

Stock Code: 6111



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# **SOFTSTAR ENTERTAINMENT INC.**

## **2024 Annual Shareholders' Meeting**

  

# **Meeting Handbook**

Meeting time: June 25, 2024

Meeting place: Conference Room 105, 1st Floor, No. 1, Section 5, Xinyi Road, Xinyi District, Taipei City (Taipei International Convention Center)

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*SOFTSTAR ENTERTAINMENT INC.*

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## **Procedure for 2024 Annual Shareholders' Meeting of Softstar Entertainment Inc.**

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Report Items
- IV. Proposals
- V. Discussions
- VI. Extemporany Motions
- VII. Meeting Adjourned

**Softstar Entertainment Inc.**  
**Agenda of the 2024 Annual Shareholders' Meeting**

Meeting method: In-person meeting

Time: 9:00 am on Tuesday, June 25, 2024

Place: Conference Room 105, 1st Floor, No. 1, Section 5, Xinyi Road, Xinyi District, Taipei City  
(Taipei International Convention Center)

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Report Items :
  - (I) 2023 Business Report.
  - (II) 2023 Audit Committee's Review Report.
- IV. Proposals:
  - (I) Adoption of the 2023 Business Report and Financial Statements.
  - (II) Distribution of 2023 earnings.
- V. Discussions:
  - (I) Discussion of lifting the non-compete restrictions on directors and their representatives.
  - (II) Proposal of conducting private placement of common shares.
  - (III) Amendments to certain articles of the “Procedures for the Acquisition or Disposal of Assets”.
- VI. Extemporaneous Motions
- VII. Meeting Adjourned

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## Report Items

Report 1: 2023 Business Report

Explanation: Please refer to page 9-13 of this Handbook (Attachment I).

Report 2: 2023 Audit Committee's Review Report

Explanation: Please refer to page 14 of this Handbook (Attachment II).

## Proposals

Proposal 1: Adoption of the 2023 Business Report and Financial Statements.

[Proposed by the Board of Directors]

Explanation: I. The Company's 2023 parent company only financial statements and consolidated financial statements were audited by CPAs Yu Chien-Ju and Lu Chien-Wen of Ernst & Young Taiwan. The Company's 2023 annual business report was approved by the Audit Committee and the Board of Directors, and a review report has been issued by the Audit Committee.

II. Please refer to page 9-13 (Attachment I) and 15-33(Attachment III) of the agenda for the above mentioned statements and reports.

III. Please recognize.

Resolution:

Proposal 2: Distribution of 2023 earnings.  
[Proposed by the Board of Directors]

Explanation: I. The proposal for the 2023 earnings distribution is as follows:

SOFTSTAR ENTERTAINMENT INC.  
Earnings Distribution Proposal  
2023

Unit: NT\$

Unappropriated earnings of previous years		604,859,840
Plus (less):		
Changes in ownership interests in subsidiaries	(7,536,426)	
Remeasurement of defined obligations	(507,061)	
Retroactive adjustment of the purchase price allocation	(5,691,726)	
Net loss for 2023	(335,125,799)	
Legal reserves	0	
Reversal of other special reserves	7,602,788	
Distributable earnings for the period		263,601,616
Less:		
Shareholder dividend - stocks	0	
Shareholder dividend - cash	0	
Unappropriated Earnings		263,601,616

Chairman: Tu, Chun-Kuang

President: Tsay, Ming-Hong

Chief Accountant: Chuang, Jen-Chuan

- II. The annual after-tax net loss for 2023 was NT\$335,125,799. According to law, the legal reversal of special reserve of NT\$7,602,788 were appropriated; and after the earnings at the beginning of the period were added and adjusted, the amount of the distributable earnings was NT\$263,601,616. Considering the operational needs of the Group and its commitment to sustainable management, it is proposed to retain the entire distributable surplus for 2023. Therefore, no dividends will be distributed to shareholders for the current year.
- III. Please recognize.

Resolution:

## Discussions

Proposal 1: Discussion of lifting the non-compete restrictions on directors and their representatives.  
[Proposed by the Board of Directors]

- Explanation: I. According to Article 209 of the Company Act, the lifting of the non-compete restrictions on directors requires the approval of the shareholders' meeting.
- II. Due to business needs and operational expansion, we hereby request the approval of the shareholders' meeting to lift the non-compete restrictions on directors and their representatives.

Title	Name	Concurrent Positions
Chairman	Tu, Chun-Kuang	Chairman of San Jiang Electric MFG Co., Ltd Director of PLUSNINE International Co., Ltd Director of Taiwan Angel Asset Investment Co., Ltd. Chairman of Zhu International Group INC. Director of Customers Delight Co., Ltd.
Independent Director	Zhang, Yu-De	Corporate Director Representative of Hsin Cheng Venture Capital Co., Ltd.

- III. Please make the resolution.

Resolution:

Proposal 2: Proposal of conducting private placement of common shares.  
[Proposed by the Board of Directors]

- Explanation: I. The Company intends to raise funds for operational capitalization, repayment of bank loans, domestic and overseas investments, or other future development needs. Depending on market conditions and the Company's funding requirements, the Company proposes to conduct a private placement of ordinary shares in accordance with Article 43-6 of the Securities and Exchange Act and the regulations of "Directions for Public Companies Conducting Private Placements of Securities". The proposed issuance will not exceed 10 million shares, with a par value of NT\$10 per share. The Board of Directors is requested to be authorized by the shareholders' meeting to conduct the private placement in three tranches within one year from the date of the resolution of the shareholders' meeting regarding this private placement proposal, based on actual fundraising conditions.
- (I) The basis and reasonableness of the private placement pricing:
- The reference price for privately placed common shares shall be the higher of the following two calculation:
    - The simple average closing price of the common shares for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
    - The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
  - The private placement pricing shall not be lower than 80% of the reference price.
  - The actual pricing date and actual private placement price are proposed to be determined by the Board of Directors authorized by the

shareholders' meeting based on the future situation of specific persons and market conditions. The private placement price shall not be less than 80% of the aforementioned reference price and shall not be less than the face value of the stock.

4. The determination of the aforementioned private placement shall be reasonable, since it takes into account the low liquidity of privately placed common shares, and is based on the provisions of “Directions for Public Companies Conducting Private Placements of Securities”.
- (II) Selection of specific persons: In accordance with Article 43-6 of the Securities and Exchange Act and relevant interpretations by regulatory authorities, the selection of specific persons will be based on the limitations set forth in the aforementioned law and relevant regulatory interpretations. The Board of Directors proposes to seek authorization from the shareholders' meeting to make decisions in accordance with the abovementioned regulations.
1. Selection criteria and purpose of placees: The selection of placees aims to enhance the Company's profitability by leveraging their own experiences, expertise, knowledge, brands, or distribution channels. Through industry vertical integration, horizontal integration, or collaborative research and development of products or markets, individuals or legal entities can assist the Company in improving technology, enhancing quality, reducing costs, increasing efficiency, and expanding market reach. Alternatively, placees who possess a significant understanding of the Company's operations and have close relationships with the Company, such as insiders or related parties, can directly or indirectly benefit the Company's future operations and contribute to long-term stable business development.
  2. Placees who are internal personnel or related parties, the selection criteria and purpose, as well as the relationship between the placees and the Company, please refer to page 34 of this Handbook (Attachment IV).
  3. If the placees are strategic investors:
    - (1) Selection criteria and purpose of placees: The selection of placees aims to enhance the Company's operations, research and development capabilities, and market expansion. Placees will primarily be chosen from within the industry, with a focus on those who can improve the Company's financial structure, assist in enhancing operational performance and research and development technology, or provide business integration opportunities.
    - (2) Necessity: In response to the intense competition within the industry and to align with the Company's future product and business plans, it is essential to introduce strategic investors to support the Company's objectives.
    - (3) Expected benefits: The anticipated benefits of the inclusion of placees include the enhancement of the Group's operational capital, improvement of the Company's financial structure, cost reduction, and the enhancement of operational performance and research and development technology.
- (III) Reasons for the necessity of conducting the private placement:
1. Reasons for not adopting public offering method:

At present, the Company still needs to inject operational capital into the Group, and consider the timeliness, convenience, and issuance cost of capital increase, thus it adopts private placement to raise capital. The implementation of this plan is expected to strengthen the competitiveness of the Company, improve the operational efficiency, and positively benefit shareholders' equity.

2. Private placement quota: The number of common shares issued through private placement shall not exceed 10 million shares, with a par value of NT\$10 per share. The total amount raised through private placement will be determined based on the final private placement price. The private placement proposal is expected to be implemented in three tranches within one year from the date of the resolution of the shareholders' meeting.
3. The intended use of funds from this private placement and the expected benefits to be achieved are as follows:

The private placement proposal is expected to be implemented in three tranches within one year from the date of the resolution of the shareholders' meeting.

Expected number of private placement	Expected number of shares to be raised	Expected use of funds	Expected benefits to be achieved
The 1st meeting	Less than 4 million shares	To replenish operational capital, repay bank loans, reinvest domestically and overseas, or otherwise meet the capital needs of the Company for future development.	It is expected to improve the financial structure of the Company, contribute to the stable growth of the Company's operation, and positively contribute to the improvement of shareholders' equity.
The 2nd meeting	Less than 3 million shares	To replenish operational capital, repay bank loans, reinvest domestically and overseas, or otherwise meet the capital needs of the Company for future development.	It is expected to improve the financial structure of the Company, contribute to the stable growth of the Company's operation, and positively contribute to the improvement of shareholders' equity.
The 3rd meeting	Less than 3 million shares	To replenish operational capital, repay bank loans, reinvest domestically and overseas, or otherwise meet the capital needs of the Company for future development.	It is expected to improve the financial structure of the Company, contribute to the stable growth of the Company's operation, and positively contribute to the improvement of shareholders' equity.

- (IV) The provisional rights and obligations of the common shares in this private placement are as follows:

The rights and obligations of the common shares issued in this private placement are identical to those of the common shares already issued by the Company. However, for a period of three years from the delivery date, except for transfers to qualified transferees as specified in Article 43-8 of the Securities and Exchange Act, the shares may not be sold further. After three years from the delivery date of the private placement shares, the Company will comply with relevant regulations to apply for public offering and listing on the stock exchange.

- (V) The terms of issuance for the new shares in this private placement, including issuance conditions, issuance price, number of shares to be issued, total issuance amount, project plans, progress in fund utilization, and other relevant matters, will be finalized based on the resolution of the shareholders' meeting, in addition to the pricing ratio. In the event of changes in laws or regulations, revisions approved by regulatory authorities,

or objective factors necessitating modifications, the Board of Directors will seek authorization from the shareholders' meeting to address such changes accordingly.

(VI) It is proposed to seek approval from the shareholders' meeting for this private placement proposal and to authorize the Chairman of the Board or their designated representative to sign all contracts or documents related to the issuance of the private placement common shares on behalf of the Company, and to handle all matters related to the issuance of the private placement common shares.

- II. The private placement proposal of our company, in accordance with Article 43-6 of the Securities and Exchange Act, is required to provide detailed information on the Market Observation Post System (<http://mops.twse.com.tw>). Please visit the Investment/Private Placement Section on the website for further details.
- III. Please make the resolution.

Resolution:

Proposal 3: Amendments to certain articles of the “Procedures for the Acquisition or Disposal of Assets”.

[Proposed by the Board of Directors]

Explanation: I. In response to the operational requirements of the Company, it is proposed to amend certain articles of the “Procedures for the Acquisition or Disposal of Assets”. For the comparison table of the provisions before and after the amendment, please refer to page 36 of this Handbook (Attachment V).

- II. Please make the resolution.

Resolution:

## **Extemporary Motions**

## **Meeting Adjourned**

## 2023 Business Overview and 2024 Business Plan Report

The Company has established well-known IPs such as “Legend of Sword and Fairy”, “Xuan Yuan Sword”, and “Monopoly”, and continues to collaborate with major manufacturers to develop games and obtain film and television licenses. In addition, the R&D team of the Company continues to create new IPs and products, bringing players more diverse and innovative gaming experiences. They collaborated with the horror movie “The Bridge Curse” to develop the “The Bridge Curse Road to Salvation” horror game. We won the “Taiwan R&D Game” gold medal at the Taipei Game Show in 2023, and the sequel, "The Bridge Curse 2: The Extrication," is scheduled for release in the second quarter of 2024. Additionally, we obtained licensing rights for the horror movie "Incantation" IP, and a brand-new horror game will be launched and available to players in 2024. Meanwhile, several original games are in development and will be launched gradually.

The Company actively explores excellent independent games and collaborates with their developers for publication. Additionally, partnerships with highly popular Japanese anime IPs for game releases are in place. Consequently, besides standalone games continuously contributing to the Company's revenue, popular games also play a crucial role in maintaining stable revenue streams.

The Group's subsidiary companies continue to develop steadily, demonstrating courage in taking on challenges and venturing into new business areas in response to market trends. The Company operates diversely and strategically positions itself in emerging markets, expanding its presence in the global gaming market. We have established a solid foundation in product development, marketing channels, game operations and IP licensing, and is actively entering the digital content market. Details of 2023 operating performance and 2024 operation prospects are as follows:

### I. 2023 Business Results

#### (I) Implementation achievements of the 2023 Business Plan:

The Company's 2023 consolidated operating income was NT\$3,262,181 thousand.

#### (II) Budget execution and revenue & expenditure:

Unit: Thousand NT\$

Item	2023 Actual Amount
Operating Revenue	3,262,181
Operating Costs	(2,175,050)
Gross Profit (Loss)	1,087,131
Operating Expenses	(1,374,351)
Operating Income (Loss)	(287,220)
Non-Operating Items	1,578
Pre-tax net profits	(285,642)
Income Tax Expenses	(94,353)
Net profits of the period	(379,995)
Net Profit (Loss)	Owners of the Parent Company (335,127)
Attributable to:	Non-Controlling Interests (44,868)

(III) Profitability analysis:

Item	2023
Return on total assets	(5.57%)
Return on total stockholder's equity	(12.14%)
Operating Income to Capital	(27.65%)
Pretax Income to Capital	(27.50%)
Net Income to Sales	(11.65%)
Losses per share after tax (NT\$)	(3.39)

(IV) Research and Development:

The R&D team has delved deep into studying the game engine of Unreal Engine 5, successfully leveraging its many advantages. The engine possesses outstanding rendering capabilities and sophisticated lighting effects, providing a more realistic gaming experience. Meanwhile, it also features efficient development tools and editors, which contribute to enhancing development efficiency and product quality.

The team focuses on the development of home console games, and is committed to improving game performance and experience. Through continuous optimization of the game engine and programming technology, the operation speed and stability of the game have been improved, and a smoother and more pleasant game experience has been brought to players.

Additionally, the R&D team focuses on and actively utilizes generative AI technology, actively exploring new technologies and applications, continuously creating new IPs and products, to bring players more diverse and innovative gaming experiences.

The team is user centric and actively optimizes products and services. By continuously listening to user feedback and needs, the team optimizes products and services, and improves user experience and satisfaction.

Overall, through the technology and continuous efforts, innovation, and exploration of the R&D team, the Company can bring better products and services to users and bring more development opportunities to the gaming industry. In 2023, a total of NT\$222,924 thousand in research and development expense was invested, accounting for 16% of the Company's operating expenses.

## II. Overview of 2024 Business Plan

(I) Operation guidelines

◎ Research and development of games

- (1) Product R&D Plan - Self-developed IP Promotion: The game "Voice Love on Air", released this year, explores the theme of romance within the context of a voice director's profession and marks our first venture into Boys' Love content, having received positive reviews; Brand IP Promotion: "The Bridge Curse 2: The Extrication" builds upon the experience of its predecessor, strengthening the game's content and incorporating elements that appeal to international players, aiming to promote the game worldwide. Additionally, we have collaborated with a renowned IP to develop the horror game "Incantation." This game will focus on suspense and horror themes, combining chilling scenes and thrilling plots to deliver an unparalleled gaming experience that will leave players on the edge of their seats.

- (2) Technology R&D Plan - Establishment of AI Team: In response to market trends, the R&D technology center has established an AI team, aiming to accelerate the development process, optimize team manpower, reduce outsourcing and personnel month costs through AI tools, and continuously monitor the trend and evolution of AI. The team will use optimized development processes to enrich game content.
  - (3) Technology R&D Plan - New Technology Import: Importing 3D scanning technology can quickly generate game models from physical items, accelerating project development. As the usage of Spine tools become increasingly mature, the R&D team has gained extensive experience in 2D dynamic production and will apply them to subsequent game development.
- ◎ IP licensing and pan-entertainment authorization cooperation
- Develop new games, TV shows, movies, internet dramas, stage plays, animations, and distribute novels or comics through licensing or collaboration. The Company's IP brand will work with more cross-disciplinary companies to create more revenue and profit.
- ◎ Enhancing Product Coverage
- We plan to port the product to multiple platforms. This means porting our games and applications to multiple different platforms, including but not limited to PC, consoles, mobile phones, and tablets. By employing this approach, we can ensure that our products reach a wider audience and provide users with better experiences across different devices. This will also help to increase our market share and make our brand more competitive in different markets.
- ◎ Game Publishing and Operation
- Agent distribution of the highly popular Japanese anime IP "Master of Garden", Simultaneous release in Taiwan, Hong Kong, and Macau, with global synchronization of version progress, delivering the best gaming experience to traditional Chinese-speaking players. Participation in the 2024 Taipei Game Show sparked enthusiastic discussions. Currently, there are several games being prepared for agent distribution.
- ◎ Business plan for subsidiaries of the group.
- (1) Array Networks Inc. (hereinafter referred to as Array): As one of the few information security equipment manufacturers in Taiwan, Array continuously invests in R&D resources to develop new product lines in response to market demand changes. The planned cloud-based WAF SaaS service is a growing trend in the market. As many enterprises gradually migrate services to the cloud, Array's developed SaaS WAF cloud security protection service officially meets market demands.
  - (2) Chander Electronics Corp.: In addition to its existing Microsoft Embedded OS and alcoholic beverage product agency, the Company is expanding into the market for mobile and fixed charging piles. The goal is to deploy 600 mobile robots within 3 years and simultaneously expand fixed charging pile locations.
  - (3) Red Sunrise Co., Ltd. (hereinafter referred to as Red Sunrise): As a leader in the field of financial technology, Red Sunrise passed the "Third-Party Payment

Service Institution Service Energy Registration from Administration for Digital Industries, moda" in 2023, becoming the first batch of certified collection and payment service providers. In the same year, it also completed the "Anti-Money Laundering and Counter-Terrorist Financing Measures for Third-Party Payment Service Industry" off-site audit, demonstrating that Red Sunrise has passed multiple review indicators and evaluation standards of the Digital Development Department, as well as strengthened internal audit and control systems. Product procurement is diverse and continuously improved, including the "optimization of electronic invoicing system," "expansion of electronic ticket supply chain," "BNPL layout AI," and "deepening cooperation with Far Trust consumer finance."

(4) Uniplus Electronics Co., Ltd.: In addition to our existing printed circuit board business, our vision is to provide materials needed by the global electronics industry, while maintaining excellent quality, high value-added products, and professional services. In 2023, Uniplus acquired San Jiang Electric MFG Co., Ltd., joining the ranks of Taiwan's robust power grid sector. Uniplus continues to enhance the competitiveness of its core products, strengthens inventory management, improves product quality, and introduces automation technology to optimize production capacity, maximizing the efficiency of production and sales.

#### (II) Projected sales

Several mobile games, single player games, collaborative cultural and creative IP products are expected to be launched in 2024, as well as increase the licensing revenue which can assist in the Company's revenue this year.

#### (III) Major operations & sales policies

- ◎ Actively expand overseas markets, seek licensing partners to grow market share and revenue.
- ◎ Maintain high-quality products for the right market image.
- ◎ Continue to expand the channel and actively penetrate the network virtual channel and operation platform.
- ◎ Strengthen cooperation in film and television IP licensing, digital content and cultural and creative industries.

### III. Future development strategies of the Company

The Company's future development will be focused on IP licensing, leveraging our abundant cultural and creative energy to develop more original intellectual property (IP) works in-house. In addition to gaming products, we will also work with leading companies in various fields, and plan to invest in crafts, book publishing, film, television, cultural creativity, digital content, and popular music. The multi-disciplinary industry of music and content will rapidly enhance the brand value of SOFTSTAR and IP. In addition to improving the self-developed R&D capabilities, the product strategy will be enhancing the number and quality of products on the market through cooperation, licensing, outsourcing and other product development models. In terms of market strategy, besides the standalone games and online games MMORPGs in the original Chinese and Asian markets, the Company is also actively expanding into overseas emerging markets, seeking excellent strategic alliance partners, providing players with more

diversified game choices, and promoting Softstar's products to various international markets worldwide through multilingual, multi-theme, and multi-platform operational expansion. In terms of group integration, each subsidiary possesses distinct strengths, and will make good use of group resources to foster mutual prosperity and win-win outcomes.

#### IV. Impacts of the external competitive environment, regulatory environment, and overall business environment:

Due to the limited growth of the online game market in Taiwan, there are many competitors in the market. In recent years, with the rapid rise of web games and mobile games, the trend and structure of the game industry have also changed. The Company is one of the few companies in Taiwan that specializes in game research and development and has a well-known IP series. With a close watch on the market, the Company will continue to invest in self-developed products of various platforms and licensing cooperation with international gaming companies through an updated and more flexible business model, creating more and better works. Also, the Company has not seen a significant impact on its financial business due to changes in the domestic and international regulatory environment. The Company's management team will continue to pay attention to relevant regulations that may affect its operations.

In the future, all personnel in the Company will keep up with the high expectation of all shareholders, grow the business in a stable and balanced way, and work together to make Softstar more successful. Finally, I hope that all shareholders will continue to give us support and encouragement. Thank you!

Best wishes  
to all shareholders

Chairman: Tu, Chun-Kuang

President: Tsay, Ming-Hong

Chief Accountant: Chuang, Jen-Chuan

## **SOFTSTAR ENTERTAINMENT INC.**

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

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements (consolidated financial statements included), and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit the Financial Statements (consolidated financial statements included) and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements (consolidated financial statements included), and earnings allocation proposal have been reviewed and determined to be accurate by the Audit Committee members. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely

2024 Annual Shareholders' Meeting

Convener of the Audit Committee: Hung, Pi-Lien

April 29, 2024

**Independent Auditors' Report**

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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, 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 2023 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, 2023 amounted to NT\$893,692 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\$970,211 thousand, constituting 14% of the consolidated total assets as of December 31, 2023. 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. 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 Note 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\$2,082,770 thousand and NT\$2,195,811 thousand, constituting 29% and 41% of consolidated total assets as of December 31, 2023 and 2022, respectively, and total operating revenues of NT\$1,334,656 thousand and NT\$1,059,283 thousand, constituting 41% and 47% of consolidated operating revenues for the years ended December 31 2023 and 2022, 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\$646,746 thousand and NT\$661,851 thousand, representing 8% and 12% of consolidated total assets as of December 31, 2023 and 2022, respectively. The related shares of profit or loss from the associates and joint ventures under the equity method amounted to NT\$(6,716) thousand and NT\$7,746 thousand, representing 2% of the consolidated loss before tax and 1% of the consolidated profit before tax for the years ended December 31 2023 and 2022, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to NT\$2,665 thousand and NT\$(2,415) thousand, representing 29% and (28)% of the consolidated other comprehensive income for the years ended December 31, 2023 and 2022, 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 2023 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, 2023 and 2022.

/s/Yu, Chien-Ju

/s/Lu, Chien-Uen

Ernst & Young, Taiwan

March 29, 2024

### **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, 2023 and 2022 (Adjusted)

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of		Liabilities and Equity	Notes	As of	
		December 31, 2023	December 31, 2022 (Adjusted) (Note)			December 31, 2023	December 31, 2022 (Adjusted) (Note)
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	4 and 6	\$843,759	\$1,590,141	Short-term borrowings	6 and 8	\$1,043,669	\$441,181
Financial assets at fair value through profit or loss, current	4 and 6	33,629	19,496	Contract liabilities, current	4 and 6	168,052	175,489
Notes receivable, net	4 and 6	7,834	11,056	Notes payable		24,885	4,975
Notes receivable-related parties, net	4, 6 and 7	-	804	Accounts payable	6	561,340	186,745
Accounts receivable, net	4 and 6	1,010,573	873,506	Other payables	6	745,991	297,016
Accounts receivable-related parties, net	4, 6 and 7	7,373	11,448	Other payables-related parties	7	188	805
Other receivables	4	30,917	8,263	Current income tax liabilities	4 and 6	84,134	9,992
Other receivables-related parties	4 and 7	763	106	Provisions, current	4	6,174	6,104
Current income tax assets	4	21,252	14,776	Lease liabilities, current	4, 6 and 7	64,867	51,220
Inventories, net	4 and 6	1,067,282	224,358	Current portion of long-term borrowings	4, 6 and 8	228,860	123,162
Prepayment	4, 6 and 7	156,125	90,292	Other current liabilities	6	232,489	253,728
Other financial assets, current	4, 6 and 8	311,687	392,179	<b>Total current liabilities</b>		<b>3,160,649</b>	<b>1,550,417</b>
Other current assets		29,962	13,330	<b>Non-current liabilities</b>			
<b>Total current assets</b>		<b>3,521,156</b>	<b>3,249,755</b>	Contract liabilities, non-current	4 and 6	146,411	163,802
				Long-term borrowings	4, 6 and 8	536,676	135,089
<b>Non-current assets</b>				Provision, non-current	4	2,861	-
Designated financial assets at fair value through profit or loss, non-current	4, 6 and 7	34,403	27,971	Deferred tax liabilities	4 and 6	153,109	82,662
Financial assets at fair value through other comprehensive income, non-current	4 and 6	122,299	69,519	Lease liabilities, non-current	4 and 6	114,226	88,713
Investments accounted for using the equity method	4, 6 and 8	658,190	683,828	Net defined benefit liabilities, non-current	4 and 6	1,794	6,502
Contract assets, non-current	4 and 6	6,495	3,638	Other non-current liabilities		26,164	23,486
Property, plant and equipment, net	4, 6 and 8	785,588	191,358	<b>Total non-current liabilities</b>		<b>981,241</b>	<b>500,254</b>
Right-of-use assets	4, 6 and 7	172,375	134,024	<b>Total liabilities</b>		<b>4,141,890</b>	<b>2,050,671</b>
Intangible assets	4 and 6	1,523,574	851,702	<b>Equity attributable to the parent company</b>	4 and 6		
Deferred tax assets	4 and 6	33,345	15,516	Common stock		1,038,836	852,630
Other noncurrent assets		39,410	47,387	Additional paid-in capital		263,061	158,340
Refundable deposits	7	30,469	24,517	Retained earnings			
Other financial assets, non-current	4, 6 and 8	205,166	23,345	Legal reserve		175,480	128,417
<b>Total non-current assets</b>		<b>3,611,314</b>	<b>2,072,805</b>	Special reserve		146,211	247,943
				Unappropriated earnings		255,999	841,135
<b>Total assets</b>		<b>\$7,132,470</b>	<b>\$5,322,560</b>	Other components of equity		(183,322)	(146,210)
				Treasury shares		(143,448)	(101,847)
				<b>Total equity attributable to the parent company</b>		<b>1,552,817</b>	<b>1,980,408</b>
				<b>Non-controlling interests</b>	6	<b>1,437,763</b>	<b>1,291,481</b>
				<b>Total equity</b>		<b>2,990,580</b>	<b>3,271,889</b>
				<b>Total liabilities and equity</b>		<b>\$7,132,470</b>	<b>\$5,322,560</b>

Note: The Group had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the consolidated balance sheet as of December 31, 2022 was adjusted.

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, 2023 and 2022 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the Years Ended December 31,	
		2023	2022 (Adjusted) (Note)
<b>Net sales</b>	4, 6 and 7	\$3,262,181	\$2,252,134
<b>Cost of goods sold</b>	7	(2,175,050)	(1,360,803)
<b>Gross profit</b>		<u>1,087,131</u>	<u>891,331</u>
<b>Operating expenses</b>	6 and 7		
Sales and marketing expenses		(597,106)	(467,537)
General and administrative expenses		(535,012)	(353,834)
Research and development expenses		(222,924)	(184,534)
Expected credit losses		(19,309)	(13,041)
Subtotal		<u>(1,374,351)</u>	<u>(1,018,946)</u>
<b>Operating loss</b>		<u>(287,220)</u>	<u>(127,615)</u>
<b>Non-operating income and expenses</b>			
Interest income	6 and 7	11,664	5,908
Other income	6 and 7	33,784	4,473
Other gains and losses	6	6,644	737,419
Finance costs	6	(41,401)	(15,379)
Share of profit or loss of associates and joint ventures accounted for using equity method		<u>(9,113)</u>	<u>2,537</u>
Subtotal		<u>1,578</u>	<u>734,958</u>
<b>(Loss) profit before income tax</b>		<u>(285,642)</u>	<u>607,343</u>
<b>Income tax expense</b>	4 and 6	(94,353)	(54,955)
<b>Net (loss) income</b>		<u>(379,995)</u>	<u>552,388</u>
<b>Other comprehensive income (loss)</b>	4 and 6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		(359)	2,568
Unrealized gains or losses from financial assets at fair value through other comprehensive income (loss)		7,307	(11,286)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		2,670	513
Tax of items that will not be reclassified subsequently to profit or loss		72	(427)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences resulting from translating the financial statements of foreign operations		(384)	17,223
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		<u>(5)</u>	<u>(15)</u>
<b>Total other comprehensive income (loss) , net of tax</b>		<u>9,301</u>	<u>8,576</u>
<b>Total comprehensive income</b>		<u>\$(370,694)</u>	<u>\$560,964</u>
<b>Net income attributable to:</b>			
Stockholders of the parent		\$(335,127)	\$618,795
Non-controlling interests		(44,868)	(66,407)
		<u>\$(379,995)</u>	<u>\$552,388</u>
<b>Comprehensive income (loss) attributable to:</b>			
Stockholders of the parent		\$(328,032)	\$611,956
Non-controlling interests		(42,662)	(50,992)
		<u>\$(370,694)</u>	<u>\$560,964</u>
<b>Earnings per share (NTD)</b>	4 and 6		
Earnings per share-basic		<u>\$(3.39)</u>	<u>\$6.20</u>
Earnings per share-diluted		<u>\$(3.39)</u>	<u>\$6.19</u>

Note: The Group had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the consolidated statement of comprehensive income for the year ended 2022 was adjusted, resulting in a decrease in net income by NT\$13,351 thousand.

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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Description	Retained Earnings					Others Components of Equity						
	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	Non-Controlling Interests	Total
Balance as of January 1, 2022	\$655,869	\$112,491	\$52,755	\$291,085	\$799,299	\$(11)	\$(247,932)	\$-	\$-	\$1,663,556	\$505,275	\$2,168,831
Appropriation and distribution of 2021 retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	75,662	-	(75,662)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(196,761)	-	-	-	-	(196,761)	-	(196,761)
Stock dividends	196,761	-	-	-	(196,761)	-	-	-	-	-	-	-
Special reserve	-	-	-	(43,142)	43,142	-	-	-	-	-	-	-
Net income in 2022	-	-	-	-	618,795	-	-	-	-	618,795	(66,407)	552,388
Other comprehensive income (loss) in 2022	-	-	-	-	2,138	7,057	(16,034)	-	-	(6,839)	15,415	8,576
Total comprehensive income (loss)	-	-	-	-	620,933	7,057	(16,034)	-	-	611,956	(50,992)	560,964
Repurchase of treasury share	-	-	-	-	-	-	-	-	(6,943)	-	-	(6,943)
Retirement of treasury share	-	-	-	-	-	-	-	-	(94,904)	(94,904)	(169,586)	(264,490)
Parent company's cash dividends received by subsidiaries	-	4,227	-	-	-	-	-	-	-	4,227	-	4,227
Acquisition of parent company's stocks by subsidiaries recognized as treasury shares	-	2,411	-	-	(36,359)	11	(8)	-	-	(33,945)	(18,377)	(52,322)
Changes in ownership interests in subsidiaries	-	39,211	-	-	(5,989)	-	-	-	-	33,222	138,481	171,703
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	886,680	886,680
Disposal of investments in equity instruments measured at fair value through other comprehensive income or loss	-	-	-	-	(110,707)	-	110,707	-	-	-	-	-
Balance as of December 31, 2022	\$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
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 2022 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 income 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)	-	-	-	-	(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

Note: The Group had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the consolidated statements of changes in equity for the year ended December 31, 2022 and the balance as of January 1, 2023 were adjusted.

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, 2023 and 2022 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars)

Description	For the Years Ended December 31,	
	2023	2022 (Adjusted) (Note)
Cash flows from operating activities:		
Net (loss) income before tax	\$(285,642)	\$607,343
Adjustments for:		
Depreciation	108,237	62,165
Amortization	78,036	42,619
Expected credit impairment losses (gains)	19,309	13,041
Loss on financial assets and liabilities at fair value through profit or loss	4,182	16,639
Interest expense	41,401	15,379
Interest income	(11,664)	(5,908)
Share-based payments expense	82,855	815
Share of net (profit) loss of associates and joint ventures accounted for using equity method	9,113	(2,537)
Loss on disposal of property, plant and equipment	3,612	1,977
Gain on disposal of intangible assets	-	(23,709)
Gain on disposal of investment	(38,410)	(648,250)
Impairment loss from non-financial assets	4,174	11,885
Others	669	3,553
Changes in operating assets and liabilities:		
Contract assets	(1,787)	22,478
Notes receivable, net	3,805	13,162
Notes receivable-related parties, net	804	(804)
Accounts receivable, net	18,051	(103,171)
Accounts receivable-related parties, net	4,075	5,736
Other receivables	(22,472)	5
Other receivables-related parties	(657)	515
Inventories, net	(238,615)	5,999
Prepayment	(41,927)	(30,949)
Other current assets	(16,607)	(5,819)
Other financial assets	28,555	(31,514)
Contract liabilities	(26,391)	(117,124)
Notes payable	(3,198)	62
Accounts payable	91,759	(15,552)
Other payables	(92,053)	5,370
Other payables-related parties	(624)	712
Provisions	2,931	4,438
Other current liabilities	17,294	(625,122)
Net defined benefit liabilities	(4,708)	(10,402)
Cash provided by operations	<u>(265,893)</u>	<u>(786,968)</u>
Interest received	11,664	5,908
Interest paid	(36,259)	(11,065)
Income tax paid	<u>(66,563)</u>	<u>(247,597)</u>
Net cash used in operating activities	<u>(357,051)</u>	<u>(1,039,722)</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,430)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	67,397
Acquisition of financial assets at fair value through profit or loss	(24,757)	(15,705)
Proceeds from disposal of financial assets at fair value through profit or loss	-	57,933
Acquisition of investments accounted for using equity method	(7,174)	(17,991)
Proceeds from disposal of investments accounted for using equity method	43,095	638,632
Acquisition of subsidiaries (net of cash acquired)	(708,257)	85,035
Acquisition of property, plant and equipment	(47,205)	(21,307)
Proceeds from disposal of property, plant and equipment	1,162	579
(Increase) decrease in refundable deposits	(5,952)	(4,826)
Acquisition of intangible assets	(59,574)	(18,676)
Proceeds from disposal of intangible assets	1,290	1,500
Decrease (increase) in other financial assets	25,564	558,856
(Increase) decrease in other noncurrent assets	(29,994)	(47,328)
Net cash (used in) provided by activities	<u>(811,802)</u>	<u>1,277,669</u>
Cash flows from financing activities:		
Increase in short-term borrowings	43,040	158,481
Proceeds from long-term borrowings	692,000	112,733
Repayment of long-term borrowings	(229,750)	(152,951)
Increase in guarantee deposits received	2,600	6,116
Repayment of the principal portion of lease liabilities	(64,067)	(48,136)
Cash dividends	(117,520)	(184,471)
Treasury stock transactions	(24,282)	(271,433)
Changes in non-controlling interests	120,560	(72,223)
Net cash provided by (used in) by financing activities	<u>422,581</u>	<u>(451,884)</u>
Net foreign exchange difference	<u>(110)</u>	<u>8,556</u>
Net decrease in cash and cash equivalents	<u>(746,382)</u>	<u>(205,381)</u>
Cash and cash equivalents at beginning of year	1,590,141	1,795,522
Cash and cash equivalents at end of year	<u><u>\$843,759</u></u>	<u><u>\$1,590,141</u></u>

Note: The Group had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the consolidated statement of cash flows for the year ended December 31, 2022 was adjusted.

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

English Translation of a Report Originally Issued in Chinese

**Independent Auditors’ Report**

To Softstar Entertainment Inc.

**Opinion**

We have audited the accompanying parent company only balance sheets of Softstar Entertainment Inc. (the “Company” ) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together “the parent company only financial statements” ).

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Other Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm” ), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon we do not provide a separate opinion on these matters.

## Revenue Recognition – Royalties

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

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

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

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

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

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

Our audit procedures included, but were not limited to:

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

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

#### **Other Matter – Making Reference to the Audits of Other Auditors**

We did not audit the financial statements of certain investments accounted for using the equity method. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 relating to these equity investments, is based solely on the audit reports of other auditors. The investment accounted for using the equity method amounted to NT\$861,515 thousand and NT\$860,850 thousand, representing 42% and 35% of total assets as of December 31, 2023 and 2022, respectively. The related shares of profit or loss from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(43,075) thousand and NT\$(63,866) thousand, representing 14% of the loss before tax and (9)% of the profit before tax for the years ended 31 December, 2023 and 2022, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(15,852) thousand and NT\$(8,819) thousand, representing (223)% and 129% of the other comprehensive income for the years ended 31 December, 2023 and 2022, respectively.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Yu, Chien-Ju

/s/Lu, Chien-Uen

Ernst & Young, Taiwan

March 29, 2024

**Notice to Readers**

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

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

SOFTSTAR ENTERTAINMENT INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2023 and 2022 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of		Liabilities and Equity	Notes	As of	
		December 31, 2023	December 31, 2022			December 31, 2023	December 31, 2022
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	4 and 6	\$180,575	\$351,909	Short-term borrowings	4, 6 and 8	\$142,000	\$193,000
Financial assets at fair value through profit or loss, current	4 and 6	3,000	-	Contract liabilities, current	4 and 6	19,805	14,232
Contract assets, current	4, 6 and 7	-	2,421	Notes payable		201	-
Accounts receivable, net	4 and 6	9,959	24,930	Accounts payable		11,429	13,443
Accounts receivable-related parties, net	4, 6 and 7	17,180	26,077	Accounts payable-related parties	7	2,120	5,590
Other receivables	4	7,995	6,916	Other payables	6	38,969	61,752
Other receivables-related parties	7	4,269	28,260	Other payables-related parties	7	455	298
Current income tax assets	4	1,389	3,117	Current income tax liabilities	4 and 6	45,340	5,051
Prepayment	4 and 7	75,345	38,746	Lease liabilities, current	4 and 6	13,103	17,996
Other financial assets, current	4, 6 and 8	3,012	96,431	Current portion of long-term borrowings	4, 6 and 8	83,114	47,089
Other current assets		2,011	46	Other current liabilities		1,731	2,959
<b>Total current assets</b>		<b>304,735</b>	<b>578,853</b>	<b>Total current liabilities</b>		<b>358,267</b>	<b>361,410</b>
<b>Non-current assets</b>				<b>Non-current liabilities</b>			
Financial assets at fair value through profit or loss, non-current	4 and 6	26,131	27,687	Contract liabilities, non-current	4 and 6	-	25,940
Financial assets at fair value through other comprehensive income, non-current	4 and 6	23,007	9,546	Long-term borrowings	4, 6 and 8	129,596	27,041
Investments accounted for using the equity method	4 and 6	1,586,394	1,765,284	Deferred tax liabilities	4 and 6	-	900
Contract assets, non-current	4 and 6	6,495	3,638	Lease liabilities, non-current	4 and 6	21,486	14,135
Property, plant and equipment	4 and 6	8,826	4,065	Net defined benefit liabilities	4 and 6	8,851	8,990
Right-of-use assets	4 and 6	32,890	31,328	Investments accounted for using the equity method in credit balance	4 and 6	-	33,809
Intangible assets	4 and 6	17,371	1,496	<b>Total non-current liabilities</b>		<b>159,933</b>	<b>110,815</b>
Deferred tax assets	4 and 6	22,521	3,674	<b>Total liabilities</b>		<b>518,200</b>	<b>472,225</b>
Refundable deposits		5,094	7,492	<b>Equity</b>			
Other financial assets, non-current	4, 6 and 8	37,553	19,570	Common stock	4 and 6	1,038,836	852,630
<b>Total non-current assets</b>		<b>1,766,282</b>	<b>1,873,780</b>	Additional paid-in capital	4 and 6	263,061	158,340
				Retained earnings	4 and 6		
				Legal reserve		175,480	128,417
				Special reserve		146,211	247,943
				Unappropriated earnings		255,999	841,135
				Other components of equity		(183,322)	(146,210)
				Treasury shares		(143,448)	(101,847)
				<b>Total equity</b>		<b>1,552,817</b>	<b>1,980,408</b>
<b>Total assets</b>		<b>\$2,071,017</b>	<b>\$2,452,633</b>	<b>Total liabilities and equity</b>		<b>\$2,071,017</b>	<b>\$2,452,633</b>

Note: The Company had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the parent company only balance sheet as of December 31, 2022 was adjusted, resulting in a decrease in investments accounted for using the equity method and unappropriated earnings both by NT\$5,691 thousand.

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
SOFTSTAR ENTERTAINMENT INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2023 and 2022 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the Years Ended December 31,	
		2023	2022
<b>Net sales</b>	4, 6 and 7	\$208,116	\$445,715
<b>Cost of goods sold</b>	7	(25,989)	(75,381)
<b>Gross profit</b>	6 and 7	182,127	370,334
<b>Operating expenses</b>	6 and 7		
Sales and marketing expenses		(39,820)	(49,142)
General and administrative expenses		(161,070)	(110,428)
Research and development expenses		(108,694)	(90,541)
Expected credit gains (losses)		(10,906)	(13,148)
Subtotal		(320,490)	(263,259)
<b>Operating (loss) income</b>		(138,363)	107,075
<b>Non-operating income and expenses</b>	4, 6 and 7		
Interest income		6,286	2,663
Other income		5,902	4,908
Other gains and losses		(10,181)	61,183
Finance costs		(6,038)	(3,978)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		(155,113)	507,179
Subtotal		(159,144)	571,955
<b>(Loss) Profit before income tax</b>		(297,507)	679,030
<b>Income tax expense</b>	4 and 6	(37,620)	(60,235)
<b>Net (loss) income</b>		(335,127)	618,795
<b>Other comprehensive income (loss)</b>	4 and 6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		(589)	2,029
Unrealized gains or losses from financial assets at fair value through other comprehensive income (loss)		7,368	(6,146)
Share of other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for using equity method		5,353	(9,563)
Tax of items that will not be reclassified subsequently to profit or loss		(99)	(216)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for using equity method		(4,938)	7,057
<b>Total other comprehensive income (loss), net of tax</b>		7,095	(6,839)
<b>Total comprehensive income</b>		\$(328,032)	\$611,956
<b>Earnings per share (NTD)</b>	4 and 6		
Earnings per share-basic		\$(3.39)	\$6.20
Earnings per share-diluted		\$(3.39)	\$6.19

Note: The Company had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the parent company only statement of comprehensive income for the year ended December 31, 2022 was adjusted, resulting in a decrease in net income by NT\$5,691 thousand .

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
SOFTSTAR ENTERTAINMENT INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2023 and 2022 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars)

Description	Retained Earnings					Others Components of Equity					Total
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses from Financial Assets at Fair Value Through Other Comprehensive Loss	Unearned stock-Based Employee Compensation	Treasury Shares		
Balance as of January 1, 2022	\$655,869	\$112,491	\$52,755	\$291,085	\$799,299	\$(11)	\$(247,932)	\$-	\$-	\$1,663,556	
Appropriation and distribution of 2021 retained earnings											
Legal reserve	-	-	75,662	-	(75,662)	-	-	-	-	-	
Cash dividends	-	-	-	-	(196,761)	-	-	-	-	(196,761)	
Stock dividends	196,761	-	-	-	(196,761)	-	-	-	-	-	
Reversal of special reserve	-	-	-	(43,142)	43,142	-	-	-	-	-	
Net income in 2022	-	-	-	-	618,795	-	-	-	-	618,795	
Other comprehensive income (loss) in 2022	-	-	-	-	2,138	7,057	(16,034)	-	-	(6,839)	
Total comprehensive income (loss) in 2022	-	-	-	-	620,933	7,057	(16,034)	-	-	611,956	
Repurchase of treasury share	-	-	-	-	-	-	-	-	(6,943)	(6,943)	
Acquisition of company's stocks by subsidiaries recognized as treasury shares	-	-	-	-	-	-	-	-	(94,904)	(94,904)	
Parent company's cash dividends received by subsidiaries	-	4,227	-	-	-	-	-	-	-	4,227	
Difference between consideration and carrying amount of subsidiaries acquired	-	2,411	-	-	(36,359)	11	(8)	-	-	(33,945)	
Changes in ownership interests in subsidiaries	-	39,211	-	-	(5,989)	-	-	-	-	33,222	
Disposal of investments in equity instruments measured at fair value through other comprehensive income (loss)	-	-	-	-	(110,707)	-	110,707	-	-	-	
Balance as of December 31, 2022	<u>\$852,630</u>	<u>\$158,340</u>	<u>\$128,417</u>	<u>\$247,943</u>	<u>\$841,135</u>	<u>\$7,057</u>	<u>\$(153,267)</u>	<u>\$-</u>	<u>\$(101,847)</u>	<u>\$1,980,408</u>	
Balance as of January 1, 2023	\$852,630	\$158,340	\$128,417	\$247,943	\$841,135	\$7,057	\$(153,267)	\$-	\$(101,847)	\$1,980,408	
Appropriation and distribution of 2022 retained earnings											
Legal reserve	-	-	47,063	-	(47,063)	-	-	-	-	-	
Cash dividends	-	-	-	-	(127,130)	-	-	-	-	(127,130)	
Stock dividends	169,506	-	-	-	(169,506)	-	-	-	-	-	
Reversal of special reserve	-	-	-	(101,732)	101,732	-	-	-	-	-	
Net loss in 2023	-	-	-	-	(335,127)	-	-	-	-	(335,127)	
Other comprehensive income (loss) in 2023	-	-	-	-	(507)	(258)	7,860	-	-	7,095	
Total comprehensive income (loss) in 2023	-	-	-	-	(335,634)	(258)	7,860	-	-	(328,032)	
Repurchase of treasury shares	-	-	-	-	-	-	-	-	(24,282)	(24,282)	
Acquisition of company's stocks by subsidiaries recognized as treasury shares	-	-	-	-	-	-	-	-	(19,403)	(19,403)	
Disposal of the parent company's stock by a subsidiary is regarded as a treasury stock transaction	-	2,682	-	-	-	-	-	-	2,084	4,766	
Parent company's cash dividends received by subsidiaries	-	4,195	-	-	-	-	-	-	-	4,195	
Difference between consideration and carrying amount of subsidiaries acquired	-	982	-	-	-	-	-	-	-	982	
Changes in ownership interests in subsidiaries	-	(12,690)	-	-	(7,535)	-	-	-	-	(20,225)	
Share-based payment transactions	16,700	109,552	-	-	-	-	-	(44,714)	-	81,538	
Balance as of December 31, 2023	<u>\$1,038,836</u>	<u>\$263,061</u>	<u>\$175,480</u>	<u>\$146,211</u>	<u>\$255,999</u>	<u>\$6,799</u>	<u>\$(145,407)</u>	<u>\$(44,714)</u>	<u>\$(143,448)</u>	<u>\$1,552,817</u>	

Note: The Company had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the parent company only statement of changes in equity for the year ended December 31, 2022 and the balance as of January 1, 2023 were adjusted.

Note: For the year ended December 31, 2023, employees' compensation and remuneration to directors and supervisors were both NTS0 thousand, while for the year ended December 31, 2022, employees' compensation and remuneration to directors and supervisors were NTS21,398 thousand and NTS7,133 thousand, respectively, and had already been deducted in the statement of comprehensive income.

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

SOFTSTAR ENTERTAINMENT INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2023 and 2022 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars)

Description	For the Years Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net (loss) income before tax	\$(297,507)	\$679,030
Adjustments for:		
Depreciation	17,718	15,441
Amortization	4,517	2,462
Expected credit impairment losses	10,906	13,148
Loss on financial assets and liabilities at fair value through profit or loss	5,613	16,207
Interest expense	6,038	3,978
Interest income	(6,286)	(2,663)
Share-based payments expense	72,505	-
Share of gain of associates and joint ventures accounted for using equity method	155,113	(507,179)
Loss on disposal of property, plant and equipment	5	1,558
Gain on disposal of investment	(711)	(706)
Others	82	(100)
Impairment loss of non-financial assets	13	-
Changes in operating assets and liabilities:		
Contract assets	635	20,057
Accounts receivable, net	2,994	(3,343)
Accounts receivable-related parties, net	4,524	(14,129)
Other receivables	(1,079)	(639)
Other receivables-related parties	23,991	(29,162)
Other current assets	(1,965)	-
Prepayment	(36,067)	(22,141)
Contract liabilities	(20,367)	(95,530)
Notes payable	201	-
Accounts payable	(2,014)	(4,090)
Accounts payable-related parties	(3,470)	3,383
Other payables	(22,783)	(9,635)
Other payables-related parties	157	298
Other current liabilities	(1,228)	1,772
Net defined benefit liabilities	(646)	(7,711)
Cash (used in) provided by operations	(89,111)	60,306
Interest received	6,286	2,663
Interest paid	(5,032)	(3,304)
Income tax paid	(15,350)	(294,108)
Net cash used in operating activities	(103,207)	(234,443)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$(6,093)	\$-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	67,397
Acquisition of financial assets at fair value through profit or loss	(7,057)	(6,000)
Acquisition of investments accounted for using equity method	(403,823)	(817,087)
Capital reduction by cash on investments accounted for using the equity method	-	803,232
Acquisition of property, plant and equipment	(8,525)	(3,687)
Proceeds from disposal of property, plant and equipment	64	141
Decrease (increase) in guarantee deposits paid	2,398	(3,203)
Acquisition of intangible assets	(21,665)	(2,701)
Proceeds from disposal of intangible assets	925	-
Decrease (increase) in other financial assets	75,436	(75,575)
Dividends received	360,697	184,260
Net cash (used in) provided by activities	(7,643)	146,777
Cash flows from financing activities:		
Increase in short-term borrowings	187,000	193,000
Decrease in short-term borrowings	(238,000)	-
Proceeds from long-term borrowings	225,000	-
Repayment of long-term borrowings	(86,420)	(76,021)
Repayment of the principal portion of lease liabilities	(13,880)	(13,098)
Cash dividends	(127,130)	(196,761)
Treasury stock transactions	(24,282)	(6,943)
Disposal of ownership interests in subsidiaries (without losing control)	17,228	-
Net cash used in financing activities	(60,484)	(99,823)
Net decrease in cash and cash equivalents	(171,334)	(187,489)
Cash and cash equivalents at beginning of year	351,909	539,398
Cash and cash equivalents at end of year	\$180,575	\$351,909

Note: The Company had completed the purchase price allocation of Chander Electronics Corp. and Array Inc. on the control acquisition date, thus the parent company only statement of cash flows for the year ended December 31, 2022 was adjusted.

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

The list of places for the private placement of common shares includes internal personnel or related parties

Places	Selection criteria and purpose	Relationship with the Company	The placee is a legal entity, with the shareholders of the legal entity holding a proportion of shares among the top ten shareholders		
			Shareholder name	Shareholding ratio (note)	Relationship with the Company
Angel Fund (ASIA) Investments Limited, British Cayman Islands	Well-informed about the Company's operational status	Corporate Director of the Company	Angel (Partners) Investments Limited	25%	Related party of the Chairman of the Company
			Future Kemy Limited	12.50%	None
			Rocket Parade Investment Limited	26%	None
			Channel First Investment Corp.	36.50%	Related party of the Chairman of the Company
Global Angel Investments Limited	Well-informed about the Company's operational status	Corporate Director of the Company	Global Angel Investments Limited	100%	Related party of the Chairman of the Company
Oriental Golden Richness LTD	Well-informed about the Company's operational status	Corporate Director of the Company	Global Angel Investments Limited	99.89%	Related party of the Chairman of the Company
			Tu, Chun-Kuang	0.11%	Chairman of the Company
Chander Electronics Corp.	Well-informed about the Company's operational status	Sub-subsidiary of the Company	Lanjing Interior Design Ltd.	21.64%	Subsidiary of the Company
			Softstar Entertainment Inc.	13.74%	The Company
			Taiwan Harmony Enterprise Co., Ltd.	12.75%	None
			Chinese Christian Faith and Love Foundation	5.68%	None
			Ever Globe Co., Ltd.	5.32%	None
			Special Account for Taipei Fubon Commercial Bank as Custodian of Investments of Chia Feng Holding, Ltd.	5.11%	Subsidiary of the Company
			Lien He Wei Ma Co., Ltd.	4.04%	Related party of the sub-subsidiary of the Company
			Special Account for HSBC Bank (Taiwan) Limited as Custodian of Investments of Bit Bank	2.65%	None
			Fu, Cheng-Ping	2.23%	None
Special Account for Taipei Fubon Commercial Bank as Custodian of Investments of New Profit Holding Ltd.	1.58%	Subsidiary of the Company			
Array Networks	Well-informed about the Company's operational status	Sub-subsidiary of the Company	Array Holdings for APGFIII Fund LPs	36.28%	Sub-subsidiary of the Company
			Vecow Co., Ltd.	10.28%	None
			ZHAO, YAO	4.76%	None
			Fan, Chen-Lung	2.40%	None
			Huang, Chao-Mao	1.71%	None
			Aggregate Special Account for foreign employees subscribing, purchasing, and distributing securities for CTBC Financial Holding	1.34%	None

			Co., Ltd as Custodian of Investments of Array Networks Inc.		
			Lai, Chiung-Chang	1.20%	None
			Chou, Shu-Sheng	0.74%	None
			Huang, Hsiu-Fen	0.70%	None
			Liu, Feng-Hsin	0.70%	None
Uniplus Electronics Co., Ltd.	Well-informed about the Company's operational status	Subsidiary of the Company	Softstar Entertainment Inc.	43.75%	The Company
			Yeh, Yun-Chao	4.15%	None
			Wu, Hsiang-Mu	2.28%	None
			Ma, Shu-Chen	0.96%	None
			President Securities Corporation	0.81%	None
			Wang, Chun-Jen	0.79%	None
			Wu, Chia-Jui	0.72%	None
			Peng, Chin-Tung	0.65%	None
			Hsiao, Hui-I	0.59%	None
			Lin, Shu-Chuan	0.53%	None
Red Sunrise Co., Ltd.	Well-informed about the Company's operational status	Subsidiary of the Company	Softstar Entertainment Inc.	50.20%	The Company
			Chang Hwa Bank Venture Capital Co., Ltd.	8.48%	None
			Welldone Company	8.48%	None
			Heimavista, Inc.	5.13%	None
			Lu, Ming-Hung	4.76%	None
			He Yang Investment Co., Ltd.	3.74%	None
			Yu Hua Chai Co., Ltd.	2.83%	None
			Heshan Co., Ltd.	1.48%	None
			Hsu, Hui-Ying	1.17%	None
			Yang, Shu-Ya	1.10%	None
Toptrend Technologies Corp.	Well-informed about the Company's operational status	Sub-subsidiary of the Company	Chander Electronics Corp.	94.37%	Sub-subsidiary of the Company
			Lin, Ting-Hui	0.63%	None
			Liao, Wen-Hui	0.63%	None
			Yang, Ting-Ya	0.24%	None
			Chan, Chia-Hsin	0.16%	None
			Lin, Chih	0.13%	None
			Hsu, Li-Min	0.13%	None
			Chen, Chin-Cheng	0.12%	None
			Hung, Li-Yu	0.10%	None
			Li, Mei-I	0.10%	None
San Jiang Electric MFG Co., Ltd	Well-informed about the Company's operational status	Sub-subsidiary of the Company	Uniplus Electronics Co., Ltd.	100%	Subsidiary of the Company

Note: The information provided by each company or its official announcements shall prevail.

SOFTSTAR ENTERTAINMENT INC.

Comparisons of Amendment for “Procedures for the Acquisition or Disposal of Assets”

Current	Before Amendment	Explanation
<p>I. Procedures for the acquisition or disposal of marketable securities</p> <p>1. Price determination method and authorized quota:</p> <p>(1) Omitted</p> <p>(2) Authorized quota and level:</p> <p style="padding-left: 20px;">a. For the acquisition or disposal of marketable securities traded on centralized markets or brokerage offices, transactions with amounts up to or including <del>NT\$100 50</del> million require <del>internal approval and submission</del> to the Chairman for approval <u>in advance, with subsequent reporting to the Board of Directors</u>. Transactions exceeding <del>NT\$100 50</del> million shall proceed with the approval from the Audit Committee and the subsequent submission for resolution by the Board of Directors.</p> <p style="padding-left: 20px;">b. For the acquisition or disposal of marketable securities not traded on centralized markets or brokerage offices, approval from the Board of Directors <del>is required. However, the Board of Directors may</del> authorize the Chairman to make decisions up to or including <del>NT\$50 20</del> million</p>	<p>(1) Omitted</p> <p>(2) Authorized quota and level:</p> <p style="padding-left: 20px;">a. For the acquisition or disposal of marketable securities traded on centralized markets or brokerage offices, transactions with amounts up to or including NT\$50 million require internal approval and submission to the Chairman for approval. Transactions exceeding NT\$50 million shall proceed with the approval from the Audit Committee and the subsequent submission for resolution by the Board of Directors.</p> <p style="padding-left: 20px;">b. For the acquisition or disposal of marketable securities not traded on centralized markets or brokerage offices, approval from the Board of Directors is required. However, the Board of Directors may authorize the Chairman to make decisions up to NT\$20 million in value, with subsequent reporting to the Board of Directors for confirmation at the next regular meeting.</p>	<p>Revised the authorized quota and procedures</p>

Current	Before Amendment	Explanation
<p>in value <u>in advance</u>, with subsequent reporting to the most recent Board <del>of Directors' meeting</del> <u>for confirmation</u>. Transactions exceeding NT\$50 million shall proceed with the approval from the Audit Committee and the subsequent submission for resolution by the Board of Directors.</p>	<p>Transactions exceeding NT\$50 million shall proceed with the approval from the Audit Committee and the subsequent submission for resolution by the Board of Directors.</p>	

Current	Before Amendment	Explanation
<p>X. Procedures for the acquisition or disposal of real estate and other fixed assets</p> <p>1. Price determination method and authorized quota:</p> <p>(1) Omitted</p> <p>(2) For the acquisition or disposal of real estate and other fixed assets, transactions with amounts up to or including <del>NT\$100 20</del> million <del>require</del> shall proceed after requiring internal <del>approval and must be approved by the Chairman</del> based on delegated authority; <del>transactions exceeding NT\$20 million require approval from the Board of Directors;</del> transactions exceeding <del>NT\$100 50</del> million require approval from the Audit Committee before submission for resolution by the Board of Directors.</p>	<p>X. Procedures for the acquisition or disposal of real estate and other fixed assets</p> <p>1. Price determination method and authorized quota:</p> <p>(1) Omitted</p> <p>(2) For the acquisition or disposal of real estate and other fixed assets, transactions with amounts up to or including NT\$20 million shall proceed after requiring internal approval based on delegated authority; transactions exceeding NT\$20 million require approval from the Board of Directors; transactions exceeding NT\$50 million require approval from the Audit Committee before submission for resolution by the Board of Directors.</p>	<p>Revised the authorized quota and procedures</p>
<p>XI. Processing Procedures for Related Party Transactions:</p> <p>1. Omitted</p> <p>2. Omitted</p> <p>The Company and its subsidiaries, or subsidiaries in which <del>the Company</del> directly or indirectly holds 100% of the outstanding shares or capital, may engage in the following transactions with each other: The Board of Directors may, in accordance with the preceding provision, authorize the Chairman of the Board to make decisions within the <del>NT\$100 10</del> million limit and subsequently submit them to the most current Audit</p>	<p>XI. Processing Procedures for Related Party Transactions:</p> <p>1. Omitted</p> <p>2. Omitted</p> <p>The Company and its subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital, may engage in the following transactions with each other: The Board of Directors may, in accordance with the preceding provision, authorize the Chairman of the Board to make decisions within the NT\$10 million limit and subsequently submit them to the most current Audit Committee and the Board of Directors</p>	<p>1. Revised the terminology in accordance with the "Regulations Governing the Acquisition and Disposal</p>

Current	Before Amendment	Explanation
<p>Committee and the Board of Directors for ratification.</p> <p>a. Acquisition or disposal of equipment or right-of-use assets for business use.</p> <p>b. Acquisition or disposal of right-of-use real estate for business use.</p>	<p>for ratification.</p> <p>a. Acquisition or disposal of equipment or right-of-use assets for business use.</p> <p>b. Acquisition or disposal of right-of-use real estate for business use.</p>	<p>of Assets by Public Companies".</p> <p>2.Revised the authorized quota</p>

Current	Before Amendment	Explanation
<p>XII. Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships:</p> <p>1. Price determination method and authorized quota:</p> <p>(1) Omitted</p> <p>(2) For the acquisition or disposal of memberships, transactions with amounts up to or including NT\$2 million require internal approval <u>by the Chairman and subsequent approval by the President</u>. Transactions exceeding NT\$2 million require approval from the Audit Committee and submission to the Board of Directors for resolution before proceeding.</p> <p>(3) For the acquisition or disposal of intangible assets or right-of-use assets, transactions with amounts up to or including NT\$20 million <del>require internal approval and</del> submission to the Chairman for approval before proceeding, <del>and shall be reported to the most recent Board of Directors meeting</del>. Transactions exceeding NT\$20 million require approval from the Audit Committee and submission to the Board of Directors for resolution before execution.</p>	<p>XII. Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships:</p> <p>1. Price determination method and authorized quota:</p> <p>(1) Omitted</p> <p>(2) For the acquisition or disposal of memberships, transactions with amounts up to or including NT\$2 million require internal approval and subsequent approval by the President. Transactions exceeding NT\$2 million require approval from the Audit Committee and submission to the Board of Directors for resolution before proceeding.</p> <p>(3) For the acquisition or disposal of intangible assets or right-of-use assets, transactions with amounts up to or including NT\$20 million require internal approval and submission to the Chairman for approval before proceeding, and shall be reported to the most recent Board of Directors meeting. Transactions exceeding NT\$20 million require approval from the Audit Committee and submission to the Board of Directors for resolution before execution.</p>	<p>Revised the authorized quota and procedures</p>

Current	Before Amendment	Explanation
<p>XX. Amendment History of the Procedures</p> <p>Established: Approved in Shareholders' Meeting on May 6, 1999.</p> <p>The 1st Amendment: Approved in the Shareholders' Meeting on May 24, 2000.</p> <p>(Omitted below)</p> <p>. . .</p> <p>The 8th Amendment: Approved in Shareholders' Meeting on May 27, 2022.</p> <p><u>The 9th Amendment: Approved in Shareholders' Meeting on June 25, 2024.</u></p>	<p>XX. Amendment History of the Procedures</p> <p>Established: Approved in Shareholders' Meeting on May 6, 1999.</p> <p>The 1st Amendment: Approved in the Shareholders' Meeting on May 24, 2000.</p> <p>(Omitted below)</p> <p>. . .</p> <p>The 8th Amendment: Approved in Shareholders' Meeting on May 27, 2022.</p>	<p>Addition of amended date</p>

# SOFTSTAR ENTERTAINMENT INC. Articles of Incorporation

## Chapter 1. General Provisions

- Article 1 -1 The Company was organized in accordance with the Company Act. (SOFTSTAR ENTERTAINMENT INC.)
- Article 2 The Company's scope of business is as follows:
- (I) I599990 Other Designing.
  - (II) F401010 International Trade.
  - (III) I301010 Software Design Services.
  - (IV) F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
  - (V) F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
  - (VI) JE01010 Rental and Leasing Business.
  - (VII) F118010 Wholesale of Computer Software.
  - (VIII) F218010 Retail Sale of Computer Software.
  - (IX) F113050 Wholesale of Computing and Business Machinery Equipment.
  - (X) F213030 Retail Sale of Computing and Business Machinery Equipment.
  - (XI) I301020 Data Processing Services
  - (XII) CC01120 Data Storage Media Manufacturing and Duplicating.
  - (XIII) CC01080 Electronic Parts and Components Manufacturing.
  - (XIV) I301030 Digital Information Supply Services.
- Article 3 The Company set up its headquarters in Taipei City. When necessary, it may set up branch offices domestically or abroad with a resolution by the Board of Directors.
- Article 4 When the Company is a limited liability shareholder of another company, the total amount of its investment in the other company is exempted from the prohibition against exceeding 40% of the paid-up capital described in Article 13 of the Company Act.
- Article 5 The Company may endorse/guarantee.

## Chapter 2. Shares

- Article 6 The Company's authorized capital is NT\$1.3 billion, which is divided into 130 million shares. Each share carries a par value of NT\$10, and the Board of Directors

has been authorized to issue them in installments, some of which may be preferred shares. The NT\$100 million shares of the capital in the preceding paragraph are reserved for stock options including preferred shares with options, company bonds with stock options and employee stock options, totaling ten million shares. Each share carries a par value of NT\$10 and may be issued in accordance with the resolution of the Board of Directors.

Employees eligible to receive newly issued restricted stock with restricted rights, transferees of treasury stocks acquired in accordance with the Company Act, recipients of employee stock options certificates, or employees subscribing for shares when newly issued, may include employees of subsidiary companies who meet certain conditions.

Article 6 -1 deleted

Article 6 -2 deleted

Article 6 -3 deleted

Article 6 -4 deleted

Article 6 -5 deleted

Article 6 -6 deleted

Article 6 -7 The rights and obligations of this Company's preferred shares and related issuing conditions are as follows:

- I. When there are earnings in the annual final accounts of the Company, 10% of the balance, after deducting all taxes and making up for the losses in the past years (including undistributed earnings adjusted), shall be set aside for the statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Then, it shall set aside or reverse special reserve according to the regulations, and the balance shall be used to pay the distributable dividends on the preferred shares.
- II. The dividend rate of preferred shares is capped at 4% per annum and is calculated based on the issuance price. Dividends are to be distributed in the form of cash each year. Once the Company's financial reports are ratified in the Annual Shareholders' Meeting, the Board of Directors will set the record date for the distribution of previous year's dividends payable. The number of annual dividends for the year and the annual recovery of dividends are calculated based on the ratio of actual issuance days to total days of the year.

- III. The Company has discretion over the distribution of preferred share dividends. If the Company did not generate any or sufficient profits during the year for the distribution of preferred share dividends, it may resolve not to pay out the dividends and preferred shareholders have no rights to object. If the preferred shares issued are of the non-accumulative type, the undistributed dividends or the deficit of dividends will not be accumulated for deferred payment in the years with earnings in the future.
- IV. Unless the shareholders of preferred shares receive dividends as specified in Subparagraph 2 of this Article, if the preferred shares are in a non-participating type, they shall not participate in distribution of cash and allotted capital from earnings and capital reserve for common shares.
- V. When the Company issues new shares in cash, the shareholders of preferred shares shall have the same priority on option as shareholders of common shares.
- VI. The priority order of shareholders of preferred shares in distribution of residual property is higher than shareholders of common shares, and it is the same with the repayment order for shareholders of various preferred shares but next to the creditor. Besides, it shall not exceed the amount calculated according to the issuance price of the outstanding preferred shares at the time of distribution.
- VII. Holders of preferred shares are entitled to voting rights or election rights at the Shareholders' Meeting, and may also be elected as directors.
- VIII. If the issued preferred shares by the Company are convertible preferred ones, they shall not be converted within one year from the date of issuance. The Board of Directors shall be authorized to formulate the convertible period according to actual conditions. Based on the issuance terms, holders of convertible preferred shares may apply to convert all or a part of preferred shares held at the conversion ratio of one preferred share for one common share (The conversion ratio is 1:1). After convertible preferred shares are converted into common shares, their rights and obligations are the same as common shares. Dividend distribution at the conversion year shall be calculated based on the ratio of actual issuance days to total days of the conversion year. However, preferred shareholders who convert their shares prior to the ex-dividend date cannot participate in the preferred share dividends of that year and all subsequent year. Nevertheless, they may participate in the distribution of profit and capital surplus for common shares.

- IX. Preferred shares have no maturity dates and preferred shareholders have no rights to request the Company to redeem those shares. However, the Company may redeem all or a part of preferred shares in cash, by compulsory conversion into new shares or by other means permissible by laws based on the issuance price and by relevant issuance terms at any time starting from the date after the shares have been issued for three years. The unredeemed preferred shares continue to have the rights and obligations stipulated in this Article until they are redeemed by the Company. In the year of redeeming preferred shares, the dividends that shall be distributed until the redemption date shall be distributed based on the ratio of actual issuance days to total days of the year if the Shareholders' Meeting of the Company decides to distribute dividends.
- X. The Board of Directors is authorized to list the preferred shares or the common shares converted at the TPEx depending on the Company and market conditions.
- The Board of Directors is authorized to set the name, issuance date and terms, and other relevant matters of the preferred shares at the time of issuance based on the market conditions and investors' subscription interests, in accordance with the Company's Articles of Incorporation and applicable laws and regulations.

Article 7 All of the shares issued by the Company shall be name-bearing, numbered and signed or sealed by at least three of the Company's Directors. Shares can be issued by the competent authority or the competent authority's approved share-issuing institution after the shares are recorded. The Company may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody institution to make registration of such shares. The same applies to securities.

Article 8 Stock-related affairs shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 9 deleted

Article 10 The transfer of shares shall be suspended within 60 days prior to the convening date of a Annual Shareholders' Meeting, or within 30 days prior to the convening date of an Extraordinary Shareholders' Meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends, bonus or other benefits.

### Chapter 3. Shareholders' Meeting

- Article 11 The Company's Shareholders' Meeting falls in the following 2 categories:
- I. Annual Shareholders' Meetings, held by the Board of Directors within 6 months after the end of each fiscal year.
  - II. Extraordinary Shareholders' Meeting, convened in accordance with relevant laws and regulations when necessary.
- The Special Shareholders' Meeting is convened by the Board of Directors according to laws when necessary.
- Article 12 The Shareholders' Meeting shall be chaired by the Chairman of the Board. In case the Chairman is on leave, the designated Director appointed by the Chairman shall act in place of the Chairman. Where the Chairman does not make such appointment, the Directors shall elect one person from among themselves to serve as chair. When the meeting is called by a person outside of the Board of Directors, the convener shall preside as the chair, and when there are two or more conveners, a person among them shall be elected to preside as the chair.
- Article 13 The Annual Shareholders' Meeting shall be convened 30 days before the day of the meeting and the Extraordinary Shareholders' Meeting shall be convened 15 days before the date of the meeting. The shareholders shall be notified of the date, place, and reasons of the meeting.
- Article 14 When a shareholder is unable to attend the Shareholders' Meeting, he/she may appoint a representative through a letter of proxy printed by the Company, stating the scope of authorization to the representative.
- Use of the letter of proxy shall be subject to the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies.
- Article 15 Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by applicable law or regulation.
- Article 16 Unless otherwise stated in relevant laws and regulations, resolutions of Shareholders' Meeting shall be agreed by the majority of votes represented by the attending shareholders or representatives who represent the majority of the total number of issued shares.

#### Chapter 4. Board of Directors, the Audit Committee, and the Manager

Article 17 The Company shall have seven Directors with three-year office term. Directors are elected and appointed by the Shareholders' Meeting from the list of candidates in accordance with the candidate nomination system. Candidate(s) may continue in office if re-elected.

The number of Independent Directors shall be no less than three, and not less than one-fifth of the number of Directors. The professional qualification requirements, restrictions on shares held and concurrent positions, identification of independence, candidate nomination and election, exercising power, and other relevant requirements of the Independent Directors shall be in accordance with the regulations of the security authority.

The election of Independent Directors and non-Independent Directors shall be held together. The number of elected seats shall be calculated independently.

The total number of shares held by all Directors in the Company's registered shares shall not be less than the amount specified by the supervisory authority.

The Company shall purchase liability insurance for the Directors for carrying out the scope of their responsibilities during the terms of office.

Article 17-1 The Audit Committee in accordance with the Securities and Exchanges Act shall be comprised of all Independent Directors, whose number shall be no less than three, and one of whom will be the convener. At least one of the members shall have accounting or finance expertise.

Where an Audit Committee has been established by the Company, the provisions of the Securities and Exchange Act, the Company Act, and other laws relating to supervisors shall apply to the Audit Committee.

Article 18 The Board of Directors is formed by the directors, and its functions are as follows:

- I. To provide business plans.
- II. To propose profit distribution or a plan for recovery of losses.
- III. To propose capital increase or decrease.
- IV. To formulate material chapters and the Company's organization procedures.
- V. To appoint and discharge the Company's general manager and managers.
- VI. To setup and shutdown branch institutes.

VII. To prepare budgets and final accounts

VIII. Other power entitled by the Company Act or the resolution of the Shareholders' Meeting.

Article 19 The Chairman shall be elected among the Directors with two-thirds or more of all Directors in attendance and the consent of the majority of the Directors present. The Chairman shall represent the Company externally.

Article 20 The Board of Directors shall be convened by the Chairman unless otherwise provided by the Company Act. Unless otherwise provided by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of more than half of the Directors in attendance at the meeting where more than half of the total number of Directors presents.

Article 20 -1 In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each Director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. In calling a meeting of the Board of Directors, a notice setting forth to each Director can be in the form of writing, e-mail, or fax.

Article 21 If the Chairman of the Board is on leave or cannot perform his duties for some reason, the Chairman shall designate a Director to act on his behalf. If the Chairman does not designate a Director, Directors shall elect one person from among themselves to serve as chair. Directors shall attend meetings of the Board of Directors. If a Director is unavailable to attend a meeting in person, the Director may issue a power of attorney for the given meeting, but such authorization is limited to one person only.

Article 22 deleted

Article 23 When the number of Directors falls to one-third of the total or all Independent Directors have been dismissed, the Board of Directors shall call an Extraordinary Shareholders' Meeting within 60 days from the date of occurrence to carry out a by-election to fill the vacancies.

Article 24 The Company may have managerial officers. Appointment, dismissal and compensation of the managerial officers shall be decided in accordance with Article 29 of the Company Act.

- Article 24 -1 The Board of Directors is authorized to decide the compensation for all Directors based on the degree of their participation in and contribution to the operations of the Company and referred at a rate consistent with general practices in the industry.
- Article 25 The General Manager shall preside over the business of the Company in accordance with the resolution of the Board of Directors.

#### Chapter 5. Accounting

- Article 26 The Company's fiscal year begins from January 1 to December 31. Final accounts should be processed at the end of each year.
- Article 27 In accordance with Article 228 of the Company Act, at the close of each fiscal year, the Board of Directors shall prepare the following reports and statements, which will be subsequently submitted to the annual general meeting for recognition.
- I. Business Report.
  - II. Financial Statements.
  - III. Proposal on earnings distribution or a plan for recovery of losses.
- Article 28 The distribution of dividends and bonuses is based on the proportion of shares held by each shareholder. When the company has no earnings, it does not pay dividends and bonuses.
- Article 29 If the Company makes a profit in the year, at least 3% of the profit shall be allocated for employees' compensation and no more than 3% shall be allocated for Directors' compensation. However, the Company shall reserve a portion of profit to make up for accumulated losses (including adjusted unallocated earnings from previous years), if any.
- The Board of Directors shall issue the employee compensation in the preceding paragraph in the form of stocks or cash distribution, and the objects of the issuance shall include employees of the subordinate companies that meet the conditions set by the Board of Directors. The Director compensation of the preceding paragraph is only paid in cash.
- The compensation distribution of the employees and Directors shall be subject to the resolution of the Board of Directors, and shall be reported to the Shareholders' Meeting.

Article 29 -1 When there are earnings in the annual final accounts of the Company, 10% of the balance, after deducting all taxes and making up for the losses in the past years (including adjusted unallocated earnings), shall be set aside for the statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Special surplus reserves required by the regulations shall also be allocated and the balance then added with the unallocated earnings from previous years. Subsequently, the Board of Directors shall plan the earnings distribution and forward a proposal to the Shareholders' Meeting for approval. The Company's dividend distribution policy is subject to the Company's operational needs and the maximum interests of shareholders. The distribution of shareholder dividends is based on the principle of stock dividends. If there are surpluses, the cash dividends are distributed to shareholders. However, the proportion of cash dividends is not more than 50% of the total dividend distribution.

Article 30 deleted

#### Chapter 6. Others

Article 31 deleted

Article 32 The Company's organizational structures and business rules shall be established separately.

Article 33 Any other matters not set forth in the Procedures shall be dealt with in accordance with Company Act and the relevant laws and regulations.

Article 34 The Articles of Incorporation were established on July 28, 1998. The 1st amendment was made on September 21, 1998. The 2nd amendment was made on November 17, 1998. The 3rd amendment was made on May 6, 1999. The 4th amendment was made on November 25, 1999. The 5th amendment was made on May 24, 2000. The 6th amendment was made on June 13, 2001. The 7th amendment was made on June 24, 2002. The 8th amendment was made on June 24, 2002. The 9th amendment was made on June 15, 2004. The 10th amendment was made on June 14, 2005. The 11th amendment was made on June 14, 2006. The 12th amendment was made on June 13, 2007. The 13th amendment was made on June 13, 2008. The 14th amendment was made on June 16, 2009. The 15th amendment was made on June 17, 2010. The 16th amendment was made on June 22, 2011. The

17th amendment was made on June 27, 2012. The 18th amendment was made on June 4, 2013. The 19th amendment was made on April 30, 2015. The 20th amendment was made on June 6, 2016. The 21st amendment was made on June 22, 2017. The 22nd amendment was made on June 29, 2018. The 23rd Amendment was made on July 1, 2021. The 24th amendment was made on June 26, 2023.

SOFTSTAR ENTERTAINMENT INC.

Chairman: Tu, Chun-Kuang

SOFTSTAR ENTERTAINMENT INC.  
Rules of Procedure for Shareholders' Meeting

- I. Meetings of shareholders shall be acted upon in accordance with these rules.
- II. Shareholders (or proxies) attending the Shareholders' Meeting shall sign on the attendance book, or turn in the sign-in card for check-in procedures. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed.
- III. Attendance and voting at a Shareholders' Meeting shall be calculated based the number of shares. The calculation of the number of shares present shall be based on the attendance book or sign-in cards submitted by the shareholders and those shares whose votes are exercised in writing or by electronic form.
- IV. The location of the Shareholders' Meeting shall be the Company's current location or such other place that is convenient for shareholders to attend. The meeting shall not commence earlier than 9 a.m. or later than 3 p.m.
- V. When a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. In case the Chairman is on leave or for any reason unable to exercise his powers, the Vice Chairman shall act in place of the Chairman. If there is no Vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise his powers, the Chairman shall appoint one of the managing Directors to act as the chair, or if managing Directors have not been appointed, one of the Directors shall be appointed to act as the chair. Where the Chairman does not make such an appointment, the managing Directors or the Directors shall elect one person from among themselves to serve as chair.

If the chairman has not appointed a representative or the designated Director cannot perform his/her duties for some reason, the meeting chair shall be elected from among the Directors present.

- VI. The Company may appoint its attorneys, certified public accountants, or related persons to attend a Shareholders' Meeting with a non-voting capacity.

The staff members who take charge of the Shareholders' Meeting affairs shall wear identification certificates or armbands.

- VII. The Company shall record the Shareholders' Meetings by audio or video and keep the recording for at least one year.
- VIII. The chair shall call the meeting to order at the appointed meeting time, as well as announcing information such as the number of shares with no voting right and shares present. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements,

for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

When, prior to termination of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may submit the tentative resolution for a vote to the Shareholders' Meeting pursuant to Article 174 of the Company Act.

- IX. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors and relevant proposals shall be voted one by one. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.

The provisions of the preceding paragraph apply to a Shareholders' Meeting convened by a party with the power to convene that is the member of the Board of Directors.

Unless otherwise resolved at the Shareholders' Meeting, the chair may not announce adjournment of the meeting unless the scheduled agenda items (including Extemporaneous Motions) set forth in the preceding two provisions of this Article are concluded.

After the meeting is adjourned, shareholders may not separately elect a chair and resume the meeting at the original or another venue.

- X. Before speaking, the attending shareholder shall complete the speaker's slip indicating the subject of speech, shareholder's account number (or the attendance card number) and account name. The sequence of speeches shall be determined by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt. Unless they have obtained the consent of the chair and the shareholder who has the floor, the chair shall stop any violation.

- XI. A shareholder may not speak more than twice on the same resolution without the chair's consent, with five minutes maximum for each speech. However, if approved by the chair, it may be extended for three minutes. The chair may stop any shareholders who violate the above rules or exceed the scope of the agenda item.
- XII. Any legal entity designated as proxy by shareholder(s) to be present at the meeting may appoint only one representative to attend the meeting. When a corporate shareholder appoints two or

more representatives to attend a Shareholders' Meeting, only one of the representatives appointed may speak on the same proposal.

- XIII. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- XIV. When the chair considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The result of the voting shall be reported and made into a record.
- XVI. Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions shall be adopted by a majority of the votes represented by the attending shareholders.

The election of directors at the shareholders' meeting, if any, shall be handled according to the Rules on Director Election made by the Company, and the voting results shall be announced on the spot including the list of elected directors and the numbers of votes, as well as the list of unelected directors and the respective number of votes received.

- XVII. When there is an amendment or an alternative to the same proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- XVIII. During the process of the meeting, the chairman may announce a recess at an appropriate time. During the meeting, when an airstrike alarm, earthquake, fire or other major disaster occurs, the meeting will be terminated or suspended with attendants evacuated. After the situation is clear, the chair may announce the meeting time as appropriate. A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within five days without further notice or announcement.
- XIX. The chair may direct the inspectors (or security personnel) to help maintain order at the meeting place. When inspectors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Inspectors".
- XX. The resolution matters at Shareholders' Meetings shall be recorded in the meeting minutes to be signed or stamped by the chair and then distributed to shareholders within 20 days after the meeting. Electronic measures or announcements may be adopted to print and distribute meeting minutes. Distribution of the meeting minutes as described in the preceding paragraph may be conducted by uploading them to the MOPS.

The meeting minutes shall accurately record the date and place of the meeting, the chair's name,

the resolutions and voting results (including statistical voting power), and in case of election of directors, the votes received by each elected director. The meeting minutes shall be as long as the Company exists.

- XXI. Any matters not sufficiently provided for in these Rules shall be handled in accordance with the Company Act, the Company's Articles of Incorporation, and other applicable laws or regulations.
- XXII. Along with any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

**SOFTSTAR ENTERTAINMENT INC.**  
**Shareholdings of All Directors**

- I. The number of issued shares was 103,883,551 shares.
- II. Pursuant to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the Company minimum number of shares that all Directors should hold is 8,000,000 shares.
- III. The numbers of shares held by the Directors individually and by all Directors as recorded in the shareholders' register as of the closing date, April 27, 2024, is disclosed in the table below: complied with percentage required by law.

Unit: share

Title	Name	Shares held
Chairman	TU, CHUN-KUANG	0
Director	Angel Fund (ASIA) Investments Limited, British Cayman Islands	9,740,562
Director	Oriental Golden Richness LTD	9,708,162
Director	Global Angel Investments Limited	7,545,018
Independent Director	HUNG, PI-LIEN	0
Independent Director	ZHANG, YU-DE	0
Independent Director	HSIEH, YI-CHUN	0
<b>Total</b>		<b>26,993,742</b>