

Stock Code: 6111



**SOFTSTAR  
ENTERTAINMENT INC.  
2023 Annual Shareholders' Meeting**

**Meeting Handbook**

Meeting time: June 26, 2023

Meeting place: Conference Room 203, 2nd Floor, No.123, Songren Road, Xinyi District, Taipei City (Hua Nan Bank International Convention Center)

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***SOFTSTAR ENTERTAINMENT INC.***

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**Procedure for 2023 Annual Shareholders' Meeting of  
Softstar Entertainment Inc.**

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

**Softstar Entertainment Inc.**  
**Agenda of the 2023 Annual Shareholders' Meeting**

Meeting method: In-person meeting

Time: 9:00 am on Monday, June 26, 2023

Place: Conference Room 203, 2nd Floor, No.123, Songren Road, Xinyi District, Taipei City (Hua Nan Bank International Convention Center).

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Report Items:

(I) 2022 Business Report.

(II) 2022 Audit Committee's Review Report.

(III) Report on the 2022 distribution of compensation for employees and directors.

(IV) Report on the execution of treasury shares.

(V) Supplemental explanation of the 2015 report on the handling of private placement of securities.

IV. Proposals:

(I) Adoption of the 2022 Business Report and Financial Statements.

(II) Distribution of 2022 earnings.

V. Discussions:

(I) Amendments to certain articles of the “Articles of Incorporation”.

(II) Discussion of the Company's 2022 capitalization of earnings and issuance of new stocks.

(III) Issuance of restricted stock for employees

VI. Extemporaneous Motions

VII. Meeting Adjourned

## Report Items

Report 1: 2022 Business Report

Explanation: Please refer to page 12-16 of this Handbook (Attachment I).

Report 2: 2022 Audit Committee's Review Report

Explanation: Please refer to page 17 of this Handbook (Attachment II).

Report 3: Report on the 2022 distribution of compensation for employees and directors.

Explanation: According to the Company's Articles of Incorporation and the Company's 2022 profitability, the Company's Remuneration Committee and the Board of Directors approved to distribute 2022 employees' compensation of NT\$21,397,530 in cash, accounting for 3%, and Directors' compensation of NT\$7,132,510 in cash, accounting for 1%.

Report 4: Report on the execution of treasury shares.

Explanation: Report on the sixth implementation of repurchases for treasury shares by the Company.

Repurchase term	Sixth
Repurchase purpose	For the transfer of shares to employees
Repurchase period	December 14, 2022 to February 13, 2023
Repurchase price range (NT\$)	40.00~70.00
Types and quantities of repurchased shares (shares)	Common stock 510,000 shares
Amount of repurchased shares (NT\$)	NT\$31,225,163
Ratio of repurchased quantity to scheduled repurchased quantity (%)	51
Number of shares cancelled and transferred	0 shares
Cumulative number of the Company's shares held (shares)	510,000 shares
Ratio of cumulative number of the Company's shares held to the total number of issued shares (%)	0.60

Report 5: Supplemental explanation of the 2015 report on the handling of private placement of securities.

- Explanation:
- I. On April 30, 2015, the Company passed a resolution at its shareholders' meeting to private placement of common shares, with a face value of NT\$10 per share and no more than 10 million shares.
  - II. On March 17, 2016, the Board of Directors passed a resolution to determine the price for privately placed common shares and related matters. This issuance of 2,000,000 privately placed shares, with an issuance price of NT\$84.61 per share and a total private placement amount of NT\$169,220,000, was completed on March 25, 2016.
  - III. This proposal of private placement has expired on April 30, 2016 and it was resolved by the Board of Directors on March 29, 2016 that the 8,000,000 shares not subscribed will not be further processed.
  - IV. According to Article 5 of the Directions for Public Companies Conducting Private Placements of Securities, please refer to page 18-20 (Attachment III) of this Handbook for supplementary explanations on the status of utilization of the funds, the realization of plan benefits and the related matters.

## Proposals

Proposal 1 Adoption of the 2022 Business Report and Financial Statements.

[Proposed by the Board of Directors]

Explanation: I. The Company's 2022 parent company only financial statements and consolidated financial statements were audited by CPAs Yu Chien-Ju and Yang Chih-Huei of Ernst & Young Taiwan. The Company's 2022 annual business report was approved by the Audit Committee and the Board of Directors, and a review report has been issued by the Audit Committee.

II. Please refer to page 12-16 (Attachment I) and 21-39 (Attachment IV) of the agenda for the above mentioned statements and reports.

III. Please recognize.

Resolution:

Proposal 2 Distribution of 2022 earnings.

[Proposed by the Board of Directors]

Explanation: I. The proposal for the 2022 earnings distribution is as follows:

### SOFTSTAR ENTERTAINMENT INC.

#### Earnings Distribution Proposal

2022

Unit: NT\$

Unappropriated earnings of previous years		376,188,335
Plus (less):		
Difference between prices of shares acquired from subsidiaries and book value	(36,358,925)	
Changes in ownership interests in subsidiaries	(5,989,527)	
Disposal of equity instruments measured at fair value through other comprehensive profits and losses	(110,706,964)	
Remeasurement of defined obligations	2,138,264	
Retroactive adjustment of the purchase price allocation	(2,930,482)	
Net income for 2021	624,486,236	
Legal reserves	(47,063,860)	
Reversal of other special reserves	101,732,122	
Distributable earnings for the period		901,495,199
Less:		
Shareholder dividend - stocks (NT\$2.0 per share)	(169,505,920)	
Shareholder dividend - cash (NT\$1.5 per share)	(127,129,439)	
Unappropriated Earnings		604,859,840

Chairman: Tu, Chun-Kuang

President: Tsay, Ming-Hong

Chief Accountant: Chuang, Jen-Chuan

- II. The annual after-tax net profit for 2022 was NT\$624,486,236. According to law, the legal reserve and reversal of special reserve were appropriated; and after the earnings at the beginning of the period were added and adjusted, the amount of the distributable earnings was NT\$901,495,199. Therefore, it is proposed to pay shareholders dividends of NT\$296,635,359, including a stock dividend of NT\$169,505,920 (NT\$2.0 per share) and a cash dividend of NT\$127,129,439 (NT\$1.5 per share). After the earnings distribution, the balance of the earnings at the end of the period was NT\$604,859,840. Payment of dividends is distributed from the 2022 earnings first.
- III. The aforesaid shareholder allotment and distribution yield are based on the estimated number of shares totaling 84,752,959 that can participate in the distribution. In case that the aforesaid shareholder allotment and distribution yield have to be adjusted due to the changes in the number of shares outstanding caused by the factors such as share repurchase, transfer of treasury stock, cancellation of shares, and capital increase, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle it at its sole discretion.
- IV. The current cash dividends are calculated pursuant to the distribution ratio and rounded down to the whole dollar amounts; the fractional amounts are aggregated and recorded as other income of the Company.
- V. The Shareholders' Meeting is proposed to authorize the Board of Directors to determine the base date for ex-rights and ex-dividends.
- VI. If the matters related to the above earnings distribution need to be changed by the approval of the competent authority or due to other factors the Shareholders' Meeting is proposed to authorize the Board of Directors to handle them.
- VII. Please recognize.

Resolution:



## Discussions

Proposal 1: Amendments to certain articles of the "Articles of Incorporation".  
[Proposed by the Board of Directors]

Explanation: I. Propose to amend some provisions of the Articles of Incorporation in response to the operational needs of the Company.  
II. For the Comparisons of Amendment for “Articles of Incorporation”, please refer to page 40 of this Handbook (Attachment V).  
III. Please make the resolution.

Resolution:

Proposal 2: Proposal for the Company's 2022 capitalization of earnings and issuance of new stocks.  
[Proposed by the Board of Directors]

Explanation: I. The shareholders' meeting is proposed to appropriate NT\$ (the same below) 169,505,920 from 2022 distributable earnings to increase the capital to issue 16,950,592 new shares of common stock, with a denomination of NT\$10 per share.  
II. Calculation is made based on the name of the shareholders and the number of shares they hold listed in the register of shareholders on the base date of the allotment. For example, if the calculated is based on the number of shares totaling 84,752,959 that can participate in the allotment so far, 200 shares would be allotted for every thousand shares in case of capitalization of earnings.  
III. In the case of odd lots in the preceding new share allotment by earnings under the preceding paragraph, the shareholders shall register to make up a share within 5 days from the date of the transfer of the shares; or otherwise the odd lots will be converted into cash according to their denomination (rounded down to a New Taiwan dollar) and the remaining shares are to be subscribed as per their denomination by specific shareholders with whom the Chairman is to negotiate. For the shareholders who participate in the book-entry distribution of shares, the odd lots amount will be used as a fee for handling the book-entry distribution.  
IV. In case that the aforesaid dividend rate has to be adjusted thereafter due to the changes in the number of shares outstanding caused by the factors such as share repurchase, transfer of treasury stock, cancellation of shares, and capital increase, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle it at the sole discretion.  
V. The rights and obligations of the shares newly issued are the same as original shares, and the shares issued are not physical.  
VI. After the proposal is approved by the Shareholders' Meeting and the competent authority, the Board of Directors is authorized to set a base date for capital

increase.

VII. If any of the above-mentioned issues related to the issuance of new shares are changed upon the approval of the competent authority or due to other factors, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle them.

VIII. Please make the resolution.

Resolution:

Proposal 3: Proposal for the issuance of restricted stock for employees

[Proposed by the Board of Directors]

Explanation: The Company plans to issue new shares of restricted stock for employees. The relevant explanations are as follows:

I. According to Article 267 (9) of the Company Act, the Chapter 4 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” and the related provisions, new shares of restricted stock for employees in 2023 have been issued.

II. Total issuance amount:

2,500,000 common shares with a face value of NT\$10 per share, and the total issuance amount of NT\$25,000,000. Within two years from the date of receipt of the notification of the effective declaration filed with the competent authority following the shareholders' meeting resolution, the issuance may be made in one or more installments.

III. Issuance conditions:

(I) Issue price: Each share will be issued at a price of NT\$0, which means it is distributed to employees as non-cash consideration free of charge.

(II) Vesting conditions:

1. Employees who remain employed by the Company from the issuance date of new restricted stock and those who received an A rating in the most recent performance evaluation as of the issuance date will be entitled to 50% of the allocated shares.

2. Employees who remain employed by the Company for 16 months from the issuance date of new restricted stock and those who received an A rating in the most recent performance evaluation as of the issuance date will be entitled to the remaining 50% of the allocated shares.

(III) Handling of employees who fail to meet the vesting conditions: if they are granted restricted stock for employees, and fail to meet the vesting conditions, the Company may revoke the issued shares of such restricted stock without compensation and cancel them.

(IV) The starting date of the grant, allocation, and expiration schedule referred to

in this proposal is the benchmark date for the current capital increase.

- IV. Employee qualification conditions, review process for allocation, and number of shares to be allocated:
- (I) Employee qualification conditions, review process for allocation: Limited to full-time employees of the Company and its domestic and foreign subsidiaries. The number of shares allocated to employees will be determined based on factors such as their performance, past and expected overall or special contributions, and development potential, professional titles, job levels, and seniority. The proposed allocation plan shall be drafted by the General Manager, submitted to the Chairman for approval, and approved by a majority of the attending directors at a Board meeting attended by over two-thirds of the directors. However, employees who are also directors and/or managers must first obtain the approval of the Compensation Committee, while non-director or manager employees must first obtain the approval of the Audit Committee.
  - (II) Number of Shares to be Allocated: The Company shall allocate the restricted stock for employees and quotas granted to a single employee in accordance with the relevant provisions of the “ Regulations Governing the Offering and Issuance of Securities by Securities Issuers”.
- V. Amount that may be expensed, dilution of earnings per share of the company, and other matters affecting shareholders' equity:
- (I) Amount that may be expensed:  
Based on the average closing price of the Company's common shares in April of 2023, which was NT\$65.91, the total amount that may be expensed during the 16-months vesting period for the issuance of 2,500,000 restricted stock to the employees is approximately NT\$164,775 thousand. Based on the vesting conditions, the estimated expensed amounts for the first year (September to December of 2023 ) and the second year (2024) are NT\$102,984 thousand and 61,791 thousand, respectively.
  - (II) Dilution of earnings per share and other matters affecting shareholders' equity:  
Based on the number of 84,752,959 outstanding shares of the Company on April 30, 2023, it is estimated that the possible reduction in earnings per share for the first year (September to December of 2023) and the second year (2024) will be approximately NT\$1.22 and NT\$0.73, respectively.
- VI. Necessary reasons for implementing restricted stock for employees: The Company aims to attract and retain the professionals needed by the Company, and to stimulate and enhance the centripetal force of employees, so as to jointly create the interests of the Company and shareholders.

VII. The situation where restricted stock for employees have been allocated prior to the fulfillment of the vesting conditions:

- (I) Prior to the fulfillment of the vesting conditions, employees who have been allocated new shares may not sell, pledge, transfer, donate, or otherwise dispose of the restricted stock for employees, except in the case of inheritance. After the employee meets the vesting conditions, the shares will be transferred from the trust account to the employee's personal depository book-entry account in accordance with the provisions of the trust custody contract.
- (II) The attendance, proposal, speaking, voting, and voting rights of the shareholders' meeting shall be executed in accordance with the trust custody contract.
- (III) Employees with the restricted stocks for employees will have the right to participate in dividend distribution for the new shares they acquire, and the distributed dividends will not be subject to any restrictions of vesting period, and will be transferred from the trust account to the employees' personal accounts within one month of the distribution date.
- (IV) Except as provided in the above trust agreement, the restricted stock for employees allocated under this measure shall have the same rights as common shares already issued by the Company, including but not limited to dividends, bonus, rights to receive additional paid-in capital, and rights to subscribe for new shares in cash capital increases, until the vesting conditions are met.
- (V) During the vesting period, if the Company conducts cash capital reduction, capital reduction to make up for losses, or other capital reduction not due to statutory capital reduction, the restricted stock for employees shall be cancelled according to the proportion of capital reduction. If it is a cash capital reduction, the returned cash must be delivered to the trust/custody, and can only be delivered to the employee after the vesting conditions are met; However, if the vesting conditions are not met, the Company will reclaim the cash.

VIII. The Company will issue restricted stock for employees in the form of stock trust custody.

IX. This measure shall come into effect upon approval by the competent authority, after being approved by a majority of the attending directors at a Board meeting attended by over two-thirds of the directors. If, during the submission review process, revisions are required due to the requirements of the competent authority, the Chairman shall be authorized to revise this measure, and the issuance shall only be carried out after being approved by a majority of the attending directors at a Board meeting attended by over two-thirds of the

directors. If the conditions for the issuance of restricted stock for employees are instructed by the competent authority or amended by relevant laws or regulations, or if there are any issues that need to be revised or not covered due to market conditions or objective environment factors, it is proposed to request the shareholders' meeting to authorize the Board of Directors or its authorized personnel to handle them fully.

X. Please make the resolution.

Resolution:

**Extemporary Motions**

**Meeting Adjourned**

## 2022 Business Overview and 2023 Business Plan Report

The Company has established well-known IPs such as “Legend of Sword and Fairy”, “Xuan Yuan Sword”, and “Monopoly”, and continues to collaborate with major manufacturers to develop games and obtain film and television licenses. In addition, the R&D team of the Company continues to create new IPs and products, bringing players more diverse and innovative gaming experiences. They collaborated with the horror movie “The Bridge Curse” to develop the “The Bridge Curse Road to Salvation” horror game. We won the “Taiwan R&D Game” gold medal at the Taipei Game Show in 2023, and related sequels are ongoing; At the same time, we have obtained the IP authorization for the horror movie “Incantation” and opened a new chapter in the horror game with the advantage of cultural and creative energy.

The Company actively explores excellent independent games and collaborates with them for distribution, therefore, in addition to continuing to generate revenue from single player games, high-quality independent games have also become the key to maintaining stable revenue for the Company.

The original printed circuit board business of the subsidiary “Uniplus Technology Co., Ltd.” acquired San Jiang Electric Mfg Co., Ltd. in the first quarter of 2023. San Jiang Electric Mfg Co., Ltd. has been deeply involved in the heavy electricity industry for more than 50 years. Its main business is kiosk transformers, pole mounted transformers, amorphous metal transformers and other products to supply Taiwan Power Company and other customers.

The Company engages in diversified operations and has a leading presence in emerging markets. We have established a strong foothold in the Chinese gaming market across Taiwan, Mainland China, and Hong Kong. It has established a solid foundation in product development, marketing channels, game operations and IP licensing, and is actively entering the digital content market. Details of 2022 operating performance and 2023 operation prospects are as follows:

### I. 2022 Business Results

#### (I) Implementation achievements of the 2022 Business Plan:

The Company's 2022 consolidated operating income was NT\$2,252,134 thousand.

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

Unit: Thousand NT\$

Item	2022 Actual Amount
Operating Revenue	2,252,134
Operating Costs	(1,357,295)
Gross Profit (Loss)	894,839
Operating Expenses	(1,005,765)
Operating Income (Loss)	(110,926)
Non-Operating Items	734,958
Pre-tax net profits	624,032
Income Tax Expenses	(58,293)
Net profits of the period	565,739
Net Profit (Loss)	624,486
Attributable to:	
Owners of the Parent Company	624,486
Non-Controlling Interests	(58,747)

(III) Profitability analysis:

Item	2022
Return on total assets	14.26%
Return on total stockholder's equity	21.60%
Operating Income to Capital	(13.01%)
Pretax Income to Capital	73.19%
Net Income to Sales	25.12%
Earnings per Share after Tax (NT\$)	7.48

(IV) Research and Development:

The R&D team successfully used the game engine of Unreal Engine 5, bringing many advantages to the Company's game development; And focuses on the development of home console games, and is committed to improving game performance and experience. Through continuous optimization of the game engine and programming technology, the operation speed and stability of the game have been improved, and a smoother and more pleasant game experience has been brought to players.

In addition, the R&D team focuses on innovation and exploration, actively exploring new technologies and applications. The team utilizes AI generation technology to continuously create new IPs and products, bringing players more diverse and innovative gaming experiences.

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

Overall, through the technology and continuous efforts, innovation, and exploration of the R&D team, the Company can bring better products and services to users and bring more development opportunities to the gaming industry.

In 2022, a total of NT\$184,534 thousand in research and development expense was invested, accounting for 18% of the Company's operating expenses.

## II. Overview of 2023 Business Plan

(I) Operation guidelines

◎ Research and development of games

- (1) Product R&D Plan - Brand IP Promotion: The R&D team will release the Voice Love on Air, a director- themed love game and Sea Horizon 2 this year; The Voice on Air game adopts Japanese full voice dubbing, and the exciting storyline performance provides players with a suitable script experience to choose from. Sea Horizon 2 is undergoing adjustments for the Asian market, improving its storyline and visual performance, and adding a multiplayer mode to enhance player interaction.
- (2) Technology R&D Plan - Establishment of AI Team: In response to market trends, the R&D technology center has established an AI team, aiming to accelerate the development process, optimize team manpower, reduce outsourcing and personnel

month costs through AI tools, and continuously monitor the trend and evolution of AI. The team will use optimized development processes to enrich game content.

- (3) Technology R&D Plan - New Technology Import: Importing 3D scanning technology can quickly generate game models from physical items, accelerating project development. As the usage of Spine tools become increasingly mature, the R&D team has gained extensive experience in 2D dynamic production and will apply them to subsequent game development.
- ◎ IP licensing and pan-entertainment authorization cooperation
- Develop new games, TV shows, movies, internet dramas, stage plays, animations, and distribute novels or comics through licensing or collaboration. The Company's IP brand will work with more cross-disciplinary companies to create more revenue and profit.
- ◎ Gaming operation
- (1) Emerging market expansion - expected to enter the Indian market in the third quarter of 2023, and to launch mobile games.
  - (2) Digging for Excellent Independent Games - Committed to deepening our roots in the gaming market, the Company seeks out independent game development teams with potential and provide them with support and collaboration opportunities to allow these works to shine in the industry.
  - (3) Strengthening the scale of localization development team - In response to the need for old products to be reissued in new markets or new hosts, we have started forming a small R&D team since 2022. Since 2023, in order to accelerate the localization process of products in the Indian market and the migration of different products between platforms by the game platform distribution department, we plan to expand our current research and development team.
  - (4) Combining the general entertainment platform - we connect the upstream and downstream resources of the group, expand the diversified services of general entertainment, maintain high-quality content output, and expose multimedia marketing.
- ◎ Business plan for subsidiaries of the group.
- “Array Networks” is one of the few information security equipment manufacturers in Taiwan, and continuously invests in R&D resources to develop solutions that meet social needs, with the goal of becoming a leader in Taiwan's information security industry. “Chander Electronics Corp.” has obtained the exclusive agency rights in mainland China for the silicon nitride ceramic substrates produced by the portfolio company Super Energy Materials Inc. and will continue to contribute to revenue and profits in 2023. “Red Sunrise Co., Ltd.” has successively launched many innovative financial services such as “electronic invoices”, “BNPL (Buy Now, Pay Later) installment payments for inclusive finance”, “electronic tickets”, and “DCC (Dynamic



Currency Conversion)”, establishing differentiation from competitors in the industry. Uniplus Electronics Co., Ltd. acquired San Jiang Electric Mfg. Co., Ltd., joining the ranks of Taiwan's strong power grid to provide a stable power supply system as its mission, and actively invests in ESG-related work to fulfill social responsibility and achieve sustainable business operations.

(II) Projected sales

Several mobile games, single player games, collaborative cultural and creative IP products are expected to be launched in 2023, as well as increase the licensing revenue which can assist in the Company's revenue this year.

(III) Major operations & sales policies

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

III. Future development strategies of the Company

The Company's future development will be focused on IP licensing. In addition to gaming products, we will also work with leading companies in various fields, and plan to invest in crafts, book publishing, film, television, cultural creativity, digital content, and popular music. The multi-disciplinary industry of music and content will rapidly enhance the brand value of SOFTSTAR and IP. In addition to improving the self-developed R&D capabilities, the product strategy will be increasing the number and quality of products on the market through cooperation, licensing, outsourcing and other product development models. In terms of market strategy, besides the standalone games and online games MMORPGs in the original Chinese and Asian markets, the Company is also actively expanding into overseas emerging markets, seeking excellent strategic alliance partners, providing players with more diversified game choices, and promoting Softstar's products to various international markets worldwide through multilingual, multi-theme, and multi-platform operational expansion.

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

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

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

Best wishes  
to all shareholders

Chairman: Tu, Chun-Kuang

President: Tsay, Ming-Hong

Chief Accountant: Chuang, Jen-Chuan

# **SOFTSTAR ENTERTAINMENT INC.**

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

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements (consolidated financial statements included), and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit the Financial Statements (consolidated financial statements included) and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements (consolidated financial statements included), and earnings allocation proposal have been reviewed and determined to be accurate by the Audit Committee members. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely

2023 Annual Shareholders' Meeting

Convener of the Audit Committee: Hung, Pi-Lien

May 12, 2023

Private placement of securities:

Item	The first private placement in 2015 (Note 1) Issuance date: March 25, 2016 (Pricing and issuance matters resolved by the Board of Directors on March 17, 2016)
Types of privately placed securities (Note 2)	Common shares
Date and amount approved by the shareholders' meeting (Note 3)	On March 19, 2015, the issuance of a total of 10 million shares of privately placed common shares was approved by the Board of Directors and submitted for approval at the Annual Shareholders' Meeting on April 30, 2015.
Basis and reasonableness of price determination	<p>The basis and reasonableness of the private placement pricing:</p> <ol style="list-style-type: none"> <li>1. The reference price for privately placed common shares shall be the higher of the following two calculation: <ol style="list-style-type: none"> <li>(1) The simple average closing price of the common shares for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.</li> <li>(2) The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</li> </ol> </li> <li>2. The private placement pricing shall not be lower than 80% of the reference price.</li> <li>3. The actual pricing date and actual private placement price are proposed to be determined by the Board of Directors authorized by the shareholders' meeting based on the future situation of specific persons and market conditions. The private placement price shall not be less than 80% of the aforementioned reference price and shall not be less than the face value of the stock.</li> <li>4. The determination of the aforementioned private placement shall be reasonable, since it takes into account the low liquidity of privately placed common shares, and is based on the provisions of "Directions for Public Companies Conducting Private Placements of Securities".</li> </ol>
Method for selecting the specific persons (Note 4)	It is proposed to authorize the Board of Directors to select specific persons in accordance with the provision of specific persons specified in the Article 43-6 under the Securities and Exchange Act and the Order No. Financial-Supervisory-Securities-Corporate-11103835867 of the Financial Supervisory Commission dated September 1, 2010.

Reasons for the necessity of conducting the private placement	At present, the Company still needs to inject operational capital, and consider the timeliness, convenience, and issuance cost of capital increase, thus it adopts private placement to raise capital. The implementation of this plan is expected to strengthen the competitiveness of the Company, improve the operational efficiency, and positively benefit shareholders' equity.				
Payment completion date	Payment completed on March 25, 2016				
Placee information	Places of the private placement (Note 5)	Qualification requirements (Note 6)	Subscription quantities	Relationship with the company	Involvement in company operations
	Angel fund (Asia) Investments Limited	In compliance with Article 43-6, paragraph 1, subparagraph 3 under the Securities and Exchange Act	2,000,000 Shares	Corporate Director of the Company	Yes
Actual subscription (or conversion) price (Note 7)	NT\$84.61 per share				
Discrepancy between the actual subscription (or conversion) price and the reference price (Note 7)	The actual subscription price is NT\$84.61 per share, which is not lower than 80% of the reference price of NT\$105.76.				
Effects of the private placement on shareholder equity (such as causing an increase in accumulated losses...)	The total amount of the private placement was NT\$169,220,000, which increased the shareholders' equity of the Company and has brought its benefits to improving the financial structure.				
Status of utilization of the funds and plan implementation progress from private placement	To replenish operational capital, repay bank loans, reinvest domestically and overseas, or otherwise meet the capital needs of the Company for future development. It is expected to improve the financial structure of the Company, contribute to the stable growth of the Company's operation, and positively contribute to the improvement of shareholders' equity.				
Realization of plan benefits from private placement	The changes in financial structure ratio before and after capital increase are shown in the table below: Significantly improve the Company's financial structure and reduce debt ratio.				
	Item			Before capital increase	After capital increase
	Financial structure %	Long-term capital/property, plant, and equipment		1558%	2095%
		Total debts/Total assets		35%	28%
	Solvency %	Current ratio		150%	223%
Quick ratio		132%	206%		

	Note: The financial figures before the capital increase are for the fiscal year 2015.
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- Note 1: The number of columns can be adjusted based on the actual number of conducting. If there are multiple conducting of privately placed securities, they shall be listed separately.
- Note 2: Specify the types of privately placed securities such as common shares, preferred shares, convertible preferred shares, preferred shares with warrants, ordinary corporate bonds, convertible corporate bonds with warrants, overseas convertible corporate bonds, overseas depository receipts, and employee stock warrants.
- Note 3: For privately placed corporate bonds that do not require approval by the shareholders' meeting, shall specify the date and amount of approval by the Board of Directors.
- Note 4: For private placement conducting, if the placees have already been determined, the name of the placees and the relation with the Company shall be specified.
- Note 5: The number of columns can be adjusted according to the actual number.
- Note 6: Specify the first, second, or third subparagraphs of Article 43-6, Paragraph 1 under the Securities and Exchange Act.
- Note 7: The actual subscription (or conversion) price refers to the subscription (or conversion) price of the actual issuance of privately placed securities.

**Auditor Report of Independent Auditors**

To Softstar Entertainment Inc.

**Opinion**

We have audited the accompanying consolidated balance sheets of Softstar Entertainment Inc. (the “Company” ) and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements” ).

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 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 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon we do not provide a separate opinion on these matters.

### Revenue Recognition –Royalties

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

In response to the risk of material misstatement regarding recognition of royalties 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 revenue and confirming whether the performance obligations of the license agreement have been fulfilled; obtaining the details of royalty revenue allocation of games development and confirming the correctness of the development period and royalty revenue allocation stated in the license agreements; and
4. Reviewing the reasonableness of the estimated allocation periods and the correctness of the calculation of royalty revenues allocation provided by the Company and its subsidiaries.

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

### Revenue Recognition – Sales of goods from the of electronic parts and components department

The revenue of the Company's subsidiary, Chander Electronics Corp., from distribution of electronic parts and components (the electronic parts and components department of the Group) during the year ended December 31, 2022 is NT\$661,220 thousand. The recognition of revenue varies according to the determination of whether the Company and its subsidiaries act as a principal or an agent in a contract and has significant impact on the consolidated financial statements. We and other auditors therefore consider the determination of whether the Company and its subsidiaries act as a principal or an agent for new customers as a key audit matter.

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



1. Obtaining necessary understanding and verifying the accounting policy and the design and implementation of internal controls with respect to the Company and its subsidiaries' revenue recognition; checking the consistency between the accounting policy on revenue recognition and accounting treatment for the relevant contracts of the aforementioned customers; ensuring the Company and its subsidiaries' compliance with IFRS 15; and
2. Selecting samples of the relevant contracts of the aforementioned customers to assess if the control of the goods is transferred; sampling and performing the collection procedure to verify the authenticity of transaction; and sending confirmation letters to the aforementioned customers in order to confirm the validity of recognized revenue not yet received at the end of the reporting period in addition.

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

### Business combinations

The Board of Directors' meeting of the Company held in 2021 resolved to acquire 34.39% shareholdings of Uniplus Electronics Co., Ltd. and 55.03% shareholdings of Red Sunrise Co., Ltd. and the acquisition consideration amounted to NT\$350,012 thousand and NT\$136,899 thousand, respectively. The abovementioned companies were consolidated as the Company's subsidiaries since September 2021 and January 2022, respectively, and the purchase price allocation were both completed in 2022. As the transaction procedures of acquisition include the reasonableness of acquisition consideration and purchase price allocation, assessment of the fair value of identifiable assets, etc. These procedures require management to make judgments and estimates and the transaction price is material, we therefore consider this as a key audit matter.

In response to the risk of material misstatement regarding business combinations, our audit procedures included, but were not limited to:

1. Reviewing the meeting minutes of the Board of Directors, the share purchase agreements, and the proof of consideration payment;
2. Obtaining the fairness opinion of the purchase price, the analysis report of equity value, and the purchase price allocation reports regarding the paid acquisition consideration; evaluating the forecasted financial information utilized in the valuation report of fair value prepared by the management, and comparing it to the Company's historical financial information and the forecasts of the industry for the reasonableness.
3. Adopting the internal valuation experts to assess the methods and models applied by the management reassessing the parameters and assumptions utilized in in the purchase price allocation reports, including discount rate, etc. to compare the differences, and recalculating the price allocation for the reasonableness; and

4. Inspecting the Company's accounting process to verify whether the relevant assets and liabilities were recognized in accordance with the purchase price allocation reports and disclosed in the notes of the consolidated financial statements.

We also considered the appropriateness of the consolidated financial statements disclosure regarding the business combinations in Note 5 and 6.

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

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The total assets of those subsidiaries amounted to NT2,195,811 thousand, constituting 43% of consolidated total assets as of December 31, 2022, and total operating revenues of NT\$1,059,283 thousand, constituting 47% of consolidated operating revenues for the year ended December 31 2022. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$555,075 thousand and NT\$221,706 thousand, representing 11% and 7% of consolidated total assets as of December 31, 2022 and 2021, respectively. The related shares of profit or loss from the associates and joint ventures under the equity method amounted to NT\$7,746 thousand and NT\$(1,876) thousand, representing 1% and 0% of the consolidated profit before tax for the years ended December 31 2022 and 2021, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to NT\$(2,415) thousand and NT\$2,871 thousand, representing (28)% and 6% of the consolidated other comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Yu, Chien-Ju  
Yang, Chih-Huei

Ernst & Young, Taiwan  
March 28, 2023

### **Notice to Readers**

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice.



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2022 and 2021 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the Years Ended December 31,	
		2022	2021 (Adjusted) (Note)
<b>Net sales</b>	4, 5, 6 and 7	\$2,252,134	\$559,406
<b>Cost of goods sold</b>	7	(1,357,295)	(166,304)
<b>Gross profit</b>		<u>894,839</u>	<u>393,102</u>
<b>Operating expenses</b>	6 and 7		
Sales and marketing expenses		(467,537)	(111,454)
General and administrative expenses		(340,653)	(130,562)
Research and development expenses		(184,534)	(135,611)
Expected credit losses		(13,041)	(2,678)
Subtotal		<u>(1,005,765)</u>	<u>(380,305)</u>
<b>Operating (loss) income</b>		<u>(110,926)</u>	<u>12,797</u>
<b>Non-operating income and expenses</b>			
Interest income	6 and 7	5,908	415
Other income	6 and 7	4,473	19,271
Other gains and losses	6	737,419	1,093,887
Finance costs	6	(15,379)	(3,877)
Share of profit or loss of associates and joint ventures accounted for using equity method		2,537	(80,653)
Subtotal		<u>734,958</u>	<u>1,029,043</u>
<b>Profit before income tax</b>		624,032	1,041,840
<b>Income tax expense</b>	4, 5 and 6	(58,293)	(300,733)
<b>Net income</b>		<u>565,739</u>	<u>741,107</u>
<b>Other comprehensive income (loss)</b>	4 and 6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		2,568	2,108
Unrealized gains or losses from financial assets at fair value through other comprehensive income (loss)		(11,286)	27,799
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		513	11
Tax of items that will not be reclassified subsequently to profit or loss		(427)	168
Items that may be reclassified subsequently to profit or loss:			
Exchange differences resulting from translating the financial statements of foreign operations		17,223	15,345
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		(15)	(11)
<b>Total other comprehensive income (loss) , net of tax</b>		<u>8,576</u>	<u>45,420</u>
<b>Total comprehensive income</b>		<u>\$574,315</u>	<u>\$786,527</u>
<b>Net income attributable to:</b>			
Stockholders of the parent		\$624,486	\$740,653
Non-controlling interests		(58,747)	454
		<u>\$565,739</u>	<u>\$741,107</u>
<b>Comprehensive income (loss) attributable to:</b>			
Stockholders of the parent		\$617,647	\$786,013
Non-controlling interests		(43,332)	514
		<u>\$574,315</u>	<u>\$786,527</u>
<b>Earnings per share (NTD)</b>	4 and 6		
Earnings per share-basic		\$7.48	\$8.70
Earnings per share-diluted		<u>\$7.44</u>	<u>\$8.68</u>

Note: The Group had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the consolidated statement of comprehensive income for the year ended 2021 was adjusted, resulting in a decrease in net income by NT\$8,521 thousand.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
SOFSTAR ENTERTAINMENT INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

Description	Retained Earnings				Others Components of Equity						Total	
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses from Financial Assets at Fair Value Through Other Comprehensive Loss	Unearned Stock-Based Employee Compensation	Treasury Shares	Total		Non-Controlling Interests
Balance as of January 1, 2021	\$630,643	\$112,360	\$47,123	\$281,771	\$98,402	\$(15,345)	\$(275,740)	\$(6,540)	\$-	\$872,674	\$214	\$872,888
Appropriation and distribution of 2020 retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	5,632	-	(5,632)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,613)	-	-	-	-	(12,613)	-	(12,613)
Stock dividends	25,226	-	-	-	(25,226)	-	-	-	-	-	-	-
Special reserve	-	-	-	9,314	(9,314)	-	-	-	-	-	-	-
Net income in 2021	-	-	-	-	740,653	-	-	-	-	740,653	454	741,107
Other comprehensive income (loss) in 2021	-	-	-	-	2,218	15,334	27,808	-	-	45,360	60	45,420
Total comprehensive income (loss)	-	-	-	-	742,871	15,334	27,808	-	-	786,013	514	786,527
Difference between consideration and carrying amount of subsidiaries acquired	-	131	-	-	11,728	-	-	-	-	11,859	-	11,859
Changes in ownership interests in subsidiaries	-	-	-	-	(917)	-	-	-	-	(917)	(190)	(1,107)
Share-based payment transactions	-	-	-	-	-	-	-	6,540	-	6,540	-	6,540
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	504,737	504,737
Balance as of December 31, 2021	\$655,869	\$112,491	\$52,755	\$291,085	\$799,299	\$(11)	\$(247,932)	-\$-	-\$-	\$1,663,556	\$505,275	\$2,168,831
Balance as of January 1, 2022	\$655,869	\$112,491	\$52,755	\$291,085	\$799,299	\$(11)	\$(247,932)	-\$-	-\$-	\$1,663,556	\$505,275	\$2,168,831
Appropriation and distribution of 2021 retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	75,662	-	(75,662)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(196,761)	-	-	-	-	(196,761)	-	(196,761)
Stock dividends	196,761	-	-	-	(196,761)	-	-	-	-	-	-	-
Special reserve	-	-	-	(43,142)	43,142	-	-	-	-	-	-	-
Changes in other capital surplus	-	-	-	-	-	-	-	-	-	-	-	-
Net income in 2022	-	-	-	-	624,486	-	-	-	-	624,486	(58,747)	565,739
Other comprehensive income (loss) in 2022	-	-	-	-	2,138	7,057	(16,034)	-	-	(6,839)	15,415	8,576
Total comprehensive income (loss)	-	-	-	-	626,624	7,057	(16,034)	-	-	617,647	(43,332)	574,315
Repurchase of treasury share	-	-	-	-	-	-	-	-	(6,943)	(6,943)	-	(6,943)
Acquisition of parent company's stocks by subsidiaries	-	-	-	-	-	-	-	-	(94,904)	(94,904)	(169,586)	(264,490)
Recognized as treasury shares	-	4,227	-	-	-	-	-	-	-	4,227	-	4,227
Parent company's cash dividends received by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	2,411	-	-	(36,359)	11	(8)	-	-	(33,945)	(18,377)	(52,322)
Changes in ownership interests in subsidiaries	-	39,211	-	-	(5,989)	-	-	-	-	33,222	(78,387)	(45,165)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	886,680	886,680
Disposal of investments in equity instruments measured at fair value through other comprehensive income or loss	-	-	-	-	(110,707)	-	110,707	-	-	-	-	-
Balance as of December 31, 2022	\$852,630	\$158,340	\$128,417	\$247,943	\$846,826	\$7,057	\$(153,267)	-\$-	\$(101,847)	\$1,986,099	\$1,082,273	\$3,068,372

Note: The Group had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the consolidated statements of changes in equity for the year ended December 31, 2021 and the balance as of January 1, 2022 were adjusted, please refer to Note6 (27) for further information.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2022 and 2021 (Adjusted)  
 (Expressed in Thousands of New Taiwan Dollars)

Description	For the Years Ended December 31,	
	2022	2021 (Adjusted) (Note)
Cash flows from operating activities:		
Net income before tax	\$624,032	\$1,041,840
Adjustments for:		
Depreciation	61,171	25,643
Amortization	30,432	7,333
Expected credit impairment losses (gains)	13,041	2,678
Loss on financial assets and liabilities at fair value through profit or loss	16,639	4,971
Interest expense	15,379	3,877
Interest income	(5,908)	(415)
Share-based payments expense	815	6,540
Share of net (profit) loss of associates and joint ventures accounted for using equity method	(2,537)	80,653
Loss on disposal of property, plant and equipment	1,977	3,220
Gain on disposal of intangible assets	(23,709)	-
Gain on disposal of investment	(648,250)	(1,123,088)
Impairment loss from non-financial assets	11,885	890
Others	3,553	609
Changes in operating assets and liabilities:		
Contract assets	22,478	40,014
Notes receivable, net	13,162	1,186
Notes receivable-related parties, net	(804)	-
Accounts receivable, net	(103,171)	109,174
Accounts receivable-related parties, net	5,736	(299)
Other receivables	5	(1,638)
Other receivables-related parties	515	(39)
Inventories, net	2,491	13,836
Prepayment	(30,949)	3,931
Other current assets	(5,819)	107,080
Other financial assets	(31,514)	-
Contract liabilities	(117,124)	131,637
Notes payable	62	(4,120)
Accounts payable	(15,552)	(57,603)
Other payables	5,370	33,025
Other payables-related parties	712	-
Provisions	4,438	-
Other current liabilities	(545,677)	(173)
Net defined benefit liabilities	(10,402)	(1,966)
Cash provided by operations	(707,523)	428,796
Interest received	5,908	415
Interest paid	(11,065)	(3,881)
Income tax paid	(308,825)	(52,531)
Net cash provided by/(used in) operating activities	(1,021,505)	372,799
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(6,430)	(20,872)
Proceeds from disposal of financial assets at fair value through other comprehensive income	67,397	109,526
Acquisition of financial assets at fair value through profit or loss	(15,705)	(60,008)
Proceeds from disposal of financial assets at fair value through profit or loss	57,933	-
Acquisition of investments accounted for using equity method	(17,991)	(491,811)
Proceeds from disposal of investments accounted for using equity method	638,632	1,840,786
Acquisition of subsidiaries (net of cash acquired)	85,035	(67,673)
Acquisition of property, plant and equipment	(21,307)	(6,114)
Proceeds from disposal of property, plant and equipment	579	379
(Increase) decrease in refundable deposits	(4,826)	1,165
Acquisition of intangible assets	(18,676)	(3,736)
Proceeds from disposal of intangible assets	1,500	-
Decrease (increase) in other financial assets	558,856	(104,471)
(Increase) decrease in other noncurrent assets	(47,328)	1,881
Net cash provided by activities	1,277,669	1,199,052
Cash flows from financing activities:		
Increase in short-term borrowings	158,481	-
Proceeds from long-term borrowings	112,733	110,000
Repayment of long-term borrowings	(152,951)	(91,167)
Increase in guarantee deposits received	(12,101)	-
Repayment of the principal portion of lease liabilities	(48,136)	(19,833)
Cash dividends	(184,471)	(12,613)
Treasury stock transactions	(271,433)	-
Changes in non-controlling interests	(72,223)	(917)
Net cash used in by financing activities	(470,101)	(14,530)
Net foreign exchange difference	8,556	-
Net (decrease) increase in cash and cash equivalents	(205,381)	1,557,321
Cash and cash equivalents at beginning of year	1,795,522	238,201
Cash and cash equivalents at end of year	\$1,590,141	\$1,795,522

Note: The Group had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the consolidated statement of cash flows for the year ended December 31, 2021 was adjusted.

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



**Auditor Report of Independent Auditors**

To Softstar Entertainment Inc.

**Opinion**

We have audited the accompanying parent company only balance sheets of Softstar Entertainment Inc. (the “Company”) as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component 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, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Parent Company Only Financial Statements* section of our report. We are independent of the Company and in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), 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 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon we do not provide a separate opinion on these matters.

### Revenue Recognition –Royalties

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

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

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

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

### **Other Matter – Making Reference to the Reports of Other Independent Auditors**

We did not audit the financial statements of certain investments accounted for using the equity method. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 relating to these equity investments, is based solely on the audit reports of other auditors. These investment accounted for using the equity method amounted to NT\$866,541 thousand and NT\$221,706 thousand, representing 35% and 10% of total assets as of December 31, 2022 and 2021, respectively. The related

shares of profit or loss from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(58,157) thousand and NT\$(1,867) thousand, representing (9)% and (0)% of the profit before tax for the years ended 31 December, 2022 and 2021, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(8,819) thousand and NT\$32 thousand, representing 129% and 0% of the other comprehensive income for the years ended 31 December, 2022 and 2021, 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.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 maintain professional skepticism throughout the audit. We also:

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

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yu, Chien-Ju

Yang, Chih-Huei

Ernst & Young, Taiwan

March 28, 2023

**Notice to Readers**

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

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



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

SOFTSTAR ENTERTAINMENT INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021 (Adjusted)

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

Item	Notes	For the Years Ended December 31,	
		2022	2021 (Adjusted) (Noted)
<b>Net sales</b>	4, 5, 6 and 7	\$445,715	\$366,290
<b>Cost of goods sold</b>	7	(75,381)	(42,604)
<b>Gross profit</b>	6 and 7	370,334	323,686
<b>Operating expenses</b>	6 and 7		
Sales and marketing expenses		(49,142)	(52,422)
General and administrative expenses		(110,428)	(100,408)
Research and development expenses		(90,541)	(126,218)
Expected credit losses		(13,148)	(2,730)
Subtotal		(263,259)	(281,778)
<b>Operating income</b>		107,075	41,908
<b>Non-operating income and expenses</b>	6		
Interest income		2,663	136
Other income		4,908	15,168
Other gains and losses		61,183	(22,514)
Finance costs		(3,978)	(3,560)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		512,870	987,517
Subtotal		577,646	976,747
<b>Profit before income tax</b>		684,721	1,018,655
<b>Income tax expense</b>	4, 5 and 6	(60,235)	(278,002)
<b>Net income</b>		624,486	740,653
<b>Other comprehensive income (loss)</b>	4 and 6		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		2,029	1,994
Unrealized gains or losses from financial assets at fair value through other comprehensive income (loss)		(6,146)	27,858
Share of other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for using equity method		(9,563)	(9)
Tax of items that will not be reclassified subsequently to profit or loss		(216)	183
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		7,057	15,334
<b>Total other comprehensive income (loss), net of tax</b>		(6,839)	45,360
<b>Total comprehensive income</b>		\$617,647	\$786,013
<b>Earnings per share (NTD)</b>	4 and 6		
Earnings per share-basic		\$7.48	\$8.70
Earnings per share-diluted		\$7.44	\$8.68

Note: The Company had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the parent company only statement of comprehensive income for the year ended December 31, 2021 was adjusted, resulting in a decrease in net income by NT\$2,930 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  
SOF-TSTAR ENTERTAINMENT INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2022 and 2021 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars)

Description	Retained Earnings				Others Components of Equity			Treasury Shares	Total
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses from Financial Assets at Fair Value Through Other Comprehensive Loss		
Balance as of January 1, 2021	\$630,643	\$112,560	\$47,123	\$281,771	\$98,402	\$(15,345)	\$(275,740)	\$(6,540)	\$872,674
Appropriation and distribution of 2020 retained earnings	-	-	-	-	(5,632)	-	-	-	-
Legal reserve	-	-	5,632	-	(9,314)	-	-	-	-
Special reserve	-	-	-	9,314	(12,613)	-	-	-	-
Cash dividends	-	-	-	-	(25,226)	-	-	-	(12,613)
Stock dividends	25,226	-	-	-	-	-	-	-	-
Net income in 2021(adjusted) (Note)	-	-	-	-	740,653	-	-	-	740,653
Other comprehensive income (loss) in 2021	-	-	-	-	2,218	15,334	27,808	-	45,360
Total comprehensive income (loss) in 2021	-	-	-	-	742,871	15,334	27,808	-	786,013
Difference between consideration and carrying amount of subsidiaries acquired	-	131	-	-	11,728	-	-	-	11,859
Changes in ownership interests in subsidiaries (adjusted) (Note)	-	-	-	-	(917)	-	-	-	(917)
Share-based payment transactions	-	-	-	-	-	-	-	6,540	6,540
Balance as of December 31, 2021 (adjusted) (Note)	\$655,869	\$112,491	\$52,755	\$291,085	\$799,299	\$(11)	\$(247,932)	-\$	\$1,663,556
Balance as of January 1, 2022 (adjusted) (Note)	\$655,869	\$112,491	\$52,755	\$291,085	\$799,299	\$(11)	\$(247,932)	-\$	\$1,663,556
Appropriation and distribution of 2021 retained earnings	-	-	-	-	(75,662)	-	-	-	-
Legal reserve	-	-	75,662	-	(196,761)	-	-	-	(196,761)
Cash dividends	-	-	-	-	(196,761)	-	-	-	-
Stock dividends	196,761	-	-	-	(43,142)	-	-	-	-
Reversal of special reserve	-	-	-	(43,142)	-	-	-	-	-
Net income in 2022	-	-	-	-	624,486	-	-	-	624,486
Other comprehensive income (loss) in 2022	-	-	-	-	2,138	7,057	(16,034)	-	(6,839)
Total comprehensive income (loss) in 2022	-	-	-	-	626,624	7,057	(16,034)	-	617,647
Repurchase of treasury shares	-	-	-	-	-	-	-	(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	\$846,826	\$7,057	\$(153,267)	-\$	\$1,986,099

Note: The Company had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the parent company only statement of changes in equity for the year ended December 31, 2021 and the balance as of January 1, 2022 were 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.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2022 and 2021 (Adjusted)  
(Expressed in Thousands of New Taiwan Dollars)

Description	For the Years Ended December 31,	
	2022	2021 (Adjusted) (Note)
Cash flows from operating activities:		
Net income before tax	\$684,721	\$1,018,655
Adjustments for:		
Depreciation	15,441	15,661
Amortization	2,462	3,293
Expected credit impairment losses(gains)	13,148	2,730
Loss on financial assets and liabilities at fair value through profit or loss	16,207	4,971
Interest expense	3,560	3,560
Interest income	(2,663)	(135)
Share-based payments expense	-	6,540
Share of gain of associates and joint ventures accounted for using equity method	(512,870)	(987,517)
Loss on disposal of property, plant and equipment	1,558	3,276
(Gain) loss on disposal of investment	(706)	505
Impairment loss of non-financial assets	-	2,688
Others	(100)	609
Changes in operating assets and liabilities:		
Contract assets	20,057	49,370
Accounts receivable, net	(3,343)	115,844
Accounts receivable-related parties, net	(14,129)	19,329
Other receivables	(639)	1
Other receivables-related parties	(29,162)	1,972
Prepayment	(22,141)	(11,248)
Contract liabilities	(95,530)	129,663
Accounts payable	(4,090)	(52,196)
Accounts payable-related parties	3,383	(479)
Other payables	(9,635)	33,689
Other payables-related parties	298	(256)
Other current liabilities	1,772	25
Net defined benefit liabilities	(7,711)	(163)
Cash provided by operations	59,888	360,387
Interest received	2,663	135
Interest paid	(2,886)	(2,982)
Income tax paid	(294,108)	(26,825)
Net cash provided by/(used in) operating activities	(234,443)	330,715
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$-	\$(872)
Proceeds from disposal of financial assets at fair value through other comprehensive income	67,397	12
Acquisition of financial assets at fair value through profit or loss	(6,000)	(42,865)
Acquisition of investments accounted for using equity method	(817,087)	(749,872)
Decrease in prepayments for investments	-	1,296
Capital reduction by cash on investments accounted for using the equity method	803,232	842,467
Disposal of subsidiaries	-	405
Acquisition of property, plant and equipment	(3,687)	(3,599)
Proceeds from disposal of property, plant and equipment	141	150
(Increase) decrease in guarantee deposits paid	(3,203)	2,767
Acquisition of intangible assets	(2,701)	(2,409)
(Increase) decrease in other financial assets	(75,575)	579
Dividends received	184,260	-
Net cash provided by activities	146,777	48,059
Cash flows from financing activities:		
Increase in short-term borrowings	193,000	-
Proceeds from long-term borrowings	-	110,000
Repayment of long-term borrowings	(76,021)	(91,167)
Repayment of the principal portion of lease liabilities	(13,098)	(13,136)
Cash dividends	(196,761)	(12,613)
Treasury stock transactions	(6,943)	-
Net cash used in financing activities	(99,823)	(6,916)
Net (decrease) increase in cash and cash equivalents	(187,489)	371,858
Cash and cash equivalents at beginning of year	539,398	167,540
Cash and cash equivalents at end of year	\$351,909	\$539,398

Note: The Company had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the parent company only statement of cash flows for the year ended December 31, 2021 was adjusted.

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

SOFTSTAR ENTERTAINMENT INC.  
Comparisons of Amendment for “Articles of Incorporation” (24th Amendment)

Article	Before Amendment	Current	Explanation
Article VI	<p>The Company's authorized capital is NT\$1.3 billion, which is divided into 130 million shares. Each share carries a par value of NT\$10, and the Board of Directors has been authorized to issue them in installments, some of which may be preferred shares. The NT\$100 million shares of the capital in the preceding paragraph are reserved for stock options including preferred shares with options, company bonds with stock options and employee stock options, totaling ten million shares. Each share carries a par value of NT\$10 and may be issued in accordance with the resolution of the Board of Directors.</p> <p><u>The eligible recipients for the issuance of restricted stock for employee,</u>  <u>transfer of treasury stocks repurchased in accordance with the Company Act, issuance of employee stock warrants,</u>  <u>or employees who subscribe for shares when new shares are issued, may include employees of affiliated companies who meet certain conditions.</u></p>	<p>The Company's authorized capital is NT\$1.3 billion, which is divided into 130 million shares. Each share carries a par value of NT\$10, and the Board of Directors has been authorized to issue them in installments, some of which may be preferred shares. The NT\$100 million shares of the capital in the preceding paragraph are reserved for stock options including preferred shares with options, company bonds with stock options and employee stock options, totaling ten million shares. Each share carries a par value of NT\$10 and may be issued in accordance with the resolution of the Board of Directors.</p>	Amended to align with company operations.
Article XXXIV	<p>This Articles of Association was established on July 28, 1998. The 1st Amendment was made on September 21, 1998.  (Omitted below)  . . .  The 23rd amendment was made on July 1, 2021.  <u>The 24th Amendment was made on June 26, 2023.</u></p>	<p>This Articles of Association was established on July 28, 1998. The 1st Amendment was made on September 21, 1998.  (Omitted below)  . . .  The 23rd amendment was made on July 1, 2021.</p>	Addition of amended date

# SOFTSTAR ENTERTAINMENT INC. Articles of Incorporation

## Chapter 1. General Provisions

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

## Chapter 2. Shares

- Article 6 The Company's authorized capital is NT\$1.3 billion, which is divided into 130 million shares. Each share carries a par value of NT\$10, and the Board of Directors has been authorized to issue them in installments, some of which may be preferred shares. The NT\$100 million shares of the capital in the preceding paragraph are reserved for stock options including preferred shares with options, company bonds with stock options and employee stock options, totaling ten million shares. Each share carries a par value of NT\$10 and may be issued in accordance with the resolution of the Board of Directors.

Article 6-1 deleted  
Article 6-2 deleted  
Article 6-3 deleted  
Article 6-4 deleted  
Article 6-5 deleted  
Article 6-6 deleted  
Article 6-7 The rights and obligations of this Company's preferred shares and related issuing conditions are as follows:

- I. When there are earnings in the annual final accounts of the Company, 10% of the balance, after deducting all taxes and making up for the losses in the past years (including undistributed earnings adjusted), shall be set aside for the statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Then, it shall set aside or reverse special reserve according to the regulations, and the balance shall be used to pay the distributable dividends on the preferred shares.
- II. The dividend rate of preferred shares is capped at 4% per annum and is calculated based on the issuance price. Dividends are to be distributed in the form of cash each year. Once the Company's financial reports are ratified in the Annual Shareholders' Meeting, the Board of Directors will set the record date for the distribution of previous year's dividends payable. The number of annual dividends for the year and the annual recovery of dividends are calculated based on the ratio of actual issuance days to total days of the year.
- III. The Company has discretion over the distribution of preferred share dividends. If the Company did not generate any or sufficient profits during the year for the distribution of preferred share dividends, it may resolve not to pay out the dividends and preferred shareholders have no rights to object. If the preferred shares issued are of the non-accumulative type, the undistributed dividends or the deficit of dividends will not be accumulated for deferred payment in the years with earnings in the future.
- IV. Unless the shareholders of preferred shares receive dividends as specified in Subparagraph 2 of this Article, if the preferred shares are in a non-participating type, they shall not participate in distribution of cash and allotted capital from earnings and capital reserve for common shares.
- V. When the Company issues new shares in cash, the shareholders of preferred shares shall have the same priority on option as shareholders of common shares.
- VI. The priority order of shareholders of preferred shares in distribution of residual property is higher than shareholders of common shares, and it is the same with the repayment order for shareholders of various preferred shares but next to the creditor. Besides, it shall not exceed the amount calculated

according to the issuance price of the outstanding preferred shares at the time of distribution.

VII. Holders of preferred shares are entitled to voting rights or election rights at the Shareholders' Meeting, and may also be elected as directors.

VIII. If the issued preferred shares by the Company are convertible preferred ones, they shall not be converted within one year from the date of issuance. The Board of Directors shall be authorized to formulate the convertible period according to actual conditions. Based on the issuance terms, holders of convertible preferred shares may apply to convert all or a part of preferred shares held at the conversion ratio of one preferred share for one common share (The conversion ratio is 1:1). After convertible preferred shares are converted into common shares, their rights and obligations are the same as common shares. Dividend distribution at the conversion year shall be calculated based on the ratio of actual issuance days to total days of the conversion year. However, preferred shareholders who convert their shares prior to the ex-dividend date cannot participate in the preferred share dividends of that year and all subsequent year. Nevertheless, they may participate in the distribution of profit and capital surplus for common shares.

IX. Preferred shares have no maturity dates and preferred shareholders have no rights to request the Company to redeem those shares. However, the Company may redeem all or a part of preferred shares in cash, by compulsory conversion into new shares or by other means permissible by laws based on the issuance price and by relevant issuance terms at any time starting from the date after the shares have been issued for three years. The unredeemed preferred shares continue to have the rights and obligations stipulated in this Article until they are redeemed by the Company. In the year of redeeming preferred shares, the dividends that shall be distributed until the redemption date shall be distributed based on the ratio of actual issuance days to total days of the year if the Shareholders' Meeting of the Company decides to distribute dividends.

X. The Board of Directors is authorized to list the preferred shares or the common shares converted at the TPEX depending on the Company and market conditions.

The Board of Directors is authorized to set the name, issuance date and terms, and other relevant matters of the preferred shares at the time of issuance based on the market conditions and investors' subscription interests, in accordance with the Company's Articles of Incorporation and applicable laws and regulations.

#### Article 7

All of the shares issued by the Company shall be name-bearing, numbered and signed or sealed by at least three of the Company's Directors. Shares can be issued

by the competent authority or the competent authority's approved share-issuing institution after the shares are recorded. The Company may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody institution to make registration of such shares. The same applies to securities.

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

Article 9 deleted

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

### Chapter 3. Shareholders' Meeting

Article 11 The Company's Shareholders' Meeting falls in the following 2 categories:

- I. Annual Shareholders' Meetings, held by the Board of Directors within 6 months after the end of each fiscal year.
- II. convened in accordance with relevant laws and regulations when necessary.

The Special Shareholders' Meeting is convened by the Board of Directors according to laws when necessary.

Article 12 The Shareholders' Meeting shall be chaired by the Chairman of the Board. In case the Chairman is on leave, the designated Director appointed by the Chairman shall act in place of the Chairman. Where the Chairman does not make such appointment, the Directors shall elect one person from among themselves to serve as chair. When the meeting is called by a person outside of the Board of Directors, the convener shall preside as the chair, and when there are two or more conveners, a person among them shall be elected to preside as the chair.

Article 13 The Annual Shareholders' Meeting shall be convened 30 days before the day of the meeting and the Extraordinary Shareholders' Meeting shall be convened 15 days before the date of the meeting. The shareholders shall be notified of the date, place, and reasons of the meeting.

Article 14 When a shareholder is unable to attend the Shareholders' Meeting, he/she may appoint a representative through a letter of proxy printed by the Company, stating the scope of authorization to the representative.

Use of the letter of proxy shall be subject to the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies.

Article 15 Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by applicable law or regulation.

Article 16 Unless otherwise stated in relevant laws and regulations, resolutions of Shareholders' Meeting shall be agreed by the majority of votes represented by the attending shareholders or representatives who represent the majority of the total number of issued shares.

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

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

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

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

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

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

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

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

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

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

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

- Article 19 The Chairman shall be elected among the Directors with two-thirds or more of all Directors in attendance and the consent of the majority of the Directors present. The Chairman shall represent the Company externally.
- Article 20 The Board of Directors shall be convened by the Chairman unless otherwise provided by the Company Act. Unless otherwise provided by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of more than half of the Directors in attendance at the meeting where more than half of the total number of Directors presents.
- Article 20-1 In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each Director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. In calling a meeting of the Board of Directors, a notice setting forth to each Director can be in the form of writing, e-mail, or fax.
- Article 21 If the Chairman of the Board is on leave or cannot perform his duties for some reason, the Chairman shall designate a Director to act on his behalf. If the Chairman does not designate a Director, Directors shall elect one person from among themselves to serve as chair. Directors shall attend meetings of the Board of Directors. If a Director is unavailable to attend a meeting in person, the Director may issue a power of attorney for the given meeting, but such authorization is limited to one person only.
- Article 22 deleted
- Article 23 When the number of Directors falls to one-third of the total or all Independent Directors have been dismissed, the Board of Directors shall call an Extraordinary Shareholders' Meeting within 60 days from the date of occurrence to carry out a by-election to fill the vacancies.
- Article 24 The Company may have managerial officers. Appointment, dismissal and compensation of the managerial officers shall be decided in accordance with Article 29 of the Company Act.
- Article 24-1 The Board of Directors is authorized to decide the compensation for all Directors based on the degree of their participation in and contribution to the operations of the Company and referred at a rate consistent with general practices in the industry.
- Article 25 The General Manager shall preside over the business of the Company in accordance with the resolution of the Board of Directors.



## Chapter 5. Accounting

- Article 26 The Company's fiscal year begins from January 1 to December 31. Final accounts should be processed at the end of each year.
- Article 27 In accordance with Article 228 of the Company Act, at the close of each fiscal year, the Board of Directors shall prepare the following reports and statements, which will be subsequently submitted to the annual general meeting for recognition.
- I. Business Report.
  - II. Financial Statements.
  - III. Proposal on earnings distribution or a plan for recovery of losses.
- Article 28 The distribution of dividends and bonuses is based on the proportion of shares held by each shareholder. When the company has no earnings, it does not pay dividends and bonuses.
- Article 29 If the Company makes a profit in the year, at least 3% of the profit shall be allocated for employees' compensation and no more than 3 % shall be allocated for Directors' compensation. However, the Company shall reserve a portion of profit to make up for accumulated losses (including adjusted unallocated earnings from previous years), if any.
- The Board of Directors shall issue the employee compensation in the preceding paragraph in the form of stocks or cash distribution, and the objects of the issuance shall include employees of the subordinate companies that meet the conditions set by the Board of Directors. The Director compensation of the preceding paragraph is only paid in cash.
- The compensation distribution of the employees and Directors shall be subject to the resolution of the Board of Directors, and shall be reported to the Shareholders' Meeting.
- Article 29-1 When there are earnings in the annual final accounts of the Company, 10% of the balance, after deducting all taxes and making up for the losses in the past years (including adjusted unallocated earnings), shall be set aside for the statutory surplus reserves, except when the cumulative statutory surplus has reached the paid-in capital of the Company. Special surplus reserves required by the regulations shall also be allocated and the balance then added with the unallocated earnings from previous years. Subsequently, the Board of Directors shall plan the earnings distribution and forward a proposal to the Shareholders' Meeting for approval.
- The Company's dividend distribution policy is subject to the Company's operational needs and the maximum interests of shareholders. The distribution of shareholder dividends is based on the principle of stock dividends. If there are

surpluses, the cash dividends are distributed to shareholders. However, the proportion of cash dividends is not more than 50% of the total dividend distribution.

Article 30 deleted

#### Chapter 6. Others

Article 31 deleted

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

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

Article 34 This Articles of Association was established on July 28, 1998. The 1st Amendment was made on September 21, 1998. The 2nd Amendment was made on November 17, 1998. The 3rd Amendment was made on May 6, 1999. The 4th Amendment was made on November 25, 1999. The 5th Amendment was made on May 24, 2000. The 6th Amendment was made on June 13, 2001. The 7th Amendment was made on June 24, 2002. The 8th Amendment was made on June 24, 2002. The 9th Amendment was made on June 15, 2004. The 10th Amendment was made on June 14, 2005. The 11th Amendment was made on June 14, 2006. The 12th Amendment was made on June 13, 2007. The 13th Amendment was made on June 13, 2008. The 14th Amendment was made on June 16, 2009. The 15th Amendment was made on June 17, 2010. The 16th Amendment was made on June 22, 2011. The 17th Amendment was made on June 27, 2012. The 18th Amendment was made on June 4, 2013. The 19th Amendment was made on April 30, 2015. The 20th Amendment was made on June 6, 2016. The 21st Amendment was made on June 22, 2017. The 22nd Amendment was made on June 29, 2018. The 23rd Amendment was made on July 1, 2021.

SOFTSTAR ENTERTAINMENT INC.

Chairman: Tu, Chun-Kuang

SOFTSTAR ENTERTAINMENT INC.  
Rules of Procedure for Shareholders' Meeting

- I. Meetings of shareholders shall be acted upon in accordance with these rules.
- II. Shareholders (or proxies) attending the Shareholders' Meeting shall sign on the attendance book, or turn in the sign-in card for check-in procedures. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed.
- III. Attendance and voting at a Shareholders' Meeting shall be calculated based the number of shares. The calculation of the number of shares present shall be based on the attendance book or sign-in cards submitted by the shareholders and those shares whose votes are exercised in writing or by electronic form.
- IV. The location of the Shareholders' Meeting shall be the Company's current location or such other place that is convenient for shareholders to attend. The meeting shall not commence earlier than 9 a.m. or later than 3 p.m.
- V. When a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. In case the Chairman is on leave or for any reason unable to exercise his powers, the Vice Chairman shall act in place of the Chairman. If there is no Vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise his powers, the Chairman shall appoint one of the managing Directors to act as the chair, or if managing Directors have not been appointed, one of the Directors shall be appointed to act as the chair. Where the Chairman does not make such an appointment, the managing Directors or the Directors shall elect one person from among themselves to serve as chair.  
If the chairman has not appointed a representative or the designated Director cannot perform his/her duties for some reason, the meeting chair shall be elected from among the Directors present.
- VI. The Company may appoint its attorneys, certified public accountants, or related persons to attend a Shareholders' Meeting with a non-voting capacity.  
The staff members who take charge of the Shareholders' Meeting affairs shall wear identification certificates or armbands.
- VII. The Company shall record the Shareholders' Meetings by audio or video and keep the recording for at least one year.
- VIII. The chair shall call the meeting to order at the appointed meeting time, as well as announcing information such as the number of shares with no voting right and shares present. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all

shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

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

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

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

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

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

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

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

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

- XI. A shareholder may not speak more than twice on the same resolution without the chair's consent, with five minutes maximum for each speech. However, if approved by the chair, it may be extended for three minutes. The chair may stop any shareholders who violate the above rules or exceed the scope of the agenda item.

- XII. Any legal entity designated as proxy by shareholder(s) to be present at the meeting may appoint only one representative to attend the meeting. When a corporate shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives appointed may speak on the same proposal.

- XIII. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

- XIV. When the chair considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

- XV. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The result

of the voting shall be reported and made into a record.

- XVI. Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions shall be adopted by a majority of the votes represented by the attending shareholders. The election of directors at the shareholders' meeting, if any, shall be handled according to the Rules on Director Election made by the Company, and the voting results shall be announced on the spot including the list of elected directors and the numbers of votes, as well as the list of unelected directors and the respective number of votes received.
- XVII. When there is an amendment or an alternative to the same proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- XVIII. During the process of the meeting, the chairman may announce a recess at an appropriate time. During the meeting, when an airstrike alarm, earthquake, fire or other major disaster occurs, the meeting will be terminated or suspended with attendants evacuated. After the situation is clear, the chair may announce the meeting time as appropriate. A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within five days without further notice or announcement.
- XIX. The chair may direct the inspectors (or security personnel) to help maintain order at the meeting place. When inspectors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Inspectors".
- XX. The resolution matters at Shareholders' Meetings shall be recorded in the meeting minutes to be signed or stamped by the chair and then distributed to shareholders within 20 days after the meeting. Electronic measures or announcements may be adopted to print and distribute meeting minutes. Distribution of the meeting minutes as described in the preceding paragraph may be conducted by uploading them to the MOPS. The meeting minutes shall accurately record the date and place of the meeting, the chair's name, the resolutions and voting results (including statistical voting power), and in case of election of directors, the votes received by each elected director. The meeting minutes shall be as long as the Company exists.
- XXI. Any matters not sufficiently provided for in these Rules shall be handled in accordance with the Company Act, the Company's Articles of Incorporation, and other applicable laws or regulations.
- XXII. Along with any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

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

Unit: NT\$

		2023 (Estimate)
Beginning paid-in capital		NT\$852,629,590
Distribution of shares and dividends in the current fiscal year (Note 1)	Cash dividend per share	1.5
	Number of shares allotted for capital transferred from earnings	0.2 shares
	Capital reserve to capital increase	-
Changes in operating performance	Operating Income	(Note 2)
	Operating profit increase (decrease) ratio over the same period last year	
	NIAT	
	Ratio of increase (decrease) in NIAT compared with the same period in previous year	
	Earnings (loss) per share (NT\$)	
	Earnings per share increase (decrease) ratio over the same period last year	
	Annual average return on investment (annual average P/E ratio)	
Pro-forma earnings per share and P/E ratio	If capital transferred from capital reserve is replaced by cash dividends distribution	Proposed Earnings Per Share
		Pro-forma Average Annual Return on Investment
	If capital transferred from capital reserve is not conducted	Proposed Earnings Per Share
		Pro-forma Average Annual Return on Investment
	If capital reserve has not been prepared and capital transferred from earnings is changed into distribution of cash dividends	Proposed Earnings Per Share
		Pro-forma Average Annual Return on Investment

Note 1: The distribution is in accordance with the resolution passed by the Board of Directors on May 12, 2023, and calculated on the basis of 84,752,959 shares available for distribution at present; It has not yet been approved by the Annual Shareholders' Meeting in 2023.

Note 2: The Company did not publish the 2023 financial forecasts, so it is not required to disclose the information.

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

- I. The number of issued shares was 85,262,959 shares.
- II. Pursuant to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the Company has set up three Independent Directors, and all Directors other than the Independent Directors have reduced the number of shares held according to the preceding paragraph to 80%. The minimum number of shares that all Directors should hold is 6,821,036 shares.
- III. The numbers of shares held by the Directors individually and by all Directors as recorded in the shareholders' register as of the closing date, April 28, 2023, is disclosed in the table below: complied with percentage required by law.

Unit: share

Title	Name	Shares held
Chairman	TU, CHUN-KUANG	0
Director	Angel Fund (ASIA) Investments Limited, British Cayman Islands	9,740,562
Director	Global Angel Investments Limited	5,973,030
Director	Oriental Golden Richness LTD	6,862,236
Independent Director	HUNG, PI-LIEN	0
Independent Director	ZHANG, YU-DE	0
Independent Director	HSIEH, YI-CHUN	0
<b>Total</b>		<b>22,575,828</b>