SOFTSTAR ENTERTAINMENT INC.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

Registration Address: 22F.-1, No. 77, Sec. 2, Dunhua S. Road, Da'an District, Taipei, Taiwan
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The reader is advised that parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To Softstar Entertainment Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition－Royalties

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

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

1. Understanding the approach in which royalty revenue is recognized, evaluating and testing the internal controls regarding the recognition of royalties;

2. Obtaining the license agreements, identifying performance obligations, defining the transaction prices, and determining whether revenues are recognized over time or at a point in time;

3. Obtaining the details of recognition of royalties and confirming whether the performance obligations of the license agreement have been fulfilled; obtaining the details of royalty revenue allocation of games development and confirming the correctness of the development period and revenue allocation stated in the license agreements; and

4. Reviewing the reasonableness of the estimated allocation periods and the correctness of the calculation of royalty revenues allocation provided by the Company.

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

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

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

Our audit procedures included, but were not limited to:

1. Understanding management's assessment processes and policies related to goodwill impairment;

2. Understanding management's criteria for identifying cash generating units and determining the measurement methods of recoverable amount, and reviewing the calculation process using the fair value less costs of disposal and value-in-use methods;

3. Understanding management's assessment process and basis for the projected growth rates and gross profit margins of the acquired companies' future operating prospects; and

4. Evaluating the valuation models and significant assumptions (including discount rates, etc.) utilized by management, and comparing the assumptions with market data and historical financial information to assess the reasonableness of management's judgments.

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

Other Matter – Making Reference to the Audits of Other Auditors

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

/s/Yu, Chien-Ju
/s/Lu, Chien-Uen

Ernst & Young, Taiwan
March 29, 2024

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

SOFTSTAR ENTERTAINMENT INC.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022 (Adjusted)

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31, 2023	As of December 31, 2022
Current assets			
Cash and cash equivalents	4 and 6	$180,575	$351,909
Financial assets at fair value through profit or loss, current	4 and 6	3,000	-
Contract assets, current	4, 6 and 7	-	2,421
Accounts receivable, net	4 and 6	9,959	24,930
Accounts receivable-related parties, net	4, 6 and 7	17,180	26,077
Other receivables	4	7,995	6,916
Other receivables-related parties	7	4,269	28,260
Current income tax assets	4	1,389	3,117
Prepayment	4 and 7	75,345	38,746
Other financial assets, current	4, 6 and 8	3,012	96,431
Other current assets		2,011	46
Total current assets		304,735	578,853
Non-current assets			
Financial assets at fair value through profit or loss, non-current	4 and 6	26,131	27,687
Financial assets at fair value through other comprehensive income, non-current	4 and 6	23,007	9,546
Investments accounted for using the equity method	4 and 6	1,586,394	1,765,284
Contract assets, non-current	4 and 6	6,495	3,638
Property, plant and equipment	4 and 6	8,826	4,065
Right-of-use assets	4 and 6	32,890	31,328
Intangible assets	4 and 6	17,371	1,496
Deferred tax assets	4 and 6	22,521	3,674
Refundable deposits		5,094	7,492
Other financial assets, non-current	4, 6 and 8	37,553	19,570
Total non-current assets		1,766,282	1,873,780
Total assets		$2,071,017	$2,452,633

Liabilities and Equity	Notes	As of December 31, 2023	As of December 31, 2022
Current liabilities			
Short-term borrowings	4, 6 and 8	$142,000	$193,000
Contract liabilities, current	4 and 6	19,805	14,232
Notes payable		201	-
Accounts payable		11,429	13,443
Accounts payable-related parties	7	2,120	5,590
Other payables	6	38,969	61,752
Other payables-related parties	7	455	298
Current income tax liabilities	4 and 6	45,340	5,051
Lease liabilities, current	4 and 6	13,103	17,996
Current portion of long-term borrowings	4, 6 and 8	83,114	47,089
Other current liabilities		1,731	2,959
Total current liabilities		358,267	361,410
Non-current liabilities			
Contract liabilities, non-current	4 and 6	-	25,940
Long-term borrowings	4, 6 and 8	129,596	27,041
Deferred tax liabilities	4 and 6	-	900
Lease liabilities, non-current	4 and 6	21,486	14,135
Net defined benefit liabilities	4 and 6	8,851	8,990
Investments accounted for using the equity method in credit balance	4 and 6	-	33,809
Total non-current liabilities		159,933	110,815
Total liabilities		518,200	472,225
Equity			
Common stock	4 and 6	1,038,836	852,630
Additional paid-in capital	4 and 6	263,061	158,340
Retained earnings	4 and 6		
Legal reserve		175,480	128,417
Special reserve		146,211	247,943
Unappropriated earnings		255,999	841,135
Other components of equity		(183,322)	(146,210)
Treasury shares		(143,448)	(101,847)
Total equity		1,552,817	1,980,408
Total liabilities and equity		$2,071,017	$2,452,633

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

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

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

SOFTSTAR ENTERTAINMENT INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022 (Adjusted)

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

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

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

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

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

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

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

Note: For the year ended December 31, 2023, employees’ compensation and remuneration to directors and supervisors were both NT$0 thousand, while for the year ended December 31, 2022, employees’ compensation and remuneration to directors and supervisors were NT$21,398 thousand and NT$7,133 thousand, respectively, and had already been deducted in the statement of comprehensive income.

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

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, 2023 and 2022 (Adjusted)

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

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

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and organization

Softstar Entertainment Inc. (“the Company”), formerly known as Cyber Power Systems, Inc., was incorporated in August 1998 in the Republic of China and it changed its name to Softstar Entertainment Inc. the same year. The Company main business include online games, game software; instructional software; and research, design, sales of computer peripherals. On August 8, 2001, the Company listed its shares of stock on the Taipei Stock Exchange (TPEX). The Company’s registered office and the main business location is at 22F.-1, No. 77, Sec. 2, Dunhua S. Road, Taipei, Republic of China (R.O.C.).

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

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on March 29, 2024.

3. Newly issued or revised standards and interpretations

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standard and amendment had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. Apart from items (a) and (c) explained or which the Company for the time being is unable to reasonably estimate the impact of said standards or interpretations on the Company, the remaining standards and interpretations have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations).

(2) Basis of preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

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

(3) Foreign currency transactions

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

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

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

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

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

(4) Translation of financial statements in foreign currency

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

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

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

(5) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

(A) The Company expects to settle the liability in its normal operating cycle.
(B) The Company holds the liability primarily for the purpose of trading.
(C) The liability is due to be settled within twelve months after the reporting period.
(D) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

(A) Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

Financial asset measured at fair value through profit or loss

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

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

(B) Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

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

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

(C) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(D) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(E) Offsetting of financial instruments

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

(8) Fair value measurement

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

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

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

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

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

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

(9) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

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

(10) Property, plant and equipment

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

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

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

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

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

(11) Leases

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

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

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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(12) Intangible assets

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

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

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

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

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

Computer software

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

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

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

(13) Impairment of non-financial assets

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

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

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

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

(14) Treasury stocks

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

(15) Revenue recognition

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

Rendering of services

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

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

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

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

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

Costs to fulfill a contract

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

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

(16) Borrowing Costs

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

(17) Government grants

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

(18) Post-employment benefits

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

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

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

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

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

(19) Share-based payment transactions

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

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

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

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

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

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

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

(20) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

5. Significant accounting judgements, estimates and assumptions

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

(1) Judgement

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

A. Revenue recognition – royalties

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

(2) Estimates and assumptions

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

A. Estimate of variable consideration

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

B. Accounts receivables–estimate of impairment loss

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

C. Fair value of financial instruments

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

D. Impairment of non-financial assets

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

E. Income tax

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

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand & petty cash	$230	$250
Checking and saving accounts	180,345	351,659
Total	$180,575	$351,909

(2) Accounts receivable and Accounts receivable-related parties

	As of December 31,	
	2023	2022
Accounts receivable	$26,535	$29,529
Less: loss allowance	(16,576)	(4,599)
Subtotal	9,959	24,930
Accounts receivable from related parties	17,180	26,077
Less: loss allowance	-	-
Subtotal	17,180	26,077
Total	$27,139	$51,007

Accounts receivables were not pledged.

Accounts receivables are generally on 30-90 day terms. The total carrying amount as of December 31, 2023 and 2022 are NT$43,715 thousand and NT$55,606 thousand, respectively. Please refer to Note 6 (16) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(3) Other financial assets

	As of December 31,	
	2023	2022
Reserve account-time deposits	$-	$61,420
Reserve account-demand deposits	40,565	54,581
Total	$40,565	$116,001
Current	$3,012	$96,431
Non-current	$37,553	$19,570

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

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

	As of December 31,	
	2023	2022
Financial assets designated at fair value through profit or loss:		
Cathy Private Equity Smart Technology Limited Partnership	$12,910	$12,424
Cathy Private Equity Ecology Limited Partnership	9,293	12,263
Vertex Ventures (SG) SEA V LP	3,928	-
Film investment agreement (Note)	3,000	3,000
Total	$29,131	$27,687
Current	$3,000	$-
Non-current	$26,131	$27,687

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

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

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

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income, noncurrent:		
Over-the-counter stocks		
Newretail Co., Ltd.	$6,951	$-
Emerging market stock		
Meimaii Technology Co., Ltd (Note)	3,085	3,386
Private company stocks		
Taiwan Smart Card Co.	12,971	6,160
Funfia Inc.	-	-
Total	$23,007	$9,546

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

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

(6) Investments accounted for using the equity method

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

	As of December 31,				
	2023		2022 (Adjusted)		
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Note
Investments in subsidiaries:					
Uniplus Electronics Co., Ltd.	$432,983	43.76%	$285,701	34.39%	1
Lanjing Ltd.	345,375	100%	353,532	100%	2, 3
Jiwei Technology Ltd.	204,290	100%	190,341	100%	2, 3, 4, 5
Red Sunrise Co., Ltd.	202,091	55.60%	190,447	50.72%	6
Chander Electronics Corp.	129,812	13.02%	118,371	11.26%	2, 3, 7
Gamebase Digital Media Corporation	99,075	100%	123,071	100%	8
JFN Investment Holding Corp.	82,812	100%	84,818	100%	2, 3
Time Vision International Limited	30,355	100%	369,947	100%	
New Profit Holding Limited	26,386	100%	27,074	100%	2, 3
Loftstar Interactive Entertainment Inc.	11,464	100%	-	-%	9
Softstar Animation Limited	6,950	100%	6,807	100%	
Softstar Singapore Private Limited	1,714	100%	-	-%	10
Activision Entertainment Ltd.	886	100%	943	100%	
Zhu International Group Inc.	757	100%	-	-%	11
Subtotal	1,574,950		1,751,052		
Investments in associates:					
Double Edge Entertainment Corp.	11,084	30.31%	12,597	30.31%	
A.R.T. Games Co., Ltd.	360	49%	1,635	49%	
Chia-e International Inc.	-	28.21%	-	28.21%	
Subtotal	11,444		14,232		
Net amount of investments accounted for using the equity method	$1,586,394		$1,765,284		
Carrying amount of investments accounted for using the equity method	$1,586,394		$1,765,284		
Less: credit balance of investments accounted for using the equity method	-		(33,809)		9
Total	$1,586,394		$1,731,475		

Note1: In February 2023, Uniplus Electronics Co., Ltd. conducted a private placement for a cash capital increase of NT$195,000 thousand, totaling 30,000 thousand shares, all of which were subscribed by the Company, resulting in 43.76% shareholding ratio.

Note2: The Company had completed the fair value valuation of Chander Electronics Corp. as of the acquisition date, and the Company directly and through its subsidiaries, Lanjing Ltd., Jiwei Technology Ltd., JFN Investment Holding Corp. and New Profit Holding Limited indirectly held investment in Chander Electronics Corp. accounted for using the equity method as of December 31, 2022, which was reduced by NT$3,894 thousand.

Note3: On December 31, 2023 and 2022, the Company directly and through its subsidiaries, Lanjing Ltd., Jiwei Technology Ltd., JFN Investment Holding Corp. and New Profit Holding Limited indirectly held 42.49% and 40.73% of Chander Electronics Corp.'s shares, respectively. The financial statements of Chander Electronics Corp. were audited by other auditors.

Note4: The Company had completed the fair value valuation of Array Inc. which was indirectly held by the subsidiary, Jiwei Technology Ltd. as of the acquisition date. The amount of investment accounted for using the equity method of Array Inc. as of December 31, 2022 was adjusted and was reduced by NT$1,797 thousand.

Note5: The Company through its subsidiary, Jiwei Technology Ltd., indirectly held 36.17% and 41.42% of shareholdings of Array Inc. on December 31, 2023 and 2022. The financial statements of Array Inc. were audited by other auditors.

Note6: In July 2023, the Company acquired 680 thousand shares of Red Sunrise Co., Ltd. from its original shareholders, resulting in an increase in ownership to 55.60%.

Note7: In March 2023, the Company acquired 2,000 thousand shares of Chander Electronics Corp. from Uniplus Electronics Co., Ltd. for NT$48,200 thousand, increasing its shareholdings to 13.74%. The Company sold a total of 582 thousand shares of Chander Electronics Corp. during December 2023, thus the Company's shareholding ratio reduced to 13.02%.

Note8: On December 31, 2023 and 2022, the Company through the subsidiary, Gamebase Digital Media Corporation, indirectly held 35.72% and 34.25% shareholdings of Niusnews Co., Ltd. The financial statements of Niusnews Co., Ltd. were audited by other auditors.

Note9: On December 31, 2022, the investments accounted for using equity method of Loftstar Interactive Entertainment Inc. was recognized in credit balance.

Note 10: The Company established Softstar Singapore Private Limited registered in Singapore with 100% shareholdings, and the investment amount was NT$3,191 thousand.

Note 11: The Company invested and established Zhu International Group Inc. on December 12, 2023.

A. Investment in subsidiaries

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

B. Investment in associates

The Company's investments in Double Edge Entertainment Corp., A.R.T. Games Co., Ltd., and Chia-e International Inc. are not individually material. The aggregate carrying amount of the Company's interests in Double Edge Entertainment Corp., A.R.T. Games Co., Ltd., and Chia-e International Inc. is NT$11,444 thousand and NT$14,232 thousand as of December 31, 2023 and 2022. The aggregate financial information of the Company's investments is as follows:

	For the years ended December, 31	
	2023	2022
Loss from continuing operations	$(7,573)	$(9,960)
Other comprehensive income (net of tax)	-	2
Total comprehensive loss	$(7,573)	$(9,958)

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

	Gain (loss) on investment	
	For the years ended December 31	
	2023	2022
Double Edge Entertainment Corp.	$(1,507)	$(705)
A.R.T. Games Co., Ltd.	(1,275)	(1,788)
Total	$(2,782)	$(2,493)

D. The aforementioned the subsidiaries and associates had no contingent liabilities or capital commitments as of December 31, 2023 and 2022. Please refer to Note 8 for further details on pledged bank borrowings.

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

(7) Property, plant and equipment

	As of December 31, 2023	As of December 31, 2022
Owner occupied property, plant and equipment	$8,826	$4,605

	Machinery and equipment	Office equipment	Leasehold improvements	Total
Cost:				
As of January 1, 2023	$6,423	$11,328	$2,807	$20,558
Additions	951	2,159	5,415	8,525
Disposals	(18)	(586)	-	(604)
Transfers	537	(537)	-	-
As of December 31, 2023	$7,893	$12,364	$8,222	$28,479
As of January 1, 2022	$6,045	$11,860	$2,814	$20,719
Additions	269	611	2,807	3,687
Disposals	(16)	(1,018)	(2,814)	(3,848)
Transfers	125	(125)	-	-
As of December 31, 2022	$6,423	$11,328	$2,807	$20,558
Depreciation and impairment:				
As of January 1, 2023	$5,933	$10,021	$539	$16,493
Depreciation	566	717	2,412	3,695
Disposals	(18)	(517)	-	(535)
Transfers	(362)	362	-	-
As of December 31, 2023	$6,119	$10,583	$2,951	$19,653
As of January 1, 2022	$5,337	$10,027	$926	$16,290
Depreciation	607	892	853	2,352
Disposals	(16)	(893)	(1,240)	(2,149)
Transfers	5	(5)	-	-
As of December 31, 2022	$5,933	$10,021	$539	$16,493
Net carrying amounts as of:				
December 31, 2023	$1,774	$1,781	$5,271	$8,826
December 31, 2022	$490	$1,307	$2,268	$4,065

Property, plant and equipment were not pledged.

(8) Intangible assets

	Computer software	Other intangible assets	Total
Cost:			
As of January 1, 2023	$16,634	$-	$16,634
Addition-acquired separately	8,827	12,838	21,665
Deduction-derecognized	(2,963)	(1,260)	(4,223)
As of December 31, 2023	$22,498	$11,578	$34,076
As of January 1, 2022	$17,451	$-	$17,451
Addition-acquired separately	2,701	-	2,701
Deduction-derecognized	(3,518)	-	(3,518)
As of December 31, 2022	$16,634	$-	$16,634
Amortization and impairment:			
As of January 1, 2023	$15,138	$-	$15,138
Amortization	4,517	-	4,517
Impairment	-	13	13
Deduction-derecognized	(2,963)	-	(2,963)
As of December 31, 2023	$16,692	$13	$16,705
As of January 1, 2022	$16,194	$-	$16,194
Amortization	2,462	-	2,462
Deduction-derecognized	(3,518)	-	(3,518)
As of December 31, 2022	$15,138	$-	$15,138
Net carrying amount as of:			
December 31, 2023	$5,806	$11,565	$17,371
December 31, 2022	$1,496	$-	$1,496

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

	For the years ended December, 31	
	2023	2022
Operating costs	$-	$-
Sales and marketing expenses	$68	$-
General and administrative expenses	$290	$201
Research and development expenses	$4,159	$2,261

(9) Short-term borrowings

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

	As of December 31, 2022		
	Interest Rate	Expiration date	Amount
Secured loan	2.06%~2.51%	December 27, 2023	$193,000

The Company's unused short-term line of credit amounted to NT$30,000 thousand and NT$45,000 thousand as of December 31, 2023 and 2022.

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

(10) Other payables

	As of December 31,	
	2023	2022
Salary payable	$23,824	$50,498
Professional service fees payable	6,032	2,911
VAT payable	2,812	2,161
Insurance payable	2,216	1,997
Other accrued expenses	4,085	4,185
Total	$38,969	$61,752

(11) Long-term borrowings

Details of long-term loans are as follows:

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

Lenders	As of December 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Bank of Panhsin secured loan	$26,798	2.60%	Repayable monthly from July 26, 2021 to July 26, 2024 and interest paid monthly.
Taiwan Cooperative Bank secured loan	21,437	2.39%	Repayable monthly from December 24, 2020 to December 24, 2025 and interest is paid monthly.
The Shanghai Commercial & Savings Bank secured loan	12,732	2.48%	Repayable monthly from March 8, 2021 to March 8, 2024 and interest is paid monthly.
Cathy United Bank secured loan	8,884	2.52%	Repayable monthly from July 30, 2021 to July 30, 2023 and interest is paid monthly.
First Bank unsecured loan	4,279	2.52%	Repayable monthly from June 12, 2020 to June 12, 2023 and interest is paid monthly.
Subtotal	74,130		
Less: current portion	(47,089)		
Total	$27,041		

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

(12) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 are NT$6,023 thousand and NT$5,225 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$381 thousand to its defined benefit plan during the 12 months after December 31, 2023.

The weighted-average durations of the defined benefits plan obligation were 9 and 10 years as of December 31, 2023 and 2022, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
Current period service costs	$-	$39
Interest income or expense	117	131
Total	$117	$170

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

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Present value of the pension obligation under defined benefit pension plans	$20,446	$24,796	$26,001
Fair value of plan assets	(11,595)	(15,806)	(7,262)
Net defined benefit liabilities, noncurrent	$8,851	$8,990	$18,739

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (assets)
As of January 1, 2022	$26,001	$(7,262)	$18,739
Current period service costs	39	-	39
Net interest expense (income)	182	(51)	131
Subtotal	221	(51)	170
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(1,495)	-	(1,495)
Experience adjustments	69	(603)	(534)
Subtotal	(1,426)	(603)	(2,029)
Payments from the plan	-	-	-
Contributions by employer	-	(7,890)	(7,890)
As of December 31, 2022	24,796	(15,806)	8,990
Current period service costs	-	-	-
Net interest expense (income)	323	(206)	117
Subtotal	323	(206)	117
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in population assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	187	-	187
Experience adjustments	426	(24)	402
Subtotal	613	(24)	589
Payments from the plan	(5,286)	5,286	-
Contributions by employer	-	(845)	(845)
As of December 31, 2023	$20,446	$(11,595)	$8,851

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

	As of December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Expected rate of salary increases	2.00%	2.00%

Sensitivity analysis:

	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	$-	$(459)	$-	$(590)
Discount rate decrease by 0.25%	474	-	609	-
Future salary increase by 0.25%	417	-	541	-
Future salary decrease by 0.25%	-	(408)	-	(528)

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

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

(13) Equities

(A) Common stock

The Company's authorized capital was NT$1,300,000 thousand as of December 31, 2023 and 2022. The Company has issued capital amounted to NT$1,038,836 thousand and NT$852,630 thousand, with 103,884 thousand shares and 85,263 thousand shares, respectively, each at a par value of NT$10. Each share has one voting right and a right to receive dividends.

The shareholders' meeting held on May 27, 2022 approved the issuance of 19,676 thousand shares of common stock from unappropriated retained earnings in the amount of NT$196,761 thousand, at a par value of NT$10 per share. The base date for capital increase was September 19, 2022, and the registration was completed.

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

On August 11, 2023, the Board of Directors of the Company resolved to issue 1,670 thousand restricted employee stock, at a par value of NT$10 per share, totaling NT$16,700 thousand. This capital increase plan was approved for effective registration by the competent authority on July 31, 2023. The capital increase date was set as August 11, 2023. The addition in capital was approved and registered by the competent authority on September 1, 2023.

(B) Capital surplus

	As of December,	
	2023	2022
Additional Paid-in Capital	$167,137	$112,360
Restricted employee stock	54,776	-
Difference between consideration and carrying amount of subsidiaries acquired	20,741	2,532
Treasury shares	11,104	4,227
Share of changes in net assets of associates and joint ventures accounted for using equity method	9,303	39,221
Total	$263,061	$158,340

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

(C) Treasury stocks

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

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

	Amount (in thousand NT$)	
	As of December 31,	
	2023	2022
The Company	$31,225	$6,943
Uniplus Electronics Co., Ltd.	89,636	70,443
Chander Electronics Corp.	10,677	12,942
Toptrend Technologies Corp.	11,910	11,519
Total	$143,448	$101,847

	Number of shares (in thousands)	
	As of December 31,	
	2023	2022
The Company	510	124
Uniplus Electronics Co., Ltd.	6,370	5,326
Chander Electronics Corp.	623	621
Toptrend Technologies Corp.	821	686
Total	8,324	6,757

(D) Retained earnings and dividend policies

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

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

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

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

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

Details of the 2022 and 2021 earnings distribution and dividends per share approved by the Board of Directors and the shareholder's meeting held on June 26, 2023 and May 27, 2022, respectively, were as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal reserve appropriated	$47,063	$75,662		
Special reserve reversed	(101,732)	(43,142)		
Cash dividend on common stock	127,130	196,761	$1.47	$3
Share dividend on common stock	169,506	196,761	1.96	3

The appropriation of 2023 unappropriated retained earnings has not yet been resolved by the Board of Directors as of the reporting date.

Please refer to Note 6 (18) for details on employees' compensation and remuneration to directors and supervisors.

(14) Share-based payment plans

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

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

Type of grant	Date of grant	Total numbers of options granted (unit)	Contract period	Vesting Conditions
Restricted employee stock plan (Note 1)	August 11, 2023	1,670,000	16 months	Achievement of performance conditions (Note 2)

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

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

As of December 31, 2023, since the employees have not yet met the vesting conditions, the balance of unearned compensation accounted for the deduction of equity was NT$44,714 thousand, which would be recognized as salary expenses in future vesting period.

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

	For the year ended December 31, 2023
Total expense arising from equity-settled share-based payment transactions	$72,505

(15) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Rendering of service	$208,116	$445,715

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

(A) Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Timing of revenue recognition:		
At a point in time	$86,052	$156,302
Over time	122,064	289,413
Total	$208,116	$445,715

(B) Contract balances

Net contract assets (liabilities) are as follows:

	December 31, 2023	December 31, 2022	Difference	%
Contract assets, current	$-	$2,421	$(2,421)	(100%)
Contract assets, noncurrent	6,495	3,638	2,857	79%
Contract liabilities, current	(19,805)	(14,232)	(5,573)	39%
Contract liabilities, noncurrent	-	(25,940)	25,940	(100%)

Contract assets increased by NT$436 thousand from December 31, 2022 to December 31, 2023, because the new film and television licensing contracts in 2023 were entitled to collect the consideration beyond one year and recognized as non-current contract assets. In the current year, certain contract assets were reclassified to accounts receivable as the payment rights were obtained.

Contract liabilities decreased by NT$20,367 thousand from December 31, 2022 to December 31, 2023 was mainly due to the launch of some projects, the contract liabilities were transferred to operating revenue.

(C) Transaction price allocated to unsatisfied performance obligations

The Company’s transaction price allocated to unsatisfied performance obligations amounted to NT$19,805 thousand as of December 31, 2023. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one year.

The Company’s transaction price allocated to unsatisfied performance obligations amounted to NT$40,172 thousand as of December 31, 2022. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one year.

(16) Expected credit losses/ (gains)

	For the years ended December 31,	
	2023	2022
Operating expenses – Expected credit losses/(gains)		
Contract assets	$(1,071)	$8,930
Accounts receivable	11,977	4,218
Total	$10,906	$13,148

The credit risk for the Company’s financial assets measured at amortized cost were assessed as low (the same as the assessment result in the beginning of the period) as of December 31, 2023 and 2022. As the Company’s trade partners are financial institutions with good credit, the loss allowance was NT$0 thousand measured at a loss ratio of 0%.

The Company measures the loss allowance of its contract assets and trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessments of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

(A) The gross carrying amount of contract assets are NT$6,495 thousand and NT$6,059 thousand as of December 31, 2023 and 2022, respectively. The loss allowance amounts to NT$0 where an expected credit loss ratio of 0% is used.

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

As of December 31, 2023

Group 1

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

As of December 31, 2022

Group 1

		Overdue				
	Not yet due	<=30 days	31-60 days	61-150 days	>=151 days	Total
Gross carrying amount	$34,809	$1,716	$-	$19,081	$-	$55,606
Loss ratio	-%	-%	-%	24.10%	-%	
Lifetime expected credit losses	-	-	-	(4,599)	-	(4,599)
Subtotal	$34,809	$1,716	$-	$14,482	$-	$51,007

(C) The Company measures the loss allowance of its other receivable at an amount equal to lifetime expected credit losses. The Company recognized NT$0 thousand allowance loss as of December 31, 2023 and 2022.

The movement in the provision for impairment of contract assets and accounts receivable during the years ended December 31, 2023 and 2022 is as follows:

	Contract Assets	Accounts Receivable
As of January 1, 2023	$-	$4,599
Addition/(reversal) for the current period	(1,071)	11,977
Write off due to inability to receive	1,071	-
As of December 31, 2023	$-	$16,576
As of January 1, 2022	$-	$381
Addition/(reversal) for the current period	8,930	4,218
Write off due to inability to receive	(8,930)	-
As of December 31, 2022	$-	$4,599

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

(17) Leases

A. Company as a lessee

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

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

(A) Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2023	2022
Buildings	$32,890	$24,990
Vehicles	-	6,338
Total	$32,890	$31,328

The Company's right-of-use assets increased by NT$30,610 thousand and NT$26,502 thousand as for the years ended December 31, 2023 and 2022.

(b) Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	$34,589	$32,131
Current	$13,103	$17,996
Non-current	$21,486	$14,135

Please refer to Note 6 (19) (D) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 and Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

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

Depreciation expense of right-of-use assets

	For the year ended December 31,	
	2023	2022
Buildings	$13,495	$12,137
Vehicles	528	952
Total	$14,023	$13,089

(C) Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expenses relating to short-term leases	$4,606	$2,006
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	96	109

(D) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company’s total cash outflows for leases amounting to NT$18,582 thousand and NT$15,213 thousand, respectively.

B. Company as a lessor

As of December 31, 2023, the operating lease contract of property signed by the Company had matured. The total amount of undiscounted lease payment uncollected amounted to NT$0 thousand and NT$1,926 thousand as of December 31, 2023 and 2022, respectively.

	For the years ended December 31,	
	2023	2022
Rental income from operating lease		
Fixed rental	$5,332	$3,374

(18) Summary statement of employee benefits, depreciation and amortization expense by function during the years ended December 31, 2023 and 2022:

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating Costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$-	$195,002	$195,002	$-	$133,759	$133,759
Labor and health insurance	-	12,703	12,703	-	11,616	11,616
Pension	-	6,140	6,140	-	5,395	5,395
Directors’ remuneration	-	1,800	1,800	-	8,783	8,783
Other employee benefits expense	-	6,094	6,094	-	6,227	6,227
Depreciation	-	17,718	17,718	-	15,441	15,441
Amortization	-	4,517	4,517	-	2,462	2,462

The number of employees for the Company as of December 31, 2023 and 2022 was 161 and 138, respectively, of which the number of directors were not concurrent employees was 4 and 6, respectively.

The average number of employees for the Company in 2023 and 2022 was 148 and 129 respectively.

The Company’s average employee benefit expenses for the years ended December 31, 2023 and 2022 were NT$1,486 thousand and NT$1,224 thousand, respectively.

The Company’s average salary expenses for the years ended December 31, 2023 and 2022 were NT$1,318 thousand and NT$1,045 thousand, respectively. The Company’s average salary expenses adjustment for the year ended December 31, 2023 changed by (26.12%).

There is no compensation to supervisors for the years ended December 31, 2023 and 2022, as the company set up an audit committee instead of appointing supervisors.

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

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

Based on the profit for the year ended December 31, 2022, the Company estimated the amounts of the employees’ compensation and remuneration to directors and supervisors for the year ended December 31, 2022 to be 3% of profit of the current year and 1% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees’ compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amount to NT$21,398 thousand and NT$7,133 thousand, respectively. The shareholders' meeting held on June 26, 2023 resolved to distribute NT$21,398 thousand and NT$7,133 thousand in cash as employees’ compensation and remuneration to directors and supervisors of 2022, with no material variance with the estimated amount accrued in the financial statements for the year ended December 31, 2022.

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

(19) Non-operating income and expenses

(A) Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	$6,286	$2,663

(B) Other income

	For the years ended December 31,	
	2023	2022
Rental income	$5,332	$3,374
Tax refund	15	17
Other income	555	1,517
Total	$5,902	$4,908

(C) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on disposal of investments	$711	$706
Gains on lease modification	253	98
Losses from financial assets at fair value through profit or loss	(5,613)	(16,207)
Foreign exchange (losses) gains, net	(4,536)	78,144
Losses on disposal of intangible assets	(335)	-
Impairment loss from non-financial assets	(13)	-
Losses on disposal of property, plant and equipment	(5)	(1,558)
Others	(643)	-
Total	$(10,181)	$61,183

(D) Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	$5,032	$3,304
Interest on lease liabilities	1,006	674
Total	$6,038	$3,978

(20) Components of other comprehensive loss

For the year ended December 31, 2023:

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

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,029	$-	$2,029	$(216)	$1,813
Unrealized gains or losses from financial assets at fair value through other comprehensive income	(6,146)	-	(6,146)	-	(6,146)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(9,563)	-	(9,563)	-	(9,563)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	7,057	-	7,057	-	7,057
Total of other comprehensive loss	$(6,623)	$-	$(6,623)	$(216)	$(6,839)

(21) Income tax

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

(A) Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax charge	$51,924	$64,310
Tax adjustments on prior years	5,542	(7,087)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(19,846)	3,012
Total income tax expense	$37,620	$60,235

(B) Income tax expense recognized in other comprehensive income

	For the years ended December 31,	
	2023	2022
Deferred tax expense (income)		
Remeasurements of defined benefit plans	$99	$216

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

	For the years ended December 31,	
	2023	2022 (Adjusted)
Accounting profit (loss) before tax from continuing operations	$(297,506)	$679,030
Tax at the domestic rates applicable to profits in the country concerned	$(59,501)	$135,806
Tax effect of revenues exempt from taxation	96,486	(74,715)
Tax adjustments on prior years	5,542	(7,087)
Tax effect of deferred tax assets/liabilities	(9,148)	(32,369)
Overseas withholding tax	4,241	22,071
Additional income tax on unappropriated earnings	-	16,529
Total income tax expense (income) recognized in profit or loss	$37,620	$60,235

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealized bad debt expenses	$-	$809	$-	$809
Unrealized foreign exchange losses	978	(978)	-	-
Unrealized foreign exchange gains	(5)	(895)	-	(900)
Defined benefit liability, non-current	3,749	(1,735)	(216)	1,798
Others	1,280	(213)	-	1,067
Deferred tax income/ (expense)		$(3,012)	$(216)	
Net deferred tax assets/(liabilities)	6,002			$2,774
Reflected in balance sheet as follows:				
Deferred tax assets	$6,007			$3,674
Deferred tax liabilities	$5			$900

The assessment of income tax returns

As of December 31, 2023, the income tax returns of the Company have been assessed and approved up to 2020.

(22) Earnings per share

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

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

	For the years ended December 31,	
	2023	2022 (Adjusted)
(A) Basic earnings (losses) per share		
Net (loss) income attributable to ordinary equity holders of the Company (in thousand NT$)	$(335,127)	$618,795
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	98,735	99,877
Basic earnings (losses) per share (NT$)	$(3.39)	$6.20
(B) Diluted earnings (losses) per share		
Net (loss) income attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$(335,127)	$618,795
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	98,735	99,877
Effect of dilution:		
Employee compensation-stock (in thousands)	(Note)	81
Weighted average number of ordinary shares outstanding after dilution (in thousands)	(Note)	99,958
Weighted average outstanding ordinary shares (effects adjusted after dilution) (in thousands)	98,735	99,958
Diluted earnings (losses) per share (NT$)	$(3.39)	$6.19

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

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

7. Related party transactions

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Global Angel Investments Limited	The chairman of the Company is the chairman of this company
Bacchus Wine Group Co., Ltd.	The chairman of the Company is the chairman of this company
Care & Love Wine Co., Ltd.	The chairman of the Company is the chairman of this company
Galaxy Power Holdings Limited	Other related party
Loftstar Interactive Entertainment Inc.	Subsidiary
Gamebase Digital Media Corporation	Subsidiary
Time Vision International Limited	Subsidiary
Red Sunrise Co., Ltd.	Subsidiary
Chander Electronics Corp.	Subsidiary
Green Bless Co., Ltd.	Subsidiary
Array Taiwan Inc.	Subsidiary
Array Inc.	Subsidiary
San Jiang Electric MFG. Co., Ltd.	Subsidiary
A.R.T. Games Co., Ltd.	Associate
Double Edge Entertainment Corp.	Associate

Significant transactions with the related parties

(1) Rendering of services

	For the years ended December 31,	
	2023	2022
Subsidiaries		
Loftstar Interactive Entertainment Inc.	$46,946	$42,476
Green Bless Co., Ltd.	600	600
Red Sunrise Co., Ltd.	136	-
Time Vision International Limited	-	2,421
Gamebase Digital Media Corporation	-	1,660
Other related parties		
Bacchus Wine Group Co., Ltd.	625	1,307
Galaxy Power Holdings Limited	-	480
Care & Love Wine Co., Ltd.	-	450
Total	$48,307	$49,394

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

(2) Operating costs

	For the years ended December 31,	
	2023	2022
Subsidiary		
Loftstar Interactive Entertainment Inc.	$7,504	$11,178
Other related parties		
Double Edge Entertainment Corp.	270	444
Total	$7,774	$11,622

Operating costs relate to subsidiary database fees and royalty costs.

(3) Accounts receivable-related parties

	As of December 31,	
	2023	2022
Subsidiaries		
Loftstar Interactive Entertainment Inc.	$17,127	$25,920
Green Bless Co., Ltd.	53	53
Other related parties		
Bacchus Wine Group Co., Ltd.	-	78
Care & Love Wine Co., Ltd.	-	26
Total	$17,180	$26,077

(4) Contract assets

	As of December 31,	
	2023	2022
Subsidiary		
Time Vision International Limited	$-	$2,421

(5) Other receivables-related parties

	As of December 31,	
	2023	2022
Subsidiaries		
Gamebase Digital Media Corporation	$1,955	$-
Loftstar Interactive Entertainment Inc.	1,659	26,421
Chander Electronics Corp.	463	-
San Jiang Electric MFG. Co., Ltd.	192	-
Array Taiwan Inc.	-	1,783
Array Inc.	-	56
Total	$4,269	$28,260

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

(6) Prepayment

	As of December 31,	
	2023	2022
Subsidiaries		
Loftstar Interactive Entertainment Inc.	$19,048	$-
Gamebase Digital Media Corporation	1,905	1,905
Associates		
A.R.T. Games Co., Ltd.	-	7,619
Double Edge Entertainment Corp.	904	1,079
Other related party		
Global Angel Investments Limited	435	165
Total	$22,292	$10,768

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

(7) Refundable deposits

	As of December 31,	
	2023	2022
Other related party		
Global Angel Investments Limited	$1,344	$495

(8) Accounts payable-related parties

	As of December 31,	
	2023	2022
Subsidiary		
Loftstar Interactive Entertainment Inc.	$2,120	$5,590

(9) Other payables-related parties

	As of December 31,	
	2023	2022
Subsidiaries		
San Jiang Electric MFG. Co., Ltd.	$438	$-
Loftstar Interactive Entertainment Inc.	10	8
Chander Electronics Corp.	7	-
Other related parties		
Bacchus Wine Group Co., Ltd.	-	129
Care & Love Wine Co., Ltd.	-	161
Total	$455	$298

(10) Property transactions

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

	As of December 31,	
	2023	2022
Subsidiaries		
Loftstar Interactive Entertainment Inc.	$-	$70
Array Taiwan Inc.	42	-
Other related party		
Bacchus Wine Group Co., Ltd.	26	-
Total	$68	$70

(11) Interest income

	For the years ended December 31,	
	2023	2022
Subsidiary		
San Jiang Electric MFG. Co., Ltd.	$4,373	$-

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

(12) Other

Other transactions between the Company and subsidiaries are shown below:

	For the years ended December 31,	
Item	2023	2022
Other income	$5,478	$4,343
Rental income	5,332	3,374
Interest income	152	223
Professional expenses	(4,762)	(8,362)
Rental expenses	(885)	(115)
Exhibition expenses	(128)	-
Purchase of miscellaneous items	(92)	(39)
Advertisement expenses	(45)	(201)
Miscellaneous expenses	-	(4)
Total	$5,050	$(781)

Other transactions between the Company and associate are shown below:

Item	For the years ended December 31, 2023	2022
Professional expenses	$-	$(20)

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

Item	For the years ended December 31, 2023	2022
Interest income	$13	$4
Rental expenses	(3,643)	(1,886)
Entertainment expenses	(207)	(453)
Professional expenses	(58)	-
Miscellaneous expenses	(24)	(129)
Postage fee	(23)	(29)
Purchase of miscellaneous items	(15)	-
Advertisement expenses	-	(3)
Total	$(3,957)	$(2,496)

(13) Key management personnel compensation

	For the years ended December 31, 2023	2022
Short-term employee benefits	$21,543	$29,626
Post-employment benefits	417	465
Share-based payment	538	-
Other long-term benefits	1,236	1,161
Total	$23,734	$31,252

8. Assets pledged as security

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

Items	Carrying amount December 31, 2023	December 31, 2022	Secured liabilities
Other financial assets, current (demand deposits)	$3,012	$35,011	Short-term borrowings and long-term borrowings
Other financial assets, current (time deposits)	-	61,420	Short-term borrowings
Other financial assets, non-current (demand deposits)	37,553	19,570	Long-term borrowings
Investments accounted for using equity method	74,084	-	Short-term borrowings
Total	$114,649	$116,001	

9. Commitments and contingencies

None.

10. Loss due to major disasters

None.

11. Significant subsequent events

(1) On January 23, 2024, the Board of Directors of the Company approved the capital increase by cash of Zhu International Group Inc., with NT$10 per share and a total of 15,000 thousand ordinary shares, in the amount of NT$150,000 thousand. The Company subscribed to a total of 10,000 thousand ordinary shares, in the amount of NT$100,000 thousand, reducing its ownership from 100% to 66.88%.

(2) The Company had applied to the Financial Supervisory Commission for a capital increase of 5,200 thousand new shares issuance by cash at a par value of NT$10, as well as the issuance of the second domestic unsecured convertible corporate bonds, each with a face value of NT$100,000, the maximum number of bonds to be issued was 3,000, and the total maximum face value of the issuance was NT$300,000 thousand. The issuance would be at 100% to 101% of the face value, subject to approval of the competent authority.

12. Others

(1) Categories of financial instruments

Financial assets	As of December 31,	
	2023	2022
Financial assets at fair value through profit or loss	$29,131	$27,687
Financial assets at fair value through other comprehensive income	23,007	9,546
Financial assets measured at amortized cost		
Cash and cash equivalents (except for cash on hand)	180,345	351,659
Accounts receivable, net	9,959	24,930
Accounts receivable-related parties, net	17,180	26,077
Other receivables	7,995	6,916
Other receivables-related parties	4,269	28,260
Other financial assets	40,565	116,001
Refundable deposits	5,094	7,492
Total	$317,545	$598,568

Financial liabilities	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term borrowings	$142,000	$193,000
Notes payable, net	201	-
Accounts payable, net	11,429	13,443
Accounts payable-related parties, net	2,120	5,590
Other payables	38,969	61,752
Other payables-related parties	455	298
Long-term borrowings (including current portion)	212,710	74,130
Lease liabilities	34,589	32,131
Total	$442,473	$380,344

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

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

(A) When NTD strengthens/weakens against USD by 1%, the profit or loss for the years ended December 31, 2023 and 2022 is decreased/increased by NT$(18) thousand and decreased/increased by NT$1,971 thousand, respectively.
(B) When NTD strengthens/weakens against RMB by 1%, the profit or loss for the years ended December 31, 2023 and 2022 is decreased/increased by NT$292 thousand and NT$688 thousand, respectively.

Interest rate risk

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

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

The sensitivity analysis of the interest rate risk pertains primarily to the interest rate exposure items at the end of financial statement reporting period, including floating rate borrowings. Assuming holding in a whole fiscal year, an increase/ decrease of 10% in interest rate, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by NT$355 thousand and NT$267 thousand, respectively.

Equity price risk

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

As of December 31, 2023 and 2022, an increase/decrease of 10% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income will be increase/decrease by NT$1,004 thousand and NT$948 thousand on the equity attributable to the Company for the years ended December 31, 2023 and 2022, respectively.

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

(4) Credit risk management

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

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

As of December 31, 2023 and 2022, accounts receivable and contract assets from top ten customers represent 68.53% and 33.08% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivable and contract assets is relatively insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Accounts payable (including other payables)	$53,174	$-	$-	$-	$53,174
Long-term borrowings (including estimated interest)	87,625	72,520	63,758	-	223,903
Short-term borrowings	147,032	-	-	-	147,032
Lease liabilities (Note)	13,804	15,280	6,924	-	36,008
As of December 31, 2022					
Accounts payable (including other payables)	$81,083	$-	$-	$-	$81,083
Long-term borrowings (including estimated interest)	48,294	20,222	7,492	-	76,008
Short-term borrowings	196,304	-	-	-	196,304
Lease liabilities (Note)	18,545	13,413	967	-	32,925

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

(6) Reconciliation of liabilities arising from financing activities

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

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

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$-	$150,151	$24,879	$175,030
Cash flows	193,000	(76,021)	(13,098)	103,881
Non-cash changes	-	-	20,350	20,350
As of December 31, 2022	$193,000	$74,130	$32,131	$299,261

(7) Fair values of financial instruments

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

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

(a) The carrying amount of cash and cash equivalents, accounts receivables, refundable deposits, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method or income approach valuation techniques. The market method valuation is based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities). The income method is based on the estimated recoverable amount of the present value of similar financial assets that are expected to be received from cash dividends or disposals of investments.

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

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

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

(C) Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

(A) Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of December 31, 2023

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

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Limited partnership	$-	$-	$24,687	$24,687
Film investment agreement	-	-	3,000	3,000
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	3,386	-	6,160	9,546

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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

	Assets		Assets
	Measured at fair value through profit or loss		Measured at fair value through other comprehensive income
	Limited partnership	Movie investment agreement	Stocks
Beginning balances as of January 1, 2023	$24,687	$3,000	$6,160
Total gains and losses recognized for the year ended December 31, 2023			
Amount recognized in net income (presented in “Unrealized gains (losses) from financial asset at fair value through profit or loss)	(5,613)	-	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	-	6,811
Acquired in 2023	7,057	-	-
Ending balances as of December 31, 2023	$26,131	$3,000	$12,971

	Assets		Assets
	Measured at fair value through profit or loss		Measured at fair value through other comprehensive income
	Limited partnership	Movie investment agreement	Stocks
Beginning balances as of January 1, 2022	$37,894	$-	$73,524
Total gains and losses recognized for the year ended December 31, 2022			
Amount recognized in net income (presented in "Unrealized gains (losses) from financial asset at fair value through profit or loss)	(16,207)	-	-
Amount recognized in OCI (presented in "Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	-	2,826
Acquired in 2022	3,000	3,000	-
Disposed in 2022	-	-	(67,397)
Reclassified to investments accounted for using the equity method	-	-	(2,793)
Ending balances as of December 31, 2022	$24,687	$3,000	$6,160

Information on significant unobservable inputs to valuation

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

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

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

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

(9) Significant assets and liabilities denominated in foreign currencies

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

(Expressed in thousands)

	December 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$30	30.71	$914
RMB	6,739	4.34	29,247
Financial liabilities			
Monetary items:			
USD	$89	30.71	$2,746

	December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$8,465	30.71	$259,973
RMB	15,601	4.41	68,801
Financial liabilities			
Monetary items:			
USD	$49	30.71	$1,490

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

The Company has a variety of functional currencies, therefore the monetary impact on financial assets and liabilities impact for each individual currency cannot be disclosed. For the years ended December 31, 2023 and 2022, foreign exchange gain (loss) were net loss NT$4,537 thousand and net gain NT$78,144 thousand, respectively.

(10) Capital management

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

13. Additional disclosure

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau and information on investees:

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

(2) Information on investments in mainland China

(A) Basic information: Please refer to Attachment 8-1 and 8-2.
(B) Directly or indirectly significant transactions through third regions with the investees in Mainland China: None

(3) Information on major shareholders

Information on major shareholders: Please refer to Attachment 9.

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

SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

(Expressed in thousands of NTD unless otherwise stated)

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

NO. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum amount of current period	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 4)	Limit of financing amount (Note 4)
													Item	Value		
0	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	Other Receivables - related parties	Yes	$100,000	$50,000	$-	3.12%	2	$-	Operating capital	$-	-	$-	$465,845	$621,127

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

(1) The Company is "0".

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

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

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

(1) Business transaction is "1".

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

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

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

NO. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum amount of current period	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 4)	Limit of financing amount (Note 4)
													Item	Value		
1	Yun Fang Co., Ltd.	Chander Electronics Corp.	Other Receivables	Yes	$20,000	$-	$-	1.20%	1	$25,000	-	$-	-	$-	$25,000	$16,314

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

(1) The Company is "0".

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

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

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

(1) Business transaction is "1".

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

Note 4: For those who have business transactions, the total amount of loans granted by Yun Fang Co., Ltd. should not exceed 600% of the net value of Yun Fang Co., Ltd., and the individual financing amount should not exceed the amount of business transactions between the two parties in the most recent year.

(Expressed in thousands of NTD unless otherwise stated)

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

NO. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 4)	Limit of financing amount (Note 4)
													Item	Value		
1	Array Cayman	Zentry Security Inc.	-	Yes	$106,491 (USD 3,300)	$- (USD -)	$- (USD -)	-	2	$-	Operating capital	$-	-	$-	$128,280	$128,280
2	Array Inc.	Array Networks, Inc. (Array US)	-	Yes	15,353 (USD 500)	15,353 (USD 500)	15,353 (USD 500)	-	2	-	Operating capital	-	-	-	128,280	128,280

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

(1) The Company is "0".

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

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

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

(1) Business transaction is "1".

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

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

(Expressed in thousands of NTD unless otherwise stated)

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

No. (Note 1)	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/Guarantee Amount Allowable (Note 4)	Guarantee Provided by Parent Company (Note 7)	Guarantee Provided by A Subsidiary (Note 7)	Guarantee Provided to Subsidiaries in Mainland China (Note 7)
		Company Name	Relationship (Note 2)										
1	Uniplus Electronics Co., Ltd.	San Jiang Electric MFG. Co., Ltd.	4	$1,848,890	$1,025,000	$1,025,000	$823,560	$-	83.16%	$2,465,186	Y	N	N

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

(1) The Company is "0".

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

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

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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

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

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

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

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

(Expressed in thousands of NTD unless otherwise stated)

Attachment 3: Securities held as of December 31, 2023

Names of companies held	Type of securities (Note 1)	Name of securities (Note 1)	Relationship with the Issuer (Note 2)	Financial statement account	December 31, 2023				Note (Note 4)
					Shares (in thousand)	Carrying amount (Note 3)	Shareholding (%)	Fair value	
Softstar Entertainment Inc.	Stock	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income, non-current	2,552	$12,971	15.95	$12,971	None
Softstar Entertainment Inc.	Stock	Funfia Inc.	-	Financial assets at fair value through other comprehensive income, non-current	600	-	11.51	-	None
Softstar Entertainment Inc.	Emerging stock	Meimaii Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	266	3,085	1.22	3,085	None
Softstar Entertainment Inc.	Listed stock	Newretail Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	657	6,951	2.26	6,951	None
Softstar Entertainment Inc.	Limited partnership	Cathay Private Equity Ecology Limited Partnership	-	Designated as financial assets at fair value through profit or loss, non-current	-	9,293	16.21	9,293	None
Softstar Entertainment Inc.	Limited partnership	Cathy Private Equity Smart Technology Limited Partnership	-	Designated as financial assets at fair value through profit or loss, non-current	-	12,910	4.43	12,910	None
Softstar Entertainment Inc.	Limited partnership	Vertex Ventures (SG) SEA V LP	-	Financial assets at fair value through profit or loss, non-current	-	3,928	1.02	3,928	None
Mega Media Group Limited	Stock	BLC Group Holding Limited	-	Financial assets at fair value through other comprehensive income, non-current	678	8,352	8.82	8,352	None
Mega Media Group Limited	Stock	Boom Fintech Inc.	-	Financial assets at fair value through other comprehensive income, non-current	250	-	9.22	-	None
Uniplus Electronics Co., Ltd.	Limited partnership	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss, non-current	-	8,272	4.86	8,272	None
Uniplus Electronics Co., Ltd.	Listed stock	Softstar Entertainment Inc.	Parent company	Financial assets at fair value through other comprehensive income, non-current	6,370	490,512	6.13	490,512	None
Chander Electronics Corp.	Listed stock	Array Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2	48	-	48	None
Chander Electronics Corp.	Stock	Super Energy Materials Inc.	-	Financial assets at fair value through other comprehensive income, non-current	4,544	90,880	16.85	90,880	None
Chander Electronics Corp.	Listed stock	Softstar Entertainment Inc.	Parent company	Financial assets at fair value through other comprehensive income, non-current	623	47,985	0.60	47,986	None
Toptrend Technologies Corp.	Fund	Allianz Global Investors Income and Growth Fund	-	Financial assets at fair value through profit or loss, current	5	1,461	-	1,461	None
Toptrend Technologies Corp.	Limited partnership	Wisdom Capital Limited Partnership	-	Financial assets at fair value through profit or loss, current	-	17,323	-	17,323	None
Toptrend Technologies Corp.	Listed stock	Softstar Entertainment Inc.	Parent company	Financial assets at fair value through other comprehensive income, non-current	821	63,182	0.79	63,182	None
Toptrend Technologies Corp.	Stock	Hanbang Precision Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	93	60	1.56	60	None
Array US	Fund	Morgan Stanley Mutual Funds	-	Financial assets at fair value through profit or loss, current	-	11,845	-	11,845	None
Red Sunrise Co., Ltd.	Stock	Field System Inc.	-	Financial assets at fair value through other comprehensive income, non-current	10	-	2.39	-	None
Red Sunrise Co., Ltd.	Stock	Spreadsun Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	190	-	19.00	-	None

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

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

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

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

(Expressed in thousands of NTD unless otherwise stated)

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

Purchaser/Seller	Marketable securities type and name (Note1)	Financial statement account	Counter -party	Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Carrying value	Gain/Loss on disposal	Shares/Units	Amount
Uniplus Electronics Co., Ltd.	San Jiang Electric MFG. Co., Ltd.	Investments accounted for using the equity method	Note 1	-	-	$-	12,000	$1,344,400 (Note 2 and 3)	-	$-	$-	$-	12,000	$1,344,400

Note 1: Mighty Firm International Ltd. and individual shareholder, etc.

Note 2: The acqusition price amounted to NT$844,400 thousand was paid, and an additional amount of NT$500,000 thousand was recognized in other payables.

Note 3: In March 2023, Uniplus Electronics Co., Ltd. participated in the cash capital increase of San Jiang Electric MFG. Co., Ltd. in the amount of NT$50,400 thousand, at NT$112 thousand per share, with a total of 450 shares.

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

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/Seller	Counter-party	Relationship with the counter-party	Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Hang Zheng Technology Co., Ltd.	Uniplus Electronics Co., Ltd.	Parent company	Purchases	$144,363	11.82%	According to the agreement	The transaction price and payment terms are not materially different from the third party.	According to the agreement	Accounts payable $49,205	12.08%	Note

Note: Eliminated in the consolidated financial statement.

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SOFTSTAR ENTERTAINMENT INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in thousands of NTD unless otherwise stated)

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

Creditor	Counter-party	Relationship with the counter-party	Balance of receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance	Allowance for doubtful accounts
					Amount	Action taken		
Array US	Array Networks India Private Limited	Same parent company	Accounts receivable-related parties $148,302	0.96%	$-	-	$48,781	$-

(Expressed in thousands of NTD unless otherwise stated)

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

Investor company	Investee company	Location	Main business and products	Original investment amount		Investment as of December 31, 2023			Net income (loss) of investee (Note 1)	Investment income (loss) recognized (Note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousand)	Percentage of ownership (%)	Book value			
Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	Taiwan	Software wholesale and information software services	$157,533	$58,500	14,850	100	$11,464	$(53,760)	$(53,760)	Subsidiary
Softstar Entertainment Inc.	Activision Entertainment Ltd.	Taiwan	Performing arts	6,000	6,000	-	100	886	(57)	(57)	Subsidiary
Softstar Entertainment Inc.	Red Sunrise Co., Ltd.	Taiwan	Third-party payment services	191,519	176,899	7,756	55.60	202,091	9,575	2,749 (Note 4)	Subsidiary
Softstar Entertainment Inc.	Gamebase Digital Media Corporation	Taiwan	Software publishing and information software services	163,000	151,000	16,700	100	99,075	(31,996)	(31,996)	Subsidiary
Softstar Entertainment Inc.	Softstar Animation Limited	Samoa	Investment holding	29,888	29,888	980	100	6,950	142	142	Subsidiary
Softstar Entertainment Inc.	A.R.T. Games Co., Ltd.	Taiwan	Network software development and technical services	12,250	12,250	1,225	49	360	(2,602)	(1,275)	Investee accounted for using the equity method
Softstar Entertainment Inc.	Chia-e International Inc.	Taiwan	Investment holding	20,000	20,000	814	28.21	-	-	-	Investee accounted for using the equity method
Softstar Entertainment Inc.	Time Vision International Limited	Samoa	Investment holding	47,154	-	1,500	100	30,355	(30,422)	(30,422)	Subsidiary
Softstar Entertainment Inc.	Uniplus Electronics Co., Ltd.	Taiwan	Electronic component manufacturing, lamination, research and development and trade of business operation	545,012	350,012	91,955	43.76	432,983	9,932	(2,256) (Note 4)	Subsidiary
Softstar Entertainment Inc.	New Profit Holding Ltd.	Seychelles	Investment holding	24,501	24,501	1,610	100	26,386	(1,040)	(1,040)	Subsidiary
Softstar Entertainment Inc.	JFN Investment Holding Corp.	BVI	Investment holding	78,605	78,605	13	100	82,812	(3,145)	(3,145)	Subsidiary
Softstar Entertainment Inc.	Lanjing Ltd.	Taiwan	Investment holding	316,916	316,916	-	100	345,375	(12,973)	(12,973)	Subsidiary
Softstar Entertainment Inc.	Jiwei Technology Ltd.	Taiwan	Investment holding	229,197	229,197	-	100	204,290	(8,936)	(8,936)	Subsidiary
Softstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	232,188	191,330	10,513	13.02	129,812	(45,824)	(7,936) (Note 4)	Subsidiary
Softstar Entertainment Inc.	Double Edge Entertainment Corp.	Taiwan	Film production and media distribution	34,926	34,926	1,591	30.31	11,084	(4,971)	(1,507)	Investee accounted for using the equity method
Softstar Entertainment Inc.	Softstar Singapore Private Limited	Singapore	Investment holding	3,191	-	135	100	1,714	(2,458)	(2,458)	Subsidiary
Softstar Entertainment Inc.	Zhu International Group Inc.	Taiwan	Hospitality service	1,000	-	100	100	757	(243)	(243)	Subsidiary
Lanjing Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	316,703	316,703	17,479	21.64	345,348	(45,824)	(12,914) (Note 4)	Subsidiary
Jiwei Technology Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	17,480	17,480	920	1.14	18,996	(45,824)	(680) (Note 4)	Subsidiary
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	British Cayman Islands	Investment holding	201,134	201,134	-	100	178,021	(10,088)	(10,088)	Indirect subsidiary
New Profit Holding Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	24,213	24,213	1,274	1.58	26,298	(45,824)	(943) (Note 4)	Subsidiary
JFN Investment Holding Corp.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	78,480	4,131	5.11	82,496	(45,824)	(3,049) (Note 4)	Subsidiary
Gamebase Digital Media Corporation	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	49,644	42,471	1,784	26.01	25,996	(20,900)	(5,436)	Investee accounted for using the equity method
Gamebase Digital Media Corporation	Mega Media Group Limited	Seychelles	General investment	93,260	93,260	2,800	100	72,758	(4,194)	(4,194)	Indirect subsidiary
Gamebase Digital Media Corporation	Seconds Media Corp.	Taiwan	Advertisement and information software services	3,500	-	450	100	1,607	(2,493)	(1,933)	Indirect subsidiary
Mega Media Group Limited	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	73,260	73,260	666	9.71	64,401	(20,900)	(2,029)	Investee accounted for using the equity method
Array Holdings for APGFIII Fund LPs	Array Inc.	British Cayman Islands	Investment holding	193,291 (Note 3)	193,291	21,172	36.17	168,168	(21,223)	(10,088) (Note 4)	Indirect subsidiary
Softstar Singapore Private Limited	Starlight Gaming India Private Limited	India	Game agent and marketing	3,124	-	800	99.99	1,658	(1,400)	(2,448)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	Taiwan	Beauty and skincare products	94,736	94,736	2,900	100	22,927	(561)	(561)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	55,000	10,000	5,500	55	54,907	2,794	(689)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	1,000	41,000	100	100	641	(263)	(263)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Ruihe Investment Co.,Ltd.	Taiwan	Investment holding	-	100	-	-	-	(40)	(40)	Dismissed in September 2023
Uniplus Electronics Co., Ltd.	San Jiang Electric MFG. Co., Ltd.	Taiwan	Production and sale of transformers and distribution boards	1,344,400	-	12	100	1,372,129	82,598	28,571 (Note 4)	Indirect subsidiary
Red Sunrise Co., Ltd.	Sun Tech Co., Ltd.	Taiwan	Sale of vouchers and BNPL	101,000	51,000	10,100	100	86,854	(14,091)	(14,091)	Indirect subsidiary
Red Sunrise Co., Ltd.	Soundnet Tech Co., Ltd.	Taiwan	Design of computer software	1,820	1,820	282	100	-	-	-	Indirect subsidiary
Red Sunrise Co., Ltd.	PayNow Inc.	Taiwan	Third-party payment services	-	332	-	-	-	936	385	Investee accounted for using the equity method
Chander Electronics Corp.	Chander Electronics (HK) Corporation	Hong Kong	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	114,142	114,142	28,200	100	8,402	(244)	(244)	Indirect subsidiary
Chander Electronics Corp.	Neweb Technologies Co., Ltd.	Taiwan	Software wholesale and retail sales; electronic data supply services	349,954	349,954	24,649	32.63	449,573	2,295	749	Investee accounted for using the equity method
Chander Electronics Corp.	Yun Fang Co., Ltd.	Taiwan	Tobacco, liquor, beverage, food and medical equipment wholesale and retail	5,000	5,000	500	100	2,726	(1,624)	(1,624)	Indirect subsidiary
Chander Electronics Corp.	Toptrend Technologies Corp.	Taiwan	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	321,440	321,440	18,040	94.37	385,328	15,493	10,929	Indirect subsidiary
Chander Electronics Corp.	Quan Zhe Metal Corp.	Taiwan	Electronic component products, information software wholesale and retail, and data processing services	2,484	50	248	82.81	268	(2,675)	(2,346)	Indirect subsidiary
Chander Electronics Corp.	Dara Power Co., Ltd.	Taiwan	Electronic parts and components manufacturing and energy technical service	8,000	-	800	100	6,318	(1,682)	(1,682)	Indirect subsidiary
Array Inc.	Array Cayman	British Cayman Islands	Investment holding	370,326	370,326	37,032	100	209,696	11,459	11,459	Indirect subsidiary
Array Inc.	Array Taiwan Inc.	Taiwan	Research and development of network functional platform products	30,000	-	3,000	100	9,541	(18,623)	(18,623)	Indirect subsidiary
Array Cayman	Array US	US	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	184,843	184,843	-	100	347,690	12,442	12,442	Indirect subsidiary
Array Cayman	Zentry Security Inc.	US	Zentry modernizes the secure access with enhanced security, improved productivity, and ease of use. It helps customers migrate to Zero Trust Security model from obsolete perimeter model (Firewall & VPN)	343,896	343,952	-	99.95	(137,994)	(983)	(983)	Indirect subsidiary
Array US	Array Networks Japan Kabishiki Kaisha	Japan	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	2,579	2,342	200	100	21,351	916	916	Indirect subsidiary
Array US	Array Networks India Private Limited	India	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	51,646	36,298	-	100	78,888	39,842	39,842	Indirect subsidiary

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

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

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

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

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

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

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

(Expressed in thousands of NTD unless otherwise stated)

Attachment 8-1: Informations on investments in Mainland China - Softstar Entertainment Inc.

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

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as at January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023	Note (Note 2(2))
					Outflow	Inflow							
Softstar Technology (Shanghai) Co., Ltd.	Information processing service	$134,694	2	$22,294	-	-	$22,294	(Note 4)	-	-	-	-	C

2. Investment quota for Mainland China:

Accumulated investment in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment in accordance with Ministry of Economic Affairs regulations (Note 5)
$22,294	$285,526	$1,794,348

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

(1) Direct investment in Mainland China with capital increase through companies registered in third region.

(2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of company in third region)

(3) Other method.

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

A.The financial statement was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

B.The financial statement was audited by the auditors of the parent company.

C.Others.

Note 3: The amount is stated in NTD.

Note 4: The shares of Softstar Technology (Beijing) Co., Ltd. and Softstar Technology (Shanghai) Co., Ltd. were disposed on November 25, 2021, thus the information pertaining to net income (loss) of the investee was not available.

Note 5: The upper limit of investment amount in Mainland China is the higher of 60% of the net value or 60% of consolidated net value.

(Expressed in thousands of NTD/foreign currency unless otherwise stated)

Attachment 8-2: Informations on investments in Mainland China - Chander Electronics Corp.

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

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as at January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023	Note
					Outflow	Inflow							
Trendwin Electronics (Shenzhen) Corporation (Note4)	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	HKD -	2	HKD 7,639 (USD 980)	$-	$-	HKD 7,639 (USD 980)	$-	-	$-	$-	$-	
Changsha Zecheng Technology Co., Ltd.	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	26,486 (USD 858)	1	22,170 (USD 718)	4,316 (USD 140)	-	26,486 (USD 858)	(9,980)	100	(8,206)	13,161	-	Note 5 and 6

2. Investment quota for Mainland China:

Accumulated investment in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment in accordance with Ministry of Economic Affairs regulations
USD 1,838	$1,838	$518,124

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

(1) Direct investment in Mainland China with capital increase through companies registered in third region.

(2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of company in third region)

(3) Other method.

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

(1) It should be noted if it is in preparation which there is no investment profit or loss.

(2) The investment income (loss) were determined based on the following basis:

A.The financial statement was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

B.The financial statement was audited by the auditors of the parent company.

C.Others.

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

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

Note 5: Chander Electronics Corp. newly invested NT$4,316 thousand (US$140 thousand) in Changsha Zecheng Technology Co., Ltd. which had been approved by the Investment Commission, MOEA on October 31, 2023.

Attachment 9: Major shareholder information

Shares / Name	Holding shares	Holding percentage(%)
Oriental Golden Richness Ltd.	9,708,162	9.34
Angel Fund (ASIA) Investments Limited	8,581,682	8.26
Global Angel Investments Limited	7,555,018	7.27
Uniplus Electronics Co., Ltd.	6,370,290	6.13

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SOFTSTAR ENTERTAINMENT INC.

1. Statement of cash and cash equivalents

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Cash on hand	Including USD $2,500.00 CNY $8,000.00	$230	1. None of these savings was pledged.
Checking accounts			2. As of December 31, 2023
Demand deposits	Including USD $12,961.80 CNY $28,366.83	180,345	Exchange rate: USD1 = NTD 30.71 CNY1 = NTD 4.33
Total		$180,575	

SOFTSTAR ENTERTAINMENT INC.

2. Statement of accounts receivable, net

December 31, 2023

In Thousands of New Taiwan Dollars

Customer name	Amount	Note
Related Parties		
Loftstar Interactive Entertainment Inc.	$17,127	
Green Bless Co., Ltd.	53	
Less: loss allowance	-	
Subtotal	17,180	
Third Parties		
Customer C	$11,908	
Customer D	4,097	
Customer E	3,248	
Customer F	2,903	
Customer G	2,453	
Others	1,926	The amount of individual customer in othersdoes not exceed 5% of the account balance.
Less: loss allowance	(16,576)	
Subtotal	9,959	
Total	$27,139	

SOFTSTAR ENTERTAINMENT INC.

3. Statement of prepayment

December 31, 2023

In Thousands of New Taiwan Dollars

Customer name	Amount	Note
Prepayment for purchases	$70,960	
Others	4,385	The amount of individual customer in others does not exceed 5% of the account balance.
Total	75,345	

SOFTSTAR ENTERTAINMENT INC.

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

For the Year Ended December 31, 2023

In Thousands of Shares/ New Taiwan Dollars

Investee	Beginning balance		Additions		Disposals		Investment Income (Loss)	Ending balance			Fair value / Net assets value		Collateral	Note
	Shares	Amount (Adjusted)	Shares	Amount	Shares	Amount	Amount	Shares	%	Amount	Unit Price (NTD)	Total amount		
Loftstar Interactive Entertainment Inc.	5,850	$(33,809)	9,000	$99,033	-	$-	$(53,760)	14,850	100%	$11,464	$0.77	$11,464	None	
Activision Entertainment Ltd.	-	943	-	-	-	-	(57)	-	100%	886	-	886	None	
Gamebase Digital Media Corporation	15,500	123,071	1,200	12,000	-	(4,000)	(31,996)	16,700	100%	99,075	5.93	99,075	None	
Softstar Animation Limited	980	6,807	-	1	-	-	142	980	100%	6,950	7.09	6,950	None	
A.R.T. Games Co., Ltd.	1,225	1,635	-	-	-	-	(1,275)	1,225	49%	360	0.29	360	None	
Chia-e International Inc.	814	-	-	-	-	-	-	814	28.21%	-	-	-	None	
Time Vision International Limited	-	369,947	1,500	47,154	-	(356,324)	(30,422)	-	100%	30,355	-	30,355	None	
Uniplus Electronics Co., Ltd.	61,955	285,701	30,000	195,000	-	(45,462)	(2,256)	91,955	43.76%	432,983	4.71	432,983	None	
New Profit Holding Limited	1,610	27,074	-	352	-	-	(1,040)	1,610	100%	26,386	16.39	26,386	None	
JFN Investment Holding Corp.	13	84,818	-	1,139	-	-	(3,145)	13	100%	82,812	6,370.15	82,812	None	
Lanjing Ltd.	-	353,532	-	4,816	-	-	(12,973)	-	100%	345,375	-	345,375	None	
Jiwei Technology Ltd.	-	190,341	-	22,885	-	-	(8,936)	-	100%	204,290	-	204,290	None	
Chander Electronics Corp.	9,095	118,371	1,418	40,858	-	(21,481)	(7,936)	10,513	13.02%	129,812	12.35	129,812	None	
Red Sunrise Co., Ltd.	7,076	190,447	680	14,620	-	(5,725)	2,749	7,756	55.60%	202,091	26.06	202,091	None	
Double Edge Entertainment Corp.	1,591	12,597	-	-	-	(6)	(1,507)	1,591	30.31%	11,084	6.97	11,084	None	
Softstar Singapore Private Limited	-	-	135	4,172	-	-	(2,458)	135	100.00%	1,714	12.70	1,714	None	
Zhu International Group Inc.	-	-	100	1,000	-	-	(243)	100	100.00%	757	7.57	757	None	
Total		$1,731,475		$443,030		$(432,998)	$(155,113)			$1,586,394				

SOFTSTAR ENTERTAINMENT INC.

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

December 31, 2023

In Thousands of New Taiwan Dollars

Investee	Beginning balance	Additions	Disposals	Ending balance	Note
Cost					
Buildings	$41,435	$30,610	$(21,271)	$50,774	
Transportation equipment	6,338	-	(6,338)	-	
Subtotal	47,773	30,610	(27,609)	50,774	
Accumulated depreciation and accumulated impairment					
Buildings	(15,784)	(13,495)	11,395	(17,884)	
Transportation equipment	(660)	(528)	1,188	-	
Subtotal	(16,444)	(14,023)	12,583	(17,884)	
Carrying amount, net	$31,329	$16,587	$(15,026)	$32,890	

SOFTSTAR ENTERTAINMENT INC.

6. Statement of accounts payable

December 31, 2023

In Thousands of New Taiwan Dollars

Vendor name	Amount	Note
Third Parties		
Vendor A	$7,847	
Vendor B	2,958	
Others	624	The amount of individual item in others does not exceed 5% of the account balance.
Total	$11,429	

SOFTSTAR ENTERTAINMENT INC.

7. Statement of lease liabilities

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Contract period	Discount rates applied	Description	Amount	Note
Buildings	2023.01~2025.12	2.44%	Current	$2,965	
		2.44%	Non-current	9,628	
			Subtotal	12,593	
Buildings	2022.04~2027.12	1.99%	Current	2,823	
		1.99%	Non-current	9,170	
			Subtotal	11,993	
Buildings	2022.04~2025.03	2.08%	Current	6,790	
		2.08%	Non-current	1,720	
			Subtotal	8,510	
Others			Current	525	The amount of individual item in others does not exceed 5% of the account balance.
			Non-current	968	
			Subtotal	1,493	
			Total	$34,589	
			Current	$13,103	
			Non-current	$21,486	

SOFTSTAR ENTERTAINMENT INC.

8. Statement of operating costs

For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Amount		Note
	Description	Total	
Labor cost		$15,126	
Other operating costs		10,863	
Total		$25,989	

SOFTSTAR ENTERTAINMENT INC.

9. Statement of marketing expenses

For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Amount	Note
Salaries	$21,324	Including pension expense.
Taxes	4,506	
Labor expense	6,689	
Other expenses	7,301	The amount of individual item in others does not exceed 5% of the account balance.
Total	$39,820	

SOFTSTAR ENTERTAINMENT INC.

10. Statement of general and administrative expenses

For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Amount	Note
Salaries	$102,262	Including pension expense.
Labor expense	16,524	
Miscellaneous expense	9,171	
Depreciation	9,059	
Other expenses	24,054	The amount of individual item in others does not exceed 5% of the account balance.
Total	$161,070	

SOFTSTAR ENTERTAINMENT INC.

11. Statement of research and development expenses

For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Amount	Note
Salaries	$77,556	Including pension expense.
Insurance expense	7,492	
Depreciation	8,015	
Other expenses	15,631	The amount of individual item in others does not exceed 5% of the account balance.
Total	$108,694	