had been reviewed by the auditor with an unqualified review conclusion. When the collateral agreement was reached, the Group should pay NT\$100,000 thousand, with a payment deadline no later than June 30, 2023. On July 3, 2023, the Group had already completed the payment.
- (B) During the year ended December 31, 2023, the Group obtained additional procurement contracts from Taiwan Power Company. Within 30 days of each contract acquired in 2023, payment was made based on the tender amount divided by NT\$1,300,000 thousand, multiplied by NT\$100,000 thousand. The total payment was capped at NT\$100,000 thousand. The Group completed the payments on August 30, 2023.

- (C) During the year ended December 31, 2023, the Group performed the procurement contract with Taiwan Power Company. The total sales amount of transformer products as recorded in the allocation notice issued by Taiwan Power Company, less material costs, resulted in an actual profit of NT\$357,425 thousand for the products. When the collateral agreement was reached, the Group should pay NT\$350,000 thousand, with a payment deadline no later than June 30, 2024.

On June 27, 2024, the Group entered into an addendum agreement, which stipulates that upon the fulfillment of the guarantee, the Group will pay the amount of NT\$350,000 thousand together with interest calculated at 2.5% per annum from July 1, 2024 to December 31, 2024 and the payment period shall be made no later than December 2024, and that the Group will pay the amount of NT\$350,000 thousand to the Group. On December 25, 2024, the Group completed the payment.

- (D) Before December 31, 2024, all major suppliers of components and materials required to produce transformers by San Jiang Electric MFG. Co., Ltd. had entered into long-term supply agreements with San Jiang Electric MFG. Co., Ltd. in writing. Furthermore, the supply terms of the major suppliers could meet the production capacity requirements of San Jiang Electric MFG. Co., Ltd. in practice. When the collateral agreement was reached, the Group paid NT\$50,000 thousand, with a payment deadline no later than December 31, 2024. The Group has paid on December 25, 2024.

- (E) From the settlement date to March 31, 2024, no transformer products inspected by Taiwan Power Company had been or reasonably expected to be fined by Taiwan Power Company for an amount exceeding NT\$50,000 thousand. The Group will pay NT\$50,000 thousand less the fines or expected fines, with a payment capped at NT\$50,000 thousand payable no later than April 30, 2024. The Group has paid a total of NT\$48,727 thousand on April 30, 2024 and May 30, 2024.

- (F) During the year ended December 31, 2024, the cumulative amount of additional procurement contracts acquired from Taiwan Power Company reached NT\$500,000 thousand. The Group will pay NT\$50,000 thousand, with the payment deadline no later than December 31, 2024. Because the procurement bid amount did not meet the target, the Group reversed other payables and recorded non-operating income - other income in the amount of NT\$50,000 thousand on December 31, 2024.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(G) Acquisition of Customers Delight

On February 1, 2024, the Group acquired assets and non-financial liabilities related to the catering business from Customers Delight Group, a Japanese corporation, for JPY750,000 thousand (approximately NT\$158,850 thousand).

The carrying amounts of the assets and non-financial liabilities related to the restaurant business on the acquisition date were as follows:

Total net assets of restaurant business

Fair value of net assets at acquisition date

	Carrying amount
Notes and accounts receivable, net	\$15,500
Finance lease receivables	21,763
Other receivables	1,706
Inventories, net	6,014
Other current assets	4,564
Prepayments	1,627
Property, plant and equipment	53,608
Right-of-use assets	349,439
Intangible assets	35,241
Refundable deposit	61,079
Long-term finance lease receivables	79,119
Other noncurrent assets	22
Accounts payable	17,583
Other payables	31,101
Lease liabilities, current	86,704
Other current liabilities	6,746
Lease liabilities, non-current	350,258
Provision for liabilities	15,262
Deposits received	5,196
Other noncurrent liabilities	6,526
Total net assets of Hospitality service	\$110,306
Non-controlling interests	158,850
Goodwill	\$48,544

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Acquisition cashflow analysis:

	Carrying amount
Cash consideration paid	\$158,850
Less: Balance of cash and cash equivalents acquired	-
Cash outflow, net	<u>\$158,850</u>

The Group had sought an independent appraisal of the restaurant business net assets held by Customers Delight Group, Inc. and the valuation of said assets was completed. According to the valuation result, the fair value on the acquisition date amounted to NT\$110,306 thousand, an increase of NT\$35,103 thousand from the provisional value.

(H) Acquisition of Ahead.m

On April 24, 2024, the Group acquired assets related to the restaurant business from Ahead.m, a Japanese corporation, for JPY25,000 thousand (approximately NT\$5,253 thousand).

The carrying amounts of assets related to the catering business on the acquisition date were as follows:

Total net assets of restaurant business

Fair value of net assets at acquisition date

	Carrying amount
Inventories, net	\$180
Property, plant and equipment	1,683
Total net assets of Hospitality service	1,863
Non-controlling interests	5,253
Goodwill	<u>\$3,390</u>

Acquisition cashflow analysis:

	Carrying amount
Cash consideration paid	\$5,253
Less: Balance of cash and cash equivalents acquired	-
Cash outflow, net	<u>\$5,253</u>

The amount of net assets recognized in the financial statements as of December 31, 2024 was based on a provisional fair value assessment, and the Group has sought an independent appraisal of the assets related to the acquired restaurant business, but the results of the appraisal were not yet available as of the date when the management approved to issue the financial statements for the fourth quarter of 2024 .

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

B. Equity transactions with non-controlling interests

(A) Array Inc. acquired 100% shareholdings of Array Taiwan Inc. from Jiwei Technology Ltd. in the amount of NT\$10,000 thousand in January 2023. As the aforementioned transactions didn't change the Group's controls over the subsidiaries, the Group regarded it as an equity transaction.

	<u>Carrying amount</u>
Consideration paid in cash	\$(10,000)
Carrying amount of the net assets of the subsidiary	8,171
Differences between actual consideration and carrying value	<u>\$(1,829)</u>
Line items adjusted for equity transactions	
Retained earnings	<u>\$1,829</u>

(B) The Company additionally acquired 680,000 shares of Red Sunrise Co., Ltd. in July 2023, paying a cash consideration of NT\$14,620 thousand to non-controlling interest shareholders. The carrying amount of net assets of Red Sunrise Co., Ltd. (initial acquisition and without goodwill) amounted to NT\$188,235 thousand. The equity in Red Sunrise Co., Ltd. acquired additionally including a decrease in non-controlling interests is as follow:

	<u>Carrying amount</u>
Considerations paid in cash	\$14,620
Decrease in non-controlling interests	(9,186)
Difference recognized as additional paid-in capital in equity	<u>\$5,434</u>

(32) Changes in subsidiaries' ownership

Acquisition of additional interest of a subsidiary

The Group acquired 150 thousand shares with voting rights issued by Seconds Media Corp. on October 4, 2023, and the Group's shareholding ratio increased from 66.67% to 100%. The cash consideration paid to non-controlling interests was NT\$500 thousand, and the carrying amount of Seconds Media Corp.'s net assets (initial acquisition and without goodwill) was NT\$1,620 thousand. The equity of Seconds Media Corp.'s equity acquired additionally, including a decrease in non-controlling interests and adjustment of accumulated other comprehensive income, are as follows:

Cash consideration paid to non-controlling interests	\$500
Decrease in non-controlling interests	300
Differences recognized as additional paid-in capital in equity	<u>\$800</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Sale of issued shares of a subsidiary

A. The Group disposed of 0.17% of the voting shares of Chander Electronics Ltd. during January 2024, decreasing the Group's shareholdings to 42.32%. The cash consideration acquired was NT\$5,622 thousand, and the carrying amount of Chander Electronics Ltd.'s net assets (initial acquisition and without goodwill) was NT\$949,103 thousand as of March 31, 2024. The equity adjustments due to the sale of Chander Electronics Ltd., including the decrease in non-controlling interests and adjustment of accumulated other comprehensive income, are as follow:

Cash consideration paid to non-controlling interests	\$(5,623)
Increase in non-controlling interests	1,667
Differences recognized as additional paid-in capital in equity	<u><u>\$(3,956)</u></u>

B. The Group disposed of 0.59% of the voting shares of Array Inc. for the three-month period ended March 31, 2024, decreasing the Group's shareholdings to 35.58%. The cash consideration acquired was NT\$8,628 thousand, and the carrying amount of Array Inc.'s net assets (initial acquisition and without goodwill) was NT\$274,392 thousand as of June 30, 2024. The equity adjustments due to the sale of Array Inc., including the decrease in non-controlling interests and adjustment of accumulated other comprehensive income, are as follow:

Cash consideration paid to non-controlling interests	\$(8,628)
Increase in non-controlling interests	2,354
Differences recognized as additional paid-in capital in equity	<u><u>\$(6,274)</u></u>

C. The Group disposed of 0.72% of the voting shares of Chander Electronics Ltd. during December 2023, decreasing the Group's shareholdings to 42.49%. The cash consideration acquired was NT\$24,570 thousand, and the carrying amount of Chander Electronics Ltd.'s net assets (initial acquisition and without goodwill) was NT\$860,714 thousand as of December 31, 2023. The equity adjustments due to the sale of Chander Electronics Ltd., including the decrease in non-controlling interests and adjustment of accumulated other comprehensive income, are as follow:

Cash consideration paid to non-controlling interests	\$(24,570)
Increase in non-controlling interests	7,342
Differences recognized as additional paid-in capital in equity	<u><u>\$(17,228)</u></u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Acquire subsidiaries' shares newly issued different from to the original ownership interest

A. Red Sunrise Co., Ltd.

Red Sunrise Co., Ltd. increased its capital on February 21, 2024. As the Group did not proportionally acquire shares newly issued to its original ownership interest, the Group's shareholdings ratio was reduced to 50.20%. The cash obtained from the capital increase amounted to NT\$21,000 thousand, and the carrying amount of Red Sunrise Co., Ltd.'s net assets (initial acquisition without goodwill) was NT\$217,523 thousand. The equity adjustments related to Red Sunrise Co., Ltd. are as follows:

Cash obtained from the capital increase	\$21,000
Increase in non-controlling interests	(21,066)
Differences recognized as additional paid-in capital in equity	<u>\$(66)</u>

B. Dara Power Co., Ltd.

Dara Power Co., Ltd. conducted a capital increase in March, April and November, 2024, but the Group did not subscribe in proportion to its shareholdings, resulting in the shareholding ratio deduction from 100% to 57.27%. The following summarized the effect of changes in equity of Dara Power Co., Ltd. due to changes in the ownership interest of Dara Power Co., Ltd.:

Cash obtained from the capital increase	\$(53,308)
Increase in non-controlling interests	56,787
Differences recognized as additional paid-in capital in equity	<u>\$3,479</u>

C. Uniplus Electronics Co., Ltd.

Uniplus Electronics Co., Ltd. increased its capital on December 11, 2024. As the Group did not proportionally acquire shares newly issued to its original ownership interest, the Group's shareholdings ratio was reduced to 43.04%. The cash obtained from the capital increase amounted to NT\$720,000 thousand, and the carrying amount of Uniplus Electronics Co., Ltd.'s net assets (initial acquisition without goodwill) was NT\$ 929,394 thousand. The equity adjustments related to Uniplus Electronics Co., Ltd. are as follows:

Cash obtained from the capital increase	\$720,000
Increase in non-controlling interests	(419,164)
Differences recognized as additional paid-in capital in equity	<u>\$300,836</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

D. Array, Inc.

Array, Inc. increased its capital on March 30, 2023. As the Group did not proportionally acquire shares newly issued to its original ownership interest, the Group's shareholdings ratio was reduced to 36.43%. The cash obtained from the capital increase amounted to NT\$89,880 thousand, and the carrying amount of Array, Inc.'s net assets (initial acquisition without goodwill) was NT\$302,527 thousand. The equity adjustments related to Array, Inc. are as follows:

Cash obtained from the capital increase	\$89,880
Increase in non-controlling interests	<u>(67,746)</u>
Differences recognized as additional paid-in capital in equity and retained earnings	<u>\$22,134</u>

E. Hang Zheng Technology Co., Ltd.

Hang Zheng Technology Co., Ltd. increased its capital on August 10, 2023. As the Group did not acquire shares newly issued to its original ownership interest, the Group's interest was reduced to 55%. The cash obtained from the capital increase amounted to NT\$45,000 thousand, and the carrying amount of Hang Zheng Technology Co., Ltd.'s net assets (initial acquisition without goodwill) was NT\$92,093 thousand. The equity adjustments related to Hang Zheng Technology Co., Ltd. are as follows:

Cash obtained from the capital increase	\$45,000
Increase in non-controlling interests	<u>(41,442)</u>
Differences recognized as additional paid-in capital in equity	<u>\$3,558</u>

F. Quan Zhe Metal Corp.

Quan Zhe Metal Corp. conducted a capital increase in 2023, but the Group did not subscribe in proportion to its shareholdings, resulting in the shareholding ratio deduction from 100% to 82.81%. The following summarized the effect of changes in equity of Chander Electronics Ltd. due to changes in the ownership interest of Quan Zhe Metal Corp.:

Carrying amount transferred to non-controlling interests	\$(386)
Consideration received from non-controlling interests	<u>516</u>
Differences recognized as additional paid-in capital in equity	<u>\$130</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cancellation of treasury shares of a subsidiary

Toptrend Technologies Corp. cancelled its treasury shares in September 2023, increasing the Group's shareholding ratio to 94.37%. The following summarized the effect of changes in equity of Chander Electronics Ltd. due to changes in the ownership interests of Toptrend Technologies Corp.:

Increase in equity after the cancellation of treasury shares of Toptrend Technologies Corp.	\$19,509
Additional paid-in capital -recognized increase in ownership interests of Toptrend Technologies Corp.	19,509

(33) Disposal of material assets

On May 14, 2024, the Board of Directors resolved to dispose of the intellectual property rights of 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.

1. 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 as follows:

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.

2. 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) 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- B. The Company intends to transfer indirectly the intellectual property of Xuan-Yuan Sword (Global) through transferring the entire equity interest in the newly established wholly owned Samoan subsidiary.
- 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.

(34) Subsidiaries with material non-controlling interests

Financial information of the subsidiaries with material non-controlling interests are provided below:

Proportion of equity interests held by non-controlling interests:

Name	Country of operation	As of December 31, 2024	As of December 31, 2023
Uniplus Electronics Co., Ltd. and its subsidiaries	Taiwan	56.96%	56.24%
Chander Electronics Corp. and its subsidiaries	Taiwan	57.68%	57.51%

Note: The aforementioned percentage of equity interests refers to the total shareholding ratio of non-controlling interests. As Uniplus Electronics Co., Ltd. and Chander Electronics Corp. both hold subsidiaries, the information below is their consolidated financial information.

	For the years ended December 31,	
	2024	2023
Accumulated balance of material non-controlling interests:		
Uniplus Electronics Co., Ltd. and its subsidiaries	\$1,010,136	\$485,482
Chander Electronics Corp. and its subsidiaries	\$586,950	\$650,152

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For the years ended December 31,	
	2024	2023
Profit (loss) allocated to material non-controlling interests:		
Uniplus Electronics Co., Ltd. and its subsidiaries	\$108,670	\$(110)
Chander Electronics Corp. and its subsidiaries	\$67,657	\$(32,975)

The summarized financial information of the subsidiaries is provided below; the information is based on amounts before inter-company eliminations.

Summarized information of profit or loss for the year ended December 31, 2024:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Operating revenue	\$2,334,455	\$750,191
Profit (loss) for current period from continuing operations	212,978	179,449
Total comprehensive income for current period	<u>\$82,313</u>	<u>\$108,096</u>

Summarized information of profit or loss for the year ended December 31, 2023:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Operating revenue	\$1,189,052	\$707,966
Profit (loss) for current period from continuing operations	13,414	(44,686)
Total comprehensive income for current period	<u>\$225,473</u>	<u>\$(5,282)</u>

Summarized information of assets and liabilities as of December 31, 2024:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Current assets	\$1,440,810	\$716,988
Non-current assets	1,867,942	790,292
Current liabilities	794,457	375,540
Non-current liabilities	369,748	75,706

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summarized information of assets and liabilities as of December 31, 2023:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Current assets	\$1,399,739	\$485,692
Non-current assets	2,041,538	797,681
Current liabilities	1,695,215	332,540
Non-current liabilities	468,545	67,067

Summarized cash flow information for the year ended December 31, 2024:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Operating activities	\$382,326	\$(85,275)
Investing activities	(438,054)	184,796
Financing activities	192,869	62,721
Effect of exchange rate	-	834
Net decrease in cash and cash equivalents	137,141	163,076

Summarized cash flow information for the year ended December 31, 2023:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Operating activities	\$(21,827)	\$(11,640)
Investing activities	(723,694)	(11,045)
Financing activities	693,952	(89,526)
Effect of exchange rate	-	10
Net (decrease) increase in cash and cash equivalents	(51,569)	(112,201)

7. Related party transactions

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Global Angel Investments Limited	The chairman of the Group is the chairman of this company
Bacchus Wine Group Co., Ltd.	The chairman of the Group is the chairman of this company
Care & Love Wine Co., Ltd.	The chairman of the Group is the chairman of this company
A.R.T. Games Co., Ltd.	Associate
Double Edge Entertainment Corp.	Associate
Niusnews Co., Ltd.	Associate
Heshan Ltd.	The juridical director of the Group's subsidiary
Jiangsu Dingmao Amorphous Technology Inc. (Note3)	The general manager of the Group's sub-subsiidiary is the chairman of this company
Mr. Jiun-Kuang, Tu	Chairman
Mr. Jiun-Rung, Tu	The chairman of the Group's subsidiary
Mr. Bau-Lin, Lu	The chairman of the Group's subsidiary
Mr. Yuan-Kai, Wang	The chairman of the Group's sub-subsiidiary
Galaxy Power Holdings Limited	Other related parties
Starlight Gaming India Private Limited(Note 1)	Other related parties
AMERICAN INDUSTRIAL SYSTEM INC.(AIS) (Note 2)	Other related parties
Huahan technology co.	Other related parties

Note 1: Since the Group acquired 99.99% shares of Starlight Gaming India Private Limited in October 2023 and included it in the consolidated subsidiaries, it is no longer other related party of the Group.

Note 2: In June 2024, Chaon Corporation was elected as a director of Array Inc. which is the same as the ultimate parent company of AIS.

Note 3: Since the acquisition date in March 2023, San Jiang Electric MFG. Co., Ltd. had been included in the consolidated entities, therefore, Jiangsu Dingmao Amorphous Technology Inc. was considered as other related party of the Group. However, Jiangsu Dingmao Amorphous Technology Inc. re-elected its director and legal representative by a resolution of the shareholders' meeting held in July 2023, and has not been a related party of the Group since the completion of the change of registration of the company in August 2023.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Significant transactions with the related parties

(1) Sales

	For the years ended	
	December 31,	
	2024	2023
Sale of goods		
Other related parties		
Bacchus Wine Group Co., Ltd.	\$661	\$1,493
Care & Love Wine Co., Ltd.	-	8,393
Associates		
Niusnews Co., Ltd.	-	63
Rendering of services		
Other related parties		
Bacchus Wine Group Co., Ltd.	177	625
Galaxy Power Holdings Limited	90	2,248
Total	<u>\$928</u>	<u>\$12,822</u>

The sales terms of the above related parties were determined through mutual agreement. The collection period from sales to the related party customers are 30~60 days, which is not significantly different from that with unrelated parties.

(2) Purchases

	For the years ended	
	December 31,	
	2024	2023
Other related parties		
Bacchus Wine Group Co., Ltd.	\$9,093	\$13,257
Galaxy Power Holdings Limited	293	527
Jiangsu Dingmao Amorphous Technology Inc.	-	66,350
Associates		
Double Edge Entertainment Corp.	1,162	270
Niusnews Co., Ltd.	-	300
Total	<u>\$10,548</u>	<u>\$80,704</u>

The purchase price and collection terms to related parties are similar to those to third party customers for the purchase between the Group and related parties.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Operating cost

	For the years ended	
	December 31,	
	2024	2023
Other related parties		
Global Angel Investments Limited	\$8,581	\$4,596
Bacchus Wine Group Co., Ltd.	2,532	1,639
Galaxy Power Holdings Limited	892	-
Care & Love Wine Co., Ltd.	6	406
Starlight Gaming India Private Limited (Note)	-	16,921
Mr. Bau-Lin, Lu	600	1,200
Heshan Ltd.	571	1,143
Associates		
Double Edge Entertainment Corp.	46	-
Total	<u>\$13,228</u>	<u>\$25,905</u>

(4) Accounts receivable-related parties

	For the years ended	
	December 31,	
	2024	2023
Other related parties		
AMERICAN INDUSTRIAL SYSTEM INC.	\$59,339	\$-
Bacchus Wine Group Co., Ltd.	-	4,970
Galaxy Power Holdings Limited	1,500	1,577
Care & Love Wine Co., Ltd.	-	826
Total	<u>\$60,839</u>	<u>\$7,373</u>

(5) Other receivable-related parties

	For the years ended	
	December 31,	
	2024	2023
Associates		
Niusnews Co., Ltd.	\$-	\$763

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Prepayments

	As of December 31,	
	2024	2023
Other related parties		
Galaxy Power Holdings Limited	\$13,705	\$14,244
Global Angel Investments Limited	843	435
Bacchus Wine Group Co., Ltd.	879	100
Associates		
Double Edge Entertainment Corp.	516	904
Niusnews Co., Ltd.	366	-
A.R.T. Games Co., Ltd.	419	-
Total	<u>\$16,728</u>	<u>\$15,683</u>

Prepayment-related parties relates to prepayments for game royalties and technical service expenses.

(7) Refundable deposits

	As of December 31,	
	2024	2023
Other related parties		
Global Angel Investments Limited	<u>\$3,060</u>	<u>\$1,839</u>

(8) Accounts payables-related parties

	As of December 31,	
	2024	2023
Associates		
Double Edge Entertainment Corp.	\$248	\$-
Bacchus Wine Group Co., Ltd.	53	-
Total	<u>\$301</u>	<u>\$-</u>

(9) Other payables-related parties

	As of December 31,	
	2024	2023
Other related parties		
Huahan Technology Co.	\$254	\$-
Galaxy Power Holdings Limited	86	-
Heshan Ltd.	-	100
Mr. Bau-Lin, Lu	-	88
Associates		
Bacchus Wine Group Co., Ltd.	98	-
Total	<u>\$438</u>	<u>\$188</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Property transactions

The Company sold property, plant, and equipment to related parties, and the amounts are as follows:

	For the years ended	
	December 31,	
	2024	2023
Other related parties		
Global Angel Investments Limited	\$(3,384)	\$-
Associates		
Bacchus Wine Group Co., Ltd.	-	26
Total	<u>\$(3,384)</u>	<u>\$26</u>

(11) Lease-related parties

A. Right-of-use assets

	As of December 31,	
	2024	2023
Other related parties		
Global Angel Investments Limited	<u>\$3,925</u>	<u>\$5,736</u>

B. Lease liabilities

	As of December 31,	
	2024	2023
Other related parties		
Global Angel Investments Limited		
Lease liabilities, current	\$1,844	\$1,819
Lease liabilities, non-current	2,184	4,028
Total	<u>\$4,028</u>	<u>\$5,847</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

C. Interest expenses

	For the years ended	
	December 31,	
	2024	2023
Other related parties		
Bacchus Wine Group Co., Ltd.	\$66	\$91
Global Angel Investments Limited	-	278
Total	<u>\$66</u>	<u>\$369</u>

D. For the years ended December 31, 2024 and 2023, the Group's rental payments for leasing the offices from other related parties were paid monthly through remittance or checks. For the years ended December 31, 2024 and 2023, the amounts were paid both NT\$1,886 thousand, respectively.

(12) As of December 31, 2023, the Group obtained financing from financial institutions which were endorsed and guaranteed by other related parties (Mr. Jiun-Kuang, Tu, Mr. Jiun-Rung, Tu and Mr. Yuan-Kai, Wang).

(13) On October 4, 2023, the Group acquired 33.33% of the voting shares of Seconds Media Corp. from Niusnews Co., Ltd. in the amount of NT\$500 thousand, resulting in an increase in the shareholdings to 100%.

(14) In the three-month period ended March 31, 2023, the Group acquired JiangFu Enterprise Co., Ltd. from individual shareholders, including Jiang, Jia-Shi, Jiang, Man-Shi, and other individual shareholders for NT\$6,000 thousand, resulting in 100% shareholdings.

(15) During the third quarter of 2024, the Company's subsidiary, Chander Electronics Corp., purchased 400 shares of domestic convertible bonds totaling NT\$41,020 thousand, issued by the Company in the open market. The transaction has been eliminated in the preparation of the consolidated financial statements.

(16) Key management personnel compensation

	For the years ended	
	December 31,	
	2024	2023
Short-term employee benefits	\$136,794	\$77,395
Post-employment benefits	1,643	905
Other long-term benefits	1,597	1,800
Share-based payment	64,398	52,487
Total	<u>\$204,432</u>	<u>\$132,587</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Assets pledged as security

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

Items	Carrying amount		Secured liabilities
	December 31, 2024	December 31, 2023	
Financial assets at fair value through other comprehensive income	\$358,647	\$410,081	Collateral for letter of credit, customs duty guarantee, performance bond and long-term and short-term loan reserve accounts and collaterals.
Other financial assets, current	86,664	110,077	Short-term borrowings and current portion of long-term borrowings, collateral for letter of credit and customs duty guarantee
Other financial assets, non-current	157,321	205,166	Long-term borrowings, collateral for letter of credit, customs duty guarantee, bank credits and merchant services and performance bond
Land and buildings	590,038	586,459	Long-term and short-term borrowings secured by land and buildings
Investment property - land	28,336	-	Long-term and short-term borrowings secured by land
Investment property - buildings	20,205	-	Long-term and short-term borrowings secured by buildings
Shares of subsidiary Toptrend Technologies Corp.	-	385,328	Long-term borrowings
Shares of subsidiary Chander Electronics Corp.	-	74,084	Short-term borrowings
Shares of associate Neweb Technologies Co., Ltd.	95,742	449,573	Long-term borrowings
Inventory	123	-	Inventory financing loans
Total	<u>\$1,337,076</u>	<u>\$2,220,768</u>	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (a) Uniplus Electronics Co., Ltd. pledged 6,370 thousand ordinary shares of the Company as equity collateral for long-term borrowings.
- (b) Array Networks, Inc. (Array US) obtained borrowings from Cathay Bank. According to the provisions of the Uniform Commercial Code of the United States, the creditor has priority security rights over the entire assets of the borrower.

9. Commitments and contingencies

- (1) As of December 31, 2024, amounts available under unused letters of credit of the Group were NT\$366,735 thousand.
- (2) On September 28, 2022, Uniplus Electronics Co., Ltd. signed the agreement of limited partnership with Outstanding Capital Limited Partnership and promised to invest NT\$30,000 thousand. As of December 31, 2024, the accumulated investment amount was NT\$21,000 thousand and accounted for financial assets at fair value through profit or loss.
- (3) As of December 31, 2023, San Jiang Electric MFG. Co., Ltd. issued bank guarantee notes for material purchases in the amount of NT\$41,322 thousand.
- (4) In May 2024, Chander Electronics Corp.'s subsidiary entered into a private equity investment contract with Cathay Private Equity Co., Ltd. with a total investment commitment of US\$1,000 thousand, and as of March 13, 2025. The cumulative investment amount was US\$250 thousand.

10. Loss due to major disasters

None.

11. Significant subsequent events

- (1) During the period from January 1, 2025 to March 28, 2025, Chander Electronics Corp. disposed of 868 thousand shares of its equity-method investment in Newebpay Technology Co., Ltd. in order to realize capital gains for the benefit of shareholders.

The Company's voting power in the consolidated entity is less than 20%. However, the subsidiary, Chander Electronics Corp., has significant influence over Newebpay Technology Co., Ltd. as it holds three of the seven seats on the board of directors and has the right to participate in the decision-making of Newebpay Technology Co., Ltd. 's financial and operating policies.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (2) On February 19, 2025, the board of directors of Array Taiwan Inc. resolved to issue 2,400 thousand shares through private placement at a face value of NT\$10 , at a premium of NT\$21.5 per share, for a total of NT\$51,600 thousand, which was received in full on February 21, 2025.
- (3) On March 25, 2025, the board of directors of Red Sunrise Co., Ltd. resolved the capital increase by cash, at the price of NT\$28 to NT\$35 per share and a total of 3,000 thousand ordinary shares, in the amount of NT\$84,000 thousand to NT\$105,000 thousand. This issuance reserved 10% for preemptive subscription by employees in accordance with the Company Act, and the remaining 90% was subscribed by original shareholders proportionately. The capital increase base date was set on April 19, 2025.

12. Others

(1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2024	2023
Financial assets at fair value through profit or loss	\$242,803	\$68,032
Financial assets at fair value through other comprehensive income	113,183	122,299
Financial assets measured at amortized cost		
Cash and cash equivalents (except for cash on hand)	1,050,085	842,412
Notes receivable	7,177	7,834
Accounts receivable	1,294,844	1,010,573
Accounts receivable-related parties	60,839	7,373
Other receivables	28,346	30,917
Other receivables-related parties	-	763
Other financial assets, current	268,494	311,687
Refundable deposits	106,013	30,469
Other financial assets, non-current	131,362	205,166
Total	<u>\$3,303,146</u>	<u>\$2,637,525</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

<u>Financial liabilities</u>	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial liabilities at amortized cost:		
Short-term borrowings	\$801,619	\$1,043,669
Notes payable	32,728	24,885
Accounts payable	476,986	561,340
Accounts payable-related parties	301	-
Other payables	323,625	745,991
Other payables-related parties	438	188
Long-term borrowings (including current portion)	472,903	765,536
Bonds payable	241,771	-
Lease liabilities	585,111	179,093
Guarantee deposits	29,298	26,164
Total	<u>\$2,964,780</u>	<u>\$3,346,866</u>

(2) Financial risk management objectives and policies

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

The Group 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 Group 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.

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Foreign currency risk

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

The Group 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 Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. 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\$2,656 thousand and NT\$2,619 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\$515 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\$381 thousand and NT\$5 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment of debt instruments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group 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 borrowings with floating rate. 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\$937 thousand and NT\$1,282 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are measured at fair value through other comprehensive income. The Group 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 Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. 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 could have an impact of NT\$1,720 thousand and NT\$1,004 thousand on the equity attributable to the Group for the years ended December 31, 2024 and 2023, respectively.

(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 Group is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

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

As of December 31, 2024 and 2023, contract assets and accounts receivable from top ten customers represent 68.20% and 64.52% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivable is relatively insignificant.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(5) Liquidity risk management

The Group'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 Group'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				Total
	1 year	2 to 3 years	4 to 5 years	> 5 years	
As of December 31, 2024					
Accounts payable (including other payables)	\$834,078	\$-	\$-	\$-	\$834,078
Short-term borrowings	911,015	-	-	-	911,015
Long-term borrowings (including estimated interest)	132,828	345,793	12,812	-	491,433
Bonds payable	-	241,771	-	-	241,771
Lease liabilities (Note)	180,902	176,676	194,042	75,209	626,829
As of December 31, 2023					
Accounts payable (including other payables)	\$1,332,504	\$-	\$-	\$-	\$1,332,504
Short-term borrowings	1,079,928	-	-	-	1,079,928
Long-term borrowings (including estimated interest)	239,869	544,354	-	-	784,223
Lease liabilities (Note)	68,373	97,192	20,291	-	185,856

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Reconciliation of liabilities arising from financing activities

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

	Long-term borrowings					Total liabilities from financing activities
	Short-term borrowings	(including current portion)	Lease liabilities	Guarantee deposits	Bonds payable	
As of January 1, 2024	\$1,043,669	\$765,536	\$179,093	\$26,164	\$-	\$2,014,462
Cash flows	(242,050)	(292,633)	(172,649)	3,134	298,845	(405,353)
Non-cash changes	-	-	578,667	-	(57,074)	521,593
As of December 31, 2023	\$801,619	\$472,903	\$585,111	\$29,298	\$241,771	\$2,130,702

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

	Long-term borrowings					Total liabilities from financing activities
	Short-term borrowings	(including current portion)	Lease liabilities	Guarantee deposits	Bonds payable	
As of January 1, 2023	\$441,181	\$258,251	\$139,933	\$5,269	\$-	\$844,634
Cash flows	43,040	462,250	(64,067)	2,600		443,823
Non-cash changes	559,448	45,035	103,227	18,295		726,005
As of December 31, 2023	\$1,043,669	\$765,536	\$179,093	\$26,164	\$-	\$2,014,462

(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 Group 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.

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (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.
- (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 Group'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 Group.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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 Group's assets and liabilities

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

As of December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$124,594	\$-	\$-	\$124,594
Fund	1,717	-	-	1,717
Limited partnership	-	-	115,811	115,811
Film investment agreement	-	-	651	651
Convertible bonds (redemption rights)	-	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	95,983	113,183

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	\$13,306	\$-	\$-	\$13,306
Limited partnership	-	-	51,726	51,726
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	112,263	122,299

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.

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

	<u>Assets</u>			<u>Measured at fair value through other comprehensive income</u>
	<u>Measured at fair value through profit or loss</u>			
	<u>Film</u>			
	<u>Limited partnership</u>	<u>investment agreement</u>	<u>Total</u>	<u>Stocks</u>
Beginning balances as of January 1, 2024	\$51,726	\$3,000	\$54,726	\$112,263
Total gains and losses recognized for the year ended December 31, 2024				
Amount recognized in profit or loss (presented in "Unrealized gains (losses) from financial asset at fair value through profit or loss)	19,824	-	19,824	-
Amount recognized in OCI (presented in "Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	-	-	(16,280)
Acquired in 2024	48,651	-	48,651	-
Reclassified in 2024	(4,390)	(2,349)	(6,739)	-
Ending balances as of December 31, 2024	<u>\$115,811</u>	<u>\$651</u>	<u>\$116,462</u>	<u>\$95,983</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Assets			Measured at fair value through other comprehensive income
	Measured at fair value through profit or loss			
	Limited partnership	Film investment agreement	Total	
Beginning balances as of January 1, 2023	\$31,905	\$3,000	\$34,905	\$60,040
Total gains and losses recognized for the year ended December 31, 2023				
Amount recognized in profit or loss (presented in “Unrealized gains (losses) from financial asset at fair value through profit or loss)	(4,936)	-	(4,936)	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	-	-	6,773
Acquired in 2023	24,757	-	24,757	-
Reclassified in 2023	-	-	-	45,450
Ending balances as of December 31, 2023	\$51,726	\$3,000	\$54,726	\$112,263

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, limited partnership 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.

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

The Group’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 Group’s accounting policies at each reporting date.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

C. The Group's assets and liabilities not measured at fair value but required to disclosure fair value measurement hierarchy

As of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Only fair value assets are disclosed:				
Investments using the equity method(Note 6(9))	\$-	\$-	\$52,338	\$52,338
Investment property (Note 6(11))	-	-	52,565	52,565
Liabilities with fair value disclosure only:				
Long-term loans	-	-	491,433	491,433
Bonds payable	-	-	241,771	241,771

As of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Only fair value assets are disclosed:				
Investments using the equity method(Note 6(9))	\$-	\$-	\$95,499	\$95,499
Liabilities with fair value disclosure only:				
Long-term loans	-	-	784,223	784,223

(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)		
	<u>December 31, 2024</u>		
	<u>Foreign currencies</u>	<u>Foreign exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>			
Monetary items:			
USD	\$9,183	32.79	\$301,062
RMB	11,882	4.48	53,227
JPY	182,648	0.21	38,338
HKD	2,879	4.21	12,109
<u>Financial liabilities</u>			
Monetary items:			
USD	1,082	32.79	35,483
RMB	379	4.48	1,695
JPY	1,150	0.21	241

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$10,881	30.71	\$334,104
RMB	6,739	4.34	29,248
JPY	2,356	0.22	519
<u>Financial liabilities</u>			
Monetary items:			
USD	2,350	30.71	72,157

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

The Group 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 losses were NT\$16,720 thousand and foreign exchange gains NT\$4,653 thousand, respectively.

(10) Capital management

The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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:
 - (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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (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) Names, locations and related information of investee companies (Not including investment in Mainland China): Please refer to Attachment 8.
 - (G) 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.
 - (H) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
 - (I) Disposal of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
 - (J) Receivables from related parties with amounts exceeding the lower of NT\$100 million and 20 percent of capital stock: Please refer to Attachment 6.
 - (K) Financial instruments and derivative transactions: None.
- (2) Information on investments in mainland China
- (A) Basic information: Please refer to Attachment 9.
 - (B) Directly or indirectly significant transactions through third regions with the investees in Mainland China: None.
- (3) Information on major shareholders: Please refer to Attachment 10.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has seven reportable operating segments as follows:

Operating Department: this segment is mainly responsible for researching, licensing, sales of products and research and development of products and licensing.

Electronic Products Department: this segment is mainly responsible for manufacturing, designing, and sales of electronic products.

Electronic Parts and Components Department: this segment is mainly responsible for sales of electronic parts and components.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Network Application Department: this segment is mainly responsible for researching, manufacturing and sale of application delivery controllers, high-end SSL VPN systems, remote desktop access solutions, application acceleration and WAN optimization controllers.

Third-payment Department: this segment is mainly responsible for third-party payment services.

Power Distribution Machinery Manufacturing Department: this segment is mainly responsible for production and sale of transformers and distribution boards.

Other Department: this segment mainly includes manufacturing and sales of beauty and skincare products, catering, domestic and foreign liquor agent sale, and others.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) The following table presents segment profit and loss of the Group' operating segments:

(Expressed in thousands)

For the year ended December 31, 2024

Revenue	Operating Department	Electronic Products Department	Electronic parts and components Department	Network Application Department	Third-party payment Department	Power		Other Department	Adjustment and elimination	Total
						Distribution Machinery Department	Food & beverage services			
External customer	\$471,130	\$336,554	\$722,925	\$712,765	\$219,811	\$1,988,998	\$615,736	\$34,708	\$-	\$5,102,627
Inter-segment	58,895	-	1,400	-	300	61	-	-	(60,656)	-
Inter-segment	\$530,025	\$336,554	\$724,325	\$712,765	\$220,111	\$1,989,059	\$615,736	\$34,708	\$(60,656)	\$5,102,627
Total revenue	\$(226,703)	\$(15,985)	\$(116,462)	\$(3,502)	\$(9,671)	\$268,250	\$(37,121)	\$(5,327)	\$8,342	\$(138,179)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in thousands)

For the year ended December 31, 2023

	Power Distribution								Total
	Electronic	Electronic parts	Network	Third-party	Machinery	Other	Adjustment and		
	Operating	Products	and components	Application	payment				
Department	Department	Department	Department	Department	Department	Department			
Revenue									
External customer	\$501,391	\$283,622	\$693,647	\$626,690	\$237,477	\$893,692	\$25,662	\$-	\$3,262,181
Inter-segment	65,491	-	395	-	-	-	-	(65,886)	-
Total revenue	\$566,882	\$283,622	\$694,042	\$626,690	\$237,477	\$893,692	\$25,662	\$(65,886)	\$3,262,181
Segment (loss) profit	\$(245,146)	\$(31,447)	\$(56,685)	\$8,383	\$(18,367)	\$39,590	\$4,647	\$11,805	\$(287,220)

(Expressed in thousands)

Inter-segment revenue is eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

The following table presents segment assets of the Group’s operating segments as at December 31, 2024 and 2023:

Operating segment assets

	Power								Total	
	Electronic	Parts and	Network	Third-party	Machinery	Reportable	Adjustment			
	Operating	Products	Components	Application	Payment					Manufacturing
Department	Department	Department	Department	Department	Department	Department	segments	elimination		
December 31, 2024	\$954,826	\$1,990,970	\$1,770,310	\$1,083,006	\$560,295	\$1,433,628	\$1,027,457	\$8,820,492	\$(932,438)	\$7,888,054
December 31, 2023	\$959,357	\$2,448,800	\$1,219,868	\$864,646	\$581,822	\$1,112,734	\$506,523	\$7,693,750	\$(561,280)	\$7,132,470

Operating segment liabilities

	Power								Total	
	Electronic	Parts and	Network	Third-party	Machinery	Reportable	Adjustment			
	Operating	Products	Components	Application	Payment					Manufacturing
Department	Department	Department	Department	Department	Department	Department	segments	elimination		
December 31, 2024	\$844,786	\$257,383	\$496,671	\$694,407	\$259,323	\$905,758	\$610,813	\$4,069,141	\$(214,647)	\$3,854,494
December 31, 2023	\$817,988	\$981,316	\$454,504	\$480,680	\$288,769	\$1,183,532	\$1,344	\$4,208,133	\$(66,243)	\$4,141,890

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other reconciliations of reportable segments

	For the years ended	
	December 31,	
	2024	2023
Total profit or loss for reportable segments	\$(138,179)	\$(287,220)
Other profit or (loss)	425,282	1,578
(Loss) or profit before tax from continuing operations	\$287,103	\$(285,642)

(3) Geographical information

Revenue from external customers:

	For the years ended	
	December 31,	
	2024	2023
Taiwan	\$2,882,975	\$1,791,516
Asia	921,648	278,007
China	550,006	497,229
India	413,834	376,934
United States	150,758	107,059
Europe	118,893	146,931
Other	64,513	64,505
Total	\$5,102,627	\$3,262,181

The revenue information above is based on the location of the customer.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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 not exceed 10% of the net value of San Jiang Electric MFG. Co., Ltd.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD/foreign currency 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 (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 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD/foreign currency 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. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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)	Endorser/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. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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)	Endorser/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. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

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

No. (Note 1)	Endorser/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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in thousands of NTD unless otherwise stated)

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.

Note 5: During the third quarter of 2024, the Company's subsidiary, Chander Electronics Corp., purchased domestic convertible bonds issued by the Company in the open market. The transaction has been eliminated in the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in thousands of NTD unless otherwise stated)

Attachment 7: Significant intercompany transactions between consolidated entities

No. (Note 1)	Company	Counter-party	Relationship (Note 2)	Business Transactions			
				Account	Amount	Term	
0	Softstar Entertainment Inc.	Lofistar Interactive Entertainment Inc.	1	Operating Revenue	\$27,408	Negotiated by both parties	0.54%
0	Softstar Entertainment Inc.	Lofistar Interactive Entertainment Inc.	1	Operating Costs	7,337	Negotiated by both parties	0.14%
0	Softstar Entertainment Inc.	Lofistar Interactive Entertainment Inc.	1	Accounts Receivable	14,634	Negotiated by both parties	0.18%
0	Softstar Entertainment Inc.	Lofistar Interactive Entertainment Inc.	1	Other Receivables	1,190	Negotiated by both parties	0.02%
0	Softstar Entertainment Inc.	Lofistar Interactive Entertainment Inc.	1	Prepayment	33,719	Negotiated by both parties	0.43%
0	Softstar Entertainment Inc.	Lofistar Interactive Entertainment Inc.	1	Accounts Payable	6,050	Negotiated by both parties	0.08%
0	Softstar Entertainment Inc.	Lofistar Interactive Entertainment Inc.	1	Other Payables	1,524	Negotiated by both parties	0.02%
0	Softstar Entertainment Inc.	Zhu International Group Inc.	1	Other Receivables	1,330	Negotiated by both parties	0.02%
0	Softstar Entertainment Inc.	San Jiang Electric MFG. Co., Ltd.	1	Other Receivables	1,492	Negotiated by both parties	0.02%
0	Softstar Entertainment Inc.	Red Sunrise Co., Ltd.	1	Operating Revenue	6,134	Negotiated by both parties	0.12%
0	Softstar Entertainment Inc.	Array Taiwan Inc.	1	Other Receivables	57,076	Negotiated by both parties	0.72%
0	Softstar Entertainment Inc.	Array Inc.	1	Other Receivables	39,024	Negotiated by both parties	0.49%
0	Softstar Entertainment Inc.	Dara Power Co., Ltd.	1	Operating Revenue	5,793	Negotiated by both parties	0.11%
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Sales Revenue	203	90 days monthly settlement for sales of products 30 days monthly settlement for processing fees revenue	0.00%
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Rental Income	8,003	Monthly settlement	0.16%
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Other Income	674	Monthly settlement	0.01%
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Other Receivables	4,423	Monthly settlement	0.06%
1	Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	3	Rental Income	366	Monthly settlement	0.01%
1	Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	3	Rental Income	29	Monthly settlement	0.00%
1	Uniplus Electronics Co., Ltd.	San Jiang Electric MFG. Co., Ltd.	3	Rental Income	459	Monthly settlement	0.01%
2	Hang Zheng Technology Co., Ltd.	Uniplus Electronics Co., Ltd.	2	Sales Revenue	6,101	90 days monthly settlement for sales of products 30 days monthly settlement for processing fees revenue	0.12%
3	Chander Electronics Corp.	Yun Fang Co., Ltd.	3	Sales Revenue	16,171	Based on regular terms	0.32%
3	Chander Electronics Corp.	Yun Fang Co., Ltd.	3	Other Income	7,700	Based on regular terms	0.15%
3	Chander Electronics Corp.	Yun Fang Co., Ltd.	3	Other Payables	8,085	Based on regular terms	0.10%
4	Array Inc.(Cayman)	Array Taiwan Inc.	3	Other Receivables-related parties	13,299	Based on regular terms	0.17%
4	Array Inc.(Cayman)	Array US	3	Other Receivables-related parties	76,920	Based on regular terms	0.97%
5	Array US	Zentry Security Inc.	3	Other Receivables-related parties	103,853	Based on regular terms	1.31%
5	Array US	Array Networks India	3	Accounts Payable- related parties	11,218	Based on regular terms	0.14%
5	Array US	Array Networks Japan	3	Accounts Payable- related parties	14,373	Based on regular terms	0.18%
5	Array US	Array Networks India Private Limited	3	Accounts Receivable- related parties	242,768	Based on regular terms	3.06%
5	Array US	Array Networks India Private Limited	3	Operating Revenue	122,604	Based on regular terms	2.40%
5	Array US	Array Networks India Private Limited	3	Royalties	95,219	Based on regular terms	1.87%
5	Array US	Array Taiwan Inc.	3	Accounts Payable- related parties	12,574	Based on regular terms	0.16%
5	Array US	Array Taiwan Inc.	3	Other Payables- related parties	29,507	Based on regular terms	0.37%
5	Array US	Array Taiwan Inc.	3	Purchase	12,316	Based on regular terms	0.24%
6	Array Networks Japan Kabishiki Kaisha	Array US	2	Operating Revenue	18,656	Based on regular terms	0.37%
7	Array Networks India Private Limited	Zentry Security Inc.	3	Other Receivables-related parties	39,279	Based on regular terms	0.50%

Note 1: Information about related party transactions should be stated. The numbers of each company are illustrated as follows:

1. 0 is for the parent company.
2. Each subsidiary is numbered from 1.

Note 2: Transactions are categorized into three types as follows: (There is no need to repeat the disclosure of the same transaction between the parent company and each subsidiary.

For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose it; if transactions between subsidiaries has been disclosed by one company, the other company does not need to disclose the transaction.

1. Parent company and subsidiary.
2. Subsidiary and Parent company.
3. Subsidiary and subsidiary.

Note 3: Transaction amount is stated as a percentage of total revenues or assets. Percentages of assets or liabilities accounts are calculated as ending balance divided by consolidated assets, and percentages of profit or loss accounts are calculated as accumulated amount for the year divided by consolidated revenues.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SOFSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in thousands of NTD unless otherwise stated)

Attachment 8: 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.	Aetivon 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	50.20	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	28.21	-	-	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	43.04	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.	Lanjing 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	100	218,862	(1,531)	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	230,523	232,188	10,378	12.85	62,981	185,966	Subsidiary	
Sofstar Entertainment Inc.	Double Edge Entertainment Corp.	Taiwan	Film production and media distribution	34,926	34,926	1,591	30.31	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	Catering business	17,500	1,000	16,600	86.91	134,295	(44,807)	Subsidiary	
Sofstar Entertainment Inc.	Le Tao Catering Business Inc.	Taiwan	Catering business	10,000	-	1,000	100	9,971	(29)	Subsidiary	
Sofstar Entertainment Inc.	GOLDEN AVENUE GROUP Ltd.	Taiwan	Investment holding	-	-	-	100	546	546	Subsidiary	
Sofstar Entertainment Inc.	Zhu International Group Inc.	Taiwan	Catering business	25,000	-	2,500	13.09	19,471	(44,807)	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	316,703	316,703	17,479	21.64	368,346	185,966	Subsidiary	
Sofstar Entertainment Inc.	Yoshimoto Co., Ltd.	Taiwan	Investment holding	182,164	-	9	100	177,407	(3,192)	Subsidiary	
Sofstar Entertainment Inc.	Yoshimoto Co., Ltd.	Taiwan	Catering business	182,164	-	-	100	176,408	(2,193)	Subsidiary	
Sofstar Entertainment Inc.	CS-delight Co., LTD.	Taiwan	Catering business	-	-	-	100	176,408	(2,193)	Indirect subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	17,480	17,480	920	1.14	20,207	185,966	Subsidiary	
Sofstar Entertainment Inc.	Array Holdings for APGFH Fund LPs	British Cayman Islands	Investment holding	201,134	201,134	-	100	191,483	(2,774)	Indirect subsidiary	
Sofstar Entertainment Inc.	New Profit Holding Ltd.	Taiwan	Electronic products distribution	24,213	24,213	1,274	1.58	27,894	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
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Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	87,927	185,966	Subsidiary	
Sofstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,1					

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in thousands of NTD unless otherwise stated)

Attachment 9: 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 Consolidated Financial Statements Originally Issued in Chinese

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Attachment 10: 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