

Stock Code: 6111



**SOFTSTAR
ENTERTAINMENT INC.
2022 Annual Shareholders' Meeting
Meeting Handbook**

Meeting method: In-person meeting

Meeting time: May 27, 2022

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

SOFTSTAR ENTERTAINMENT INC.

Contents

Chapter 1	Meeting Procedure	01
Chapter 2	Meeting Agenda	02
Chapter 3	Report Items	03
Chapter 4	Proposal	04
Chapter 5	Discussion	06
Chapter 6	Election	08
Chapter 7	Others	08
Chapter 8	Extemporaneous Motions	08
Chapter 9	Attachments	
	I. 2021 Business Overview and 2022 Business Plan Report	09
	II. Audit Committee's Review Report	13
	III. Independent Auditor's Report and Financial Statements	14
	IV. Comparison table of provisions before and after the amendments to the "Procedures for the Acquisition or Disposal of Assets"	33
	V. List of Director (including Independent Director) Candidates	45
Chapter 10	Appendices	
	I. Articles of Incorporation	46
	II. Rules of Procedure for Shareholders' Meeting	54
	III. Rules for the Election of Directors	57
	IV. The impact of the free allotment proposed by the Shareholders' Meeting on the Company's operating performance, earnings per share and shareholder return on investment	59
	V. Shareholding situation of Directors	60

Procedure for 2022 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. Election
- VII. Others
- VIII. Extemporaneous Motions
- IX. Meeting Adjourned

Softstar Entertainment Inc.

Agenda of the 2022 Annual Shareholders' Meeting

Meeting method: In-person meeting

Time: 9:00am, Friday, May 27, 2022

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) 2021 Business Report.

(II) 2021 Audit Committee's Review Report.

(III) Report on the 2021 distribution of compensation for employees and directors.

IV. Proposal:

(I) Adoption of the 2021 Business Report and Financial Statements.

(II) Distribution of 2021 earnings.

V. Discussion:

(I) Discussion of the Company's 2021 capitalization of earnings and issuance of new stocks.

(II) Amendment to the "Procedures for the Acquisition or Disposal of Assets".

VI. Election:

Full re-election of directors (including independent directors).

VII. Others:

Release newly elected directors and their representatives from the non-compete clause restrictions.

VIII. Extemporaneous Motions

IX. Meeting Adjourned

Report Items

Report 1: 2021 Business Report

Explanation: Please refer to page 9-12 of this agenda (Attachment I).

Report 2: 2021 Audit Committee's Review Report

Explanation: Please refer to page 13 of this agenda (Attachment II).

Report 3: Report on the 2021 distribution of compensation for employees and directors.

Explanation: According to the Company's Articles of Incorporation and the Company's 2021 profitability, the Company's Remuneration Committee and the Board of Directors approved to distribute 2021 employees' compensation of NT\$31,924,527 in cash, accounting for 3%, and Directors' compensation of NT\$10,641,509 in cash, accounting for 1%.

Proposals

Proposal 1: Adoption of the 2021 Business Report and Financial Statements. [Proposed by the Board of Directors]

Explanation: I. The Company's 2021 parent company only financial statements and consolidated financial statements were audited by CPAs Yu Chien-Ju and Yang Chih-Huei of Ernst & Young Taiwan. The Company's 2021 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 9-12 (Attachment I) and 14-32 (Attachment III) of the agenda for the above mentioned statements and reports.

III. Please recognize.

Resolution:

Proposal 2: Distribution of 2021 earnings. [Proposed by the Board of Directors]

Explanation: I. The proposal for the 2021 earnings distribution is as follows:

Softstar Entertainment Inc.
Earnings Distribution Proposal
2021

Unit: NT\$

Unappropriated earnings of previous years		45,615,777
Plus (less):		
Difference between prices of shares acquired from subsidiaries and book value	11,728,861	
Changes in ownership interests in subsidiaries	(916,588)	
Remeasurement of defined obligations	2,217,994	
Net income for 2021	743,582,915	
Legal reserves	(75,661,318)	
Reversal of special reserves	43,142,047	
Distributable earnings for the period		769,709,688
Less:		
Shareholder dividend - stocks (NT3 per share)	(196,760,680)	
Shareholder dividend - cash (NT3 per share)	(196,760,673)	
Unappropriated Earnings		376,188,335

Chairman: Tu, Chun-Kuang Manager: Tsay, Ming-Hong Chief Accountant: Chuang, Jen-Chuan

- II. The annual after-tax net profit for 2021 was NT\$743,582,915. According to law, the legal reserve and reversal of special reserve were appropriated; and after the earnings at the beginning of the period were added and adjusted, the amount of the distributable earnings was NT\$769,709,688. Therefore, it is proposed to pay shareholders dividends of NT\$393,521,353, including a stock dividend of NT\$196,760,680 (NT\$3 per share) and a cash dividend of NT\$196,760,673 (NT\$3 per share). After the earnings distribution, the balance of the earnings at the end of the period was NT\$376,188,335. Payment of dividends is distributed from the 2021 earnings first.
- III. The aforesaid shareholder allotment and distribution yield are based on the estimated number of shares totaling 65,586,891 that can participate in the distribution. In case that the aforesaid shareholder allotment and distribution yield have to be adjusted due to the changes in the number of shares outstanding caused by the factors such as share repurchase, transfer of treasury stock, cancellation of shares, and capital increase, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle it at its sole discretion.
- IV. The current cash dividends are calculated pursuant to the distribution ratio and rounded down to the whole dollar amounts; the fractional amounts are aggregated and recorded as other income of the Company.
- V. The Shareholders' Meeting is proposed to authorize the Board of Directors to determine the base date for ex-rights and ex-dividends.
- VI. If the matters related to the above earnings distribution need to be changed by the approval of the competent authority or due to other factors, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle them.
- VII. Please recognize.

Resolution:

Discussions

Proposal 1: Proposal for the Company's 2021 capitalization of earnings and issuance of new stocks.
[Proposed by the Board of Directors]

- Explanation: I. The shareholders' meeting is proposed to appropriate NT\$ (the same below) 196,760,680 from 2021 distributable earnings to increase the capital to issue 19,676,068 new shares of common stock, with a denomination of NT\$10 per share.
- II. Calculation is made based on the name of the shareholders and the number of shares they hold listed in the register of shareholders on the base date of the allotment. For example, if the calculated is based on the number of shares totaling 65,586,891 that can participate in the allotment so far, 300 shares would be allotted for every thousand shares in case of capitalization of earnings.
- III. In the case of odd lots in the preceding new share allotment by earnings under the preceding paragraph, the shareholders shall register to make up a share within 5 days from the date of the transfer of the shares; or otherwise the odd lots will be converted into cash according to their denomination (rounded down to a New Taiwan dollar) and the remaining shares are to be subscribed as per their denomination by specific shareholders with whom the Chairman is to negotiate. For the shareholders who participate in the book-entry distribution of shares, the odd lots amount will be used as a fee for handling the book-entry distribution.
- IV. In case that the aforesaid dividend rate has to be adjusted thereafter due to the changes in the number of shares outstanding caused by the factors such as share repurchase, transfer of treasury stock, cancellation of shares, and capital increase, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle it at the sole discretion.
- V. The rights and obligations of the shares newly issued are the same as original shares, and the shares issued are not physical.
- VI. After the proposal is approved by the Shareholders' Meeting and the competent authority, the Board of Directors is authorized to set a base date for capital increase.
- VII. If any of the above-mentioned issues related to the issuance of new shares are

changed upon the approval of the competent authority or due to other factors, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle them.

VIII. Please make the resolution.

Resolution:

Proposal 2: Amendment to the "Procedures for the Acquisition or Disposal of Assets". [Proposed by the Board of Directors]

Explanation: I. In accordance with the Financial Supervisory Commission's Ching-Kuan-Cheng Fa-Tze No. 1110380465 dated January 28, 2022, the Company amended some provisions of its "Procedures for the Acquisition or Disposal of Assets".

II. For the comparison table of the provisions before and after the amendment of the "Procedures for Acquisition or Disposal of Assets", please refer to page 33-44 (Attachment IV) of this Handbook.

III. Please make the resolution.

Resolution:

Election

Case: Full re-election of directors (including independent directors). [Proposed by the Board of Directors]

- Explanation:
- I. The Company intends to advance the full election of all directors (including independent directors), and the term of office of the original directors (including independent directors) will expire upon the completion of this Shareholders' Meeting.
 - II. The election of directors (including independent directors) of the Company shall be based on a candidate nomination system. A total of seven directors (including three independent directors) shall be elected at the annual general meeting and newly appointed directors shall hold office immediately after the Annual Shareholders' Meeting for a term of three years commencing from 27 May 2022 and ending on 26 May 2025.
 - III. For the list of candidates for Directors (including Independent Directors) and their relevant qualifications, experience and number of shares held, please refer to #page 45# (Attachment VII) of this Handbook.

Election Results:

Others

Case: Proposal for the releasing of newly elected directors and their representatives from the non-compete clause restrictions. [Proposed by the Board of Directors]

- Explanation:
- I. In accordance with Company Act Article 209 “a Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
 - II. To take advantage of the expertise and related experience of the Company's Directors, a request shall be made at the Shareholders' Meeting to release of newly elected directors and their representatives from the non-compete clause restrictions in accordance with regulations, and to provide addition information onsite before the case is being discussed at the Shareholders' Meeting.
 - III. Please make the resolution

Resolution:

Extemporary Motions

Meeting Adjourned

2021 Business Overview and 2022 Business Plan Report

The Company's popular IPs "Sword and Fairy", "Xuan Yuan Sword" and "Richman" continue to develop games and video licenses in cooperation with top-tier manufacturers on both sides of the Taiwan Strait, and have been successfully launched in Mainland China, Taiwan, and overseas. In addition to "Xuan Yuan Sword: Dragon Dances in Clouds and Mountains", "Xuan Yuan Sword: Dragon Dances in Clouds and Mountains: Source of Sword" mobile game, "Richman 10" and "Xuan Yuan Sword 7" single-player games, which continue to contribute to the Company's revenue, the Company also recorded revenue from mobile games and video licenses of the Sword and Fairy, Xuan Yuan Sword, and Richman series in 2011, as well as revenue from the printed circuit board business of our new subsidiary, UNIPLUS ELECTRONICS CO., LTD. In the future, the Company will reinforce its IP operations including "Sword and Fairy", "Xuan Yuan Sword", and "Richman" through the development of mobile games, single player games, and online games, as well as invest in the audiovisual and cultural and creative field. Through licensing partnerships with top-tier international manufacturers, we ensure that Softstar products will not be absent in all fields and platforms. We will also release NFT and cross over to the metaverse, while maintaining high investment and high quality to gain the support of the market and players.

The Company is leading the Chinese gaming market in Mainland China, Taiwan, and Hong Kong. It has established a solid foundation in product development, marketing channels, game operations and IP licensing, and is actively entering the digital content market. Details of 2021 operating performance and 2022 operation prospects are as follows:

I. 2021 Business Results

(I) Implementation achievements of the 2021 Business Plan:

The Company's 2021 consolidated operating income was NT\$ 559,406 thousand.

(II) Budget execution and revenue & expenditure:

		Unit: Thousand NT\$
Item		2021 Actual Amount
Operating Revenue		559,406
Operating Costs		(157,229)
Gross Profit (Loss)		402,177
Operating Expenses		(378,729)
Operating Income		23,448
Non-Operating Items		1,029,043
Pre-tax net profits		1,052,491
Income Tax Expenses		(302,863)
Net profits of the period		749,628
Net Profit (Loss) Attributable to:	Owners of the Parent Company	743,583
	Non-Controlling Interests	6,045

(III) Profitability analysis:

Item	2021
Return on total assets	35.63%
Return on total stockholder's equity	59.05%
Operating Income to Capital	3.58%
Pretax Income to Capital	160.47%
Net Income to Sales	134.00%
Earnings per Share after Tax (NT\$)	11.36

(IV) Research and Development:

The Company is committed to the continual development of self-made products, including mobile games, singer player games, and online games development, including "Sword and Fairy", "Xuan Yuan Sword", and "Richman". In 2021, a total of NT\$135,611 thousand in research and development expense was invested, accounting for 36% of the Company's operating expenses.

- (V) In August 2021, the Company transferred 49% equity interests of Chinese IPs Sword and Fairy and Ruanxing Technology (Beijing) Limited Company. In the future, in addition to allowing Sword and Fairy to get the maximum resources in Mainland China, the Company will be able to focus on the international market and build a Chinese game brand with global influence. Through this deal and looking forward to working with our new partner, we hope to leverage the strengths of both parties to enhance our multi-dimensional entertainment partnerships in Mainland China and create new heights of influence for our Sword and Fairy IP.

II. Overview of 2022 Business Plan

(I) Operation guidelines

◎ Research and development of games

- (1) Product R&D Program – Brand IP Promotion: The R&D team will launch the Sword and Fairy Series product “Sword and Fairy Inn 2” this year to extend the popularity of the Sword and Fairy's single-player products, while paving the way for the next major development of the Sword and Fairy IP series.
- (2) Technology R&D Program – Cultivating Local Culture: In addition to continuing to operate the existing popular IP, the R&D team will continue to explore Taiwan's local culture and launch movie tie-in games, such as “The Bridge Curse”, “The Bridge Curse: Road to Salvation”. In addition to Chinese, the games will also support English and Thai language and present the unique Taiwanese culture to the world through games.
- (3) Product R&D Program – Overseas Market Expansion: this year, the R&D team

will build “Sea Horizon” for overseas markets and actively expand the Company's global presence. 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.

◎ Gaming operation

Operate single player games, client games, web games, online games and mobile games in Taiwan, Hong Kong, and Macau. At present, the main products are “Cross Gate” online game, "Xuan Yuan Sword: Source of Sword" mobile game "Xuan Yuan Sword: Dragon Dances in Clouds and Mountains" mobile game.

◎ Release NFT (non-homogenized tokens) and cross over to the metaverse

"Richman Heroes" NFT based on "Richman" was released in March 2022, and users of this NFT will be the first to enter the metaverse. NFT of Sword and Fairy and others will be successively released in the future.

(II) Projected sales

Several mobile games, single player games, NFT products are expected to be launched in 2022, 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.

◎ Release NFT

III. Future development strategies of the Company

The Company's future development will be focused on IP licensing. 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 increasing 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 game MMORPGs in the original Chinese and Asian markets, the Company has also focused on the mobile game industry and release NFT in recent years. Multi-language, multi-theme and multi-platform operational expansion will extend Softstar's products to international markets around the world.

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 and 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 2021 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

2022 Annual Shareholders' Meeting

Convener of the Audit Committee: Hung, Pi-Lien

April 13, 2022

Auditor Report of Independent Auditors

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, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, 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, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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. 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 2021 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 –Royalties

The Company and its subsidiaries’ 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 and its subsidiaries' IP over time or with a right to use the Company and its subsidiaries' 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 and its subsidiaries' recognition of royalties as revenue 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, 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 revenue 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 royalty 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 and its subsidiaries.

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

Revenue Recognition – Sales of goods

The Company and its subsidiaries' revenue from sales of goods during the year ended December 31, 2021 is NT\$142,387 thousand. The sales of goods are contributed from multinational locations including Taiwan, Asia, Europe, etc., and the terms and considerations of sales are different from the major customers. It is important to identify the performance obligations and determine the timing of revenue recognition. There's a significant risk of revenue recognition, we therefore consider this as a key audit matter.

Our audit procedures included, but were not limited to:

1. Assessing the appropriateness of the accounting policies related to revenue recognition and testing the effectiveness of the internal control over the timing of recognizing revenue pertaining to revenue cycle;
2. Sampling and conducting test of details of transactions, including obtaining the orders or contracts

from the major customers, examining the agreed terms and conditions, and determining whether the timing of revenue recognition is consistent with the timing of fulfillment of performance obligation and considerations stated in the contract;

3. Conducting substantive analytical procedures on monthly revenue from sales of goods to compare the changes with the prior period and evaluating if there is any significant and unusual differences; and
4. Performing cut-off testing around the balance sheet date, sampling and validating the reasonableness of transaction timing by reviewing the related evidences.

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

Disposal of the material assets

The shareholders' meeting of the Company held on July 1, 2021 resolved to dispose the material assets, the investment accounting for using the equity method and the intellectual property. On August 5, 2021, the Board of Directors meeting approved the counterparty, transaction price, and the related agreements. Owing to the significant transaction price and in relation to offshore transactions and regulatory compliance, we therefore consider this as a key audit matter.

In response to the risk of material misstatement regarding recognition of gain on disposal of the material assets, our audit procedures included, but were not limited to:

1. Understanding the compliance of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Information Reporting by Companies with TPEX Listed Securities, and other related regulations on the internal approval process and publicly disclosure of material information;
2. Obtaining the relevant documents pertaining to share purchase and equity transfer agreements to examine whether the agreed terms and conditions are fulfilled and confirm the recognition of related gains and transaction costs as well as the accuracy of amounts; and
3. Obtaining and examining the remittance records and comparing the consistency with the booking records to verify the occurrence of the transactions.

We also considered the appropriateness of the consolidated financial statements disclosure regarding the investment accounted for equity method and the non-operating income in Note 5 and 6.

Loss allowance for accounts receivable

The net amount of accounts receivable of the Company and its subsidiaries as of December 31, 2021 is NT\$132,439 thousand, representing 4.4% of total assets, which is material. The provision for impairment of accounts receivable is estimated at an amount equal to lifetime expected credit losses. The accounts receivable should be divided into the corresponding groups, and the assumption utilized in measurement needs to be judged and evaluated. The management's measure of expected impairment loss involves judgement, analytics and estimation, and the results of valuation have

impact on the net amount of accounts receivable, we therefore consider this as a key audit matter.

Our audit procedures included, but were not limited to:

1. Analyzing and performing tests on the provision matrix utilized by the management for the Company and its subsidiaries, including the reasonableness of each aging interval, and sampling the original evidences of its basis to examine the accuracy;
2. Reviewing the collection of accounts receivable after the balance sheet date to evaluate the possibility of accounts receivable recovery; and
3. Conducting substantive analytical procedures to evaluate if there is any significant and unusual changes of the turnover rate between two periods.

We also considered the appropriateness of the consolidated financial statements disclosure regarding accounts receivable and related risk in Note 5 and 6.

Other matter – Reference to the reports of other independent 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 long-term equity investments, is based solely on the audit reports of other auditors. The balance of investments accounted for using the equity method amounted to NT\$221,706 thousand, representing 7.37% of total consolidated assets as of December 31, 2021, and comprehensive loss (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) amounted to NT\$1,876 thousand, representing 0.24% of the consolidated total comprehensive income (loss) for the year ended 31 December, 2021.

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The Company has prepared its standalone financial statement for the years ended December 31, 2021 and 2020 with an unqualified opinion with other matter and an unqualified opinion from us.

Yu, Chien-Ju
Yang, Chih-Huei

Ernst & Young, Taiwan
March 30, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position and 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	As of		Notes	As of	
	December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020
Assets					
Current assets					
Cash and cash equivalents	\$1,795,522	\$238,201	4, 6 and 12	\$130,120	\$27,010
Contract assets, current	-	53,217	4 and 6	4,867	-
Notes receivable, net	18,632	957	4 and 12	30,368	74,145
Accounts receivable, net	132,439	150,476	4, 6 and 12	178,524	45,529
Accounts receivable-related parties, net	299	-	4, 6, 7 and 12	100	-
Other receivables	2,796	189	4	242,657	14,779
Other receivables-related parties	44	5	4 and 7	22,987	11,080
Current income tax assets	8,263	556	4	76,103	65,919
Inventories, net	77,355	645	4 and 6	1,886	1,133
Prepayment	39,245	30,237	4, 6 and 7	687,612	239,595
Other financial assets, current	118,530	14,033	4, 8 and 12		
Total current assets	2,193,125	488,516			
Non-current assets					
Designated financial assets at fair value through profit or loss, non-current	55,037	-	4, 6, 7 and 12	28,527	-
Financial assets at fair value through other comprehensive income, non-current	111,972	63,315	4, 6 and 12	74,048	65,399
Investments accounted for using the equity method	333,369	542,008	4 and 6	2,663	40
Contract assets, non-current	35,046	25,842	4 and 6	58,132	17,965
Property, plant and equipment, net	9,766	8,147	4 and 6	990	313
Right-of-use assets	80,511	29,147	4, 6 and 7	16,904	20,897
Intangible assets	136,751	5,229	4 and 6	181,264	104,614
Deferred tax assets	7,217	18,046	4, 5 and 6	868,876	344,209
Other noncurrent assets	59	-		655,869	630,643
Refundable deposits	12,803	8,551	12	112,491	112,360
Prepayment for investments	-	1,296		52,755	47,123
Other financial assets, non-current	32,006	27,000	4, 8 and 12	291,085	281,771
Total non-current assets	814,537	728,581		802,229	98,402
				(247,943)	(297,625)
				1,666,486	872,674
				472,300	214
Total assets	\$3,007,662	\$1,217,097		2,138,786	872,888
				\$3,007,662	\$1,217,097
Liabilities and Equity					
Current liabilities					
Contract liabilities, current					
Notes payable					
Accounts payable					
Other payables					
Other payables-related parties					
Current income tax liabilities					
Lease liabilities, current					
Current portion of long-term borrowings					
Other current liabilities					
Total current liabilities					
Non-current liabilities					
Contract liabilities, non-current					
Long-term borrowings					
Deferred tax liabilities					
Lease liabilities, non-current					
Other non-current liabilities					
Net defined benefit liabilities					
Total non-current liabilities					
Total liabilities					
Equity attributable to the parent company					
Common stock					
Additional paid-in capital					
Retained earnings					
Legal reserve					
Special reserve					
Unappropriated earnings					
Other components of equity					
Total equity attributable to the parent company					
Non-controlling interests					
Total equity					
Total liabilities and equity					

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, 2021 and 2020

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

Item	Notes	For the Years Ended December 31,	
		2021	2020
Net sales	4, 5, 6 and 7	\$559,406	\$545,369
Cost of goods sold	7	(157,229)	(89,939)
Gross profit		402,177	455,430
Operating expenses	6 and 7		
Sales and marketing expenses		(111,454)	(120,585)
General and administrative expenses		(128,986)	(72,394)
Research and development expenses		(135,611)	(166,552)
Expected credit losses		(2,678)	42,205
Subtotal		(378,729)	(317,326)
Operating income		23,448	138,104
Non-operating income and expenses			
Other income	6 and 7	19,686	31,720
Other gains and losses	6	1,093,887	(2,060)
Finance costs	6	(3,877)	(2,736)
Share of profit or loss of associates and joint ventures accounted for using equity method		(80,653)	(71,261)
Subtotal		1,029,043	(44,337)
Profit before income tax		1,052,491	93,767
Income tax expense	4, 5 and 6	(302,863)	(37,355)
Net income		749,628	56,412
Other comprehensive income (loss)	4 and 6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		2,108	89
Unrealized gains or losses from financial assets at fair value through other comprehensive loss		27,799	7,311
Remeasurements of defined benefit plans of associates and joint ventures accounted for using equity method		2	-
Financial assets at fair value through other comprehensive income of associates and joint ventures accounted for using equity method		9	-
Tax of items that may not be reclassified subsequently to profit or loss		168	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences resulting from translating the financial statements of foreign operations		15,345	(16,625)
Exchange differences resulting from translating the financial statements of foreign operations of associates and joint ventures for using equity method		(11)	-
Total other comprehensive loss, net of tax		45,420	(9,225)
Total comprehensive income		\$795,048	\$47,187
Net income attributable to:			
Stockholders of the parent		\$743,583	\$56,896
Non-controlling interests		6,045	(484)
		\$749,628	\$56,412
Comprehensive income (loss) attributable to:			
Stockholders of the parent		\$788,943	\$47,671
Non-controlling interests		6,105	(484)
		\$795,048	\$47,187
Earnings per share (NTD)	4 and 6		
Earnings per share-basic		\$11.36	\$0.88
Earnings per share-diluted		\$11.28	\$0.87

The accompanying notes are an integral part of the consolidated 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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Description	Retained Earnings			Others Components of Equity						Total	Non-Controlling Interests	Total
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Comprehensive Loss	Unearned Stock-Based Employee Compensation	Treasury Share			
Balance as of January 1, 2020	\$492,945	\$162,992	\$14,582	\$129,557	\$325,404	\$1,280	\$(283,051)	\$(38,812)	\$-	\$804,897	\$43	\$804,940
Appropriation and distribution of 2019 retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	32,541	-	(32,541)	-	-	-	-	-	-	-
Special reserve	-	-	-	152,214	(152,214)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(9,858)	-	-	-	-	(9,858)	-	(9,858)
Stock dividends	88,719	-	-	-	(88,719)	-	-	-	-	-	-	-
Changes in other capital surplus	-	-	-	-	-	-	-	-	-	-	-	-
Stock dividends from additional paid-in capital	49,289	(49,289)	-	-	-	-	-	-	-	-	-	-
Net income (loss) in 2020	-	-	-	-	56,896	-	-	-	-	56,896	(484)	56,412
Other comprehensive income (loss) in 2020	-	-	-	-	89	(16,625)	7,311	-	-	(9,225)	-	(9,225)
Total comprehensive income (loss)	-	-	-	-	56,985	(16,625)	7,311	-	-	47,671	(484)	47,187
Repurchase of treasury share	(250)	(773)	-	-	-	-	-	-	(1,023)	(1,023)	-	(1,023)
Retirement of treasury share	-	-	-	-	-	-	-	-	1,023	(655)	655	-
Changes in ownership interests in subsidiaries	(60)	(570)	-	-	(655)	-	-	-	-	31,642	-	31,642
Share-based payment transactions	-	-	-	-	-	-	-	32,272	-	-	-	-
Balance as of December 31, 2020	\$630,643	\$112,360	\$47,123	\$281,771	\$98,402	\$(15,345)	\$(275,740)	\$(6,540)	\$-	\$872,674	\$214	\$872,888
Balance as of January 1, 2021	\$630,643	\$112,360	\$47,123	\$281,771	\$98,402	\$(15,345)	\$(275,740)	\$(6,540)	\$-	\$872,674	\$214	\$872,888
Appropriation and distribution of 2020 retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	5,632	-	(5,632)	-	-	-	-	-	-	-
Special reserve	-	-	-	9,314	(9,314)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,613)	-	-	-	-	(12,613)	-	(12,613)
Stock dividends	25,226	-	-	-	(25,226)	-	-	-	-	-	-	-
Net income (loss) in 2021	-	-	-	-	743,583	-	-	-	-	743,583	6,045	749,628
Other comprehensive income (loss) in 2021	-	-	-	-	2,218	15,334	27,808	-	-	45,360	60	45,420
Total comprehensive income (loss)	-	-	-	-	745,801	15,334	27,808	-	-	788,943	6,105	795,048
Difference between consideration and carrying amount of subsidiaries acquired	-	131	-	-	11,728	-	-	-	-	11,859	-	11,859
Acquisition of subsidiaries	-	-	-	-	(917)	-	-	-	-	(917)	465,981	465,064
Share-based payment transactions	-	-	-	-	-	-	-	6,540	-	6,540	-	6,540
Balance as of December 31, 2021	\$655,869	\$112,491	\$52,755	\$291,085	\$802,229	\$(11)	\$(247,932)	\$-	\$-	\$1,666,486	\$472,300	\$2,138,786

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SOFSTAR ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Description	For the Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income before tax	\$1,052,491	\$93,767
Adjustments for:		
Depreciation	23,832	23,623
Amortization	5,757	15,575
Expected credit impairment losses (gains)	2,678	(42,205)
Loss on financial assets and liabilities at fair value through profit or loss	4,971	-
Interest expense	3,877	2,736
Interest income	(415)	(189)
Share-based payments expense	6,540	31,642
Share of net loss of associates and joint ventures accounted for using equity method	80,653	71,261
Loss on disposal of property, plant and equipment	3,220	128
Gain on disposal of intangible assets	-	(576)
Gain on disposal of investment	(1,123,088)	-
Impairment loss from non-financial assets	890	957
Loss on lease modification	609	25
Changes in operating assets and liabilities:		
Contract assets	40,014	(2,642)
Notes receivable, net	1,186	826
Accounts receivable, net	109,174	953
Accounts receivable-related parties, net	(299)	11
Other receivables	(1,638)	(165)
Other receivables-related parties	(39)	4,459
Inventories, net	6,572	83
Prepayment	3,931	21,632
Other current assets	107,080	-
Contract liabilities	131,637	(20,868)
Notes payable	(4,120)	-
Accounts payable	(57,603)	(17,244)
Accounts payable-related parties	-	(36,437)
Other payables	33,025	(25,258)
Other payables-related parties	-	(67)
Other current liabilities	(173)	7
Net defined benefit liabilities	(1,966)	-
Cash provided by operations	428,796	122,034
Interest received	415	189
Interest paid	(3,881)	(2,748)
Income tax paid	(52,531)	(21,946)
Net cash provided by operating activities	372,799	97,529
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(20,872)	(12)
Proceeds from disposal of financial assets at fair value through other comprehensive income	109,526	-
Acquisition of financial assets at fair value through profit or loss	(60,008)	-
Acquisition of investments accounted for using equity method	(491,811)	-
Proceeds from disposal of investments accounted for using equity method	1,840,786	-
Acquisition of subsidiaries (net of cash acquired)	(67,673)	-
Disposal of subsidiaries (net of cash acquired)	-	(1,280)
Acquisition of property, plant and equipment	(6,114)	(1,958)
Proceeds from disposal of property, plant and equipment	379	328
Decrease (increase) in refundable deposits	1,165	(552)
Acquisition of intangible assets	(3,736)	(12,448)
Proceeds from disposal of intangible assets	-	632
Decrease (increase) in other financial assets	(104,471)	(9,540)
Decrease (increase) in other noncurrent assets	1,881	-
Net cash provided/(used in) by activities	1,199,052	(24,830)
Cash flows from financing activities:		
Increase in short-term borrowings	-	30,000
Decrease in short-term borrowings	-	(30,000)
Proceeds from long-term borrowings	110,000	25,000
Repayment of long-term borrowings	(91,167)	(1,424)
Repayment of the principal portion of lease liabilities	(19,833)	(18,772)
Cash dividends	(12,613)	(9,858)
Treasury stock transactions	-	(1,023)
Changes in non-controlling interests	(917)	-
Net cash used in by financing activities	(14,530)	(6,077)
Net foreign exchange difference	-	-
Net increase in cash and cash equivalents	1,557,321	66,622
Cash and cash equivalents at beginning of year	238,201	171,579
Cash and cash equivalents at end of year	\$1,795,522	\$238,201

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

Auditor Report of Independent Auditors

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, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and cash flows for the years ended December 31, 2021 and 2020, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company and 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. 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 2021 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, our audit procedures included, but were not limited to:

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

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

Disposal of the material assets by the Company's subsidiary, Time Vision International Limited (TVI)

The shareholders' meeting of the Company held on July 1, 2021 resolved to dispose the material assets, the investment accounted for using the equity method and the intellectual property. On August 5, 2021, the Board of Directors meeting agreed with the counterparty, transaction price, and the related agreements of this disposal. Owing to the significant transaction price and involvement of offshore transactions and regulatory compliance, we therefore consider this as a key audit matter.

In response to the risk of material misstatement regarding recognition of gain on disposal of the material assets, our audit procedures included, but were not limited to:

1. Understanding the compliance of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Information Reporting by Companies with TPEX Listed Securities, and other related regulations on the internal approval process and publicly disclosure of material information;
2. Obtaining the relevant documents pertaining to share purchase and equity transfer agreements to examine whether the agreed terms and conditions are fulfilled and confirm the recognition of related gains and transaction costs as well as the accuracy of amounts; and
3. Obtaining and examining the remittance records and comparing the consistency with the booking records to verify the occurrence of the transactions.

We also considered the appropriateness of the parent company only financial statements disclosure regarding the investment accounted for equity method and the non-operating income in Note 5 and 6.

Other matter – Reference to the reports of other independent 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 balance of investments accounted for using the equity method amounted to NT\$89,121 thousand, representing 3.82% of total assets as of December 31, 2021, and comprehensive loss (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) amounted to NT\$713 thousand, representing 0.09% of the total comprehensive income (loss) for the year ended 31 December, 2021.

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.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yu, Chien-Ju
Yang, Chih-Huei

Ernst & Young, Taiwan
March 30, 2022

Notice to Readers

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SOFSTAR ENTERTAINMENT INC.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	As of		Notes	As of	
	December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020
Assets					
Current assets					
Cash and cash equivalents	\$539,398	\$167,540	4, 6 and 12	\$107,176	\$6,039
Contract assets, current	-	62,573	4, 6 and 7	17,533	69,729
Accounts receivable, net	25,805	140,380	4, 6 and 12	2,207	2,686
Accounts receivable-related parties, net	11,948	31,277	4, 6, 7 and 12	71,387	37,698
Other receivables	14,499	3	4 and 12	-	256
Other receivables-related parties	277,998	1,070	7 and 12	242,632	14,779
Current income tax assets	8,188	556	4	9,568	9,388
Prepayment	12,230	19,745	4 and 7	76,103	65,919
Other financial assets, current	11,448	14,033	4, 8 and 12	1,160	1,135
Total current assets	901,514	437,177		527,766	207,629
Non-current assets					
Financial assets at fair value through profit or loss, non-current	37,894	-	4, 5, 6, and 12	28,526	-
Financial assets at fair value through other comprehensive income, non-current	77,658	50,183	4, 5, 6, and 12	74,048	65,399
Investments accounted for using the equity method	1,209,140	580,780	4 and 6	15,311	8,983
Contract assets, non-current	35,046	25,842	4 and 6	18,739	20,897
Property, plant and equipment	4,429	7,465	4 and 6	136,629	95,319
Right-of-use assets	24,641	18,636	4 and 6	664,395	302,948
Intangible assets	1,257	2,141	4 and 6		
Deferred tax assets	6,007	18,046	4, 5 and 6		
Refundable deposits	4,289	7,056	12	655,869	630,643
Prepayment for investments	-	1,296	-	112,491	112,360
Other financial assets, non-current	29,006	27,000	4, 8 and 12	52,755	47,123
Total non-current assets	1,429,367	738,445		291,085	281,771
Total assets	\$2,330,881	\$1,175,622		802,229	98,402
				(247,943)	(297,625)
				1,666,486	872,674
				\$2,330,881	\$1,175,622
Liabilities and Equity					
Current liabilities					
Contract liabilities, current			4 and 6		
Accounts payable			12		
Accounts payable-related parties			7 and 12		
Other payables			6 and 12		
Other payables-related parties			7 and 12		
Current income tax liabilities			4 and 6		
Lease liabilities, current			4, 6, 7 and 12		
Current portion of long-term borrowings			4, 6, 8 and 12		
Other current liabilities			4, 6, 8 and 12		
Total current liabilities				527,766	207,629
Non-current liabilities					
Contract liabilities, non-current			4 and 6		
Long-term borrowings			4, 6, 8 and 12		
Deferred tax liabilities			4 and 6		
Lease liabilities, non-current			4, 6 and 12		
Net defined benefit liabilities			4 and 6		
Total non-current liabilities				136,629	95,319
Total liabilities				664,395	302,948
Equity					
Common stock			4 and 6	655,869	630,643
Additional paid-in capital			4 and 6	112,491	112,360
Retained earnings			4 and 6	52,755	47,123
Legal reserve				291,085	281,771
Special reserve				802,229	98,402
Unappropriated earnings				(247,943)	(297,625)
Other components of equity				1,666,486	872,674
Total equity				\$2,330,881	\$1,175,622
Total liabilities and equity					

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, 2021 and 2020

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

Item	Notes	For the Years Ended December 31,	
		2021	2020
Net sales	4, 5, 6 and 7	\$366,290	\$428,552
Cost of goods sold	7	(42,604)	(61,954)
Gross profit	6 and 7	323,686	366,598
Operating expenses	6 and 7		
Sales and marketing expenses		(52,422)	(26,808)
General and administrative expenses		(100,408)	(70,472)
Research and development expenses		(126,218)	(166,552)
Expected credit losses		(2,730)	34,672
Subtotal		(281,778)	(229,160)
Operating income		41,908	137,438
Non-operating income and expenses	6		
Other income		15,304	22,432
Other gains and losses		(22,514)	(1,646)
Finance costs		(3,560)	(2,660)
Share of profit or loss of associates and joint ventures accounted for using equity method		990,447	(61,495)
Subtotal		979,677	(43,369)
Profit before income tax		1,021,585	94,069
Income tax expense	4, 5 and 6	(278,002)	(37,173)
Net income		743,583	56,896
Other comprehensive income (loss)	4 and 6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		1,994	89
Unrealized gains or losses from financial assets at fair value through other comprehensive loss			
Remeasurements of defined benefit plans of associates and joint ventures accounted for using equity method		27,858	8,897
Financial assets at fair value through other comprehensive income of associates and joint ventures accounted for using equity method		2	-
Remeasurements of defined benefit plan of subsidiaries, associates, and joint ventures accounted for using equity method		9	-
Financial assets at fair value through other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method		39	-
Tax of items that may not be reclassified subsequently to profit or loss		(59)	(1,586)
Tax of items that may not be reclassified subsequently to profit or loss		183	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences resulting from translating the financial statements of foreign operations		15,345	(16,625)
Exchange differences resulting from translating the financial statements of foreign operations of associates and joint ventures for using equity method		(11)	-
Total other comprehensive loss, net of tax		45,360	(9,225)
Total comprehensive income		\$788,943	\$47,671
Earnings per share (NTD)	4 and 6		
Earnings per share-basic		\$11.36	\$0.88
Earnings per share-diluted		\$11.28	\$0.87

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, 2021 and 2020
(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
Balance as of January 1, 2020	\$492,945	\$162,992	\$14,582	\$129,557	\$325,404	\$1,280	\$(283,051)	\$(38,812)	\$-	\$804,897
Appropriation and distribution of 2019 retained earnings	-	-	-	-	(32,541)	-	-	-	-	-
Legal reserve	-	-	32,541	-	(32,541)	-	-	-	-	-
Special reserve	-	-	-	152,214	(152,214)	-	-	-	-	-
Cash dividends	-	-	-	-	(9,858)	-	-	-	-	(9,858)
Stock dividends	88,719	-	-	-	(88,719)	-	-	-	-	-
Changes in other capital surplus	-	-	-	-	-	-	-	-	-	-
Stock dividends from additional paid-in capital	49,289	(49,289)	-	-	-	-	-	-	-	-
Net income in 2020	-	-	-	-	56,896	-	-	-	-	56,896
Other comprehensive income (loss) in 2020	-	-	-	-	89	(16,625)	7,311	-	-	(9,225)
Total comprehensive income (loss)	-	-	-	-	56,985	(16,625)	7,311	-	-	47,671
Repurchase of treasury share	-	-	-	-	-	-	-	-	(1,023)	(1,023)
Retirement of treasury share	(250)	(773)	-	-	(655)	-	-	-	1,023	-
Changes in ownership interests in subsidiaries	(60)	(570)	-	-	-	-	-	-	-	(655)
Share-based payment transactions	\$630,643	\$112,360	\$47,123	\$281,771	\$98,402	\$(15,345)	\$(275,740)	32,272	\$(6,540)	\$872,674
Balance as of December 31, 2020	\$630,643	\$112,360	\$47,123	\$281,771	\$98,402	\$(15,345)	\$(275,740)	32,272	\$(6,540)	\$872,674
Balance as of January 1, 2021	-	-	-	-	-	-	-	-	-	-
Appropriation and distribution of 2020 retained earnings	-	-	-	-	(5,632)	-	-	-	-	-
Legal reserve	-	-	5,632	-	(5,632)	-	-	-	-	-
Special reserve	-	-	-	9,314	(9,314)	-	-	-	-	-
Cash dividends	-	-	-	-	(12,613)	-	-	-	-	(12,613)
Stock dividends	25,226	-	-	-	(25,226)	-	-	-	-	-
Net income in 2021	-	-	-	-	743,583	-	-	-	-	743,583
Other comprehensive income (loss) in 2021	-	-	-	-	2,218	15,334	27,808	-	-	45,360
Total comprehensive income (loss)	-	-	-	-	745,801	15,334	27,808	-	-	788,943
Repurchase of treasury share	-	-	-	-	-	-	-	-	(1,023)	(1,023)
Retirement of treasury share	(250)	(773)	-	-	-	-	-	-	1,023	-
Difference between consideration and carrying amount of subsidiaries acquired	-	131	-	-	11,728	-	-	-	-	11,859
Changes in ownership interests in subsidiaries	-	-	-	-	(917)	-	-	-	-	(917)
Share-based payment transactions	-	-	-	-	-	-	-	6,540	-	6,540
Balance as of December 31, 2021	\$655,869	\$112,491	\$52,755	\$291,085	\$802,229	\$(11)	\$(247,932)	6,540	\$(6,540)	\$1,666,486

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

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

SOFTSTAR ENTERTAINMENT INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Description	For the Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income before tax	\$1,021,585	\$94,069
Adjustments for:		
Depreciation	15,661	21,300
Amortization	3,293	11,189
Expected credit impairment losses (gains)	2,730	(34,672)
Loss on financial assets and liabilities at fair value through profit or loss	4,971	-
Interest expense	3,560	2,660
Interest income	(135)	(154)
Share-based payments expense	6,540	31,642
Share of (gain) loss of associates and joint ventures accounted for using equity method	(990,447)	61,495
Loss (gain) on disposal of property, plant and equipment	3,276	(52)
Loss on disposal of investment	505	-
Gain on disposal of intangible assets	-	(576)
Impairment loss of non-financial assets	2,688	-
Loss on lease modification	609	23
Changes in operating assets and liabilities:		
Contract assets	49,370	(11,998)
Accounts receivable, net	115,844	890
Accounts receivable-related parties, net	19,329	(2,537)
Other receivables	1	(3)
Other receivables-related parties	1,972	3,971
Prepayment	(11,248)	27,324
Contract liabilities	129,663	(18,766)
Accounts payable	(52,196)	(13,146)
Accounts payable-related parties	(479)	(40,878)
Other payables	33,689	(23,763)
Other payables-related parties	(256)	256
Other current liabilities	25	(195)
Net defined benefit liabilities	(163)	-
Cash provided by operations	360,387	108,079
Interest received	135	154
Interest paid	(2,982)	(2,672)
Income tax paid	(26,825)	(22,587)
Net cash provided by operating activities	330,715	82,974
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(872)	(12)
Proceeds from disposal of financial assets at fair value through other comprehensive income	12	-
Acquisition of financial assets at fair value through profit or loss	(42,865)	-
Acquisition of investments accounted for using equity method	(749,872)	(13,500)
Increase in prepayments for investments	1,296	-
Capital reduction by cash on investments accounted for using the equity method	842,467	4,530
Disposal of subsidiaries	405	-
Acquisition of property, plant and equipment	(3,599)	(1,657)
Proceeds from disposal of property, plant and equipment	150	52
Increase in guarantee deposits paid	2,767	(1,405)
Acquisition of intangible assets	(2,409)	(3,156)
Proceeds from disposal of intangible assets	-	632
Other financial assets	579	(11,012)
Net cash provided/(used in) by activities	48,059	(25,528)
Cash flows from financing activities:		
Proceeds from long-term borrowings	110,000	80,000
Repayment of long-term borrowings	(91,167)	(56,424)
Repayment of the principal portion of lease liabilities	(13,136)	(17,353)
Cash dividends	(12,613)	(9,858)
Treasury stock transactions	-	(1,023)
Net cash used in financing activities	(6,916)	(4,658)
Net increase in cash and cash equivalents	371,858	52,788
Cash and cash equivalents at beginning of year	167,540	114,752
Cash and cash equivalents at end of year	\$539,398	\$167,540

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

Softstar Entertainment Inc.
Comparisons of Amendment for “Procedures for the Acquisition or Disposal of Assets”

Before Amendment	Current	Explanation
<p>V. Professional appraisers and their appraisal officers, certified public accountants, attorneys and securities underwriters, who provide the Company with appraisal reports or opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Security and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers</p>	<p>V. Professional appraisers and their appraisal officers, certified public accountants, attorneys and securities underwriters, who provide the Company with appraisal reports or opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Security and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers</p>	<p>Manage according to Financial Supervisory Commission's Ching-Kuan-Cheng Fa-Tze No. 1110380465 dated January 28, 2022</p>

Before Amendment	Current	Explanation
<p>or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>The professionals referred to in the preceding paragraph shall comply with the self-regulatory rules of their respective trade associations and the following provisions when preparing and issuing an appraisal report or opinion letter:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When working on an assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter. The procedures implemented, data collected, and conclusion reached shall be fully and accurately recorded in the working papers.</p> <p>III. They shall conduct an item-by-item evaluation on the completeness, accuracy, appropriateness and reasonableness of the sources of data, parameters, and information used as the basis of the appraisal report or opinion letter.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is appropriate,</p>	<p>or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>The professionals referred to in the preceding paragraph shall comply with the following provisions when preparing and issuing an appraisal report or opinion letter:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	

Before Amendment	Current	Explanation
<p>reasonable and accurate, and that they have complied with applicable laws and regulations.</p> <p>Chapter 9 Procedures for the acquisition or disposal of marketable securities (I - III and V: omitted)</p> <p>IV. Obtaining Expert Opinion</p> <p>If any of the following applies to the acquisition or disposal of marketable securities and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, an accountant should be consulted prior to the date of occurrence of the fact to express an opinion on the reasonableness of the transaction price. If the accountant is required to use an expert report, he or she shall follow the provisions of Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</p> <ol style="list-style-type: none"> 1. Acquire or dispose of securities not purchased in securities exchanges or OTC venues. 2. Acquiring or disposing of privately placed securities. 	<p>Chapter 9 Procedures for the acquisition or disposal of marketable securities (I - III and V: omitted)</p> <p>IV. Obtaining Expert Opinion</p> <p>If any of the following applies to the acquisition or disposal of marketable securities and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, an accountant should be consulted prior to the date of occurrence of the fact to express an opinion on the reasonableness of the transaction price. If the accountant is required to use an expert report, he or she shall follow the provisions of Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</p> <ol style="list-style-type: none"> 1. Acquire or dispose of securities not purchased in securities exchanges or OTC venues. 2. Acquiring or disposing of privately placed securities. 	<p>Manage according to Financial Supervisory Commission's Ching-Kuan-Cheng Fa-Tze No. 1110380465 dated January 28, 2022</p>
<p>Chapter 10 Procedures for the acquisition or disposal of real estate and other fixed assets:</p> <p>(I - III and V: omitted)</p> <p>IV. Obtaining Expert Opinion:</p> <p>In the event of the Company's acquisition or disposal of real estate and other fixed assets or right-of-use assets thereof where the transaction</p>	<p>Chapter 10 Procedures for the acquisition or disposal of real estate and other fixed assets:</p> <p>(I - III and V: omitted)</p> <p>IV. Obtaining Expert Opinion:</p> <p>In the event of the Company's acquisition or disposal of real estate and other fixed assets or right-of-use assets thereof where the transaction</p>	<p>Manage according to Financial Supervisory Commission's Ching-Kuan-Cheng Fa-Tze No. 1110380465 dated January 28, 2022</p>

Before Amendment	Current	Explanation
<p>amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for the transactions with domestic government agencies, engaging others to build on their own lands, or acquiring others to build on rented land, or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the date of occurrence. And meet the following requirements:</p> <ol style="list-style-type: none"> 1. Due to special circumstances, where a limited price or specified price is used as the basis of reference for the transaction price, the transaction shall be submitted for approval by the Board of Directors in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform 	<p>amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for the transactions with government agencies, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the date of occurrence. And meet the following requirements:</p> <ol style="list-style-type: none"> 1. Due to special circumstances, where a limited price or specified price is used as the basis of reference for the transaction price, the transaction shall be submitted for approval by the Board of Directors in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. In the event that the appraisal results of the professional appraisers encounter any of the following circumstances, except for all of the appraisal results of the assets to be acquired exceeding the transaction amount, or all of the appraisal results of the assets to be disposed of less than the transaction amount, a certified public accountant shall be engaged to perform 	

Before Amendment	Current	Explanation
<p>the appraisal in accordance with the provisions of the Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. The period between the issued date of the appraisal report and the establishment of the contract shall be no more than 3 months. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>Chapter 11. Procedures Governing Related Party Transactions: (I and III - VIII: omitted)</p> <p>II. When the Company intends to acquire or dispose of real property or its right-of-use asset thereof from or to a related party, or when it intends to acquire or dispose of assets other than real</p>	<p>the appraisal in accordance with the provisions of the Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation and to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(2) Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>4. The period between the issued date of the appraisal report and the establishment of the contract shall be no more than 3 months. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>Chapter 11. Procedures Governing Related Party Transactions: (I and III - VIII: omitted)</p> <p>II. When the Company intends to acquire or dispose of real property or its right-of-use asset thereof from or to a related party, or when it intends to acquire or dispose of assets other than real</p>	<p>Manage according to Financial Supervisory Commission's Ching-Kuan-Cheng Fa-Tze No. 1110380465 dated January 28, 2022</p>

Before Amendment	Current	Explanation
<p>property or its right-of-use asset thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and then submitted to the Board of Directors for a resolution:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use asset thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with applicable regulations. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. 	<p>property or its right-of-use asset thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and then submitted to the Board of Directors for a resolution:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use asset thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with applicable regulations. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. 	

Before Amendment	Current	Explanation
<p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 10.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to previously shall be made herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or its right- of-use asset thereof within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of</p>	<p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 10.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to previously shall be made herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or its right- of-use asset thereof within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of</p>	

Before Amendment	Current	Explanation
<p>acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</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 for ratification.</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets for business use. 2. Acquisition or disposal of right-of-use real estate for business use. <p><u>Where the transactions stated in Paragraph 2 appear in the Company or the affiliated companies that are not publicly listed, and the transaction amount reached 10% of the total company assets, the Company shall report the information in Paragraph 2 to the Shareholders' Meeting for approval. The contract can be signed and the payment can be made after the approval is obtained. However, transactions between the Company and its parent company, subsidiaries, or its subsidiaries are excluded.</u></p> <p><u>The calculation of the transaction amounts referred to previously shall be made herein, and "within the preceding year" as used herein refers to the year</u></p>	<p>acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>With respect to the following transactions between the Company and its subsidiary, or between companies in which it directly or indirectly holds 100% of the issued shares or authorized capital: 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 for ratification.</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets for business use. 2. Acquisition or disposal of right-of-use real estate for business use. 	

Before Amendment	Current	Explanation
<p><u>preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</u></p> <p><u>1. The amount of any individual transaction.</u></p> <p><u>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</u></p> <p><u>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or its right-of-use asset thereof within the same development project within the preceding year.</u></p> <p><u>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</u></p>		
<p>Chapter 12 Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships are as follows: (I - III: omitted)</p> <p>IV. Obtaining Expert Opinion: In addition, if the transaction amount is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction</p>	<p>Chapter 12 Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships are as follows: (I - III: omitted)</p> <p>IV. Obtaining Expert Opinion: In addition, if the transaction amount is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction</p>	<p>Manage according to Financial Supervisory Commission's Ching-Kuan-Cheng Fa-Tze No. 1110380465 dated January 28, 2022</p>

Before Amendment	Current	Explanation
<p>price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</p> <p>The calculation of the transaction amounts referred to previously shall be done herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. <p>Chapter 17. Information Disclosure Procedures</p> <p>I. Criteria for items to be announced and reported (1 - 6 and 8: omitted)</p> <p>7. In addition the provisions of the former six Paragraphs, any transactions of assets, disposal of debts by financial institutions or investment in Mainland China which have reach a transaction amount of up to 20% of the Company's paid-up capital or more than NT\$300 million. The following situations are not subject to this limit:</p>	<p>price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</p> <p>The calculation of the transaction amounts referred to previously shall be done herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. <p>Chapter 17. Information Disclosure Procedures</p> <p>I. Criteria for items to be announced and reported (1 - 6 and 8: omitted)</p> <p>7. In addition the provisions of the former six Paragraphs, any transactions of assets, disposal of debts by financial institutions or investment in Mainland China which have reach a transaction amount of up to 20% of the Company's paid-up capital or more than NT\$300 million. The following situations are not subject to this limit:</p>	
<p>price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</p> <p>The calculation of the transaction amounts referred to previously shall be done herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. <p>Chapter 17. Information Disclosure Procedures</p> <p>I. Criteria for items to be announced and reported (1 - 6 and 8: omitted)</p> <p>7. In addition the provisions of the former six Paragraphs, any transactions of assets, disposal of debts by financial institutions or investment in Mainland China which have reach a transaction amount of up to 20% of the Company's paid-up capital or more than NT\$300 million. The following situations are not subject to this limit:</p>	<p>price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</p> <p>The calculation of the transaction amounts referred to previously shall be done herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. <p>Chapter 17. Information Disclosure Procedures</p> <p>I. Criteria for items to be announced and reported (1 - 6 and 8: omitted)</p> <p>7. In addition the provisions of the former six Paragraphs, any transactions of assets, disposal of debts by financial institutions or investment in Mainland China which have reach a transaction amount of up to 20% of the Company's paid-up capital or more than NT\$300 million. The following situations are not subject to this limit:</p>	<p>Manage according to Financial Supervisory Commission's Ching-Kuan-Cheng Fa-Tze No. 1110380465 dated January 28, 2022</p>

Before Amendment	Current	Explanation
<p>(1) Buy and sell domestic bonds or foreign bonds with credit ratings not lower than the sovereign rating of the country.</p> <p>(2) Trading of securities on the stock exchange or securities dealer office, or subscribe for foreign bonds or ordinary corporate bonds and general financial bonds not involving equity interests (excluding subordinated bonds) in the primary market, or subscribe for or buy back securities investment trusts or futures trusts, or subscribe for or sell back securities investment trusts or futures trusts, or subscribe for or sell back index investment securities, or securities underwritten by a securities dealer for the purpose of underwriting business and act as an advisor to listed companies at emerging stock market to subscribe for securities in accordance with the regulations of the TPEX.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	<p>(1) Trading of domestic government bonds.</p> <p>(2) Trading marketable securities on the stock exchange or securities dealer office, or subscribe for ordinary corporate bonds and general financial debentures not involving equity interests (excluding subordinated bonds) in the primary market, or subscribe or sell back securities investment trusts or futures trusts, or securities underwritten by the Company for the purpose of underwriting and act as an advisor to listed companies at emerging stock market to subscribe for securities in accordance with the regulations of the TPEX.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p>	
<p>Chapter 20. Amendment History of the Procedures 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>The 2nd Amendment: Approved in the Shareholders'</p>	<p>Chapter 20. Amendment History of the Procedures 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>The 2nd Amendment: Approved in the Shareholders'</p>	<p>Addition of revision date</p>

Before Amendment	Current	Explanation
<p>Meeting on June 24, 2002.</p> <p>The 3rd Amendment: Approved in the Shareholders' Meeting on June 13, 2007.</p> <p>The 4th Amendment: Approved in Shareholders' Meeting on June 27, 2012.</p> <p>The 5th Amendment: Approved in Shareholders' Meeting on April 23, 2014.</p> <p>The 6th Amendment: Approved in Shareholders' Meeting on June 22, 2017.</p> <p>The 7th Amendment: Approved in Shareholders' Meeting on June 10, 2019.</p> <p><u>The 8th Amendment: Approved in Shareholders' Meeting on May 27, 2022.</u></p>	<p>Meeting on June 24, 2002.</p> <p>The 3rd Amendment: Approved in the Shareholders' Meeting on June 13, 2007.</p> <p>The 4th Amendment: Approved in Shareholders' Meeting on June 27, 2012.</p> <p>The 5th Amendment: Approved in Shareholders' Meeting on April 23, 2014.</p> <p>The 6th Amendment: Approved in Shareholders' Meeting on June 22, 2017.</p> <p>The 7th Amendment: Approved in Shareholders' Meeting on June 10, 2019.</p>	

List of Candidates of Directors (Including Independent Directors)

List of Director Candidates

No.	Nationality	Name	Academic backgrounds	Experience	Current position	Number of shares held	Representing Name of Institutional Shareholder
1	The Republic of China	TU, CHUN-KUANG	Tamkang University Department of Civil Engineering	Softstar Entertainment Inc. Chairman	Softstar Entertainment Inc. Chairman	0	N/A
2	British Cayman Islands	Angel Fund (Asia) Investments Limited	N/A	N/A	Softstar Entertainment Inc. Director	9,018,562	N/A
3	The Republic of China	Global Angel Investments Limited	N/A	N/A	None	3,594,639	N/A
4	The Republic of China	Oriental Golden Richness LTD	N/A	N/A	None	3,039,325	N/A

List of Independent Director Candidates

No.	Nationality	Name	Academic backgrounds	Experience	Current position	Number of shares held	Representing Name of Institutional Shareholder
1	The Republic of China	HUNG, PI-LIEN	Bachelor of Accounting, National Chengchi University Master of Accounting, National Chengchi University	Banking Officer, Taipei Exchange Supervisor, LIWANLI Innovation Co., Ltd.	Independent Director of Softstar Entertainment Inc. Independent Director of ATrack Technology Inc.	0	N/A
2	The Republic of China	ZHANG, YU-DE	Bachelor of Economics, Simon Fraser University	KGI Securities Co. Ltd. Sales Manager	Director of Te-ken Asset Management Co. Ltd. Director of Kai-Te-Hsiang-Yu Co. Ltd. Xin-Zhan Development Investment Co. Ltd.	0	N/A
3	The Republic of China	HSIEH, YI-CHUN	Golden Gate University Master of Marketing	COO of The Playground Investment Limited	General Manager of Nava Games Co. Ltd	0	N/A

SOFTSTAR ENTERTAINMENT INC. Articles of Incorporation

Chapter I General Provisions

- Article 1-1 The Company was organized in accordance with the Company Act. (English name is 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.

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' Meetings, 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.

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. The Rules, along with any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

Softstar Entertainment Inc.

Rules for Election of Directors

- Article 1. The Company's election of Directors shall be handled in accordance with these Rules, unless otherwise provided by laws or Articles of Incorporation.
- Article 2. The Company's election of Directors shall be held at the Shareholders' Meeting. The overall composition of the Board of Directors shall be taken into consideration in the election of the Company's Directors Board members shall possess knowledge, skills, and qualities required to carry out their duties. Abilities needed for each member are as follows:
1. Business judgment ability.
 2. Accounting and financial analysis ability.
 3. Business management ability.
 4. Crisis management ability.
 5. Knowledge of the industry.
 6. International market perspective.
 7. Leadership.
 8. Decision-making ability.
- More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other Directors.
- Article 3. The cumulative voting method shall be used for the election of the Company's Directors. Each share will have voting rights in number equal to the Directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 4. The election of Directors of the Company shall be conducted in accordance with the candidate nomination system set out in Article 192-1 of the Company Act.
- If the dismissal of a Director results in a Board with less than five Directors, the Company shall hold a by-election at the next Shareholders' Meeting. However, if Director vacancies reach one third of seats stipulated by regulations, the Company shall hold a Extraordinary Shareholders' Meeting to elect Directors within 60 days from the date of such occurrence. When the number of Independent Directors falls below that is required by the law, a by-election shall be held at the next Shareholders' Meeting. When the Independent Directors are dismissed en masse, an Extraordinary Shareholders' Meeting shall be called within 60 days from the date of such occurrence to hold a by-election.
- Article 5. The Directors of the Company shall calculate the voting rights of common Directors and Independent Directors in accordance with the Company's Articles of Incorporation. They shall be acted upon by those representing more voting rights in order. If there are two or more persons obtaining the same number of rights exceeding the stipulated quota, a decision shall be made by drawing lots, and the chair shall draw on behalf of the those absent.

- Article 6. In preparing the ballots, the Board of Directors shall specify on the ballots the number of voting rights associated with each ballot. However, if voting rights are exercised electronically, no ballot will be prepared.
- Article 7. Before the election begins, the chair shall appoint a number of persons with shareholder status as vote monitoring personnel and counting personnel to perform the duties of vote monitoring and counting, respectively.
- Article 8. If a candidate is a shareholder, the voter shall enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name on the ballot, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.
- Article 9. Ballots are deemed void in any of the following circumstances:
1. The ballot was not prepared by the Board of Directors.
 2. A blank ballot is placed in the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 5. Other words or marks are written on the ballot in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted. Nonetheless, this does not apply to those handled in accordance with Article 8.
 6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such an individual.
- Article 10. The voting rights shall be calculated on site immediately after the end of the poll, and the list of persons elected as the directors shall be announced by the chair or a person designated by the chair on site.
- Article 11. These Rules and any amendments thereto shall be implemented after the approval by a Shareholders' Meeting.

The Effect of Proposed Stock Dividends in this Shareholders' Meeting on the Company's Operating Performance, Earnings Per Share, and Return on Equity:

		2022 (Estimate)
Beginning paid-in capital		NT\$655,868,910
Distribution of shares and dividends in the current fiscal year (Note 1)	Cash dividend per share	3.0
	Number of shares allotted for capital transferred from earnings	3.0
	Capital reserve to capital increase	-
Changes in operating performance	Operating Income	(Note 2)
	Operating profit increase (decrease) ratio over the same period last year	
	NIAT	
	Ratio of increase (decrease) in NIAT compared with the same period in previous year	
	Earnings (loss) per share (NT\$)	
	Earnings per share increase (decrease) ratio over the same period last year	
	Annual average return on investment (annual average P/E ratio)	
Pro-forma earnings per share and P/E ratio	If capital transferred from capital reserve is replaced by cash dividends distribution	Proposed Earnings Per Share
		Pro-forma Average Annual Return on Investment
	If capital transferred from capital reserve is not conducted	Proposed Earnings Per Share
		Pro-forma Average Annual Return on Investment
	If capital reserve has not been prepared and capital transferred from earnings is changed into distribution of cash dividends	Proposed Earnings Per Share
		Pro-forma Average Annual Return on Investment

Note 1: The distribution is in accordance with the resolution passed by the Board on April 13, 2022, and calculated on the basis of 65,586,891 shares available for distribution at present; It has not yet been approved by the Annual Shareholders' Meeting in 2022.

Note 2: The Company did not publish the 2022 financial forecasts, so it is not required to disclose the information.

Softstar Entertainment Inc.
Shareholdings of All Directors

- I. The number of issued shares was 65,586,891 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 has set up three Independent Directors, and all Directors other than the Independent Directors have reduced the number of shares held according to the preceding paragraph to 80%. The minimum number of shares that all Directors should hold is 5,246,951 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, March 29, 2022, is disclosed in the table below: complied with percentage required by law.

Title	Name	Shares held
Chairman	TU, CHUN-KUANG	0
Director	Angel Fund (ASIA) Investments Limited, British Cayman Islands	9,018,562
Director	British Virgin Islands Stone Capital Group Co., Ltd.	10,320
Independent Director	HUNG, PI-LIEN	0
Independent Director	HSIEH, GUO-DONG	0
Total		9,028,882