Stock Code: 6111

大宇資訊股份有限公司

SOFTSTAR ENTERTAINMENT INC.

2022 Annual Report

The information in this annual report can be obtained from the Market Observation Post System (website:http://mops.twse.com.tw) and
The Company's Website (website: http://group.softstar.com.tw)

Published on April 27, 2023

SOFTSTAR ENTERTAINMENT INC.

I. Spokesperson and Acting Spokesperson:

Spokesperson: Chuang, Jen-Chu'an / Chief Financial Officer
Telephone Number: 〈02〉2722-6266 Ext. 130
Email:danny_chuang@softstar.com.tw
Spokesperson: Xie, Shu-Jin / Assistant General Manager, Finance Department
Telephone Number: 〈02〉2722-6266 Ext. 141
Email: daphne@softstar.com.tw

II. Headquarters:

Address of Head Office: 22-1F, No. 77, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
Telephone Number:〈02〉2722-6266

III. Stock Transfer Agent:

Name: Stock Affair Agency Department of Yuanta Financial Holding Co., Ltd
Address: B1., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
Telephone Number:〈02〉2586-5859
Website: http://www.yuanta.com.tw

IV. Name of CPAs for the Financial Statements in the Most Recent Year:

Name of CPAs: Yu, Chien-Ju, Yang, Chih-Huei
Name of Accounting Firm: Ernst & Young Taiwan
Address: TWTC International Trade Building, 9F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City
Telephone Number:〈02〉2757-8888
Website: http://www.ey.com/Taiwan

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

VI. Corporate Website: http://group.softstar.com.tw

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Chapter 1. Letter to Shareholders

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		894,839
Operating expenses		(1,005,765)
Operating Income(loss)		(110,926)
Non-operating income and expenses		734,958
Pre-tax net profits		624,032
Income tax expenses		(58,293)
Net profits of the period		565,739
Net Profit (Loss) 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 and updated and more flexible business model, creating more and better works. Also, the Company has not seen a significant impact on its financial business due to changes in the domestic and international regulatory environment. The Company's management team will continue to pay attention to relevant regulations that may affect its operations.

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

Best wishes

to all shareholders

Chairman: Tu, Chun-Kuang

President: Tsay Ming-Hong

Chief Accountant: Chuang, Jen-Chuan

Chapter 2. Company Profile

I. Date of Incorporation

The Company was founded on August 3, 1998.

II. Company History

The Company, formerly known as Tianshuo Information Co., Ltd., was established on August 3, 1998 and changed its name to Softstar Entertainment Inc. on October 15, 1998. The Company has acquired the assets and liabilities generated from the main operations of its predecessor (the former Softstar), undertaken its existing research and development achievements and human resources, and continued its various operations.

Former Softstar was founded on April 1, 1988, and was deregistered on the base date of September 10, 1998. Its operating history and the business of the Company are closely linked. The significant events of the Company for the latest year and as of the date of printing the annual report are summarized below:

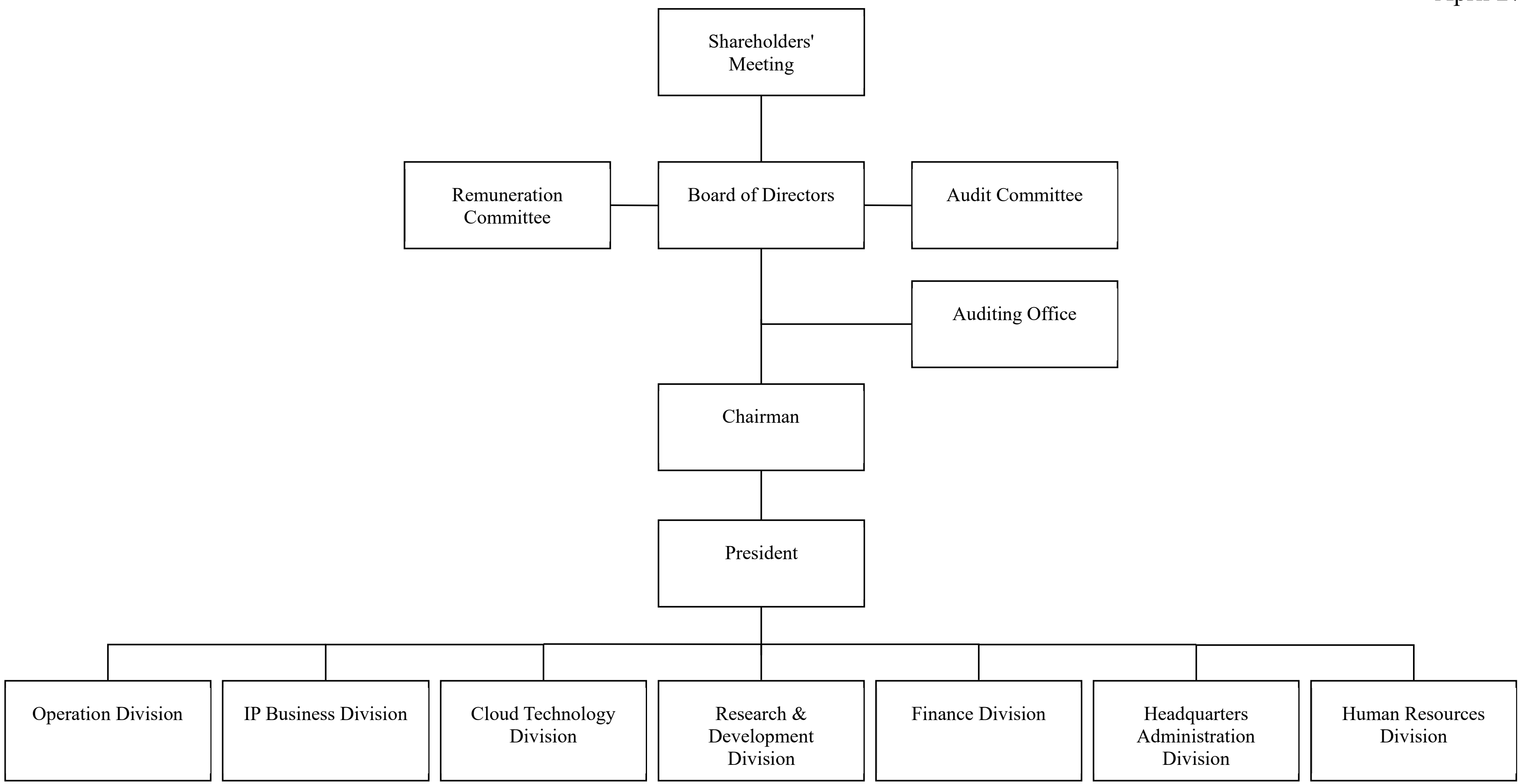
January 2022	Acquired a controlling stake in Red Sunrise Co., Ltd.
April	Acquired controlling stakes in Chander Electronics Corp. (OTC stock code: 8068) and Array Networks (OTC stock code: 3664).
February 2023	The Company intends to participate in cash capital increase through a private placement of its subsidiary, Uniplus Electronics Co., Ltd.
March	Our subsidiary, Uniplus Electronics Co., Ltd. acquired a controlling stake in San Jiang Electric Mfg Co.,Ltd.

Chapter 3. Corporate Governance Report

I. Organization

(I) Organization structure

April 27, 2023



(II) Functions of major departments

Department	Major function
Research & Development Division	1. Development and research for new technologies 2. Product quality control and compatibility test for software/hardware. 3. Manufacture and progress control for main planning, art design, programming, audiovisual post-production, music, sound effect.
Finance Division	Finance, accounting, and stock affairs.
IP Business Division	1. Negotiation on overseas licensing for game software and IP. 2. Promote overseas marketing markets and strategic alliances with other companies.
Headquarters Administration Division	1. Legal affairs. 2. Management and maintenance of fixed assets and office administrative affairs. 3. Management and maintenance of office information security, ERP system, and computer equipment.
Human Resources Division	Procedures related to Human Resources
Auditing Office	Carry out audits on the accuracy and validity for the implementation of the internal control system, assist in reviewing and evaluating the operations and operating statements of the Company, and provide improvement recommendations.
Cloud Technology Division	System backend maintenance, App maintenance and development, electronic invoicing, operation management of liquor social community platform , cloud server management.
Operation Division	Game Operation

II. Directors, Supervisors and Management Team

(I) Directors and supervisors

April 27, 2023
Unit: Share

Title	Nationality or domicile	Name	Gender (age)	Date elected (of accession)	Tenure	Date firstly elected	Shares held upon elected		Shares currently held		Shares held by spouse or minors		Holding shares in the name of another person		Primary experience (academic experience)	Titles concurrently held at the Company and other companies	Other supervisory roles, director or supervisor held by spouse or second-degree relations			Remark (Note 1) End of the full text
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Tu, Chun-Kuang	Male (aged 40-50)	2022.05.27	Three Years	2014.01.17	0	0%	0	0%	0	0%	22,983,731	26.96%	EMBA, New York University, the US EMBA, Peking University Managing Director of Autian Group, Hong Kong Vice President of Golden Harvest Group, Hong Kong Supervisor of Vie Show Cinemas Co., Ltd., Taiwan	Note I	Director Representative of Corporate Shareholder	Hsieh , Fang-Shu	Relative-in-Law	None
Director	British Cayman Islands	Angel Fund (Asia) Investments Limited Angel Fund (Asia) Investments Limited	-	2022.05.27	Three Years	2014.01.17	9,018,562	13.75%	9,740,562	11.42%	–	–	–	–	N/A	None	None	None	None	None
	Republic of China	Representative - Yao, Chuang-Hsien	Male (aged 50-60)	2022.05.27	Three Years	2017.06.30	5,238	0%	6,809	0.1%	0	0%	0	0%	Mining and Metallurgy Department, Taipei Institute of Technology Manager of Development Department, Softstar Entertainment Inc.	Note II	None	None	None	None
Director	Republic of China	Global Angel Investments Limited	–	2022.05.27	Three Years	2022.05.27	3,594,639	5.48%	5,973,030	7.01%	–	–	–	–	N/A	None	None	None	None	None
	Republic of China	Representative: Hsieh, Fang-Shu	Female (aged 40-50)	2022.05.27	Three Years	2020.06.09	26,625	0.04%	47,612	0.06%	0	0%	0	0%	Department of Accounting, Lingdong Technical College Employee of Chinatrust Commercial Bank	Note III	Chairman	Tu, Chun-Kuang	Relative-in-Law	None
Director	Republic of China	Oriental Golden Richness Ltd.	–	2022.05.27	Three Years	2022.05.27	3,039,325	4.63%	6,862,236	8.05%	–	–	–	–	N/A	None	None	None	None	None
Director	Republic of China	Representative-Chen, Yao-Tien	Male (aged 50-60)	2022.05.27	Three Years	2022.05.27	27,957	0.04%	36,344	0.04%	0	0%	0	0%	Department of Chemical Engineering of Tsing Hua University Department of Sociology, Chengchi University CEO of webzen Inc. Founder and CEO of Cayenne Entertainment Technology Co., Ltd. CEO of the Greater China region, Hoshin GigaMedia Center Inc., FunTown Branch,	Note IV	None	None	None	None

Title	Nationality or domicile	Name	Gender (age)	Date elected (of accession)	Tenure	Date firstly elected	Shares held upon elected		Shares currently held		Shares held by spouse or minors		Holding shares in the name of another person		Primary experience (academic experience)	Titles concurrently held at the Company and other companies	Other supervisory roles, director or supervisor held by spouse or second-degree relations			Remark (Note 1) End of the full text
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Hung, Pi-Lien	Female (aged 50-60)	2022.05.27	Three Years	2017.06.22	0	0%	0	0%	0	0%	0	0%	M.S. of Accounting, National Chengchi UniversityBanking Officer, Taipei Exchange Supervisor of LIWANLI Innovation Co., Ltd.	Note V	None	None	None	None
Independent Director	Republic of China	Zhang, Yu-De	Male (aged 30-40)	2022.05.27	Three Years	2022.05.27	0	0%	0	0%	0	0%	0	0%	Bachelor of Economics, Simon Fraser University Business Manager of KGI Securities Co. Ltd.	Note VI	None	None	None	None
Independent Director	Republic of China	Xie, Yi-Jun	Female (aged 40-50)	2022.05.27	Three Years	2022.05.27	0	0%	0	0%	0	0%	0	0%	Master of Marketing, Golden Gate University COO of Taiwan Branch, Playground Investment Limited	Note VII	None	None	None	None

Note: Where the Chairman of the Board and the President or equivalent person (Chief Executive) are the same person, each other's spouse or a relative of the first degree of kinship, the reasons, reasonableness, necessity and responsive measures (e.g., increase in the number of Independent Directors, and more than half of the Directors shall not concurrently serve as employees or managerial officers) shall be stated.

Note 1. Director of SOFTSTAR ANIMATION LIMITED, JFN Investment Holding Corp., New Profit Holding Ltd., and Mega Media Group Limited, Chairman of Loftstar Interactive Entertainment Inc., Director of Activision Entertainment Ltd., director of Double Edge Entertainment Corp. (legal representative of Softstar Entertainment Inc.), director of Angel Fund (Asia) Investments Limited, director of Global Angel Investments Limited (legal representative of Global Angel Investments Limited), director of Global Angel Investments Limited, director of Oriental Golden Richness Ltd., director of Angel (Partners) Investments Limited, director of BACCHUS WINE GROUP CO., LTD. (legal representative of BACCHUS WINE GROUP CO., LTD.), director of BACCHUS WINE GROUP CO., LTD., director of ANGEL WINE & SPIRIT GROUP CO., LTD., director of MIGHTY BUILD VENTURES LIMITED, Chairman of Uniplus Electronics Co., Ltd., director of Kyle Irwin Wine International Co., Ltd., director of TIME VISION INTERNATIONAL LIMITED, Chairman of Green Bless Co., Ltd. (legal representative of Uniplus Electronics Co., Ltd.), Chairman of Jiuheyi Technology Co., Ltd. (legal representative of Uniplus Electronics Co., Ltd.), director of Lanjing Design Co., Ltd. (legal representative of Softstar Entertainment Inc.), director of Chiwei Technology Co., Ltd. (legal representative of Softstar Entertainment Inc.), director of Taiwan Angel Asset Investment Co., Ltd., director of Channel First Investment Corp.,director of Ruihe Investment Co.,Ltd., director of Array Holdings for APGFIII Fund LPs,director of PLUSNINE International Co., Ltd, Decode Music Management Co. Ltd. (legal representative of EZ5 Innovation Inc.),and director of San Jiang Electric Mfg Co.,Ltd.

Note 2. Director and President of Softstar Technology (Beijing) Co., Ltd.

Note 3. Chairman of Lianhe Weima Co., Ltd., Supervisor of Loftstar Interactive Entertainment Inc. (legal representative of Softstar Entertainment Inc.), Director of Uniplus Electronics Co., Ltd. (legal representative of Global Angel Investments Limited), and Supervisor of Neweb Technologies Co., Ltd. (legal representative of Lianhe Weima Co., Ltd.).

Note 4. Director and President of Loftstar Interactive Entertainment Inc. (legal representative of Softstar Entertainment Inc.), director of Uniplus Electronics Co., Ltd. (legal representative of Softstar Entertainment Inc.), director of Neweb Technologies Co.,Ltd. (legal representative of Chander Electronics Corp.), and director of Niusnews Co., Ltd.(legal representative of Mega Media Group Limited)

Note 5. Independent Director of ATrack Technology Inc., and CPA of Xinda United Accounting Firm

Note 6. Director of Deken Asset Management Co., Ltd., director of Kai De Xiang Yu Co., Ltd., and director of New Development Investment Co., Ltd..

Note 7. President of Naval Games Co., Ltd and director of Nibiru Technology Co., Ltd.

Table 1: Substantial shareholders of corporate shareholders

April 27, 2023

Name of the corporate shareholder (Note 1)	Substantial shareholders of corporate shareholder (Note 2)	Shareholding ratio (%)
Angel Fund (Asia) Investments Limited Angel Fund (Asia) Investments Limited	Angel (Partners) Investments Limited	25%
	Future Kemy Limited	12.5%
	Rocket Parade Investment Limited	26%
	Channel First Investment Corp	36.5%
Global Angel Investments Limited	Global Angel Investments Limited	100.00%
Oriental Golden Richness Ltd.	Global Angel Investments Limited	99.89%
	Tu, Chun-Kuang	0.11%

Note 1. Disclose the name of the corporate shareholder when the Director or Supervisor is the Representative of the corporate shareholder.

Note 2. Disclose the name of the substantial shareholder (with top ten shareholding ratio) of the corporate shareholder and its shareholding ratio. When the substantial shareholder is a corporate, make disclosure in the following Table 2.

Note 3. For legal person shareholder which is not a corporate organization, the name of the shareholder and shareholding ratio disclosed in the above table shall be the name of the investors or donors (the announcements and queries of the Judicial Yuan may be referred to) and its contribution or donation ratio. If the donors have passed away, the word "deceased" shall be added next to their names.

Table 2: Substantial shareholders of corporate shareholders

April 27, 2023

Name of the corporate shareholder (Note 1)	Substantial shareholders of corporate shareholder (Note 2)	Shareholding ratio (%)
Angel (Partners) Investments Limited	Tu, Chun-Kuang	100.00%
Future Kemy Limited	Ko, Chieh-Yuan	100.00%
Rocket Parade Investment Limited	CMGE Technology Group limited	100.00%
Channel First Investment Corp	Tu, Chun-Kuang	100.00%
Global Angel Investments Limited	Tu, Chun-Kuang	100.00%

Note 1. Disclose the name of the corporate when the substantial shareholder is a corporate as in Table 1 above.

Note 2. Disclose the name of the substantial shareholder (with top ten shareholding ratio) of the corporate and its shareholding ratio.

Note 3. For legal person shareholder which is not a corporate organization, the name of the shareholder and shareholding ratio disclosed in the above table shall be the name of the investors or donors (the announcements and queries of the Judicial Yuan may be referred to) and its contribution or donation ratio. If the donors have passed away, the word "deceased" shall be added next to their names.

(II) Directors and supervisors

1. Disclosure of professional qualifications of Directors and Supervisors and the independence of Independence Directors:

Condition / Name	Professional qualification and experience (Note 1)	Independence (Note 2)	Serves as Independent Director for other publicly-listed companies
Chairman Tu, Chun-Kuang	Possesses industry-related knowledge and management capabilities; none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	N/A	0
Director Angel Fund (Asia) Investments Limited Angel Fund (Asia) Investments Limited	N/A	N/A	N/A
Representative - Yao, Chuang-Hsien	Possesses industry-related knowledge and management capabilities; none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	N/A	0
Director Global Angel Investments Limited	N/A	N/A	N/A
Representative - Hsieh, Fang-Shu	Possesses industry-related knowledge and management capabilities; none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	N/A	0
Director Oriental Golden Richness Ltd.	N/A	N/A	N/A
Representative - Chen, Yao-Tien	Possesses industry-related knowledge and management capabilities; none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	N/A	0
Independent Director Hung, Pi-Lien	Possesses a license of certified public accountant; none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	In compliance with the independence defined in Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	1
Independent Director Zhang, Yu-De	Possesses a license of the Securities Specialist; none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	In compliance with the independence defined in Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0
Independent Director Xie, Yi-Jun	Possesses industry-related knowledge and management capabilities; none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.	In compliance with the independence defined in Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	0

Note 1. Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience shall be stated, as well as whether the circumstances in the subparagraphs of Article 30 of the Company Act apply.

Note 2. Independent directors should state their compliance in independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number and percentage of the Company's shares held by them, their spouse, or relatives within the second degree of kinship (or in the name of others); whether they serve as directors, supervisors or employees of companies which has a specific relationship with the Company (please refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the last two years.

2. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

Policy on Directors' Diversity stipulated in the Article 20 under the Company's Code of Corporate Governance

The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

(I) Basic requirements and values: Gender, age, nationality, and culture.

(II) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

◎ All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

I. Business judgment ability.

II. Accounting and financial analysis ability.

III. Business management ability.

IV. Crisis management ability.

V. Knowledge of the industry.

VI. International market perspective.

VII. Leadership.

VIII. Decision-making ability.

The Company's current diversity policy for Board members and its implementation are as follows:

The Company currently has 4 directors (including 3 legal person directors and each appoints a representative), and 3 independent directors;

the 7 natural persons are all nationalities of the Republic of China. There are 4 males and 3 females; 1 is in the 30s, 3 are in their 40s, and 3 are in their 50s; the term of 1independent director has reached three terms, and 2 independent directors have not reached three terms. The Company has always been concerned about the gender equality of board members. On May 27, 2022, the directors were fully re-elected, and the number of female directors increased from two to three (including independent directors). At present, there are three female directors in the seven directors, accounting for 43%.

Management Objectives

・The Board of Directors includes at least one female member (achieved).

・The term of independent directors shall not exceed three terms (achieved).

	Business judgment ability	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	International market perspective	Leadership	Decision-making ability
Chairman Tu, Chun-Kuang	✓	✓	✓	✓	✓	✓	✓	✓
Director Representative Yao, Chuang-Hsien	✓		✓	✓	✓		✓	✓
Director Representative Hsieh , Fang-Shu	✓	✓	✓	✓			✓	✓
Director Representative Chen, Yao-Tien	✓		✓	✓	✓	✓	✓	✓
Independent Director Hung, Pi-Lien	✓	✓	✓	✓				
Independent Director Zhang, Yu-De	✓	✓	✓	✓			✓	✓
Independent Director Xie, Yi-Jun	✓		✓	✓	✓		✓	✓

(2) Independence of the Board of Directors:

The Board of Directors of the Company consists of seven directors (three of them are independent directors). The Board of Directors is independent, and more than half of them do not have a spousal relationship nor kinship within the second degree; among independent directors, or between independent directors and directors, at least one directors does not have one of the aforementioned relationships. The Board of Directors of the Company does not have any of the conditions specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) President, Vice President, assistant general managers, and the chiefs of all the Company's divisions and branch units

April 27, 2023

Title	Nationality	Name	Gender	Date elected (of accession)	Shareholding		Shares held by spouse and minors		Holding shares in the name of another person		Primary experience (academic experience)	Positions currently held in other companies	Managers who have spousal or second-degree family relationships within the Company			Remark End of the full text
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Tsay, Ming-Hung	Male	2017.06.30	268,310	0.31%	1,248	0%	0	0%	Industrial Engineering and Management, Oriental Institute of Technology Manager of Development Department, Softstar Entertainment Inc. Assistant General Manager of Development Department, Softstar Entertainment Inc. Vice President of Development Department, Softstar Entertainment Inc.	Note 1	None	None	None	None
COO	Republic of China	Chen, Yao-Tien	Male	2014.02.07	36,344	0.04%	0	0%	0	0%	Department of Chemical Engineering of Tsing Hua University Department of Sociology, Chengchi University CEO of webzen Inc. Founder and CEO of Cayenne Entertainment Technology Co., Ltd. CEO of the Greater China region, Hoshin GigaMedia Center Inc., FunTown Branch.	Note 2	None	None	None	None
COO	Republic of China	Lien, Chien-Chin	Male	2014.02.07	16,269 (Note)	0.02%	0	0%	0	0%	Department of Computer Science & Engineering, Yuan Ze University Master of Department of Computer Science & Engineering, Yuan Ze University Engineer, Chunghwa Telecom Laboratory Manager of Development Department, Guanjiapo Technology Deputy manager of Development Department, Silicon Integrated Systems President of Joymaster Inc.	Note 3	None	None	None	Note 2
Vice President	Republic of China	Chuang, Jen-Chu'an	Male	2021.02.01	0	0%	0	0%	0	0%	Department of Accounting, Tamkang University Manager of Audit Deparment, KPMG Taiwan CFO of Neweb Technologies Co., Ltd. Vice President in Management Department of NEWRETAIL	Note 4	None	None	None	None
Vice President	Republic of China	Lin, Hui-Zhen	Female	2015.04.16	105,575	0.12%	0	0%	0	0%	Graduate School of Law, Shih Hsin University Legal Deputy Manager , Univision Technology Legal Project Manager, Airoha Technology Senior Legal Manager, Donglin Presicion Legal Manager, Softstar Entertainment Deputy manager of Administrative Department, Softstar Entertainment Inc.	Note 5	None	None	None	None

Title	Nationality	Name	Gender	Date elected (of accession)	Shareholding		Shares held by spouse and minors		Holding shares in the name of another person		Primary experience (academic experience)	Positions currently held in other companies	Managers who have spousal or second-degree family relationships within the Company			Remark End of the full text
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Vice President	Republic of China	Lin, Yun-Hua	Female	2021.08.01	0	0%	0	0%	0	0%	University of Illinois at Urbana-Champaign Master of Science in Finance Manager, JAFCO Investment (Hong Kong) Limited Assistant General Manager of Corporate Merger & Acquisition Division, Deloitte & Touche Financial Advisory Corporation Managing Director, Global Angel Investments Limited	Note 6	None	None	None	None
Assistant General Manager	Republic of China	Chen, Yi-Fang	Female	2022.04.01	0	0%	0	0%	0	0%	Department of Journalism, Shih Hsin University Marketing Supervisor of Taiwan Star Telecom Corporation Limited Sales Director of E-Net Co., Ltd./Tokyo Fashion Co., Ltd. Sales Director of IFIT Ltd.	Note 7	None	None	None	None
Assistant General Manager	Republic of China	Shen, Yong-Xuan	Female	2022.04.01	0	0%	0	0%	0	0%	Master of Finance, University of Illinois at Urbana-Champaign Managing Director, Global Angel Investments Limited CFO of Uniplus Technology Co., Ltd.	None	None	None	None	None
Assistant General Manager	Republic of China	Liang, Jian-Zhang	Male	2022.12.06	2,000	0%	0	0%	0	0%	Department of Mechanical Engineering, Ming Chi University of Technology Manager of Cloud Technology Department, Softstar Entertainment Inc.	None	None	None	None	None
Assistant General Manager	Republic of China	Xie, Shu-Jin	Female	2022.12.01	15,600	0.02%	0	0%	0	0%	Department of Accounting, Feng Chia University Manager of Finance Department, Softstar Entertainment Inc.	Note 8	None	None	None	None
Assistant General Manager	Republic of China	Lu, Zhi-Xiang	Male	2023.01.01	10,846	0.01%	432	0%	0	0%	Department of Computer Science and Information Engineering, Tamkang University Manager of Research and Development Technology Center, Softstar Entertainment Inc.	None	None	None	None	None
Assistant General Manager	Republic of China	Hou, Li-Ling	Female	2023.01.05	20,800	0.02%	26,000	0.03%	0	0%	Department of Information Management, Ming Chuan University Manager of President’s Office, Softstar Entertainment Inc.	None	None	None	None	None

Note. Lien, Chien-Chin, the Chief Operating Officer, resigned from his position on June 30, 2022, so the statistical period for the number of shares held is as of June 30, 2022.

Note 1. Director of Gamebase Digital Media Corporation (legal representative of Softstar Entertainment Inc.).

Note 2. Director and President of Loftstar Interactive Entertainment Inc. (legal representative of Softstar Entertainment Inc.), director of Uniplus Electronics Co., Ltd. (legal representative of Softstar Entertainment Inc.), director of Neweb Technologies Co.,Ltd. (legal representative of Chander Electronics Corp.), and director of Niusnews Co., Ltd.(legal representative of Mega Media Group Limited).

Note 3. Chairman of A.R.T. Games Co., Ltd., chairman of Gamebase Digital Media Corporation (legal representative of Softstar Entertainment Inc.), person-in-charge of Galaxy Power Holdings Co., Ltd. in Republic of China, director of PayNow Inc. (legal representative of Red Sunrise Co., Ltd.), director of Red Sunrise Co., Ltd. (legal representative of Softstar Entertainment Inc.), and chairman of Array Taiwan Inc.

Note 4. Director of Chander Electronics Corp. (legal representative of New Profit Holding Ltd.), director of PayNow Inc. (legal representative of Red Sunrise Co., Ltd.), director of Red Sunrise Co., Ltd. (legal representative of Softstar Entertainment Inc.), Director of Gamebase Digital Media Corporation (legal person representative of Softstar Entertainment Inc.), director of Loftstar Interactive Entertainment Inc. (legal representative of Softstar Entertainment Inc.), and director of A.R.T. Games Co., Ltd. (legal person representative of Softstar Entertainment Inc.).

Note 5. Supervisor of Gamebase Digital Media Corporation (legal representative of Softstar Entertainment Inc.), director of Red Sunrise Co., Ltd. (legal representative of Softstar Entertainment Inc.) and director of Cyberbiz Corporation (legal representative of Fullmore Investment Co., Ltd).

Note 6. Director of BLC Group Holding Limited

Note 7. Director of Fish5bear International Business Co., Ltd.

Note 8. Supervisor of Red Sunrise Co., Ltd.

III. Compensations to Directors, Supervisors, President and Vice Presidents in the Most Recent Year

(I) Compensation of General Directors and Independent Directors

December 31, 2022
Unit: NT$1,000/thousand shares

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Director's remuneration</th><th colspan="2" rowspan="2">Ratio of the total of 4 items A, B, C and D to net profit after tax (%) (Note 10)</th><th colspan="8">Compensations paid to concurrent employees</th><th colspan="2" rowspan="2">Ratio of the total of 7 items A, B, C, D, E, F, and G to net profit after tax (%) (Note 10)</th><th rowspan="4">Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 11)</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">Remuneration of Directors (C) (Note 3)</th><th colspan="2">Allowances (D) (Note 4)</th><th colspan="2">Salary, bonus, and special expenses (E) (Note 5)</th><th colspan="2">Retirement pension (F)</th><th colspan="4">Remuneration of employees (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report (Note 7)</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial report (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>Chairman</td><td>Tu, Chun-Kuang</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">7.132</td><td rowspan="11">7.132</td><td rowspan="11">336</td><td rowspan="11">474</td><td rowspan="11">1.20%</td><td rowspan="11">1.22%</td><td rowspan="11">7,575</td><td rowspan="11">7,575</td><td rowspan="11">57</td><td rowspan="11">57</td><td rowspan="11">3.085</td><td rowspan="11">0</td><td rowspan="11">3,085</td><td rowspan="11">0</td><td rowspan="11">2.91%</td><td rowspan="11">2.93%</td><td rowspan="11">0</td></tr>
<tr><td rowspan="2">Director</td><td>Angel Fund (Asia) Investments Limited, British Cayman Islands</td></tr>
<tr><td>Representative: Yao, Chuang-Hsien</td></tr>
<tr><td rowspan="2">Director (Note 12)</td><td>British Virgin Islands Stone Capital Group Co., Ltd.</td></tr>
<tr><td>Representative: Hsieh, Fang-Shu</td></tr>
<tr><td rowspan="2">Director (Note 13)</td><td>KAL Holdings Corp., Samoa</td></tr>
<tr><td>Representative: Lin, Ko-An</td></tr>
<tr><td rowspan="2">Director (Note 14)</td><td>Global Angel Investments Limited</td></tr>
<tr><td>Representative: Hsieh, Fang-Shu</td></tr>
<tr><td rowspan="2">Director (Note 14)</td><td>Oriental Golden Richness Ltd.</td></tr>
<tr><td>Representative: Chen, Yao-Tien</td></tr>
<tr><td>Independent Director</td><td>Hung, Pi-Lien</td><td rowspan="4">1,550</td><td rowspan="4">1,550</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">456</td><td rowspan="4">456</td><td rowspan="4">0.32%</td><td rowspan="4">0.32%</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0.32%</td><td rowspan="4">0.32%</td><td rowspan="4">0</td></tr>
<tr><td>Independent Director (Note 12)</td><td>Hsieh, Guo-Dong</td></tr>
<tr><td>Independent Director (Note 14)</td><td>Zhang, Yu-De</td></tr>
<tr><td>Independent Director (Note 14)</td><td>Xie, Yi-Jun</td></tr>
</table>

1. Please illustrate the policies, systems, standards and structure of independent directors' remuneration, as well as the correlation between the remuneration paid and their responsibilities, risks, and time invested:
   According to Article 14-3 of the Securities and Exchange Act and relevant laws and regulations, the duties of an independent director may include the following matters. If an independent director has any objection or reservation, it shall be recorded in the minutes of the board meeting:
   (1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act
   (2) Adoption or amendment of procedures for acquisition or disposal of assets, engaging in derivative trading, lending funds to others, and making endorsements or providing guarantees pursuant to Article 36-1 of the Securities and Exchange Act.
   (3) Matters bearing on the personal interest of a director or a supervisor.
   (4) Major assets or derivatives trading.
   (5) Significant lending, endorsement or provision of guarantees.
   (6) Raising, issuing, or private placing of equity-type securities.
   (7) Appointment, dismissal, and compensation of CPAs.
   (8) Appointment and dismissal of finance, accounting, or internal audit supervisors.
   (9) Other major items required by the competent authority.
   The Company has formulated the “Rules for the Scope of Duties of Independent Directors”and “Remuneration Policy for Directors and Managers”. The Company has three Independent Directors, and all Independent Directors form a Remuneration Committee and an Audit Committee. The remuneration of Independent Directors shall be fixed monthly and shall not participate in the Company's profit distribution.
2. Other than disclosure in the above table, Directors remunerations received by providing services to all consolidated entities in the financial statements of the most recent year (e.g., providing consulting services as a non-employee to the parent company, all companies in the consolidated financial statements, and reinvestment businesses): None.

Table of remuneration ranges for Directors of the Company	Name of the Director			
	Total remuneration of the above 4 items (A+B+C+D)		Total remuneration of the above 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies listed in the financial statement (Note 9) H	The Company (Note 8)	Parent company and all investees (Note 9) I
Less than NT$1,000,000	Angel Fund (Asia) Investments Limited, British Cayman Islands British Virgin Islands Stone Capital Group Co., Ltd. KAL Holdings Corp., Samoa Global Angel Investments Limited Oriental Golden Richness Ltd. Yao, Chuang-Hsien and Hsieh , Fang-Shu Lin,Ko An and Chen, Yao-Tien Hung, Pi-Lien and Hsieh, Guo-Dong Zhang, Yu-De and Xie, Yi-Jun	Angel Fund (Asia) Investments Limited, British Cayman Islands British Virgin Islands Stone Capital Group Co., Ltd. KAL Holdings Corp., Samoa Global Angel Investments Limited Oriental Golden Richness Ltd. Yao, Chuang-Hsien and Hsieh , Fang-Shu Lin,Ko An and Chen, Yao-Tien Hung, Pi-Lien and Hsieh, Guo-Dong Zhang, Yu-De and Xie, Yi-Jun	Angel Fund (Asia) Investments Limited, British Cayman Islands KAL Holdings Corp., Samoa British Virgin Islands Stone Capital Group Co., Ltd. Global Angel Investments Limited Oriental Golden Richness Ltd. Hsieh , Fang-Shu and Lin, Ko-An Hung, Pi-Lien and Hsieh, Guo-Dong Zhang, Yu-De and Xie, Yi-Jun	Angel Fund (Asia) Investments Limited, British Cayman Islands KAL Holdings Corp., Samoa British Virgin Islands Stone Capital Group Co., Ltd. Global Angel Investments Limited Oriental Golden Richness Ltd. Hsieh , Fang-Shu and Lin, Ko-An Hung, Pi-Lien and Hsieh, Guo-Dong Zhang, Yu-De and Xie, Yi-Jun
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	None	None	Yao, Chuang-Hsien	Yao, Chuang-Hsien
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	None	None	None	None
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	None	None	Chen, Yao-Tien	Chen, Yao-Tien
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	Tu, Chun-Kuang	Tu, Chun-Kuang	None	None
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	None	None	Tu, Chun-Kuang	Tu, Chun-Kuang
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	None	None	None	None
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	None	None	None	None
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	None	None	None	None
NT$100,000,000 or more	None	None	None	None
Total	14 persons	14 persons	14 persons	14 persons

Note 1. The names of Directors shall be listed separately (names of corporate shareholders and corporate representatives shall be listed separately), general Directors and Independent Directors shall be listed respectively
and the payment amounts shall be disclosed collectively. This table and table (3-1), or tables (3-2-1) and (3-2-2) below shall be filled out if a director concurrently serves as the President or Senior Vice President.

Note 2. Remuneration of Directors during the past year (including salaries, job remuneration, severance, bonuses, and performance fees).

Note 3. Amount of remuneration distributed to Director after being approved by the Board for the past year.

Note 4. Allowances paid out to Directors for the past year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods). For expenses exclusive to an individual (such as houses, vehicle, and other transport vehicles), disclose the nature and costs, actual orimputed rent based on the fair market price, gas expenses, and other allowances for the assets provided. Where drivers are otherwise provided, please illustrate in notes regarding the compensation paid to drivers, excluding from the remuneration.

Note 5. Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special expenses, various allowances, accommodation allowance vehicles, and provision of physical goods received by Directors who concurrently serve as employees (including President, Vice President, other managerial officers, and employees) for the past year. For expenses exclusive to an individual (such as houses, vehicle, and other transport vehicles), disclose the nature and costs, actual orimputed rent based on the fair market price, gas expenses, and other allowances for the assets provided. Where drivers are otherwise provided, please illustrate in notes regarding the compensation paid to drivers, excluding from the remuneration. Any salary listed under IFRS 2 Share-Based Payment, including the issuance of employee stock options certificate, restricted stock awards and cash increase through shares subscription shall also be included in the remuneration.

Note 6. If the directors who acted as employees concurrently (including president, vice president, managerial officer and employee) received employee bonus (including stock dividend and cash dividend) in the most recent year, please disclose the employee bonus approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also specify the table 1-3.

Note 7. Disclose the total remuneration of all items paid out to the Company's Directors by all companies (including the Company) in the consolidated financial report.

Note 8. The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to each Director by the Company.

Note 9. Disclose the total remuneration of all items paid out to the Company's Directors by all companies (including the Company) in the consolidated financial report and the name of each Director in the range of remuneration corresponding to the amount of remuneration.

Note 10. Net profit after tax refers to the net profit after tax in the most recent parent company only or individual financial report.

Note 11.

a. This field should clearly indicate the amount of remuneration received by the Company's directors from a reinvestment business other than a subsidiary or the parent company (if not, please fill in “none”).

b. If the Director of the Company receives remuneration from investee companies other than subsidiaries of parent company, the amount of remuneration received by the Director from the investee companies other than subsidiaries and parent company shall be combined into Column I of the Table of remuneration ranges, and this column shall be renamed as "parent company and all investee companies".

c. c. The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's directors who acted as the directors, supervisors or managerial officers (including employees, directors and supervisors) of investees other than subsidiaries.

＊The concept of the disclosed remuneration in the Table differs from that of the Income Tax Act; therefore, the Table is for information disclosure only, instead of tax collection.

Note 12. The term and remuneration of the Company’s directors were calculated from January 1, 2022 to May 26, 2022, as the directors were resigned after the re-election of the shareholders' meeting on May 27, 2022.

Note 13. Directors were resigned on January 27, 2022, so director's term and remuneration were calculated from January 1, 2022 to January 27, 2022.

Note 14. The term and remuneration of the Company’s directors were calculated from May 27, 2022 to December 31, 2022, as the directors were appointed after the re-election of the shareholders' meeting on May 27, 2022.

(II) Remuneration for Supervisors

The Company established the Audit Committee composed of all independent directors to substitute Supervisors; therefore, no remuneration for Supervisors occurred.

(III) Remuneration for the President and Vice President

December 31, 2022
Unit: NT$1,000/thousand shares

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special expenses (C) (Note 3)		Employees' remuneration (D) (Note 4)				Ratio of total remuneration (A+B+C+D) to after-tax net income (%) (Note 8)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 9)
		The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Tsay, Ming-Hung	14,123	14,123	0	0	409	409	6,419	0	6,419	0	3.35%	3.35%	0
Vice President	Chen, Yao-Tien													
Vice President	Lien, Chien-Chin (Note)													
Vice President	Lin, Hui-Zhen													
Vice President	Chuang, Jen-Chu'an													
Vice President	Lin, Yun-Hua													

(Note): Resigned due to job adjustment on June 30, 2022, therefore the period of salary is calculated from January 1, 2022 to June 30, 2022.

Table of remuneration ranges

For President and Vice President of the Company Remuneration Ranges	Name of President and Vice President	
	The Company (Note 6)	Parent company and all investee companies (Note 7)
Less than NT$1,000,000	None	None
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	None	None
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	Lin, Hui-Zhen, Chuang, Jen-Chu'an, Lin, Yun-Hua and Lien, Chien-Chin	Lin, Hui-Zhen, Chuang, Jen-Chu'an, Lin, Yun-Hua and Lien, Chien-Chin
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	Chen, Yao-Tien	Chen, Yao-Tien
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	Tsay, Ming-Hung	Tsay, Ming-Hung
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	None	None
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	None	None
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	None	None
NT$100,000,000 or more	None	None
Total	6 persons	6 persons

Note 1. The names of President and Vice President shall be listed separately, and the payment amounts shall be disclosed collectively. This table and table (1-1), or tables (1-2-1) and (1-2-2) below shall be filled out if a director concurrently serves as the President or Senior Vice President.

Note 2. Salaries, job remuneration, and severance of President or Vice President during the past year

Note 3. Various bonuses, incentives, transportation allowance, special expenses, various allowances, dormitory, vehicles, and provision of physical goods as well as other remuneration provided to President or Vice President during the past year. For expenses exclusive to an individual (such as houses, vehicle, and other transport vehicles), disclose the nature and costs, actual orimputed rent based on the fair market price, gas expenses, and other allowances for the assets provided. Where drivers are otherwise provided, please illustrate in notes regarding the compensation paid to drivers, excluding from the remuneration. Any salary listed under IFRS 2 Share-Based Payment, including the issuance of employee stock options certificate, restricted stock awards and cash increase through shares subscription shall also be included in the remuneration.

Note 4. Refer to the distribution amount of remuneration (including stock and cash) for President and Vice President approved by the Board for the past year, disclose the amount of remuneration distributed to employees after being approved by the Board for the past year. For amounts that are unable to estimate, propose the distribution amount for the year based on the actual distribution made last year, and fill out the Table 1-3.

Note 5. The total amount of the remuneration of all the companies (including the Company) in the combined report to the President and Vice President of the company should be disclosed.

Note 6. The name of each President and Vice President shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to each President and Vice President by the Company.

Note 7. Disclose the total remuneration of all items paid out to the Company's President and Vice President by all companies (including the Company) in the consolidated financial report and the name of each President and Vice President in the range of remuneration corresponding to the amount of remuneration.

Note 8. Net profit after tax refers to the net profit after tax in the most recent parent company only or individual financial report.

Note 9. a. This field should clearly indicate the amount of remuneration received by the Company’s President or Vice President from a reinvestment business other than a subsidiary or the parent company (if not, please fill in “none”).

b. If the President and Vice Presidents of the Company receive remuneration from invested companies other than subsidiaries or parent company, the remuneration received by the President and Vice Presidents of the Company from invested companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "Parent Company and all Invested Companies."

c. The remuneration shall refer to the remuneration, compensation, employee bonus and professional practicing fees received by the Company's President and Vice Presidents who acted as the directors, supervisors or managerial officers (including employees, directors and supervisors) of investees other than subsidiaries.

* The concept of the disclosed remuneration in the Table differs from that of the Income Tax Act; therefore, the Table is for information disclosure only, instead of tax collection.

Amount of Employee Bonus Paid to Managerial Officers and Their Names

December 31, 2022
Unit: Thousand NT$

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Ratio of total amount to after-tax net income (%)
Managerial officers	President	Tsay, Ming-Hung	0	12,839	12,839	2.06%
	Vice President	Chen, Yao-Tien				
	Vice President	Lien, Chien-Chin				
	Vice President	Chuang, Jen-Chu'an				
	Vice President	Lin, Hui-Zhen				
	Vice President	Lin, Yun-Hua				
	Assistant General Manager	Chen, Yi-Fang				
	Assistant General Manager	Shen, Yong-Xuan				
	Assistant General Manager	Xie, Shu-Jin				
	Assistant General Manager	Liang, Jian-Zhang				
	Assistant General Manager	Lu, Zhi-Xiang				
	Assistant General Manager	Hou, Li-Ling				

Note 1. Names and titles shall be disclosed separately but the amount of profit distributed can be disclosed collectively.

Note 2. Please specify the employee remuneration (including stock and cash) to be allocated to the managerial officers as approved by the Board of Directors in the most recent year. If it is impossible to estimate the amount, the amount to be allocated this year shall be based on that allocated physically last year. Net profit after tax refers to those that occurred during the past year. For companies adopted International Financial Reporting Standards, net profit after tax shall refer to those recorded in the parent company only financial report or the individual financial report for the past year.

Note 3. Managerial officers herein as defined in FSC's Decree No. 0920001301 issued on March 27, 2003 include:

(1) President and equivalents
(2) Vice President and equivalents
(3) Assistant General Manager and equivalents
(4) Head of Financial Department
(5) Head of Accounting Department
(6) Other people in charge of the Company's operational affairs and entitled to sign instruments on behalf of the Company.

Note 4. If any Director, President or Vice Presidents has received employee bonus (including stock dividend and cash dividend), please complete table 1-2 and also this table.

(IV) Separately compare and describe total remuneration, as a percentage of net profit after tax stated in the parent company only financial report or the individual financial report, as paid by the Company and by each other company included in the consolidated financial statements during the past two years to Directors, Supervisors, President, and Vice President, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Total remuneration, as a percentage of net profit after tax stated in the parent company only financial report or the individual financial report, as paid by the Company in the consolidated financial statements during the past two years:

Title	2021				2022			
	Total remuneration (NT$1,000)		Percentage to the net profit after tax of the parent company only financial report or the individual financial report (%)		Total remuneration (NT$1,000)		Percentage to the net profit after tax of the parent company only financial report or the individual financial report (%)	
	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report
Director (Note)	17,570	17,594	2.37	2.37	20,191	20,329	3.23	3.25
Supervisors	-	-	-	-	-	-	-	-
President and Vice Presidents	28,773	28,773	3.88	3.88	20,951	20,951	3.35	3.35

Note: Remuneration for Directors include remuneration for Directors as concurrent employees. For 2021, the profit after tax in the parent company only financial report was NT$740,653 thousand. For 2022, the profit after tax in the parent company only financial report was NT$624,486 thousand. Re-election for all Directors was carried out at the shareholders' meeting of the Company on June 22, 2017. The Audit Committee was established to substitute Supervisors.

2. Procedures for determining remuneration policy, standard and remuneration:

Policies on remuneration to directors and employees are drafted in the Articles of Incorporation. If profit is made, after accumulated deficit is covered, no less than 3% for employee's remuneration and no more than 3% for director's remuneration should be allocated. Independent directors of the Company receive remuneration at fixed amounts but they do not participate in the distribution of directors' remuneration.

Director's remuneration ratio should be distributed according to evaluation items such as title, attendance rate and participation in daily management of company in "Policy of Compensation of Directors, Independent Directors, Remuneration/Audit Committee Members and Managerial Officers". The remuneration ratio should be discussed by the Remuneration Committee, approved by board resolution and reported to the Board of Shareholders.

Payment method for remuneration for the President and Vice Presidents should be established according to the Articles of Incorporation, the Company's salary system evaluation items, such as department performance, achievement rate and contribution degree of special performance and management performance of managerial officers, and through reference to criteria for the same position of the industry.

3. Connection to operating performance and future risk exposure: Payment of remuneration for Directors, President, and deputy President shall be based on related requirements of the Company and adjusted according to the operating performance and future risk exposure of the Company, and potential risks in the future shall be fully considered.

IV. Implementation of Corporate Governance

(I) Operations of the Board:

(1) Operations of Board of Directors

A total of 16 (A) meetings of the Board of Directors were held in the most recent year (2022). The attendance of the directors is as follows:

Title	Name (Note 1)	Actual attendance rate (B)	Number of delegated attendance	Rate of Actual Attendance (%) [B/A] (Note 2)	Remark
Chairman	Tu, Chun-Kuang	15	1	94%	2022.05.27 Re-elected
Director	Angel Fund (Asia) Investments Limited, British Cayman Islands (Representative: Yao, Chuang-Hsien)	15	0	94%	2022.05.27 Re-elected
Director	British Virgin Islands Stone Capital Group Co., Ltd. (Representative: Hsieh, Fang-Shu)	7	0	100%	2022.05.27 Retired
Director	KAL Holdings Corp., Samoa (Representative: Lin, Ko-An)	0	0	-	20220127 Resigned
Director	Global Angel Investments Limited (Representative: Hsieh, Fang-Shu)	9	0	100%	2022.05.27 Newly appointed
Director	Oriental Golden Richness Ltd. (Representative: Chen, Yao-Tien)	9	0	100%	2022.05.27 Newly appointed
Independent Director	Hung, Pi-Lien	16	0	100%	2022.05.27 Re-elected
Independent Director	Hsieh, Guo-Dong	7	0	100%	2022.05.27 Retired
Independent Director	Zhang, Yu-De	8	1	89%	2022.05.27 Newly appointed
Independent Director	Xie, Yi-Jun	9	0	100%	2022.05.27 Newly appointed

Other required disclosures:

I. When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, the content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:

(I) Matters included in Article 14-3 of the Securities and Exchange Act:
16 Board meetings were convened during 2022; the resolutions are as disclosed on page 58 to page 61 in the Annual Report. Matters included in Article 14-3 of the Securities and Exchange Act were approved as proposed by all Independent Directors.

(II) Other resolutions of the Board, which the Independent Directors voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, and reasons for recusal shall be specified:

(1) The 2nd proposal for discussion at the Board meeting on March 18, 2022: The proposal for amendments to the “Remuneration Policy for Directors, Independent Directors, Remuneration/Audit Committee Members, and Managers”: Among all the attending Directors, Directors Tu, Chun-Kuang, abstained due to conflicts of interests, and the remaining Directors approved the proposal as proposed；

(2) The 3rd proposal for discussion at the Board meeting on March 18, 2022: The proposal for chairman's remuneration drafted by the Company；Among all the attending Directors, Director Tu, Chun-Kuang abstained due to conflicts of interests, and the remaining Directors approved the proposal as proposed.

(3) The 2nd proposal for discussion at the Board meeting on July 13, 2022: The proposal for the 6th Remuneration Committee Members: Among all the attending Directors, Director Hung, Pi-Lien, Zhang, Yu-De and Xie, Yi-Jun, had abstained due to Independent conflicts of interests, and the remaining

Directors have approved the proposal as proposed.

(4) The 3rd proposal for discussion at the Board meeting on July 26, 2022: The proposal for the distribution of remuneration for Directors: Among all the attending Directors, Director Tu, Chun-Kuang, Yao, Chuang-Hsien, Hsieh , Fang-Shu, and Chen, Yao-Tien had abstained due to conflicts of interests, and the remaining Directors have approved the proposal as proposed.

III. TWSE/TPEx listed companies shall disclose information such as the evaluation cycle and period, scope, method, and items of the Board's self (or peer) evaluation, and fill out the implementation status of evaluation of the Board in Table 2(2).

IV. Goals (e.g. establishing an audit committee, enhancing information transparency) primed to enhance the board of directors' professionalism and the assessment on their effectiveness for the year and the most recent year:

(1) The Company is equipped with the Remuneration Committee: The Remuneration Committee assesses the remuneration policies and system for Directors and managerial officers of the Company, and provide advice to the Board.

(2) According to the Company Act and Article 14-3, Article 14-5 of the Securities and Exchange Act, proposals that require the consent from the Audit Committee or the approval of the Board meeting have been agreed by the Audit Committee, approved by the resolution of the Board meeting for implementation (proposals that require no consent from the Audit Committee have been approved by the resolution of the Board meeting for implementation).

(3) Enhancing information transparency: The Company has announced the material resolution passed by the Board meeting according to the relevant laws and regulations.

Note 1. Where the Director or Supervisor is assumed by a corporate, disclose the name of the corporate shareholder and the name of its representative.

Note 2. (1) Where Directors or Supervisors resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated using the number of Board meetings convened and actual presence during the term of service.

(2) When re-election is held for Directors or Supervisors before the end of the year, members of both the new and old Directors or Supervisors shall be listed in separate columns and noted as new, old or re- elected members, along with the elected date, in the remark column. Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual presence (attendance) during the term of service.

(2) Evaluation of the performance of the Board of Directors

Evaluation cycle (Note 1)	Annually
Period of evaluation (Note 2)	Evaluating the performance of the Board from January 1, 2022 to December 31, 2022.
Evaluation scope (Note 3)	Including performance evaluation of Board of Directors, individual directors and functional committee
Evaluation methods (Note 4)	Self-evaluation of the Board of Directors and functional committee and self-evaluation of board members of the Company for 2022
Evaluation content (Note 5)	(1) Self-evaluation Evaluation of performance for the Board of Directors: Including participation in the operation of the Company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control, etc. Evaluation of performance for the individual board members: Including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control. Performance evaluation of the functional committees: At least include the level of participation in the Company's operations, the cognition of duties of functional committees, the quality of the functional committees' decisions, the composition and election of the members of the functional committees, internal control, etc. (2) External assessment (every three years) On November 18, 2022, the Company engaged EY Business Management Consulting Service Co., Ltd. (hereinafter referred to as EY) to conduct the evaluation of the Board performance for 2022 in terms of structure, people, and process and information through documentation review, self-evaluation survey, and on-site interview. The evaluation ranged over the Board structure and process, Board members, corporate organization, roles and responsibilities, behavior and culture, director training and development, supervision of risk control, and supervision of reporting, disclosure, and performance.

Note 1. Fill in the evaluation cycle of the Board of Directors. For example: once a year.

Note 2. Fill in the period covered by the evaluation covered by the Board of Directors. For example: The performance evaluation of the Board of Directors from January 1, 2019 to December 31, 2019.

Note 3. The scope of the evaluation includes the performance evaluation of the Board of Directors, individual board members and functional committees.

Note 4. The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Directors, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5. The evaluation content includes at least the following items according to the evaluation scope:

(1) Performance evaluation of the Board of Directors: At least include the level of participation in the Company's operations, the quality of the Board of Directors' decisions, the composition and structure of the Board of Directors, the election and continuous education of directors, internal control, etc.

(2) Performance evaluation of individual Directors: at least including the mastery of the Company's objectives and tasks, the cognition of Directors' responsibilities, the degree of participation in the Company's operation, internal relationship management and communication, Directors' professional and continuous learning, internal control, etc.

(3) Performance evaluation of the functional committees: At least include the level of participation in the Company's operations, the cognition of duties of functional committees, the quality of the functional committees' decisions, the composition and election of the members of the functional committees, internal control, etc.

(II) Operations of Audit Committee:

The Audit Committee is composed of all Independent Directors. The purpose of the Audit Committee is to assist the Board of Directors to fulfill its quality and integrity in supervising the Company's implementation of accounting, audit, financial reporting process and financial control.

The Audit Committee held 10 meetings in 2022, and the major matters reviewed as follows:

(1) Review annual and quarterly financial reports and earnings distribution plans of the Company
(2) Revision of internal control system and assessment of effectiveness of internal control
(3) Assessing the independence of CPAs
(4) Material asset transactions
(5) Annual audit plans
(6) Appointment and removal of the CFO

A total of 10 (A) meetings of the Audit Committee were held in the most recent year (2022). The attendance of independent directors is as follows:

Title	Name	Attendance in person (B)	Number of delegated attendance	Actual attendance rate (%) (B/A) (Notes 1 and 2)	Remark
Independent Director	Hung, Pi-Lien	10	0	100%	Reappointed on May 27, 2022 (should attend 10 meetings)
Independent Director	Hsieh, Guo-Dong	5	0	100%	Retired on May 27, 2022 (should attend 5 meetings)
Independent Director	Zhang, Yu-De	4	1	80%	Appointed on May 27, 2022 (should attend 5 meetings)
Independent Director	Xie, Yi-Jun	5	0	100%	Appointed on May 27, 2022 (should attend 5 meetings)

Other required disclosures:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, contents of Independent Directors' objections, reservations or major proposals, and all Audit Committee resolutions, and the Company’s handling of such resolutions shall be specified:

(I) Matters included in Article 14-5 of the Securities and Exchange Act:

Date of Audit Committee meeting	Period	Agenda	Contents of Independent Directors' objections, reservations or major proposals	The resolution results of the Audit Committee	Company's response regarding the Audit Committee's opinions
2022.3.9	The second term The 16th meeting	(1) Our subsidiary, Chiwei Technology Co., Ltd., intends to purchase a 50% equity in ARRAY HOLDINGS FOR APGFIII FUND LPS and indirectly hold common shares of Array Networks. (2) Proposal for the amendment to the "Procedures for the Acquisition or Disposal of Assets".	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.

2022.3.30	The second term The 17th meeting	(1) The Company plans to purchase privately placed common shares of Chander Electronics Corp. issued in 2016 (2) Proposal for the Company's disposal of equity of auer Media & Entertainment Corp. (3) Proposal for the Company's self-inspection on the internal control system for 2021 (4) The Company's assessment of the independence of CPAs (5) The Company's business reports, parent company only financial statements, and consolidated financial statements for 2021	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2022.4.13	The second term The 18th meeting	(1) Proposal for 2021 dividend distribution (2) Proposal for issuance of new shares by capital increase from earnings for 2021 (3) The Company plans to purchase privately placed common shares of Chander Electronics Corp. issued in 2016	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2022.4.22	The second term The 19th meeting	(1) Proposal for purchase of 50% equity in ARRAY HOLDINGS FOR APGFIII FUND LPS by the Company's subsidiary Chiwei Technology Co., Ltd. (2) Proposal for the Group increased Double Edge Entertainment Corp.'s capital by NT$10,000 thousand	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2022.5.12	The second term The 20th meeting	(1) 2022 Q1 Consolidated Financial Statements	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2022.7.26	The third term The 1st meeting	(1) Proposal for election of convener of the third Audit Committee (2) Proposal for cash capital increase of Chander Electronics Corp. by the Company	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2022.8.12	The third term The 2nd meeting	(1) 2022 Q2 Consolidated Financial Statements (2) Proposal for funding loan to "Loftstar Interactive Entertainment Inc." by the Company	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2022.10.12	The third term The 3rd meeting	(1) The Company intends to invest in Vertex Ventures (SG) SEA V LP.	None	All members of the Audit Committee unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2022.11.14	The third term The 4th meeting	(1) 2022 Q3 Consolidated Financial Statements (2) Amendments to the Company's "Procedures for Handling Material Inside Information and Preventing Insider Trading", "Regulations for Preventing Insider Trading", "Rules of Board Meetings" and Regulations for the Management of Subsidiaries". (3) 2023 Annual Audit Plan (4) Amendments to the Company's "Internal Control System" and	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.

		“Auditing System” (5) Proposed appointment of representative for Ernst & Young and its affiliated entities for non-assurance services subject to prior consent.			
2022.12.13	The third term The 5th meeting	(1) Proposal for repurchase of the Company's Shares	None	All the attending directors unanimously approved the proposal.	All the directors present unanimously approved the proposal.

(II) In addition to the items in the preceding sentence, other resolutions passed by two-thirds of all the Directors but yet to be approved by the Audit Committee: None.

II. Where Independent Directors abstain in certain proposals for being a stakeholder, the name of the Independent Directors, the content of the proposal, reasons for abstentions and the results of voting counts shall be stated: None.

III. Communication between Independent Directors and head of internal audit and CPA (including material issues, audit methods, and results relating to the Company's finances and business):

The head of internal audit shall establish an annual audit plan regarding the overall finance, business, and risk evaluation results of the Company, submit an internal audit report every month, present at meetings every quarter to report each audit procedures, audit results, and improvement for deficiencies according to audit items, and carry out a comprehensive description regarding the validity assessment results for internal control at the end of the year. Furthermore, Independent Directors may require the head of internal audit to explain the execution of internal control and corporate governance at any time based on the requirements of reviews.

Independent Directors and CPAs shall have at least one regular meeting per year (by way of formal letters) to understand the audit plan and key audit matters, and to understand the financial condition and internal control audit of the group. Independent Directors may contact CPAs at any time when necessary.

Note 1. Where Independent Directors resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated using the number of the Audit Committee meetings convened and actual presence during the term of service.

Note 2. When re-election is held for Independent Directors before the end of the year, members of both the new and old Independent Directors shall be listed in separate columns and noted as new, old or re-elected members, along with the elected date, in the Notes column. Actual presence rate (%) shall be calculated using the number of the Audit Committee meetings convened and actual presence during the term of service.

(III) Implementation of corporate governance and the deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Assessment item	Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance code of practice according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established its "Code of Corporate Governance" and published the information in relation to corporate governance on its official corporate website according to the requirements under relevant laws and regulations.	No material deviation.
II. Shareholding structure and shareholders' interests (I) Has the Company established internal procedures for handling shareholders' proposals, inquiries, disputes, and litigation? Are such matters handled according to such internal procedures? (II) Has the Company maintained a register of substantial shareholders with controlling power as well as a register of persons exercising ultimate control over those substantial shareholders? (III) Has the Company established and enforce risk control and firewall systems with its affiliated companies? (IV) Has the Company stipulated internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	✓ ✓ ✓ ✓		(I) The Company has a spokesperson to address the problems set out on the left. (II) Substantial shareholders shall notify the Company at the beginning of the month regarding the information on equity increase/decrease or pledge for the past month; the Company shall compile the equity information of all substantial shareholders and report to the Market Observation Post System. (III) The division of responsibility and authority for personnel affairs, assets, and financial management shall be clearly defined and duly performed. The risk assessment and the appropriate firewall is duly implemented. The Company has established and duly complied with the "Regulations for the Management of Subsidiaries", and the audit personnel has been supervising the implementation regularly. (IV) The Company has established the "Regulations for Preventing Insider Trading" to prevent insider trading and protect the interests of investors and the Company.	No material deviation.

Assessment item	Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
III. Composition and responsibilities of the Board (I) Has the Board of Directors established a diversification policy and concrete management goals, and has it been implemented accordingly? (II) Other than the Remuneration Committee and the Audit Committee required by law, does the Company plan to establish other functional committees voluntarily? (III) Did the Company stipulate regulations for performance evaluation of the board, and its evaluation method, and conduct performance evaluation on a yearly basis; and submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term?	✓ ✓	 ✓	(I) The Board of Directors has established the diversification policy; the Board members generally have required knowledge, skills, and literacy for the execution of their responsibilities in respect with the operating practices or financial business of the Company. Diversification policy and the implementation are disclosed on the website of the Company. (II) The Company has established the Remuneration Committee and the Audit Committee required by law. There are currently no other functional committees. (III) The Company has established the "Methodologies for Evaluating the Performance of the Board" on January 11, 2017, and the Company distributed self-evaluation questionnaire to all members of the Board in December each year since 2017. Except for evaluating the operations of the Board, the questionnaire also required self-evaluations of the Board members. Five aspects of the measurement for evaluating the performance of the Board: I. Participation in the operation of the Company. II. Improvement of the quality of the Board's decision-making; III. Composition and structure of the Board; IV. Election and continuing education of the Directors. V. Internal control. Six aspects of the measurement for evaluating the performance of the Board members: I. Alignment of the goals and missions of the Company. II. Awareness of the duties of a Director. III. Participation in the operation of the Company.	No material deviation.

Assessment item	Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			IV. Management of internal relationship and communication. V. The Director's professionalism and continuing education. VI. Internal control. The five main criteria for performance evaluation of functional committees: I. Participation in the operation of the Company. II. Their recognition of the duties of the functional committees. III. The quality of decision made by the functional committees. IV. The composition of the functional committees and the election of their members. V. Internal control. After the recollection of questionnaires in January every year, the evaluation unit of the Company's Board will report the results of the questionnaires to the Board and provide recommendations for improvement. The aforementioned regulations and assessment results are disclosed on the Company's official website. Evaluation results for the performance of the latest Board meeting (2022): On November 18, 2022, the Company engaged EY Business Management Consulting Service Co., Ltd. (hereinafter referred to as EY) to conduct the evaluation of the Board performance for 2022 in terms of structure, people, and process and information through documentation review, self-evaluation survey, and on-site interview. The evaluation ranged over the Board structure and process, Board members, corporate organization, roles and responsibilities, behavior and culture, director training and development, supervision of risk control, and	

Assessment item	Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			supervision of reporting, disclosure, and performance. Overall, for the evaluation results of the board performance in 2022, the goals should be achieved. According to principles of corporate governance, improvement suggestions include the Board of Directors adopting domestic and international important political, regulatory, and industrial development trends as regular or ad-hoc reporting items, increasing director training, and establishing a nomination committee. The details and improvement suggestions of the aforesaid performance appraisal have been submitted to the Board of Directors on February 20, 2022, and applied to the reference of individual Directors' remuneration and nomination for re-appointment.	
(IV) Has the Company regularly implemented assessments on the independence of the CPA?	✓		(IV) The Company has engaged Ernst & Young for the certification, excused from its direct or indirect beneficial relationships, and has no matters lacking independence. The assessment for certification of CPA's independence by the Board of the Company every year as follows (the latest assessment was conducted by the Board on February 20, 2022): Upon review, the following conditions were met. 1. Matters when it does not serve as the director, supervisor, managerial officer, or position with significant effects, nor stakeholders, and there are no direct or indirect interest conflicts. 2. Has not commissioned the certification services for seven years. 3. Obtain the independence declaration issued by the CPA on a regular basis	
IV. Did the TWSE/TPEx listed company has qualified and an appropriate number of corporate governance personnel, and appointed corporate governance directors responsible for	✓		1. Finance Department of the Company is responsible for corporate governance affairs, and the deputy financial officer is responsible for supervision. The deputy financial officer is the director for corporate governance of the	No material deviation.

Assessment item	Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?			Company, a managerial officer of the Company, and has experiences in the management of legal affairs, finance, or stock affairs in publicly listed companies for more than three years. 2. <u>Corporate governance affairs and functional authority of corporate governance personnel</u> include (but not limited to) the following: I. Handling matters relating to Board meetings and shareholders' meetings according to laws, and assist the company in complying with relevant laws and regulations regarding Board meetings and shareholders' meeting. II. Producing minutes of Board meetings and shareholders' meetings. III. Assistance in Directors and Supervisors in their appointment and continuing education. IV. Provide the information required for the duties of Directors and Supervisors. V. Assisting Directors and Supervisors in compliance with laws and regulations. VI. Reporting to the Board of Directors on the examination results of the qualifications of independent directors regarding their nomination, election, and tenure in accordance with relevant laws and regulations. VII. Handling Director changes related matters. VIII. Other matters stated in the Articles of Association or contracts.	
			<u>Business performance for 2022:</u> I. A total of 10 audit meetings and 16 board meetings were convened in 2022 and the annual shareholders' meeting was convened on May 27, 2022: Carry out relevant procedures and complete minutes of board	

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Operations (Note 1)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>(shareholders') meeting.
II. Handling the procedures for registration of change 3 times for 2022.
III. Providing further education information and the amendment of the latest decrees to directors.
IV. Handle the explanation session for the legal person on October 18, 2022 and handle investor's letter or call.
<u>Further education for 2022 is as follows:</u>
<table>
<tr><th>Start date</th><th>Training End date</th><th>Organizer</th><th>Course name</th><th>Training hours</th><th>Total training hours in the current year</th></tr>
<tr><td rowspan="4">12.09</td><td rowspan="4">12.21</td><td>Securities & Futures Institute</td><td>Overview and Case Analysis of Internal Insider Trading</td><td>6</td><td rowspan="4">18</td></tr>
<tr><td>Securities & Futures Institute</td><td>Discussing corporate tax governance and tax technology solutions from the trends of ESG and the pandemic environment</td><td>6</td></tr>
<tr><td>Securities & Futures Institute</td><td>How Should Directors and Supervisors Oversee Enterprise Risk Management and Crisis Handling</td><td>3</td></tr>
<tr><td>Securities & Futures Institute</td><td>Exploration of Human Resources and Employee Placement Issues in Corporate Mergers and Acquisitions</td><td>3</td></tr>
</table>3</td><td></td></tr>
</table>

Assessment item	Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
V. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate social responsibilities?	✓		The Company respects and protects the legal interests of its stakeholders. Except for creating the communication contact in the Stakeholders Section on its Company website, the Company also has a spokesperson and deputy spokesperson to make proper responses to the material corporate social responsibilities issues that our stakeholders concern and provide a channel for smooth communication.	No material deviation.
VI. Has the Company engaged a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	✓		The Company engaged the Stock Affair Agency Department of Yuanta Financial Holding Co., Ltd as its stock affair agency.	No material deviation.
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding its financial business and corporate governance information?	✓		(I) The corporate website of the Company has an Investor Section and Corporate Governance Section, disclosing its complete information regarding financial report and turnover and information related to corporate governance (website: http://group.softstar.com.tw).	No material deviation.
(II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)?	✓		(II) The Company adopts other methods for information disclosure. 1. Established an English website 2. Designate personnel to report and disclose financial and business information on the Market Observation Post System and the corporate website of the Company regularly and aperiodically. 3. Established a spokesperson system.	
(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report of the first, second and third quarters and the operation of each month in advance before the specified time limit?		✓	(III) The time limit for announcement and declaration of financial statements is as follows: annual financial report: within 3 months after the end of each fiscal year (before March 31); financial report of the first, second and third quarters: within 45 days after the end of each quarter (before May 15, August 14 and November 14). The dates for the announcement of financial statements for the first-third quarters of 2022 and the fiscal year of	

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Operations (Note 1)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>2022: May 13, 2022, August 15, 2022, November 14, 2022 and March 30, 2023.
Although the Company's annual financial report has not been announced within two months after the end of the year, the financial report and the revenue of each month have been announced within the time limit in accordance with the law.</td><td></td></tr>
<tr><td>VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors’ and Supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors and Supervisors of the Company)?</td><td>✓</td><td></td><td>1. Employee rights: The Company treat its employees with good faith and attach great value to the labor-management relationship. The Company has established the Employee Welfare Committee, Labor Meeting, Labor Pension Committee, and has been improving employee rights through multiple welfare measures and training.
2. Employee wellness: The Company holds employees' safety, mental and physical health in high regards, provides a comfortable and safe working environment for employees. The working premise is sterilized on a regular basis to improve the quality of the working environment. Free health inspection is provided for employees on a yearly basis to care for the physical health of our employees.
3. Investor relations: The Company has a spokesperson, deputy spokesperson, as well as its stock affair agency, Stock Affair Agency “Department of Yuanta Financial Holding Co., Ltd.”, to provide consultancy for shareholders and investors.
4. Supplier relations: The Company maintains healthy relationships with its suppliers for the stability of costs and supplies.
5. Rights of stakeholders: Stakeholders may communicate with and provide recommendations to the Company.
6. Directors’ and Supervisors' training records: The Company aperiodically provides programs regarding relevant</td><td>No material deviation.</td></tr>
</table>

Assessment item	Operations (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			regulations and professional knowledge to Directors and Supervisors for their perusals. 7. Implementation of risk management policies and risk evaluation measures: The Company has established relevant risk management policies and risk measurement standards to carry out risk management and assessments. 8. Implementation of customer relations policies: The Company specifies the credit limit management in customers' data, establishes complete profiles for corresponding customers, and grants proper limit and collection conditions to ensure the smooth transactions. Furthermore, the Company values the privacy protection of consumers that it has been enforcing the protection of customers' data. The audit unit would perform unscheduled reviews. 9. The Company has been purchasing insurance for the Directors and Supervisors of the Company since December 2007.	
IX. Specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved. (Not required for companies not included in the evaluation) Taiwan Stock Exchange's Corporate Governance Center published the corporate governance review result for 2022 in April 2023. The Company shall improve the following corporate governance review items in 2022: All Directors are encouraged to increase their training hours.				

Note: Regardless of ticking “Yes” or “No” for operations, a description is required in the Summary column.

(IV) If the Company has the Remuneration Committee in place, disclose its composition, function, and operations:

On December 27, 2011, the Board of Directors decided to adopt the “Organizational Procedures of the Remuneration Committee” and set up the “Remuneration Committee”. There are three members of the Remuneration Committee of the Company, all of whom are Independent Directors. The Remuneration Committee of the Company shall exercise the care of an administrator with good faith, faithfully fulfill the following functions and power, and submit the recommendations to the Board of Directors for discussion. Its responsibilities are as follows:

1. Regularly review the “Organization Procedures of Remuneration Committee” and propose suggestion for amendment.
2. Establish and regularly review the performance evaluation standard, annual and long-term performance objectives, and remuneration policies, systems, standards and structure of the Company's Directors and managers.
3. Periodically assessing the degree to which performance goals for the Directors and managerial officers of the Company have been achieved, and setting the types and amounts of their individual compensation based on the performance evaluation results.

(1) Information of the members of Remuneration Committee

December 31, 2022

Identity (Note 1)	Condition / Name	Professional qualification and experience (Note 2)	Independence (Note 3)	Number of other publicly listed companies where the individual concurrently serves as a member of the Remuneration Committee
Independent Director (Convener)	Hong, Pi-Lien	Refer to the relevant content of Table 1 Directors and Supervisors (I) on page 10	In compliance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange	1
Independent Director	Xie, Yi-Jun	Refer to the relevant content of Table 1 Directors and Supervisors (I) on page 10	In compliance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange	0
Independent Director	Zhang, Yu-De	Refer to the relevant content of Table 1 Directors and Supervisors (I) on page 10	In compliance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange	0

(Note)

Note 1. Please specify in the form the relevant years of experience, professional qualifications and experience and independence of the members of the Remuneration Committee. If they are Independent Directors, please refer to the relevant content of Table 1 Directors and supervisors (I) on #pageOO#. Please fill as independent directors or others in the identity conlumn (please annotate if the person is the convener).

Note 2. **Professional qualification and experience**: Specify the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3. Compliance in independence: The compliance in independence of the members of the Remuneration Committee shall be stated, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number and percentage of the Company's shares held by them, their spouse, or relatives within the second degree of kinship (or in the name of others); whether they serve as directors, supervisors or employees of companies which has a specific relationship with the Company (please refer to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the last two years.

Note 4. For disclosure methods, please refer to the Other Codes of Corporate Governance Best-Practice on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(2) Operations of Remuneration Committee

I. Remuneration Committee of the Company is composed of three members.

II. Term for this Remuneration Committee: From July 13, 2022 to May 26, 2025. A total of 5 (A) Remuneration Committee meetings were held in 2022. The information and attendance of the members was as follows:

Title	Name	Actual attendance rate (B)	Number of delegated attendance	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Hung, Pi-Lien	5	0	100%	Reappointed on May 27, 2022 (should attend 5 meetings)
Member	Tsai, Cheng-Yun	2	0	100%	Appointed on May 27, 2022 (should attend 2 meetings)
Member	Hsieh, Guo-Dong	2	0	100%	Appointed on May 27, 2022 (should attend 2 meetings)
Member	Xie, Yi-Jun	3	0	100%	Newly appointed on May 27, 2022 (should attend 3 meetings)
Member	Zhang, Yu-De	2	1	66.7%	Newly appointed on May 27, 2022 (should attend 3 meetings)

The date, session, content of the proposal and resolution of the proposal in the Remuneration Committee's meeting in the most recent year and The Company's disposal of the compensation committee's opinions:

Date of Meeting	Period	Agenda	Resolutions of the Remuneration Committee	The Company's actions in response to the opinions of the Remuneration Committee
2022.03.18	The 6th meeting of the fifth term	(1) Proposal for the ratification of the personnel adjustment of managerial officers of the subsidiaries of the Company (2) Amendments to the Company's "Policy of Compensation of Directors, Independent Directors, Remuneration/Audit Committee Members and Managerial Officers" (3) The Company proposes the remuneration of the Chairman	Approved by all members of the Remuneration Committee	All the directors present unanimously approved the proposal.
2022.03.30	The 7th meeting of the fifth term	(1) Proposal for the distribution of employee and Director remunerations of the Compnay for 2021 (2) Proposal for newly appointed managers of the Company (3) Proposal for newly appointed managers of the Company	Approved by all members of the Remuneration Committee	All the directors present unanimously approved the proposal.
2022.07.26	The 1st meeting of the sixth term	(1) Amendments to the Company's "Policy of Compensation of Directors, Independent Directors, Remuneration/Audit Committee Members and	Approved by all members of the Remuneration Committee	All the directors present unanimously approved the proposal.

		Managerial Officers" (2) Discussion on the proposal for distribution of Directors' remuneration in 2021 (3) Discussion on the proposal for distribution of managers' compensation within employee compensation in 2021		
2022.10.12	The 2nd meeting of the sixth term	(1) Proposal for the ratification of salary adjustment and job adjustment for the Company's managerial officers	Approved by all members of the Remuneration Committee	All the directors present unanimously approved the proposal.
2022.12.13	The 3rd meeting of the sixth term	(1) Proposal for the distribution of year-end bonus for senior managerial officers for 2022 by the Company (2) Proposal for promotion of the Company's managerial officers	Approved by all members of the Remuneration Committee	All the directors present unanimously approved the proposal.

Other required disclosures:

I. In the event the Board does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and term of the Board meeting, the content of proposals, resolution from the Board of Directors, and the Company's actions in response to the opinions of the Remuneration Committee (e.g. if the salaries and compensations approved by the Board was higher than the suggested levels from the Remuneration Committee, please state the differences and reasons): None.

II. For the decisions made by the Remuneration Committee, which members voiced objection or reservation that are documented or issued through a written statement in addition to the above, all members' comments, and the measures for handling these comments shall be elaborated: None.

Note: (1) Where members of the Remuneration Committee resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual presence rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual presence during the term of service.

(2) When re-election is held for members of the Remuneration Committee before the end of the year, members of both the new and old members of the Remuneration Committee shall be listed in separate columns and noted as new, old or re-elected members, along with the elected date, in the remark column. Actual presence rate (%) shall be calculated using the number of Remuneration Committee meetings convened and actual presence during the term of service.

(3) Information on the Members and Operations of Nomination Committee:

The Company has not yet established a Nomination Committee.

(V) Implementation of Sustainable Development and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons Thereof

Implementation item	Execution (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Does the Company establish an exclusively (or part-time) dedicated unit for promoting sustainable development? Is the unit authorized by the Board of Directors to implement sustainable development activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	✓		The Company has not established a dedicated unit for sustainable development, which is primarily co-managed by President Office, Administrative Department, Management Department, and the Employee Welfare Committee. They are primarily responsible for the proposal and execution of sustainable development policies, system, or related management directions, and particular promotional plan, and regularly report to the Board.	No material deviation
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	✓		Where environmental, social and corporate governance issues have a significant impact on the Company's investors and other stakeholders, the Company will include them in the sustainable development issues and will work out risk management measures.	No material deviation
III. Environmental Issues (I) Has the Company established proper environmental management systems based on the characteristics of their industries?	✓		(I) To reduce product packaging, the Company commits to focus on virtual sales channels. The Company recycles the packaging of its physical products according to recycling requirements, hoping to minimize the effects on the environment. The Company is not in the manufacturing industry; therefore, ISO 14001 is not applicable. The Management Department and outsourced parties are responsible for environmental affairs	No material deviation

Implementation item	Execution (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Has the Company committed to improving the efficient use of energy and utilized renewable resources with low environmental impact? (III) Does the Company assess the potential risks and opportunities brought by climate changes, both for now and in the future, and take measures to cope with? (IV) Does the Company conduct statistics on the greenhouse gas emissions, water consumption, and total weight of waste for the past two years, and correspondingly formulate policies for greenhouse gas reduction, water use reduction, or other waste management?	✓ ✓ ✓		of the Company. (II) The Company understands its social responsibilities, commits to the paperless e-policy, promotes and implements the usage of recycled paper and related products with Green Mark. (III) The Company adheres to energy conservation and carbon reduction, including improvement of lighting equipment, using electronic forms and documents, energy conservation, garbage classification, light-out lunch break, employees bringing their own cutlery, and resources recycling and reuse. (IV) The Company is located in the office building. It advocates the conservation and recycling of water consumption and waste quantity. In addition, the temperature control of the air conditioner is also regulated by the central system, so as to play the role of energy conservation and carbon reduction.	
IV. Social Issues (I) Has the Company set up management policy and procedures according to related laws and regulation and the International Human Rights Treaty?	✓		(I) In order to fulfill corporate social responsibility and protect the basic human rights of all employees, the Company identifies with and voluntarily follows the "Universal Declaration of Human Rights", the "United Nations Global Compact", "United Nations Guiding Principles on Business and Human Rights", and "United Nations International Labor Organization" and	No material deviation

Implementation item	Execution (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			other internationally recognized human rights standards. The Company aims to put an end to any violations of human rights, and abide by the labor-related laws and regulations where the Company is located. In accordance with relevant labor laws and regulations, human rights conventions, and occupational safety and health laws and regulations, the Company has formulated “Regulations Governing Employee Recruitment, Selection and Appointment”, “Employee Work Rules”, “Regulations Governing Workplace Sexual Harassment Prevention Measures, Complaints and Disciplinary Measures”, “Abnormal Workload-Induced Disease Prevention Program”, “Directions for Prevention and Management of Unlawful Infringement in the Performance of Duties”, “Workplace Maternal Health Protection Program” and “Measures for Preventing and Managing Ergonomic Hazards”, etc., to safeguard the rights and interests of employees and protect the health and safety of employees.	
(II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		(II) In addition to complying with the Labor Standards Act and related regulations, the Company cooperates with the Ministry of Labor to promote work-life balance projects, and organizes sports clubs and brainstorming board games.	

Implementation item	Execution (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Does the Company provides safe and healthful work environments for their employees and organizes training on safety and health for their employees on a regular basis?	✓		(III) The Company provides a fine working environment, carries out employee health inspection, and purchases group insurance, COVID-19 and vaccine insurances for all employees.	
(IV) Has the Company established an effective competency development career training program for employees?	✓		(IV) In order to improve the required skills and management abilities of employees for the performance of their duties, the Company provides subsidies to its employees to participate in classes for training and values its internal training and experience sharing.	
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, marketing, and labeling and established related consumer protection and customer equity policies as well as grievance procedures?	✓		(V) The Company engages in the game industry and has customer services and customer complaints handling standards and procedures in place; multiple customer complaints channels are available, and there are also specialists responsible for handling customer complaints. The Company attaches extreme importance on the protection of its trademark and its corporate image. It also works with professional law firms for relevant consultancy, complies with regulations, and adopts necessary measures.	
(VI) Has the Company formulated a vendor management policy requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health, or labor rights, and supervised their compliance?	✓		(VI) The Company collects relevant information before signing contracts with suppliers and adopts the measure of annual evaluation for suppliers. When selecting cooperating suppliers, the Company considers the policies of suppliers regarding all aspects of CSR. If products of such	

Implementation item	Execution (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			suppliers have significant effects on the environment and society, the Company requires such suppliers to make improvements. The contracts between the Company and its major suppliers have agreed on the unilateral contract termination terms. If the Company acknowledges that the suppliers are involved in any activities that violate Company CSR policies and that significantly affect the environment and society, the Company may unilaterally terminate the contracts.	
V. Did the company, following internationally recognized guidelines, prepare and publish reports such as its Sustainability Report to disclose non-financial information of the company? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?		✓	The Company has not yet publish a Sustainability Report.	The Company attaches great importance to the issue of corporate sustainability, and will prepare a Sustainability Report based on the actual circumstances and demands.
VI. Where the Company has stipulated its own sustainable development best practices principles according to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and the actual activities: The Company has established the “Sustainable Development Best Practice Principles”, and the operations have no significant deviation from the principles. The Company will continue to implement various events beneficial to the social welfare through topics of environmental protection, consumers rights, safety and hygiene, and social welfare, striving to fulfill our greatest purpose of “taken from society, give back to society.”				
VII. Other material information on the implementation of policies which contribute to the understanding of sustainable development: 1. Promote and implement concepts of environmental protection. 2. Value social care and provide help and support to vulnerable groups in society. 3. Attach importance to the cultural and artistic atmosphere and participate in public welfare events of art.				

Note 1. If "Yes" is checked in the operating status column, please explain the important policies, strategies, measures and implementation situations;

if "No" is checked in the operating status column, please explain the circumstances and reasons in the column of "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof", as well as provide relevant policies, strategies and measures to counter the situation in the future. However, regarding Implementation item one and two, TWSE/TPEx Listed Companies should disclose their governance and supervisory frameworks related to sustainable development. This includes, but is not limited to, management policies, strategy and goal-setting, review measures, etc. Specify the Company's risk management policies or strategies on environmental, social and corporate governance issues related to the Company's operations, and its status of assessment.

Note 2. The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

(VI) Implementation of Ethical Corporate Management by the Company and the Gaps With the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Causes Thereof

Assessment item	Operations (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
I. Establish ethical corporate management policies and scheme (I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies? (II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (III) Has the company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	✓ ✓ ✓		(I) The Company has established the "Ethical Corporate Management Best Practice Principles", which has been approved by the Board of Directors to actively implement its ethical corporate management. (II) The Company has established "Operation Procedures and Code of Conduct for Ethical Corporate Management" and "Code of Ethical Conduct" to regulate the prevention and subsequent treatment of unethical conducts (including the conducts in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"), and directors at all levels also attach importance to the advocacy of ethical corporate management. (III) The Company has established "Procedures for Ethical Management and Guidelines for Conduct" and the "Codes of Ethical Conduct"to provide for highly unethical conducts (i.e., receiving bribery and misappropriation of public funds) within our business scope. Except for specifying	No material deviation.

Assessment item	Operations (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
			unethical as a matter for dismissal in the code of conduct for employees, the Company will also file litigation based on the legal responsibilities of the related matters. The Company also regularly reviews and amends relevant operating procedures.	
II. Implementing integrity operation (I) Does the Company assess the ethics records of whom it has business relationships with and include business conduct and ethics related clauses in the business contracts?	✓		(I) Before any business dealings, the Company would collect information to assess the ethical corporate management status of counterparties, and make efforts to include ethical corporate management as the term of contracts or specify the ethical matters, and explain the ethical corporate management policies of the Company to the trading counterparties.	No material deviation.
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) At present, the Company has not set up a responsible unit to promote the ethical corporate management. It is mainly promoted and implemented by a group composed of Administration Division, Management Department, Human Resources Department, etc., which is responsible for the formulation and supervision of the ethical corporate management and the prevention of unethical conduct scheme, including the "Operation Procedure of Ethical Corporate Management and Conduct Guide", "Whistle-blowing system" and "Code of Ethical Conduct", etc.	

Assessment item	Operations (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
			The group is affiliated with the Board of Directors and reports to the Board of Directors regularly (at least once a year).	
(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels, and implement such policies properly?	✓		(III) Where the Director has interests in the proposals at the Board meeting, the Director may address his/her opinions and provide consultancy; however, he/she shall abstain from the discussion and vote. When reviewing contracts, the Company shall check the relationship of the signing parties, nature of the contracting matters, and risks of potential conflict of interests in the course of performing contracts. When there are suspicious conflicts of interests upon the execution of duties, employees may consult the Legal Department and report to its immediate supervisor.	
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(IV) The Company established its accounting and internal control system according to relevant regulations, including paying attention to related party transactions, establishing the system for price inquiry/comparison/negotiation and approval system with hierarchical authorization. The Auditing Office also regularly audits the compliance status of the accounting system and internal control system and reports to the Board.	
(V) Has the Company hosted regular internal and external	✓		(V) The Company regularly or aperiodically	

Assessment item	Operations (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
training geared towards business integrity practices?			organizes communications and training.	
III. Operation of the Company's whistle-blowing system (I) Has the Company established specific complaint and reward procedures, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received? (II) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓ ✓ ✓		The Company has a “Whistle-blowing System” in place, which sets out the responsible unit and provides for standard operating procedures for investigating the complaints received and relevant confidential mechanism, and stipulates protective terms for those who filed the complaints to prevent them from being mistreated due to such complaints.	No material deviation.
IV. Strengthening information disclosure (I) Does the Company disclose its ethical corporate management best practice principles as well as information about the implementation of such guidelines on its website and Market Observation Post System?	✓		The Company has established its official corporate website to disclose the "Ethical Corporate Management Best Practice Principles" of the Company and relevant information	No material deviation.
V. Where the Company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the company: The Company has established its own “Ethical Corporate Management Best Practice Principles”, and the operations have no material deviation from the Principles.				
VI. Other material information contributes to understanding the ethical corporate operations of the Company: (i.e. Company review and make amendments to its ethical corporate operations) The Company implements regulations on the avoidance of conflict of interest in its ethical corporate management. In the event of an agenda item representing a conflict of interest for a director of for the entity he or she represents, the said director shall disclose the conflict of interest at the				

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Operations (Note 1)</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">current Board meeting and refrain from discussion or vote on the matter. He or she shall be recused during discussion or vote on the matter and shall not exercise the right to vote on behalf of any other directors of the Board.</td></tr>
</table>

Note 1. Regardless of ticking "Yes" or "No" for operations, a description is required in the Summary column.

(VII) Where the Company has stipulated its code of corporate governance and relevant rules, disclose its inquiry methods:

For any inquiry, please visit the Corporate Government Section at the official corporate website of the Company (http://group.softstar.com.tw).

(VIII) Other material information that can enhance the understanding of the state of corporate governance of the Company: None.

(IX) Implementation of the internal control system

1. Internal control statement

Softstar Entertainment Inc.
Internal control system statement

Date: March 24, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

I. Company acknowledges that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company had established the system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.

II. The internal control system has inherent limitations, regardless of how complete is its design; an effective internal control system may only provide reasonable assurance regarding the three objectives described above. Also, subject to the changes of environment and circumstances, the effectiveness of the internal control system may alter. However, the internal control system of the Company has a self-monitoring mechanism in place; once a defect is identified, the Company will take immediate rectifying actions.

III. The Company determine the validity for the design and execution of the internal control system based on the criteria for the effectiveness of the internal control system provided in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter, the “Regulations”) The criteria for the internal control system adopted by the Regulations are divided into five components in accordance with the procedure s of management control: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communication; and 5. monitoring operations. Each constituent element includes a number of categories. Each component includes several criteria. Please see the requirements under the Regulations for the above criterion.

IV. The Company has adopted the aforementioned assessment items of the internal control system to evaluate the effectiveness of ICS design and implementation.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. The Statement will become the primary content in the annual report and prospectuses of the Company and will be made public. Falsehood, concealment, or other illegality in the above content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was approved by the Board of Directors in their meeting held on March 24, 2023, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

Softstar Entertainment Inc.

Chairman: Tu Chun-Kuang

President: Tsyi Ming-Hong

2. Any CPA commissioned to conduct a project review of the internal control system shall disclose the CPA’s audit report: N/A.

(X) In the most recent fiscal year up to the publication date of this annual report, there has been punishment of the company or its internal personnel, or punishment of the company to its internal personnel for violating internal control system regulation, and its punishment results might have significant influence on shareholders' equity or securities' price, the punishment, main deficiencies and improvements shall be listed: None.

(XI) Significant resolutions made at the shareholders' meetings and the Board meetings for the past year and up to the date of printing the annual report:

1. Significant resolutions at the shareholders' meeting and the implementation
The annual shareholders' meeting of the Company for 2022 was held at Conference Room 105 (Taipei International Convention Center), Floor 1,No. 1, Section 5, Xinyi Rd, Xinyi District, Taipei City on May 27, 2022. The resolutions approved by the attending shareholders at the meeting are as follow:

(1) Approval of 2021 Business Report and Financial Statements.

(2) Approval of the 2021 Earnings Distribution Proposal.

Implementation status: The annual after-tax net profit for 2021 was NT$743,582,915. According to law, the legal reserve and special reserve reversed were appropriated; and after the retained earnings at the beginning of the period were added, the amount of the distributable earnings was NT$769,709,688. Therefore, it is proposed to pay shareholders dividends of NT$393,521,353, including a stock dividend of NT$196,760,680 and a cash dividend of NT$196,760,673. After the earnings distribution, the balance of the earnings at the end of the period was NT$376,188,335. The ex-dividend date was September 19, 2022, and the distribution date was October 17, 2022.

(3) Proposal for the Company's issuance of new shares by capital increase from earnings for 2021.

Implementation status: Distributable earnings of NT$196,760,680 for 2021 were allocated and 19,676,068 new common shares were issued to increase the capital: The Securities and Futures Bureau declared on July 5, 2022 and completed registration of change on September 28, 2022.

(4) Approved the proposal for the amendments to the “Procedures for the Acquisition or Disposal of Assets”.

Implementation status: handing in accordance with the amended procedures.

(5) Proposal for election of Directors (including the Independent Directors).

Implementation status: The Company comprehensively re-elected seven Directors (including three Independent Directors) on May 27, 2022. It was approved by the Ministry of Economic Affairs to register on June 16, 2022, and announced on the Company's website

(6) Proposal for lifting the non-competition restriction on the Directors and its representatives.

Implementation status: Lifting the non-competition restriction on the Directors according to the resolution of the shareholders' meeting.

2. Significant resolutions of the Board meeting
The Company has convened 20 Board meetings during 2022 and up to the date of printing the annual report in 2023; the summary for significant resolutions are as follow:

(1) 2022:

Date	Term of the Board meeting	Significant resolution
2022.01.07	1st meeting in 2022	(1) Proposal for establishing a domestic subsidiary in a joint venture with Uniplus Electronics Co., Ltd. (2) Proposal for the budget and operating plans for 2022
2022.03.09	2nd meeting in 2022	(1) Our subsidiary, Chiwei Technology Co., Ltd., intends to purchase a 50% equity in ARRAY HOLDINGS FOR APGFIII FUND LPS and indirectly hold common shares of Array Networks. (2) Proposal for the amendment to the “Procedures for the Acquisition or Disposal of Assets”. (3) Dates and agendas of the 2022 Annual Shareholders' Meeting (4) Schedule of receiving and handling shareholders' proposals
2022.03.18	3rd meeting in 2022	(1) Proposal for the ratification of the personnel adjustment of managerial officers of the subsidiaries of the Company (2) Amendments to the “Policy of Compensation of Directors, Independent Directors, Remuneration/Audit Committee Members and Managerial Officers” (3) The proposal for chairman's remuneration drafted by the Company (4) Proposal to lift the non-competition restriction on the managerial officers. (5) Proposal for election of Directors (including the Independent Directors) (6) Proposal to lift the non-competition restriction on the newly elected Directors and its representatives. (7) Proposal for the convening date and relevant matters for the annual shareholders' meeting for 2022 (newly added election and proposals). (8) Acceptance of matters related to the nomination right of shareholders for Directors/Independent Directors, review standards and operation procedures
2022.03.30	4th meeting in 2022	(1) The Company plans to purchase privately placed common shares of Chander Electronics Corp. issued in 2016 (2) Proposal for the Company's disposal of equity of auer Media & Entertainment Corp. (3) Proposal for self-inspection on the internal control system for 2021 (4) Assessment of the independence of CPAs (5) Proposal for the distribution of employee and Director remunerations for 2021 (6) Business reports, parent company only financial statements, and consolidated financial statements for 2021 (7) Proposal for newly appointed managers (8) Proposal for newly appointed managers

Date	Term of the Board meeting	Significant resolution
2022.04.13	5th meeting in 2022	(1) The 2021 Earnings Distribution Proposal (2) Proposal for issuance of new shares by capital increase from earnings for 2021 (3) Proposal for the convention date and relevant matters for the 2022 Annual Shareholders' Meeting (newly-added proposal). (4) Proposal for the nomination and review of the list of candidates for Directors and Independent Directors (5) The Company plans to purchase privately placed common shares of Chander Electronics Corp. issued in 2016
2022.04.22	6th meeting in 2022	(1) Proposal for purchase of 50% equity in ARRAY HOLDINGS FOR APGFIII FUND LPS by the Company’s subsidiary Chiwei Technology Co., Ltd. (2) Proposal for the capital increase of “Double Edge Entertainment Corp.” by the Company
2022.05.12	7th meeting in 2022	(1) Proposal for the ratification of Company's re-investment (2) The Company plans to transfer privately placed common shares of Chander Electronics Corp. to subsidiaries
2022.05.27	8th meeting in 2022	(1) Proposal for the election of Chairman
2022.07.13	9th meeting in 2022	(1) Proposal for the capital increase of subsidiary Red Sunrise Co., Ltd. by the Company (2) Hiring the members of the 6th Remuneration Committee (3) Proposal to lift the non-competition restriction on the managerial officers. (4) Proposal for the ratification of investments
2022.07.26	10th meeting in 2022	(1) Proposal for cash capital increase of Chander Electronics Corp. by the Company (2) Amendments to the “Policy of Compensation of Directors, Independent Directors, Remuneration/Audit Committee Members and Managerial Officers” (3) Proposal for distribution of Directors' remuneration in 2021 (4) Proposal for distribution of managers' compensation within employee compensation in 2021
2022.08.12	11th meeting in 2022	(1) Proposal for funding loan to “Loftstar Interactive Entertainment Inc.” by the Company
2022.08.26	12th meeting in 2022	(1) Proposal for ex-dividend base date of cash dividends, base date of issuing new shares by capital increase from earnings for 2021, and relevant matters
2022.09.13	13th meeting in 2022	(1) Proposal for application for bank financing
2022.10.12	14th meeting in 2022	(1) The Company intends to invest in Vertex Ventures (SG) SEA V LP. (2) The Company plans to transfer privately placed common shares of Chander Electronics Corp. to subsidiaries

Date	Term of the Board meeting	Significant resolution
		(3) Proposal for the ratification of salary adjustment and job adjustment for the Company’s managerial officers
2022.11.14	15th meeting in 2022	(1) Amendments to the Company’s “Procedures for Handling Material Inside Information and Preventing Insider Trading”, “ Regulations for Preventing Insider Trading”, “Rules of Board Meetings” and Regulations for the Management of Subsidiaries”. (2) 2023 Annual Audit Plan (3) Amendments to the Company’s “ Internal Control System” and “Auditing System” (4) Proposal for application for bank financing (5) Proposal for representatives of Ernst & Young and its affiliated entities for non-assurance services subject to prior consent. (6) The Company has increased its acquisition of shares in Chander Electronics Corp.
2022.12.13	16th meeting in 2022	(1) Proposal for repurchase of the Company's Shares (2) Proposal for the ratification of Company's re-investment (3) Proposal for the distribution of year-end bonus for senior managerial officers for 2022 (4) Proposal for promotion of managerial officers

(2) For 2023 up to the date of printing the Annual Report:

Date	Term of the Board meeting	Significant resolution
2023.01.06	1st meeting in 2023	(1) Proposal for the ratification of Company's re-investment (2) Proposal for the adjustment of year-end bonus for senior managerial officers for 2022 (3) Proposal for promotion of managerial officers
2023.02.20	2nd meeting in 2023	(1) The Company intends to participate in cash capital increase through a private placement of its subsidiary, Uniplus Electronics Co., Ltd. (2) Proposal for new site selection of the Company (3) The Company's assessment of the independence of CPAs (4) Proposed to appoint the Company's CPAs (5) Amendments to the Company’s “Sustainable Development Best Practice Principles” and “Code of Corporate Governance” (6) Proposal for the ratification of Company's re-investment
2023.03.24	3rd meeting in 2023	(1) Proposal for the adjustment of managerial officers' remuneration (2) Proposal for capital increase for subsidiaries, establishment of Indian subsidiaries, and adjustment of re-investment structure (3) The Company intends to participate in cash capital

Date	Term of the Board meeting	Significant resolution
		increase through the subscription for preferred shares of San Jiang Electric Mfg Co.,Ltd. (4) Proposal for the ratification of Company's re-investment (5) Proposal for the distribution of employee and Director remunerations for 2022 (6) Business reports, parent company only financial statements, and consolidated financial statements for 2022 (7) Proposal for the budget and operating plans for 2023 (8) Proposal for the application of bank financing by the Company (9) Proposal for self-inspection on the internal control system for 2022 (10) Proposal to conduct private placed shares for public offering (11) Proposal to lift the non-competition restriction on the managerial officers. (12) Proposal for the convening date and relevant matters for the annual shareholders' meeting for 2023 (13) Procedure of receiving and handling shareholders' proposals

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None.

(XIII) Summary of resignations and dismissals of the Company's Chairman, President, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, and R&D Supervisor, etc., during the most recent fiscal year and up to the date of publication of the annual report: None.

V. Information on the professional fees of the attesting CPAs (external auditors)

1. The Company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services: Please refer to the details below.
2. Where the CPA firm was replaced, and the audit fees during the year, when the replacement was made, were less than that in the previous year before replacement, the amount of audit fees paid before/after replacement and reasons for paying this amount shall be disclosed: None.
3. When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: Not applicable.

Information on the professional fees of the attesting CPAs (external auditors)

Unit: NT$1,000

Name of the accounting firm	Name of CPA	Auditing period for the CPA	Audit fees	Non-audit fees	Total	Remark
Ernst & Young	Yu, Chien-Ju	2022.01.01~2022.12.31	3,620	168	3,788	Note 1
	Yang, Chih-Huei	2022.01.01~2022.12.31				

Note 1. Services received by paying non-audit fees: Including NT$100 thousand for the filing of issuing new shares as stock dividends to the Securities and Futures Bureau and NT$68 thousand for the registration of comprehensive re-appointment of Directors and the capitalization of retained earnings.

VI. Information on the changes of CPA: None.

VII. Where the Company's Chairman, President, or any managerial officer in charge of finance or accounting matters has, during the past year, held a position at the accounting firm of its CPA or at an affiliated company of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by Directors, Supervisors, managerial officer, or shareholders with a stake of more than 10% during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Change in the equities of the Directors, Supervisors, managerial officers and substantial shareholders

Unit: Share

Title (Note 1)	Name	2022		As of April 27, 2023	
		Change in shares held	Change in number of pledged shares	Change in shares held	Change in number of pledged shares
Chairman	Tu, Chun-Kuang	0	0	0	0
Director/ Major shareholder	British Cayman Islands Angel Fund (Asia) Investments Limited	722,000	0	0	0
Director	British Virgin Islands Stone Capital Group Co., Ltd.(Note I)	0	0	0	0
Director	KAL Holdings Corp., Samoa (Note II)	-	-	-	-
Director	Global Angel Investments Limited (Note III)	2,378,391	1,336,916	0	0
Director	Oriental Golden Richness Ltd. (Note III)	3,822,911	720,000	0	0
Independent Director	Hung, Pi-Lien	0	0	0	0
Independent Director	Hsieh, Guo-Dong (Note I)	0	0	0	0
Independent Director	Zhang, Yu-De(Note III)	0	0	0	0
Independent Director	Xie, Yi-Jun (Note III)	0	0	0	0
President	Tsay, Ming-Hung	61,917	0	0	0
Vice President	Chen, Yao-Tien	8,387	0	0	0
Vice President	Lien, Chien-Chin (Note VI)	0	0	-	-
Vice President	Lin, Hui-Zhen	24,363	0	0	0
Vice President	Chuang, Jen-Chu'an	0	0	0	0
Vice President	Lin, Yun-Hua	0	0	0	0
Assistant General Manager	Shen, Yong-Xuan (Note V)	0	0	0	0

Title (Note 1)	Name	2022		As of April 27, 2023	
		Change in shares held	Change in number of pledged shares	Change in shares held	Change in number of pledged shares
Assistant General Manager	Chen, Yi-Fang (Note V)	2,000	0	(2,000)	0
Assistant General Manager	Xie, Shu-Jin (Note VI)	0	0	0	0
Assistant General Manager	Liang, Jian-Zhang (Note VI)	1,000	0	0	0
Assistant General Manager	Lu, Zhi-Xiang (Note VII)	0	0	0	0
Assistant General Manager	Hou, Li-Ling (Note VIII)	0	0	0	0

Note 1. Shareholders holding more than 10% of the total shares of the Company shall be annotated as substantial shareholders, and shall be presented separately.
Note 2. If the counterparty of the transfer or pledge of shares is a related person, fill out the following table.
Note I. Retired on May 27, 2022.
Note II. Retired on January 27, 2022.
Note III. Appointed on May 27, 2022.
Note IV. Resigned on June 30, 2022.
Note V. Appointed on April 4, 2022.
Note VI. Appointed on December 6, 2022.
Note VII. Appointed on January 1, 2023.
Note VIII. Appointed on January 5, 2023.

(II) If the counterparty of the transfer of shares conducted by Directors, Supervisors, managerial officers, and shareholders with shareholding ratios of 10% is a related person:

Unit: shares/ NT$

Name (Note 1)	Reason for shares transfer (Note 2)	Transfer Date	Counterparty of shares transfer	The relationship between the counterparty of shares transfer and the company, Directors, Supervisors, managerial officers, and shareholders with shareholding ratios of 10%	Number of shares	Transfer price
Angel Fund (Asia) Investments Limited, British Cayman Islands	Disposal	2022.10.21	Oriental Golden Richness Ltd.	Representative of the companies is the same person	1,100,000	40
		2022.10.28			1,150,000	40
		2022.11.07			513,568	40

Note 1. Specify the name of Directors, Supervisors, managerial officers, and shareholders with shareholding ratios of 10%.
Note 2. Specify acquisition or disposal.

(III) If the counterparty of the pledge of shares conducted by Directors, Supervisors, managerial officers, and shareholders with shareholding ratios of 10% is a related person: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party as defined in No. 6 of Statements of Auditing Standards or a relative within the second degree of kinship of another

April 27, 2023
Unit: Share

Name (Note 1)	Shares held in person		Shares held by spouse and minors		Total shares held in the name of another person		Name and relationship, if, among the top ten substantial shareholders, any one of them is a related party, or is the spouse or a relative within the second degree of kinship of another. (note 3)		Remark
	Number of shares	Percentage of shares ratio Percentage	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or name of the person)	Relationship	
Angel Fund (Asia) Investments Limited	8,616,653	10.11%	0	0	0	0	Note 4	Note 4	
Angel Fund (Asia) Investments Limited Representative: Tu, Chun-Kuang	0	0	0	0	22,983,731	26.96%	Note 4	Note 4	
Oriental Golden Richness Ltd.	6,862,236	8.05%	0	0	0	0	Note 4	Note 4	
Oriental Golden Richness Ltd. Representative: Tu, Chun-Kuang	0	0	0	0	22,983,731	26.96%	Note 4	Note 4	
Global Angel Investments Limited	5,973,030	7.01%	0	0	0	0	Note 4	Note 4	
Global Angel Investments Limited Representative: Tu, Chun-Kuang	0	0	0	0	22,983,731	26.96%	Note 4	Note 4	
Uniplus Electronics Co., Ltd.	5,325,727	6.25%	0	0	0	0	Note 4	Note 4	
Uniplus Electronics Co., Ltd. Representative: Tu, Chun-Kuang	0	0	0	0	22,983,731	26.96%	Note 4	Note 4	
Soft-World International Corporation	3,461,506	4.06%	0	0	0	0	Gameflier International Corporation	Representative of the companies Is the same person	
Soft-World International Corporation Representative: Wang, Jun-Bo	0	0	0	0	0	0	Gameflier International Corporation	Representative of the companies is the same person	
Gameflier International Corporation	1,990,367	2.33%	0	0	0	0	Soft-World International Corporation	Representative of the companies Is the same person	

Name (Note 1)	Shares held in person		Shares held by spouse and minors		Total shares held in the name of another person		Name and relationship, if, among the top ten substantial shareholders, any one of them is a related party, or is the spouse or a relative within the second degree of kinship of another. (note 3)		Remark
	Number of shares	Percentage of shares ratio Percentage	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or name of the person)	Relationship	
Gameflier International Corporation Representative: Wang, Jun-Bo	0	0	0	0	0	0	Soft-World International Corporation	Representative of the companies is the same person	
Weng, Qing-Biao	1,299,253	1.52%	0	0	0	0	-	-	
Special account for Yuanta Commercial Bank as Custodian of Investments of Angel Fund (Asia) Investments Limited	1,123,909	1.32%	0	0	0	0	Note 4	Note 4	
Special account for Yuanta Commercial Bank as Custodian of Investments of Angel Fund (Asia) Investments Limited Representative: Tu, Chun-Kuang	0	0	0	0	22,983,731	26.96%	Note 4	Note 4	
Toptrend Technologies Corp.	686,000	0.80%	0	0	0	0	-	-	
Chase escrow JP Morgan investment account	624,125	0.73%	0	0	0	0	-	-	

Note 1. All the top ten shareholders shall be listed. For corporate shareholders, their names and the name of their representatives shall be listed separately.

Note 2. The calculation of shareholding ratios refers to the shareholding ratio calculated based on the name of oneself, spouse, minors, or in the name of another person.

Note 3. Relationships between the aforementioned shareholders, including corporate shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

Note 4. Angel Fund (Asia) Investments Limited, Global Angel Investments Limited, Uniplus Electronics Co., Ltd., Oriental Golden Richness Ltd., Special account for Yuanta Commercial Bank as Custodian of Investments of Angel Fund (Asia) Investments Limited: The representatives of the aforementioned companies are all Mr. Tu, Chun-Kuang; the relationship among all the companies is that their representatives is the same person.

X. Shares held by the Company, its Directors, Supervisors, managerial officers, and investee companies either directly or indirectly controlled by the Company, and the ratio of consolidated shares held: None.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Formation of Capital

Unit: NT$
April 27, 2023

Year/Month	Issue Price	Authorized Capital		Paid-up capital		Remark		
		Number of Shares (shares)	Amount	Number of Shares (shares)	Amount	Source of Capital	Contribution by Property Other than Cash	Other
2021.11	0	130,000,000	1,300,000,000	65,586,891	655,868,910	Capital increase by retained earnings 2,522,573 shares.	None	November 19, 2021 Jing-Shou-Shang-Zi Document No. 11001203730 was approved
2022.09	0	130,000,000	1,300,000,000	85,262,959	852,629,590	Capital increase by retained earnings 19,676,068 shares.	None	September 28, 2022 Jing-Shou-Shang-Zi Document No. 11101185070 was approved

2. Type of Shares

April 27, 2023; Unit: shares

Type of Shares	Authorized Capital			Remark
	Outstanding Shares (Notes I~V)	Unissued Shares	Total	
Common shares	85,262,959	44,737,041	130,000,000	
Total	85,262,959	44,737,041	130,000,000	

Note 1. A total of 5,562,500 privately placed common shares were issued on April 14, 2010 but yet to be listed on TPEx as appropriated.

Note 2. A total of 4,978,562 privately placed Type A preferred shares were issued on June 11, 2007 and converted into common shares on August 2, 2010 but yet to be listed on TPEx as appropriated.

Note 3. A total of 8,500,000 privately placed common shares were issued on March 21, 2014 but yet to be listed on TPEx as appropriated.

Note 4. A total of 2,000,000 privately placed common shares were issued on March 25, 2016 but yet to be listed on TPEx as appropriated.

Note 5. For the abovementioned privately placed common shares, due to distribution of retained earnings for 2019, 2020 and 2021, a total of 5,894,485, 1,077,422 and 8,403,891 privately placed shares were issued respectively to increase the capital, but yet to be listed on TPEx as appropriated.

3. Offering and Issuance of Securities by Shelf Registration: None.

(II) Shareholder Structure:

April 27, 2023 ; Unit: Person, shares

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Individuals	Total
Number of people	-	1	148	20,778	27	20,954
Number of shares held	-	193,000	26,550,153	46,633,541	11,886,265	85,262,959
Shareholding ratio	-	0.23%	31.14%	54.69%	13.94%	100.00%

Note: Primary TWSE/TPEx listed companies shall disclose the shareholding percentage of Chinese investments; Chinese investments refers to people, corporations, organizations, or other institutions of the Mainland area or their investments in third areas set forth in Article 3 of the Regulations Governing Investment Permit to the People of the Mainland Area.

(III) Diffusion of Ownership

1. Common shares

Par value: NT$10/share April 27, 2023; Unit: Person, share

Scale of Shareholding	Number of Shareholders	Number of shares held	Shareholding ratio
1 ~ 999	12,360	839,767	0.98
1,000 ~ 5,000	6,912	13,559,774	15.9
5,001 ~ 10,000	903	6,573,507	7.71
10,001 ~ 15,000	309	3,832,221	4.49
15,001 ~ 20,000	130	2,361,892	2.77
20,001 ~ 30,000	124	3,080,245	3.61
30,001 ~ 40,000	67	2,373,310	2.78
40,001 ~ 50,000	33	1,500,875	1.76
50,001 ~ 100,000	66	4,361,034	5.11
100,001 ~ 200,000	18	2,720,987	3.19
200,001 ~ 400,000	13	3,724,727	4.37
400,001 ~ 600,000	8	3,750,814	4.4
600,001 ~ 800,000	3	1,931,125	2.26
800,001 ~ 1,000,000	0	0	0
1,000,001 or more	8	34,652,681	40.67
Total	20,954	85,262,959	100.00%

2. Preferred shares: None.

(IV) List of major shareholders: if there are less than 10 shareholders with a shareholding ratio of 5% or more, the name, number of shares held and proportion of the top 10 shareholders shall be disclosed.

Unit: Share; April 27, 2023

Name of major shareholder \ Shares	Number of shares held	Shareholding ratio
ANGEL FUND (ASIA) INVESTMENTS LIMITED	8,616,653	10.11%
Oriental Golden Richness Ltd.	6,862,236	8.05%
Global Angel Investments Limited	5,973,030	7.01%
Uniplus Electronics Co., Ltd.	5,325,727	6.25%
Soft-World International Corporation	3,461,506	4.06%
Gameflier International Corporation	1,990,367	2.33%
Weng, Qing-Biao	1,299,253	1.52%
Special account for Yuanta Commercial Bank as Custodian of Investments of Angel Fund (Asia) Investments Limited	1,123,909	1.32%
Toptrend Technologies Corp.	686,000	0.80%
Chase escrow JP Morgan investment account	624,125	0.73%

Note: Special account for Yuanta Commercial Bank as Custodian of Investments of Angel Fund (Asia) Investments Limited is the special account opened by the Company's director, Angel Fund (Asia) Investments Limited; therefore, the number of shares held by Angel Fund (Asia) Investments Limited totaled 9,740,562.

(V) Market Price, Net Worth, Earnings, and Dividends per Share and Related Information for the Most Recent Two Years

Unit: NT$
(Unless otherwise stated)

Item \ Year			2021	2022	As of April 27, 2023(Note 8)
Market price per share (Note 1)	Highest		111.00	112.5	72.00
	Lowest		49.75	42.3	55.10
	Average		68.82	74.43	62.00
Net worth per share (Note 2)	Before distribution		25.36	23.29	N/A
	After distribution		19.51	(Note 2)	N/A
Earnings per share (NT$)	Weighted average number of shares (in thousand of shares)		85,110	83,480	N/A
	Earnings per share (Note 3)		11.36 (Before adjustment) 8.70 (After adjustment)	7.48	N/A
Dividend per share	Cash dividends		3	(Note 2)	N/A
	Stock dividends	Surplus earnings	3	(Note 2)	N/A
		Capital reserve	-	(Note 2)	N/A
	Unpaid dividends (Note 4)		0	0	N/A
Return on investment	Price-to-earnings ratio (Note 5)		7.91	9.95	N/A
	Price-to-dividend ratio (Note 6)		22.94	(Note 2)	N/A
	Dividend yield (Note 7)		4.36%	(Note 2)	N/A

＊ If shares are distributed in connection with a capital increase out of surplus earnings or capital reserve, information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be further disclosed.

Note 1. The highest and lowest market prices of common shares for each year are listed. The average market price for each year is calculated based on the transaction value and volume.

Note 2. The number of shares that have been issued by the end of the year or the resolution at the shareholders' meeting in the following year shall apply.
Earnings Distribution for 2022 has not been resolved by the Annual Shareholders' Meeting in 2023, so they are not represented.

Note 3. If there is any retrospective adjustment required due to stock dividends, earnings per share before and after adjustment shall be listed.

Note 4. If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.

Note 5. Price-to-earnings ratio = Average closing price per share for the year/Earnings Per Share.

Note 6. Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 7. Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 8. Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

(VI) Dividend Policy and Its Implementation

1. Dividend Policy:

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, 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, after taking into consideration the capital needed for operations, financial structure, the current annual earnings and the stability of dividend distribution, the Board of Directors shall plan the earnings distribution and forward a proposal to the shareholders meeting forapproval.

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.

2. Distribution of Dividends Proposed in the Shareholders' Meeting:

2022 Earnings Distribution Plan was drafted in Board meeting on May 12, 2023: Dividends valued NT$296,635,359 to be distributed; including stock dividends valued NT$169,505,920 (NT$2 per share) and cash dividends valued NT$127,129,439 (NT$1.5 per share).

Action will be taken pursuant to relevant provisions once the proposal is resolved in the Annual Shareholders' Meeting on June 26, 2023.

(VII) Impacts on the Company’s Business Performance and Earnings Per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting:

Unit: NT$

<table>
<tr><td colspan="3"></td><td>2023
(Estimated)</td></tr>
<tr><td colspan="3">Beginning paid-in capital</td><td>852,629,590</td></tr>
<tr><td rowspan="3">Distribution of shares and dividends in the current fiscal year (Note 1)</td><td colspan="2">Cash dividend per share</td><td>1.5</td></tr>
<tr><td colspan="2">Number of shares allotted for capital transferred from earnings</td><td>0.2 shares</td></tr>
<tr><td colspan="2">Capital reserve to capital increase</td><td>-</td></tr>
<tr><td rowspan="7">Changes in operating performance</td><td colspan="2">Operating Income</td><td rowspan="13">(Note 2)</td></tr>
<tr><td colspan="2">Operating profit increase (decrease) ratio over the same period last year</td></tr>
<tr><td colspan="2">NIAT</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in NIAT compared with the same period in previous year</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td></tr>
<tr><td colspan="2">Earnings per share increase (decrease) ratio over the same period last year</td></tr>
<tr><td colspan="2">Annual average return on investment (annual average P/E ratio)</td></tr>
<tr><td rowspan="6">Pro-forma earnings per share and P/E ratio</td><td rowspan="2">If capital transferred from capital reserve is replaced by cash dividends distribution</td><td>Pro-forma earnings per share</td></tr>
<tr><td>Pro-forma average annual return on investment</td></tr>
<tr><td rowspan="2">If capital transferred from capital reserve is not conducted</td><td>Pro-forma earnings per share</td></tr>
<tr><td>Pro-forma average annual return on investment</td></tr>
<tr><td rowspan="2">If capital reserve has not been prepared and capital transferred from earnings is changed into distribution of cash dividends</td><td>Pro-forma earnings per share</td></tr>
<tr><td>Pro-forma average annual return on investment</td></tr>
</table>

Note 1. The distribution is in accordance with the resolution passed by the Board on May 12, 2023, and calculated on the basis of 84,752,959shares 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.

(VIII) Remuneration Paid to Employees and Directors and Supervisors

1. Percentage or Range of Remuneration Paid to Employees and Directors and Supervisors as Set Forth in the Company's Articles of Incorporation:

   The Company's Articles of Incorporation specify the following:

   If the Company makes a profit in the year, at least 3% of the profit shall be allocated for employee compensations and no more than 3 % shall be allocated for compensations of the Directors. 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.

2. Accounting Treatments when Differences Occur between Estimated and Actual Distributed Amount of Employee, Director, and Supervisor Compensation:

   The annual amount of employee remuneration and director remuneration is calculated and estimated based on the profit (after offsetting accumulated losses) made for the year and the percentage set forth in the Articles of Incorporation. The discrepancy between the amount approved by the Board of Directors and the estimate, if any, shall be accounted for as changes in the accounting estimate and recognized as profit or loss for the year of approval by the Board of Directors.

3. Distribution of Remuneration Approved by the Board of Directors:

   (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors; If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

      (A) The proposal for the distribution of 2022 employee and director remuneration (approved by the Board of Directors on March 24, 2023):

         (a) Employee remuneration: NT$21,397,530 (in the form of cash).

         (b) Director remuneration: NT$7,132,510 (in the form of cash).

      (B) If there is a difference in actual distributed amount to employees and directors and estimated expense for 2022, the difference of the value as well as reason for deviation and accounting treatment shall be disclosed:

         There is no difference between the estimated and actual distributed amount in the 2022 employee and director remuneration.

   (2) Employee remuneration to be distributed in the form of stock and its percentage of the sum of income tax after and total employee remuneration: N/A.

4. Actual Distribution of Employee Remuneration and Director Remuneration for the Previous Year (including Number of Shares, Amount, and Share Price), and the Amount, Cause, and Treatment of Discrepancy with the Estimate:

(1) The proposal for the distribution of 2021 employee and director remuneration (approved by the Board of Directors on March 30, 2022):

(A) Employee remuneration: NT$31,924,527 (in the form of cash).

(B) Director remuneration: NT$10,641,509 (in the form of cash).

(2) Any discrepancy between the actual amount of employee remuneration and director remuneration for the year to be distributed and the estimate (including the amount, cause, and treatment of such discrepancy)
There is no difference between the estimated and actual distributed amount in the 2021 employee and director remuneration.

(IX) Repurchase of the Company's Shares:

April 27, 2023

Repurchase term	The 6th
Repurchase purpose	For the transfer of shares to employees
Repurchase period	December 14, 2022 to February 13, 2023
Repurchase price range (NT$)	40.00~70.00
Types and quantities of repurchased shares (shares)	Common shares 510,000 shares
Amount of repurchased shares (NT$)	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

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. Employee Restricted Stock: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. Financing Plans and Implementation: None.

Chapter 5. Operating Highlights

I. Business Activities

(I) Scope of business

1. Primary operating scope of the Company

   The main business items of the Company and its subsidiaries are the development, operation, and licensing of standalone games, online games, and mobile games, and the manufacturing, pressing, processing, R&D business and trading of multi-layer printed circuit boards, copper foil substrates, glass fiber films, various electronic parts, third-party collection and payment and cash flow system services, electronic components, integrated circuits, computer equipment and peripheral products agency, maintenance, import/export trade, domestic and international wine agency and sales, as well as R&D, manufacturing, and sales of network functional platform products, network connectivity security, and network traffic acceleration related system equipment.

2. Proportion of primary operations

Unit: Thousand NT$

Product items	2022	
	Net operating revenue	%
Sale of goods revenue	1,432,988	63.63
Rendering of service revenue	819,146	36.37
Total	2,252,134	100.00

3. Current products and services offered by the Company
   (1) Software development, agency, licensing, and sales for games.
   (2) Lubricating aluminum cover plates for drilling, drilling underlay plates, and beauty and skincare products.
   (3) Agency and sales of electronic components, integrated circuits, and computer software.
   (4) (R&D, manufacturing, and sales of network functional platform products, network connectivity security, and network traffic acceleration related system equipment.
   (5) third-party collection and payment and cash flow system services
4. Planning and development of new products (services)
   (1) Game software
   (2) Transformer business
   (3) Expand network virtual devices and support virtual machine management devices as well as public cloud platforms.
   (4) BNPL(Buy Now, Pay Later) installment payments for inclusive finance

(II) Industry overview

1. Current state and development of the industry

Game software worldwide can mainly categorize as Arcade game, TV/console game, PC game, and mobile game. Their current state and development are as follow:

(1) Arcade game

Arcade games are generally placed at large-scale entertainment venues or amusement parks. Based on its pay-per-game model, it is essential to attract consumers to insert coins for the game continually. Arcade games are primarily divided into two categories of puzzles and gaming; the US and Japan still dominate the market. Large-scale arcade game market in Taiwan tends to be more recreational, such as dancing machine, basketball shooting machine, and claw machine. With the development of multi-media, the popularity of arcade machines has declined rapidly, gradually fall outside of the public sight. However, arcade machines in different regions show different conditions; for instance, the recession of arcade machines in Japan is relatively slow.

(2) TV/Console game

TV/Console game primarily makes use of the TV screen for the game, which is highly popular due to the popularity of TVs. As TV game development shall be based on the platform specification of the hardware companies, the Company is required to pay royalties to hardware platform companies. Therefore, current TV games across the globe are mainly led by large companies in the US and Japan, such as Switch by Nintendo, PS4 and PS5 by Sony, and Xbox Series X/S by Microsoft, etc.

(3) PC game

PC game can be roughly divided into single player games and online games.

The growth of market scale for single player game software worldwide is limited, primarily due to the rampant software piracy, plus the diversification of game platform due to advanced technologies; the emergence of online games gave rise to the most direct substitution effect. Except for adopting the strategy of low quantity with premium quality, using online innovative sales model is also a positive direction for companies. For example, extend the lifecycle of products through methods of launching the purchase and download version on the internet, online battle, and new game download, and prevent piracy through online verification mechanism.

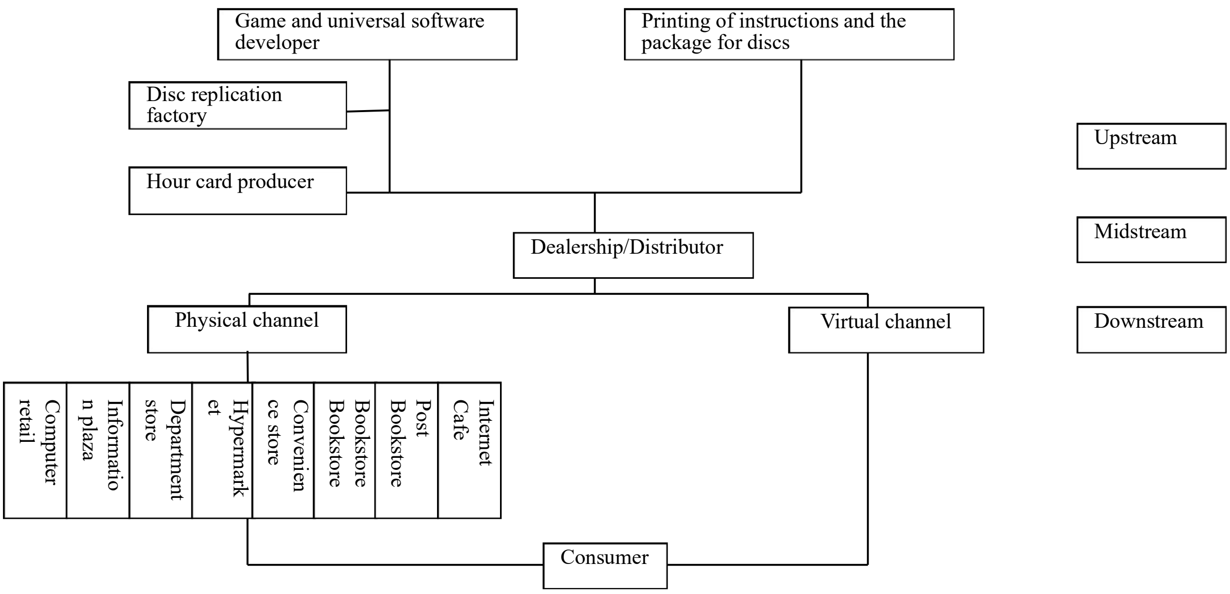
Online games consist of MMORPG, Web/SNS game, and casual game. Currently, MMORPG is the major group. As players are required to invest more time and spirit, the player stickiness and loyalty maintain higher. However, with changes in structural factors such as the net user structure and players' demand, web game has played a significant role in the industrial growth in recent years. Currently, the trend for web game is to integrate with SNS, providing more mutual topics for users through the course of the games.

(4) Mobile game

Given that smartphones and tablets have gradually become indispensable entertainment tools for the modern generation, related companies have competed to participate in the mobile APP market where games accounted for the most significant APP percentage. There are numerous games in the market with fierce competition. The profiting model for the games has also turned to diversification, including one-off payment and download, virtual market, payment and download for additional content, and income from the in-game advertisement. Mobile games have significant growth in recent years. According to the App Annie Report from the globally renowned mobile data company, the number of downloads in Taiwan on the top two global platform of iOS App Store and Google Play may not be within the top ten of the globe; however, the turnover from games in Taiwan ranked 10th in the world, and the turnover on the iOS App Store further climbed to the 5th of the world. As compared to games on other platforms, the mobile game market has achieved remarkable growth.

2. Correlation among upstream, midstream, and downstream of the industry

For the game software industry, the upstream game software developers would cooperate with the midstream agent distributors, such as game operators/publishers/and distributors, for the launch and operation, online management and customer services, marketing communication, and the issuance of game cards or packages of games; or cooperate with manufacturing operations of disc replication factory or printers to provide raw materials for the commercialization of products, and then deliver to consumers through physical or virtual channels.



Source: A compilation from the Taiwan Industry Economics Services

3. Development trend and competition of products

1) Product development trend

A. Product development is directed to diverse platforms

With the popularization of the internet and the expeditious development of technologies, the game market is able to achieve rapid growth on all platforms through the application of remote server and the function of multiplayer. Except for desktop PC and laptop being used in the past, devices in use have gradually involved to mobile devices, e.g., tablets and smartphones, hoping to integrate games into consumers' daily lives by way of the broad and convenient multi- platform application, which effectively improves the added value of games and opens the door to another potential market for digital content market.

B. Product development is directed to many-to-many interactivity

Traditional game software focuses on the interaction between the player and the video game. Once the player had passed all the well-designed challenges of the game software (i.e. "cleared the game"), the game would lose its attractiveness to players. However, the new game model may make amend for such shortcoming. The new model allows players to interact with concurrent online players, and jointly participate in the designed plots in the game.

C. Product development is directed to multi-languages and multi-nationalization

Revise the game to local languages according to nations and regions, or make proper adjustments based on different languages and culture of markets before the revision or production of games to involve local cultures and allow products to blend in the global market and become easily acceptable by markets.

D. Free games have become the market mainstream

"Free game" means no entry barrier for players, but the game companies may earn revenue from the sales of virtual items/virtual treasures. Under the game model of zero-payment or low-payment, players may choose the game and consumption method based on their preference, allowing the game to involve players from broader age groups with an increasing number of players.

E. Popularization of mobile devices and the extended development of games

With the popularization of mobile devices, improvement of multi-media function, 5G network establishment, and the connection of social media, the emergence of casual players has become a market force not to be neglected by game companies. Therefore, game companies have commenced their diversified game development to improve the profoundness of game content for mobile devices. The Company also tried to use different vehicles or technologies, in the hope to make a breakthrough from the boundaries of video games or PC in the past, allowing players to enjoy brand-new joy from games with any kind of mobile devices. In addition, the Company sells derivatives related to games through in-app purchases to increase the contribution of all players, and in turns improves the profit of games.

2) Competition

The Company primarily engages in the development, dealership, production, publish, and sales of computer game software. In recent years, leverage from the popularization of the internet and the increase of internet users, apart from keeping its development for single player games, the Company also proactively invested in the development of online games, web games, and mobile games to enrich the product profiles of the Company and expand to overseas markets. So far, the Company has managed to license to Europe and the US, Mainland China, and Southeast Asia. Domestic companies that engage in the related industry include Soft-World International, Gamania Digital Entertainment, InterServ, Chinese Gamer International, Userjoy Technology, etc. Due to the high development potentials of the software industry market, grasping the product and market trend, as well as establishing the brand and the awareness and stickiness of the players' community to products will be the competitive advantage of software companies.

(III) Technology and R&D overview

The Company invested R&D expenses of NT$184,534,000 in total in 2022.

The R&D team successfully used the game engine of Unreal Engine 5 , bringing many advantages to the Company's game development. This engine possesses high-quality rendering capabilities and sophisticated lighting effects, delivering a more realistic gaming experience

to players. Meanwhile, the engine also features efficient development tools and editors, which can enhance development efficiency and product quality.

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

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.

(IV) Short/long-term business development plans

(1) Short-term plans

1) Fully exert the function of human resources allocation under the R&D department to increase the product lines for all platforms and accelerate the product development schedules.

2) The Company actively expands the licensing for peripherals, such as movies, stage drama, TV series, novels, and album with the optimized timing for the product launch to continue the IP fever.

3) Improve flexibility and efficiency for operations of Taiwan and overseas market by strengthening the collaboration with all channels and different industries.

(2) Long-term plans

1) Allow the game products to get closer to Mainland China and overseas markets through joint development or licensing development to reinforce the product exposure and market share.

2) Emphasize the importance of cultural creativity-related industries, and improve IP's influences and value.

3) Learn more about the operating environment and game trends in the global market and strengthen the upstream and downstream strategic cooperation in order to achieve the goal of win-win.

II. Market and Sales Overview

(I) Market analysis

1. Sales region for main products in 2022

Unit: In Thousands of NTD

Regions / Product	Domestic		Overseas		Total	
	Amount	%	Amount	%	Amount	%
Sale of goods revenue	437,868	52.67	995,120	70.04	1,432,988	63.63
Rendering of service revenue	393,502	47.33	425,644	29.96	819,146	36.37
Total	831,370	100.00	1,420,764	100.00	2,252,134	100.00

2. Market Share

The Company mainly researches and develops single player games, online games and mobile game products, with revenues of NT$559,406,000 and NT$2,252,134,000 in 2021 and 2022, respectively. With the highly mature and diversified market, the company's game development is also towards diversified development. In addition to online games and single player games, in terms of the product launch, we are more actively devoting into casual games, web games, mobile games, etc., and the company has occupied an important position in the game research and development market.

3. Future supply and demand of the market and its growth

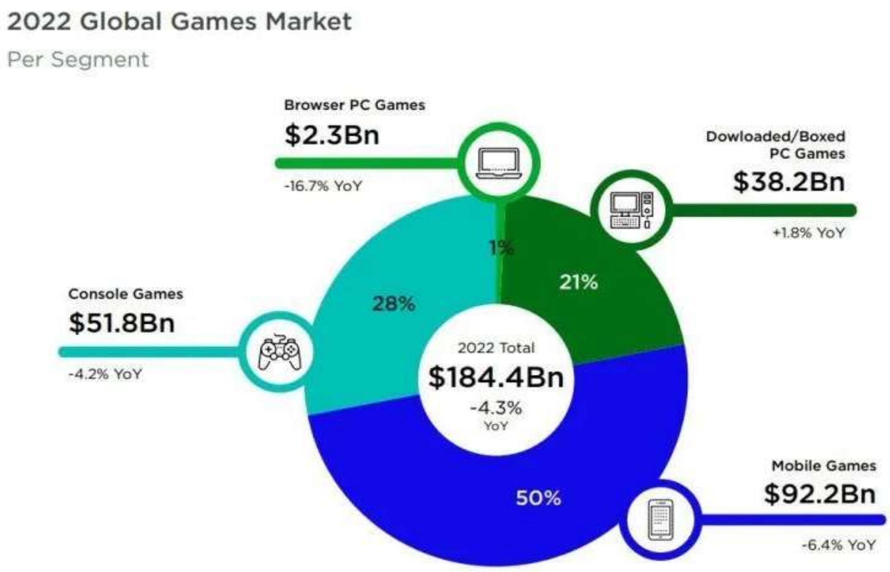
(1) Global game industry overview:

Newzoo as a gaming research firm has released its 2022 Global Games Industry Report, revealing that the gaming market generated US$196.8 billion in revenue in 2022, representing a year-on-year growth of 2.1%.

2022 is the "correction year" following two years of pandemic growth, but we remain optimistic about the long-term prospects of the gaming market. Globally, the primary driving force behind this growth is mobile gaming, which generated revenue of US$103.5 billion, accounting for 53% of the market and growing by 5.1% compared to the previous year. The PC gaming market accounted for 21% of the market share, showing a year-on-year growth of 1.6%, reaching US$40.4 billion. Simultaneously, the console gaming market is expected to decline by 2.2%, reaching US$52.9 billion, accounting for 27% of the global market.

The initial years of the COVID-19 pandemic may have had a positive impact on player engagement in gaming-related activities. However, it also posed numerous challenges for businesses and game developers, particularly for gaming consoles and to some extent, PC gaming. This dilemma continues to impact the industry to this day. The shortage of supplies has disrupted the supply chain, leading to studios adopting remote work practices. These issues have resulted in numerous game delays and have impacted the availability of components for next-generation gaming consoles and PC games. This partially explains the relatively flat growth of PC games and the decline of console games. The PlayStation 5 and Xbox Series X continue to face high demand and supply shortages even after nearly two years since their release. The ongoing shortage of semiconductor chips also continues to affect the supply of GPUs and other PC components. This situation may likely persist at least until the end of 2023.

Revenue in global games (ranked by platform): Revenue in mobile games is US$103.5 billion, an increase of 5.1% compared to the previous year, revenue in console games is US$52.9 billion, a decline of 2.2% annually, revenue in PC games is US$38.1 billion, an increase of 1.6% annually, and revenue in browser games is US$2.3 billion, a decline of 16.9% annually.



In 2022, the game market in North America will increase by 0.5% year-on-year to reach US$51.3 billion, while the game market in Europe will decline by 0.03% year-on-year to US$34.1 billion. The gaming growth in these regions is not sufficient to offset the significant decline in mobile games and PC games. In 2022, th Asia-Pacific game market will decline by -5.6% year-on-year, reaching US$87.9 billion. The adjustment factors for post-pandemic expenditures are particularly evident in the three major markets in Asia, namely China, Japan and South Korea. We are currently predicting a downturn in all three markets, thus the Asia-Pacific region expected to experience the largest decline among all major regions.

Meanwhile, the development-driven regions dominated by mobile games will experience slight growth this year. The market in Middle East and Africa will grow by +6.6% to reach US$6.8 billion, while the market in Latin America will to grow by +3.4% to reach US$8.4 billion by 2022. The slump in console games has had little impact on the predominantly mobile game-driven market, but the impact of the IDFA policy has indeed constrained growth in the mobile sector.

Overall, mobile and console gaming revenues have experienced a decline in 2022. The gaming markets in Europe, America, and Asia have shown a slight contraction. Additionally, macroeconomic factors such as inflation and supply chain difficulties will continue to hinder the development of the gaming industry in the short term.

However, due to the high retention rate of gaming products, Newzoo believes that the long-term prospects of the gaming industry remain extremely optimistic.

With the widespread adoption of internet infrastructure and smartphones, regions such as Latin America, Africa, and the Middle East have shown promising potential for development under the global economic downturn. Newzoo predicts that by 2025, the global number of gamers will increase to 3.6 billion people, and gaming revenue will reach US$211.2 billion.

The number of global gamers is projected to increase from 2.9 billion in 2020 to 3.6 billion in 2025, with a compound annual growth rate (CAGR) of +4.3% over the five-year period. In the past two years (2020 and 2021), we have not only witnessed record-breaking levels of game engagement and spending but also seen many new and returning players embrace gaming as a form of entertainment and recreation.

Although the COVID-19 pandemic has not yet ended, many countries have already lifted their restrictions. This means that consumers are no longer required to stay at home in large numbers; they can enjoy some of the activities they had before COVID-19. However, the engagement with games is sticky, and many people establish a connection with games during their growth process. The stickiness and resilient nature of gaming imply that even with the receding COVID-19 pandemic, we can still expect sustained growth in the gaming market, particularly in mature regions such as North America and Europe.

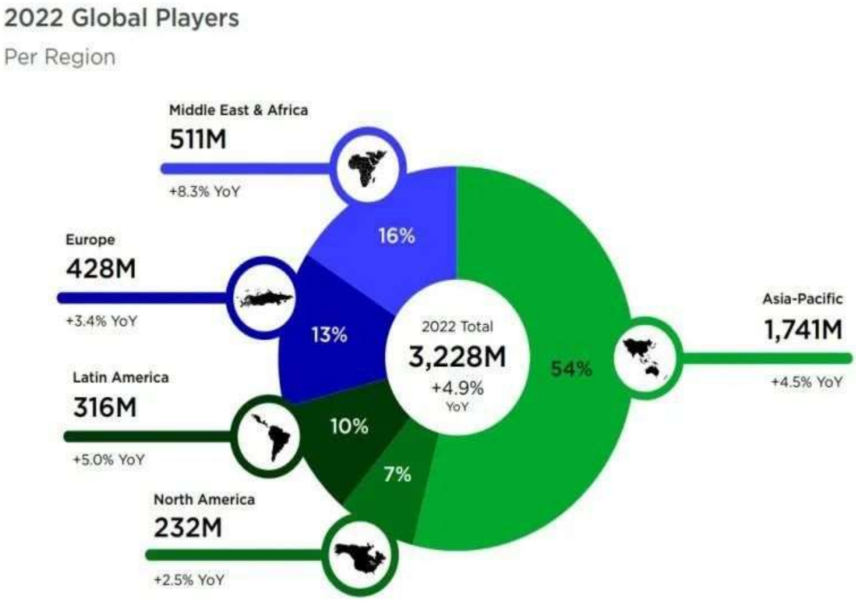
Despite the relaxation of lockdown measures and people returning to normal life (including consumption), the global number of gamers reached new heights in 2022, with a growth rate of +4.9%, reaching 3.2 billion. This is a result of gaming becoming increasingly popular among the younger generation, as other generations continue to age (and play games). Regions of growth such as Latin America, the Middle East, and Africa will drive much of the game development.

Latin America, the Middle East, Africa and other regions are the main growth regions and will drive this growth engine in 2022 and the following years. The growth drivers for players in these regions include improved (mobile) internet infrastructure, affordable mobile internet access, and a growing middle class.

The rise of free-to-play gaming modes has made games more affordable, while the number of smartphone owners continues to increase. The importance of the App ecosystem in the growing market is also steadily rising. Given these factors, we anticipate that the number of players will continue to grow, even in the face of inflation.

The number of global players (ranked by region) increased by 4.5% annually in the Asia Pacific region of 1.741 billion, by 8.3% annually in the Middle East and Africa of 511 million, by 3.4% annually in Europe of 428 million, by 5% annually in Latin America of 316 million, and by 2.5% annually in North

America of 232 million.



In 2022, the Indian mobile game market alone generated US$2.2 billion in revenue, which is expected to exceed US$3 billion by 2024 and over US$4 billion in aboutfive years. And it has 373 million players, with over 150 million new users. It is expected that the number of users in 2024 will be close to 400 million, of which 91% are mobile game users. Undoubtedly, India is the world's second largest gaming market.

In India, games can be simply classified into two categories: non-real money games and real money games. The latter is a unique segment in India that primarily includes card/board games, fantasy sports, and casual games. Among the real money games, there is a user base consisting of 45% female users and 55% male users.

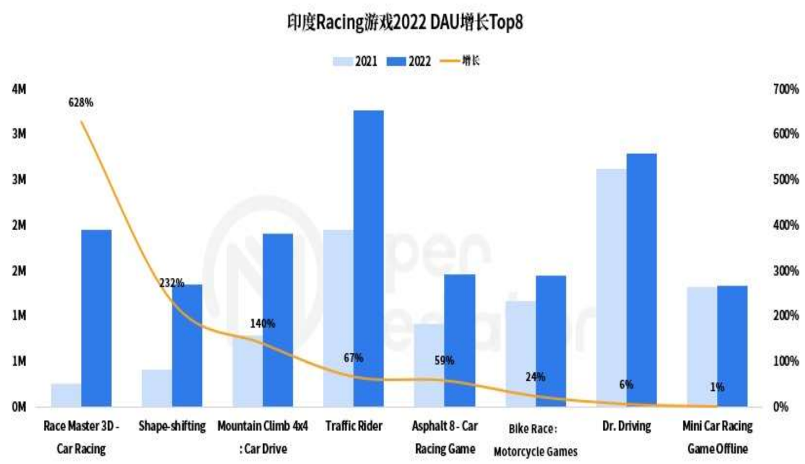
In non-real money games, adventure, battle royale, puzzle-solving, arcade, and racing are the top five game genres favored by Indian users. Male users (62%) significantly outnumber female users (38%), particularly in the battle royale games where male users (68%) are more than twice as many as female users (32%). There are slightly more female users in puzzle solving and arcade games.

The real money games do not refer to a single game, but rather to a genre of games. Their common feature is the ability to allow players to earn real, tangible income through the game, rather than virtual in-game currency.

Taking some fantasy sports games as examples, players can create their own teams based on their knowledge of real-life sports events and athletes and compete with other players. When the game starts, players pay for their entry tickets with cash, and this money goes into the prize pool. The final prize money in the pool will be distributed among the winning users. During the game process, the platform will charge a service fee ranging from 10% to 20%.

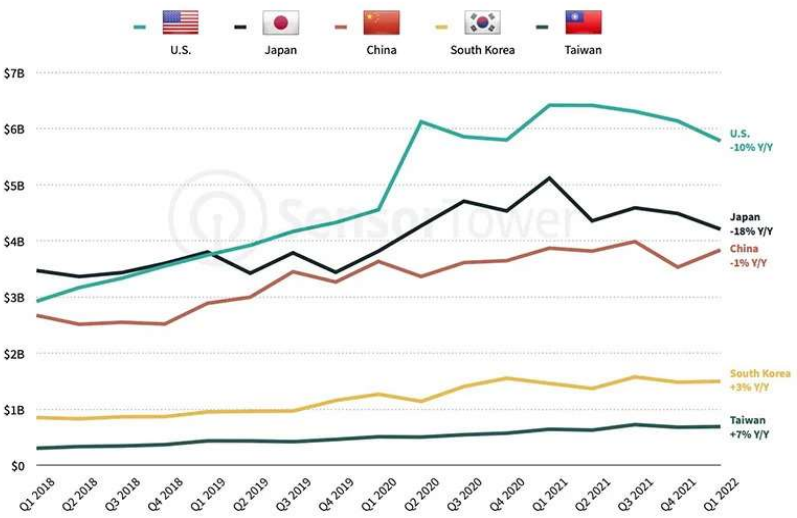
In 2021, the real money games contributed over 50% of the revenue in the Indian gaming industry. This genre of games experienced peak growth in March, August, and November of 2022 due to cricket tournaments, festivals, and year-end operational activities, respectively. During cricket tournaments, fantasy sports games reach their annual peak. During the holiday season, card games with real money reach their peak. Towards the end of the year, real money games with casual gameplay experience rapid growth. 13% users of non-real money games are also users of real money games, and overseas developers can pay attention to the overlapping interests of users in the Indian gaming category.

When it comes to mobile users and their gaming behavior, India has some unique characteristics compared to other "mobile-first markets" such as certain markets in Southeast Asia and Latin America. Compared to similar markets, mobile gaming in India has emerged as a popular form of entertainment among the country's youth.



(2) Taiwan's game industry overview:

According to the "2022 Global Mobile Gaming Market Survey Report" by research firm SensorTower, the global mobile gaming revenue reached US$21.2 billion in the first quarter of 2022. Amongst this, Taiwan has surpassed Germany to become the world's fifth-largest market for mobile gaming. Google Play's Taiwan division states that although there has been a decline in game downloads in Taiwan, the market generated a remarkable US$700 million in revenue in the first quarter of 2022, ranking just below the United States, Japan, China, and South Korea. Furthermore, Taiwan's mobile gaming market shows robust growth potential, indicating that Taiwanese players may not download many new games but are willing to spend on gaming.



Source: Sensor Tower

The mobile game genre accounts for over half of the global gaming industry's revenue. According to the "2022 Global Games Market Report" released by research firm Newzoo, the global gaming industry generated a revenue as high as US$184.4 billion in 2022. It is projected that the market value will further grow to US$211.2 billion by 2025. The mobile gaming industry generated a revenue of US$92.2 billion in 2022, accounting for 50% of the annual revenue. This amount is equivalent to 1.1 times Taiwan's Gross Domestic Product (GDP) in 2022. The gaming industry in Taiwan has immense potential and has become a significant driver of global market growth.

In response to the sluggishness in the gaming industry, the Taiwanese gaming industry is actively seeking new sources of growth. According to Google Play observations, Taiwan's gaming industry maintains a strong innovative drive and high demand for mobile games from players, making it a key driver of growth in the Asia-Pacific market. Facing the decline of the pandemic boom in 2023 and a sluggish gaming market, Taiwanese game developers need to continue deepening their market development in the future. There are two major opportunities for growth, including original casual games. According to a survey by data.ai, in 2022, leisure-related games such as simulations, puzzles, card games, and casual games were popular among players in Taiwan. The mobile gaming market as a whole had a yearly growth rate of 19%, and an increasing number of hardcore games have incorporated casual gameplay elements.

In addition, for cross-device gaming experience, Google Play has observed both players and developers' demand for cross-device gaming experiences will become a key driving force for industry development. Players who enjoy cross-device gaming are more willing to pay. Players in the Asia-Pacific region have a high acceptance of various platform games, which can assist developers in reaching a broader player base. When players have a good gaming experience, they develop stronger attachment to the game, thereby extending the product's lifecycle and fostering a positive cycle within the overall gaming ecosystem.

(3) Mainland China's game industry overview:

The “2022 China Game Industry Report” (hereinafter referred to as the “Report”) was released at the 2022 China Game Industry Annual Conference (CGIAC). The report states that the actual sales revenue of the Chinese game market in 2022 was 265.884 billion, a year-on-year decrease of 10.33%. The number of game users reached 664 million, a year-on-year decrease of 0.33% After a significant slowdown in growth in 2021, followed by the first decline in the past eight years, it indicates that the industry has entered the era of stock markets.

Source: Gaming Publishing Committee of the China Audio-Video and Digital Publishing Association, Gamma Data (CNG)

The main reasons for the decline are as follows: Firstly, it is influenced by the complex and severe domestic and international situations, and the macro economy is still in the recovery stage, leading to a weakened willingness and ability of users to pay. Secondly, the industry lacks optimistic expectations for market development, resulting in insufficient confidence. Leading companies are cautious in their project approval, while small and medium-sized enterprises struggle to obtain investments, leading to a limited number of new game releases. Thirdly, due to the impact of the domestic epidemic, game companies are facing many challenges and limited development. Such as a significant increase in operating costs, insufficient project reserves, cash flow gaps, and a significant decrease in team work efficiency.

In 2022, the actual sales revenue of self-developed games in the domestic market was 222.377 billion, a year-on-year decrease of 13.07%. In the absence of popular new products this year, the actual sales revenue of self-developed games is mainly driven by some leading products in long-term operations; Game products that have been online for a long time and are in a stable period usually experience a decrease in revenue. This is also one of the reasons why the overall market revenue of self-developed games has significantly decreased. However, self-developed games are the main source of revenue in the Chinese gaming market. The actual sales revenue of self-developed games in the overseas market was US$17.346 billion, a year-on-year decrease of 3.70%, exceeding US$10 billion for four consecutive years, and significantly lower than the decline in the domestic market during the same period. In 2022, among the top 100 self-developed mobile games in the overseas market, strategy games accounted for 38.76%, role-playing games accounted for 12.76%, and shooting games accounted for 12.35%. Based on the overseas market in the past three years, the aforementioned types are still the main drivers.

In the domestic market in 2022, the actual sales revenue of mobile games accounted for 72.61% of the total revenue, marking the first decline in nearly five years; The proportion of user games is 23.08%, slightly higher than the previous year. In 2022, the actual sales revenue of China's mobile game market was $193.58 billion, a year-on-year decrease of 14.40%. The number of mobile game users was 654 million, a year-on-year decrease of 0.23%, and user growth has tended to stagnate. In addition to the impact of the epidemic and the decline in user base, the low number of new game products launched is also an important reason.

Source: Gaming Publishing Committee of the China Audio-Video and Digital Publishing Association, Gamma Data (CNG)

In 2022, the actual sales revenue of the user gaming market in China was $61.373 billion, a year-on-year increase of 4.38%; The actual sales revenue of the web game market was $5.28 billion, a year-on-year decrease of 12.44%. In the past three years, the market share of user games has been increasing year by year, showing a good development trend against the overall downturn of the industry; Web games have been declining for seven consecutive years, and their market share has further shrunk.

Source: Gaming Publishing Committee of the China Audio-Video and Digital Publishing Association, Gamma Data (CNG)

In 2022, the number and performance of new product launches were weaker than the previous year, and the actual sales revenue of the Chinese console game market was $2.353 billion, a year-on-year decrease of 8.80%. In 2022, the actual sales revenue of China's electronic sports game market was $117.802 billion, a year-on-year decrease of 15.96%. The overall market has been sluggish due to the pandemic, and the lack of blockbuster new products in the esports industry has inevitably led to a decline in market revenue.

Source: Gaming Publishing Committee of the China Audio-Video and Digital Publishing Association, Gamma Data (CNG)

4. The competition niches of the Company in response to the supply and demand in the future market are as follow:

   (1) Strong and stable development team

   For game software development of the Company, from the idea generation, planning, programming, art design, animation, music, sound effect, and testing, our R&D staff possess rich and matured experiences and technologies. Extensive experiences and abundant technologies of our R&D team, as well as their understanding of the market, provide endless vitality to our products.

   (2) Cumulative abundant self-owned game IP

   Through 25 years of development, the Company currently has multiple best-selling product series, including famous game brands such as Sword and Fairy Series, Xuan Yuan Sword Series, Richman Series, Empire of Angels Series, and

Stardom Series, which are well-recognized by the sinophone game market.

(3) Successfully utilize cross-field IP value

Products of the Company have been making constant breakthroughs, our products series have expanded from the field of PC games to fields of web/SNS games, and mobiles games. The large-scale IP of Sword and Fairy have also created a precedent by way of licensing famous film companies to create large-scale drama series and gradually developed into fields of audiovisual, animation, publishing, and peripherals. The Company's adherence to self-innovation, ownership of copyright, and reusable values will be the next key to success for the digital content industry.

(4) Develop overseas licensing and strategic cooperating plan

Games produced by the Company have successfully being licensed in Mainland China, Taiwan, and overseas regions and will be launched into the markets one after another. In the future, the Company will keep expanding the business of licensing. Apart from product licensing, the Company will also invest IP licensing into the development of new online games and mobile games to enrich the licensing portfolio of the Company.

5. Favorable and unfavorable factors of development prospect and strategies:

(1) Favorable factors

- Stable and robust R&D team that owns the core competitiveness of self-development of games.
- Own the renowned series of IP that may be used in a cross-field manner to extend IP application and value in full.
- The flourishing development of 3C technology and internet lead to an increase of leisure concept. With an increasing scale of the player group, it allows the overall market scale of the industry to record continual growth.

(2) Unfavorable factors

- Rampant software piracy makes intellectual property right vulnerable for infringement

  Strategies:

  So far, for the prevention of matters related to the violation of intellectual property rights, except for adding cryptographic function for single player games, the Company also publish data versions (online download) to prevent privacy. Furthermore, the Company also reinforce the collection of market data to closely work with lawyers, dedicating to protect the intellectual property rights of the Company.
- Domestic market scale is limited while the competition within the game industry remains fierce

  Strategies:

  Exert the advantage of the Company's IP in the sinophone market, carry out strategic cooperation with large companies in Mainland China with respect to product development, platform channels, and horizontal alliances, which will catch up with the market trend and timeliness and improve the competitiveness of the Company in the market.

(II) Major applications and production process of the primary products

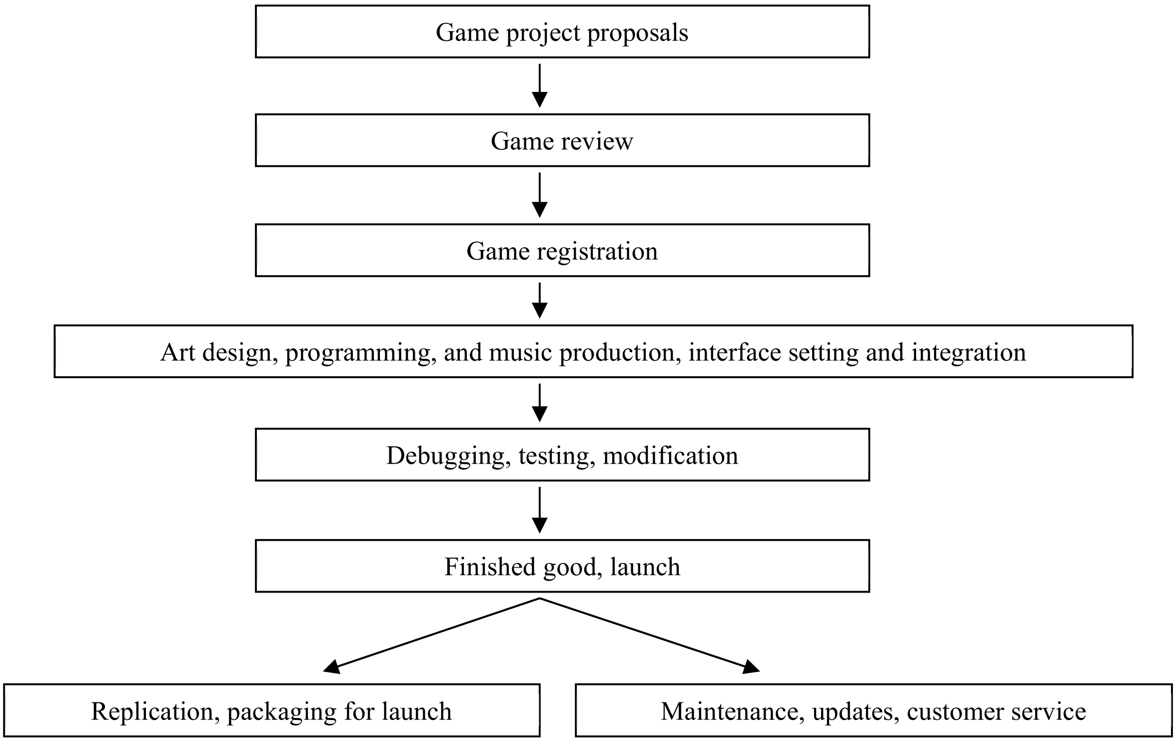
1. Major uses of the primary products

The primary products developed or published by the Company are the software of mobile games, online games, and single player games.

(1) Mobile games and online games provide online real-time games that form strong interactive social relationships.

(2) Single player games combine education and entertainment to provide a space with intelligence, inspiration, training, and leisure for users.

2. Production procedures



(III) Supply status of main materials

Does not apply to the Company.

(IV) Customers who have accounted for over 10% of total purchases (sales) in any of the past two years

1. Information of main suppliers for the past two years

Unit: Thousand NT$

	2021				2022			
Item	Name	Amount	Percentage of the Company's total annual procurement (%)	Relationship with the issuer	Name	Amount	Percentage of the Company's total annual procurement (%)	Relationship with the issuer
1	Company C	33,899	20.38	None	Company A	334,513	24.65	None
2	Company D	20,106	12.09	None	Company B	178,729	13.17	None
3				None	Company C	41,686	3.07	None
4				None	Company D	42,707	3.14	None
5	-	-	-	-				None
	Other	112,299	67.53		Other	759,660	55.97	
	Net purchases	166,304	100.00		Net purchases	1,357,295	100.00	

Explanation:

1. Company A is a supplier of products.
2. Company B is a supplier of products.
3. Company C is a supplier of raw materials.
4. Company D is a supplier of raw materials.

2. Information on the main customers in the most recent two years

Unit: In Thousands of NTD

	2021				2022			
Item	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer
1	Company b	56,213	10.05	None	Company a	246,898	10.96	None
2					Company b	63,590	2.82	None
	Other	503,193	89.95	-	Other	1,941,646	86.22	-
	Net sales	559,406	100.00	-	Net sales	2,252,134	100.00	-

Explanation:

1. Company a is a manufacturer of computer peripherals and software.
2. Company b is a game operator.

(V) Table of production volume in the past two years

The Company is a game software developer and operator, with its business under the cultural and creative industry; therefore, no table of production volume is available.

(VI) Sales volume and value in the past two years

Unit: set; thousand NT$

Year	2021				2022			
Sales volume and value / Main products	Domestic sales		Overseas sales		Domestic sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Sale of goods revenue	NA	44,550	NA	97,837	NA	437,868	NA	995,120
Rendering of service	Note 1	91,369	Note 1	325,620	Note 1	393,502	Note 1	425,644
Total		135,919		423,487		831,370		1,420,764

Note 1. Income from labor services refers to the recognition of revenue by the labor providers who completed the services or the recognition of revenue by way of royalty; therefore, there is no statistic for sales volume.

III. Number of employees, average service life, average age and educational background distribution ratio in the most recent two years and up to the date of publication of the annual report

Unit: Person

Year		2021	2022	April 27, 2023
No. of employees	Managerial officers	15	34	34
	Management and marketing personnel	74	207	232
	R&D personnel	146	77	95
	Technical personnel	0	93	96
	Total	235	411	457
Average age		38.4	40.22	39.31
Average year of services		7.9	6.1	5.65
Education background distribution	Doctor	1	1	1
	Master	31	55	66
	College and university	159	312	346
	Senior high school	43	41	42
	Below senior high school	1	2	2

Note 1. The number at the end of 2021 includes the number of employees of subsidiary Uniplus Electronics Co., Ltd.

Note 2. The number of employees for 2022 and as of the printing date of the annual report includes the number of employees of subsidiaries Uniplus Electronics Co., Ltd., Red Sunrise Co., Ltd., Chander Electronics Corp., and Array Networks.

IV. IV. Environmental protection expenditure

Total losses (including damage awards) and fines for environmental pollution in the two most recent fiscal years, and as of the publication date of the Annual Report, and explanations of the measures and possible disbursements to be made in the future:

The Company does not fall in the business type, scope, or scale prescribed by the Water Pollution Control Act and the Air Pollution Control Act at the current stage. The Company is not affected by the RHOS imposed by the European Union; therefore, the Company expects no significant capital expenses on environmental protection currently or in the future.

V. Labor relations

(I) The Company's employee welfare policies, continuing education, training, retirement systems, and implementation status, the agreement between employees and employer and employees' rights and interests:

1. Benefit measures for employees: Except for complying with the Labor Standards Act and related requirements, the Company also provides employee training, employee trips, health check-ups, and group insurance, etc.

2. Advanced studies and training for employees: The new employee orientation, individual function training or relevant training courses based on the governmental laws and regulations of the Company are all implemented according to a comprehensive training system, so as to motivate the potentials of our employees and nurture quality talents.

   Professional program and training received by our employees for 2022 is summarized as follow:

Department of the training receiver	Name of the training program	Organizer
Finance Department	Practical Workshop on the Preparation of Consolidated Financial Statements	Accounting Research and Development Foundation
Human Resources Department	Application of ESG in Human Resource Management Systems for Corporate Sustainable Investment	China Productivity Center
Human Resources Department	Diagnosis and Implementation of Remuneration Management System Practices	China Productivity Center
Human Resources Department	Remuneration Retention Management Practice	China Productivity Center
Auditing Office	Stock Affairs Regulations and Practice	Securities & Futures Institute Accounting Research and Development Foundation

Department of the training receiver	Name of the training program	Organizer
Auditing Office	Common Deficiencies in Financial Statement Review and Practical Analysis of Important Internal Control Regulations	Securities & Futures Institute Accounting Research and Development Foundation
Finance Division	Continuing Training Courses for Accounting Supervisors	Accounting Research and Development Foundation
Finance Department	Corporate Fraud Detection and Prevention	Accounting Research and Development Foundation
Finance Department	ESG Sustainability and Policies Related to Self-Prepared Financial Statements and Internal Control Management Practices.	Accounting Research and Development Foundation
Digital Assets Department	2022 NFT Taipei Conference	NFT Application & Development Association
Finance Division	Courses for Chief Corporate Governance Officer	Securities & Futures Institute
Finance Division	Courses for Chief Accountant	Securities&Futures Institute

3. Retire system: The Company established its Regulations for Employee Retirement based on the requirements of the Labor Standard Laws. All employees shall participate in the plan provided for the employee retirement reserve according to the prescribed ratio and deposit in a special account in the Bank of Taiwan (previously known as the Central Trust of China), which shall be supervised by the Employee Retirement Reserve Supervisory Committee comprised of employees and the employer. Since July 1, 2005, the Company has established the regulations for retirement with confirmed provisions based on the requirements under the Labor Pension Statutes. Such regulations apply to local employees, and a 6% of employee pension shall be provided per month to the personal accounts of the employees at the Bureau of Labor Insurance.

4. Introduce professional medical management consultants, promote workplace health risk management, build a healthy workplace, and strengthen the health awareness of colleagues. Take care of the physical health of the staff through the complete planning of professional medical and occupational care, and there are also professional psychologists in charge of the mental health of the staff. In addition to the implementation of regulatory requirements, we also protect employees and enhance the vitality and creativity of our colleagues.

5. Labor agreements and maintenance measurements for employees' interests: All employees of the Company have participated in the labor insurance and the National Health Insurance according to the law, and have provided for employee retirement

reserve and labor pension to prepare for the employees' retirement; other labor conditions are all in compliance with the standards of the Labor Standards Act. In addition, to coordinate the labor-management relationship and promote labor-management cooperation, the Company holds labor meetings on a regular basis.

6. Protection measures for working environment and personal safety of employees:

(1) The Company has a strict access monitoring system in the day and night. The building is equipped with the building security guards in charge of the building. The personnel must be equipped with door access control. The personnel must be equipped with door-entry access control, and the personnel must be equipped with a surveillance video and video recording and video recording to protect employees' personal safety.

(2) According to the requirements under the Regulations for Inspecting and Reporting Buildings Public Security, the Company cooperates with the property management center to engage the professional company for public security inspection regularly (at least once a year).

(3) To protect the health of our employees, the Company bans all tobacco products in our office area, holds CPR training, carries out environmental cleaning and disinfection regularly (at least once a year), and clean air conditioners and water towers (two times to four times a year).

(4) Except for purchasing labor and health insurance according to the law, the Company also contacts insurance companies to purchase group insurance for all our employees.

7. Other significant agreement: None.

(II) For the past two years and as of the date of printing the annual report, there has been no loss incurred from labor-management disputes. Shall there be no other external changing factors for labor-management relations, there shall be no monetary loss in the future.

VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework

(1) Enterprise information management framework

The Information Technology (IT) Department of the Company is responsible for the regulation, implementation and risk management of information security-related maintenance and protection policies. It follows internal audits and annual audits by the CPAs, and regularly evaluates the appropriateness and effectiveness of information security policies and operations, and formulates project plans to continuously strengthen the protection measures to reduce information security risks. Meanwhile, the IT Department refers to the Information Security Management System (ISMS) standard and relevant specifications to establish the standard information security management benchmark. In the spirit of PDCA, the Company continues to implement information infrastructure and information security measures to ensure the security, integrity, and availability of important company information.

The Company implements information security awareness campaign every year and regularly maintain and update system-related equipment to cultivate employees' correct concept of using legal software. The IT Department also regularly conducts information security inspections, and the inspection and confirmation results are submitted to the responsible supervisors for review, and a list is made based on the inspection results, so that the circumstances may be understood and then improvements proposed, and the follow-up improvement tracked and confirmed to ensure that relevant internal and external personnel and units abide by the Company's information security policy.

Every year, the Company inspects its information security based on the audit plan, and conducts audits on related items. The audit results are regularly reported to the Board of Directors, and also to the Chairman of the Board depending on the impact of the situation. The IT Department also continuously monitors the operation of the internal control function on a daily basis, so that when abnormalities take place, they will be identified and dealt with in the shortest time span possible.

(2) Organizational framework for information security of Softstar Entertainment Inc.

The IT Department is also a dedicated unit responsible for coordinating and implementing the Company's information security policies, aperiodically publicizing messages concerning information security, and cultivating employees' awareness of information security. The department also aperiodically confirms the internal audit results one by one and submits security questionnaire reports, and evaluate the effectiveness of the Company's internal information operation control in order to ensure the security, integrity, and availability of information.

2. Cyber security policies

(1) Enterprise information security management strategies and specific management plans

The Company promotes the following management plans in order to reduce the information security risks it faces. Through regulations, efforts are made to improve information technology and security, improve employee efficiency at work, and protect the relevant rights and interests of all investors.

A. Respect intellectual property rights

The use of the Company's network resources and information assets requires employees to respect intellectual property rights, and strive to avoid behaviors that may involve infringement of intellectual property rights. Employees are required not to use illegal computer software, and regular internal inspections are conducted to check whether there is inappropriate software or equipment being installed.

B. Information system access control

Application of data modification: Applicants must fill in the application form and obtain the approval of their supervisors. The system modification must be approved by the supervisor of authority and the head of the IT Department before it can be implemented so as to reduce the risk of unauthorized modification of data.

Application for permission to use: Users are granted access to related functions based on their authorizations obtained. Non-related users have no right to use the system that is not related to their job duties.

C. Security control of accounts and passwords

Accounts: If they have left the posts or transferred to another position, the designated account and password of each employee will be deactivated or updated immediately, and the said account will be removed from the group it is currently in.

Passwords: The Company requires employees to use passwords with strict complexity and update them regularly to reduce risk.

D. External threat management

The Company regularly updates software and hardware systems to block and prevent security loopholes. It also regularly updates and scans anti-virus software to prevent spam and strengthen anti-mail virus intrusion. The Company regularly reviews the appropriateness and necessity of opening external connections externally, and shuts down unnecessary ones.

E. Personal information protection

The Company organizes cross-departmental personal information emergency liaison team to regularly check the Company's internal personal information. In addition, the Company strengthens the access control of personal information on the system and hides unnecessary fields.

F. Cyber security audit

Regular internal information audits and one external information audit are conducted every year, and the audit results are reviewed accordingly and improvements are made.

G. Specific information security measures

Antivirus software and firewall protection, internal and external network control, storage media control, e-mail security protection, website protection mechanism, data backup implementation, information communication security promotion, regular update of software and hardware, regular equipment inspection records, and use of strict password principles.

H. Security control of the computer facilities and vital areas, personnel entry and exit control, environmental maintenance (such as temperature and humidity control notification), setting up of automatic fire protection devices and other items are established and appropriate management measures are set up.

I. The Company regularly browses messages being shared on information security and has become members of several organizations to obtain early warning information, information security threat and vulnerability announcements. These organizations include Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC).

J. Safety control procedures concerning the recycling, reuse and elimination of cyber equipment are set up to ensure that sensitive data is deleted and unable to be restored. Watermarks are added into all internal documents of the Company. The Company regularly asks the vendors to take pictures to prove that the Company's internal documents, paper, and all storage media are destroyed to the point that it is impossble for them to be recovered.

K. Off-site backup is set up and fully implemented, and whether there is any abnormal backup status or not is observed every day; anti-ransomware backup software is used for backup.

L. L. Management procedures are set up for employee onboarding, in-service and resignation, and all employess must sign a confidentiality agreement which clearly regulate confidentiality matters.

(2) Enterprise information security risk management and continuous improvement framework

The goal of information security is, "Information Security, Everyone's Responsibility". Enterprise information security releases aperiodical messages concerning information security so that all positions within the organization will become aware in information security and effectively implement information security protection, in order to establish a safe environment in terms of information usage. Through auditing and implementing software authorization usage, the Company is able to prevent users from installing illegal software in which harmful programs have been installed. The affiliated companies of the group are required to report the current authorized usage status, and they also required to aperiodically report the current information security status. The Company reviews the applicability and protection measures of information security policies based on the management cycle mechanism of Plan-Do-Check-Act (PDCA). The Company also plans and implements aperiodic emergency response drills every year, trains employees to respond to corresponding emergency responses, conducts drills on real machine and ojbects, reviews and improves on the errors, and enhances the resilience of employees.

(3) Resources invested in cyber security management

The Company has formulated and announced a number of internal information security standards and systems to regulate the security behaviors of internal personnel concerning the use of information, and aperiodically, checks whether the relevant systems are in line with the current situation and changes in circumstances, and adjust them in a timely manner. The Company performs annual internal external audits for information security. Based on the audit results, relevant information security planning will be improved.

(4) Future goal of cyber security management

The information security personnel will be established by 2023 in accordance with the law. In order to strengthen the Company's information security environment.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

None.

VII. Important contract

Nature	Parties	Term	Major content	Restrictive clauses
Agency sales	Company A	Signed on August 1, 2021 - up to three years from the date of launch	Sales agency agreement for software of Paladin's Inn 2	None
Authorized sales agreement	Company B	Signed on August 5, 2021 - up to 20 years from the date of launch	Agreement for authorized development of Legend of Sword and Fairy Series I-VI (global regions excluding China)	None
Share sale and purchase agreement	Company C	Signed on August 5, 2021	Sale of BC - GoldenSoft equity	None
Share sale and purchase agreement	Company D	Signed on August 5, 2021	Sale of ML - Sword and Fairy IP in China transferred	None
Share sale and purchase agreement	Company E	Signed on October 12, 2021	Purchase shares of Chander Electronics Corp.	None
Share sale and purchase agreement	Company F	Signed on December 27, 2021	Purchase shares of Red Sunrise Co., Ltd.	None
Authorized sales agreement	Company G	Signed on March 1, 2022 - 3 years after launch	Authorized issuance of Richman 11 (Worldwide)	None
Cooperation agreement	Company H	Signed on March 18, 2022 -2023.3.17	Development, joint release, and smart contract drafting of Richman NFT products	None
Share sale and purchase agreement	Company I	Signed on March 11, 2022	The subsidiary Chih Wei Technology Ltd. indirectly acquired equity in Array Networks.	None
Share sale and purchase agreement	Company J	Signed on March 30, 2022	The subsidiary Lanjing Design Co., Ltd. to purchase shares of Chander Electronics Corp.	None
Share sale and purchase agreement	Company K	Signed on April 25, 2022	The subsidiary Chih Wei Technology Ltd. indirectly acquired equity in Array Networks.	None
Share sale and purchase agreement	Company L	Signed on April 1, 2022	Selling equity in auer Media Entertainment Corp.	None
Authorized sales agreement	Company M	Signed on April 28, 2022	Authorization for adaptation of Drops of God Intellectual Property (IP)	None
Licensing agreement	Company N	Signed on May 20, 2022 until 4 years after the film's release	Adapted game (global) from the movie The Bridge Curse II: The Haunted Tower	None
Authorized sales agreement	Company O	Signed on June 28, 2022; Authorization period: up to three years from the date of commercial operation of the game	Raid on Taihoku of Aliisha for Switch (Worldwide)	None
Authorized sales agreement	Company P	From signing on June 29, 2022 to July 1, 2027	Global licensing of Raid on Taihoku for Steam and Switch (Worldwide)	None
Authorized sales agreement	Company Q	From October 21, 2022 to 3 years after signing	Xuan-Yuan Sword: Scar of Sky authorized adaptation into a web film (Worldwide)	None

Chapter 6. Chapter 6 Financial Information

I. Five-Year Financial Summary

(I) 1. Condensed Consolidated Balance Sheet - IFRS(s)

Unit: In Thousands of New Taiwan Dollars

Item / Year		Financial data for the past five years (Note 1)				
		2018	2019	2020	2021 (After adjustment) (Note 5)	2022
Current assets		602,860	418,699	488,516	2,194,791	3,249,755
Property, plant and equipment (Note 2)		23,423	12,070	8,147	38,100	144,439
Intangible assets		12,586	8,412	5,229	151,027	740,652
Other assets (Note 2)		444,290	799,760	715,205	668,020	922,969
Total Assets		1,083,159	1,238,941	1,217,097	3,051,938	5,057,815
Current liabilities	Before distribution	410,839	341,474	239,595	689,278	1,568,634
	After distribution	Note 3	351,332	252,208	886,039	Note 4
Noncurrent liabilities		185,834	92,527	104,614	193,829	420,809
Total Liabilities	Before distribution	596,673	434,001	344,209	883,107	1,989,443
	After distribution	Note 3	443,859	356,822	1,079,868	Note 4
Total equity attributable to the parent company		486,370	804,897	872,674	1,663,556	1,986,099
Common stock		477,945	492,945	630,643	655,869	852,630
Additional paid-in capital		179,197	162,992	112,360	112,491	158,340
Retained earnings	Before distribution	144,139	469,543	427,296	1,143,139	1,223,186
	After distribution	Note 3	370,966	389,457	749,618	Note 4
Other equity		(314,911)	(320,583)	(297,625)	(247,943)	(146,210)
Treasury stock		-	-	-	-	(101,847)
Non-controlling interests		116	43	214	505,275	1,082,273
Total equity	Before distribution	486,486	804,940	872,888	2,168,831	3,068,372
	After distribution	Note 3	795,082	868,969	1,972,070	Note 4

＊ Companies having compiled an individual financial report shall otherwise compile individual condensed balance sheet and consolidated income statement for the past five years.

＊ Companies adopted IFRS for the financial information for less than five years shall otherwise compile financial information complying with financial accounting standards in Taiwan.

Note 1. The above financial information for the past five years have been audited and certified by CPA.

Note 2. As of December 31, 2022, no asset revaluation was performed by the Company.

Note 3. Not yet distributed.

Note 4. On May 12, 2023, the Board meeting resolved the 2022 earnings distribution proposal. The proposal has not yet been submitted to the shareholders' meeting as of the printing date of the annual report, so the amount after distribution is not shown in the statement.

Note 5. The Group has completed the assessment of the fair value of Uniplus Electronics Co., Ltd. on the date of acquisition of control, so the consolidated balance sheet as of December 31, 2021 is adjusted.

2. Condensed Consolidated Balance Sheet - Taiwan's Enterprise Accounting Standards

The Company has been adopting IFRS for the past five years (2018-2022); therefore, the information disclosure is not applicable.

3. Condensed Parent Company Only Balance Sheet - IFRS(s)

Unit: In Thousands of New Taiwan Dollars

Item \ Year		Financial data for the past five years (Note 1)				
		2018	2019	2020	2021 (After adjustment) (Note 5)	2022
Current assets		371,972	374,963	437,177	901,514	578,853
Property, plant and equipment (Note 2)		14,271	10,396	7,465	4,429	4,065
Intangible assets		6,302	10,230	2,141	1,257	1,496
Other assets (Note 2)		369,302	804,250	728,839	1,420,751	1,873,910
Total Assets		761,847	1,199,839	1,175,622	2,327,951	$2,458,324
Current liabilities	Before distribution	194,375	302,815	207,629	527,766	361,410
	After distribution	Note 3	312,673	220,242	724,527	Note 4
Noncurrent liabilities		81,102	92,127	95,319	136,629	110,815
Total Liabilities	Before distribution	275,477	394,942	302,948	664,395	472,225
	After distribution	Note 3	404,800	315,561	861,156	Note 4
Common stock		477,945	492,945	630,643	655,869	852,630
Additional paid-in capital		179,197	162,992	112,360	112,491	158,340
Retained earnings	Before distribution	144,139	469,543	427,296	1,143,139	1,223,186
	After distribution	Note 3	370,966	389,457	749,618	Note 4
Other equity		(314,911)	(320,583)	(297,625)	(247,943)	(146,210)
Treasury stock		-	-	-	-	(101,847)
Total equity	Before distribution	486,370	804,897	872,674	1,663,556	1,986,099
	After distribution	Note 3	795,039	860,061	1,466,795	Note 4

Note 1. IFRS was adopted for the above financial information for the past five years, and the financial information has been audited and certified by CPA.

Note 2. As of December 31, 2022, no asset revaluation was performed by the Company.

Note 3. Not yet distributed.

Note 4. On May 12, 2023, the Board meeting resolved the 2022 earnings distribution proposal. The proposal has not yet been submitted to the shareholders' meeting as of the printing date of the annual report, so the amount after distribution is not shown in the statement.

Note 5. The Group has completed the assessment of the fair value of Uniplus Electronics Co., Ltd. on the date of acquisition of control, so the parent company only balance sheet as of December 31, 2021 is adjusted.

4. Condensed Parent Company Only Balance Sheet - Taiwan's Enterprise Accounting Standards

The Company has been adopting IFRS for the past five years (2018-2022); therefore, the information disclosure is not applicable.

(II)

1. Condensed Consolidated Statement of Comprehensive Income - IFRS(s)

Unit: In Thousands of New Taiwan Dollars

Item \ Year	Financial data for the past five years (Note 1)				
	2018	2019	2020	2021 (After adjustment)(Note 2)	2022
Operating revenue	855,738	565,818	545,369	559,406	2,252,134
Gross profit (loss)	774,228	474,816	455,430	393,102	894,839
Operating income/loss	146,456	(217,580)	138,104	12,797	(110,926)
Non-operating income and expenses	(7,894)	553,447	(44,337)	1,029,043	734,958
Pre-tax net profits	138,562	335,867	93,767	1,041,840	624,032
Continuing operations Net profits of the period	85,427	323,817	56,412	741,107	565,739
Loss on discontinuing operations	-	-	-	-	-
Net income (loss)	85,427	323,817	56,412	741,107	565,739
Other comprehensive income (net, after tax)	(91,107)	(124,032)	(9,225)	45,420	8,576
Total comprehensive income (loss)	(5,680)	199,785	47,187	786,527	574,315
Net income (loss) attributable to stockholders of the parent	87,823	326,039	56,896	740,653	624,486
Net income attributable to non-controlling interests	(2,396)	(2,222)	(484)	454	(58,747)
Comprehensive income (loss) attributable to stockholders of the parent	(3,284)	202,007	47,671	786,013	617,647
Comprehensive income (loss) attributable to non-controlling interests	(2,396)	(2,222)	(484)	514	(43,332)
Earnings per share (NT$)	1.84	5.26	0.88	8.70	7.48

* Companies having compiled an parent company only financial report shall otherwise compile condensed parent company only balance sheet and consolidated income statement for the past five years.

* Companies adopted IFRS for the financial information for less than five years shall otherwise compile financial information complying with financial accounting standards in Taiwan.

Note 1. IFRS was adopted for the above financial information for the past five years, and the financial information has been audited and certified by CPA.

Note 2. The Group has completed the assessment of the fair value of Uniplus Electronics Co., Ltd. on the date of acquisition of control, so the consolidated balance sheet as of December 31, 2021 is adjusted.

2. Condensed Consolidated Statement of Comprehensive Income - Taiwan's Enterprise Accounting Standards

The Company has been adopting IFRS for the past five years (2018-2022); therefore, the information disclosure is not applicable.

3. Condensed Parent Company Only Statement of Comprehensive Income - IFRS(s)

Unit: In Thousands of NTD

Item \ Year	Financial data for the past five years (Note 1)				
	2018	2019	2020	2021 (After adjustment)(Note 2)	2022
Operating revenue	547,106	377,307	428,552	366,290	445,715
Gross profit (loss)	507,639	234,419	366,598	323,686	370,334
Operating income/loss	198,650	(251,105)	137,438	41,908	107,075
Non-operating income and expenses	(74,835)	571,108	(43,369)	976,747	577,646
Pre-tax net profits	123,815	320,003	94,069	1,018,655	684,721
Net income (loss)	87,823	326,039	56,896	740,653	624,486
After-tax net amount of other comprehensive income	(91,107)	(124,032)	(9,225)	45,360	(6,839)
Total comprehensive income (loss)	(3,284)	202,007	47,671	786,013	617,647
Earnings per share (NT$)	1.84	5.26	0.88	8.70	7.48

Note 1. The above financial information for five years have been audited and certified by CPA.
Note 2. The Group has completed the assessment of the fair value of Uniplus Electronics Co., Ltd. on the date of acquisition of control, so the parent company only balance sheet as of December 31, 2021 is adjusted.

4. Condensed Parent Company Only Statement of Comprehensive Income - Taiwan's Enterprise Accounting Standards

The Company has been adopting IFRS for the past five years (2018-2022); therefore, the information disclosure is not applicable.

(III) Name of the CPA and its audit opinion for the past five years:

Year	CPA	Audit opinion
2018	Yu, Chien-Ju, Yang, Chih-Huei	Unqualified opinion with emphasis of matter paragraph
2019	Yu, Chien-Ju, Yang, Chih-Huei	Unqualified opinion with emphasis of matter paragraph
2020	Yu, Chien-Ju, Yang, Chih-Huei	Unqualified opinion
2021	Yu, Chien-Ju, Yang, Chih-Huei	Unqualified opinion with other matter paragraph
2022	Yu, Chien-Ju, Yang, Chih-Huei	Unqualified opinion with other matter paragraph

II. Five-Year Financial Analysis

(I) Financial Analysis - IFRSs

Analysis Item (Note 3)	Year	Financial information for the past 5 years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Liabilities to assets ratio	55.09	35.03	28.28	28.94	39.33
	Ratio of long-term capital to property, plant and equipment	2,869.85	7,435.16	11,995.68	6,201.21	2,415.68
Solvency %	Current ratio	146.74	122.62	203.89	318.42	207.17
	Quick ratio	100.76	105.28	184.91	283.11	160.32
	Interest coverage ratio	83.77	60.46	35.27	269.72	41.58
Operating performance	Accounts receivable turnover rate (times)	7.49	4.12	4.16	3.62	4.14
	Average collection days	48	89	88	100	88
	Inventory turnover (times)	0.49	0.61	0.43	5.98	4.21
	Accounts payable turnover rate (times)	1.34	0.92	0.89	3.04	11.96
	Average days for sale	745	598	849	61	87
	Property, plant, and equipment turnover rate (times)	30.28	31.88	53.95	24.19	24.68
	Total assets turnover ratio (times)	0.87	0.49	0.44	0.26	0.56
Profitability	Return on assets (ROA) (%)	8.79	28.28	4.77	34.87	14.26
	Equity return ratio (%)	17.47	50.15	6.73	48.73	21.60
	Pre-tax profit to paid-in capital (%) (Note 7)	28.99	68.13	14.87	158.85	73.19
	Profit margin (%)	9.98	57.23	10.34	132.48	25.12
	Earnings per share (NT$)	1.84	6.77	0.88	8.70	7.48
Cash flow	Cash flow ratio (%)	(39.48)	4.63	40.71	54.09	(65.12)
	Cash flow adequacy ratio (%)	(4.33)	2.27	(1.41)	20.31	(43.60)
	Cash flow reinvestment ratio (%)	(58.50)	2.08	10.44	16.16	(41.69)
Leverage ratio	Operating leverage ratio	4.01	Note 2	2.42	22.01	Note 2
	Financial leverage ratio	1.01	Note 2	1.02	1.43	0.88

Reason for changes in financial ratios for the past two years (analysis is not required when the changes are less than 20%):

1. Financial structure:

(1) The ratio of debts to assets: Due to the acquisition of subsidiary in 2022, the borrowing amount increased, resulting in an increase in the ratio of debts to assets.

(2) The ratio of long-term capital to Property, plant and equipment: Due to the acquisition of subsidiary in 2022, the ratio decreased due to a significant increase in property, plant and equipment.

2. Solvency:

(1) Current ratio: Due to the acquisition of subsidiary in 2022, current liabilities have significantly increased, resulting in a decrease in current ratio.

(2) Quick ratio: Due to the acquisition of subsidiary in 2022, the current liabilities have significantly increased, resulting in a decrease in quick ratio.

(3) Interest coverage ratio: Due to the sale of Goldensoft Technology Co., Ltd.'s equity and Sword and Fairy IP in Mainland China in 2021, the net profit was higher than in 2022, resulting in a decrease in the ratio in 2022.

3. Operating performance

(1) Inventory turnover rate and average days for sale: Due to the acquisition of subsidiary in 2022, as the main entity for inventory sales, both costs and inventory have increased. As a result, the ratio has decreased and the days for cash receipts increased.

(2) Total assets turnover ratio (times): Due to the acquisition of subsidiary in 2022, the net sales increased significantly, with a higher proportion of increase than the asset ratio, resulting in an increase in turnover rate.

4. Profitability:

Net profit for 2021 was higher than that of 2022; therefore, all financial ratios have decreased compared to last year.

5. Cash flow:

Cash flow ratio, cash reinvestment ratio, and cash flow adequacy ratio: Due to the increase of net cash inflow from operating activities during 2021 and net cash outflow from operating activities in 2022.

* Companies having prepared parent company only financial statements shall otherwise prepare the parent company only financial ratio analysis of the Company.
* Companies adopted IFRS for the financial information for less than five years shall otherwise compile financial information complying with financial accounting standards in Taiwan.

Note 1. The financial information from 2017 to 2021 has been audited by CPA.

Note 2. Operating profit for 2019 was negative; therefore, it was excluded from the calculation.

Note 3. At the end of the statement of the annual report shall set out the calculation formula as follow:

1. Financial structure
   (1) Debt-asset Ratio = Total Liabilities/Total Assets.
   (2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities)/Net Property, Plant and Equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses)/current liabilities.
   (3) Interest coverage ratio = net profit before tax and interest/interest expenses.
3. Operating performance
   (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
   (2) Average collection days = 365/receivables turnover rate.
   (3) Inventory turnover rate = cost of sales/average inventory.
   (4) Account payables (including accounts payable and notes payable for operation) turnover rate = cost of goods sold/average accounts payable (including accounts payable and notes payable for operation) balance.
   (5) Average days for sale = 365/inventory turnover rate.
   (6) PP&E turnover rate = net sales/average net property, plant, and equipment.
   (7) Total assets turnover ratio = Net sales/average total assets.
4. Profitability
   (1) Return on assets = [profit or loss after tax + interest expenses × (1 - tax rate)] / average total assets.
   (2) Return on Equity = net profit or loss after tax/average total equity
   (3) Net margin = net profit or loss after tax/net sales.
   (4) Earnings Per Share = (net profit or loss attributable to owners of the parent company – dividends on preferred shares)/weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow for operating activities/current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow for operating activities for the past five years/(capital expenses + increase in inventories + cash dividends) for the past five years.
   (3) Cash reinvestment ratio = (net cash flow for operating activities – cash dividends)/(gross value for PP&E + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage ratio
   (1) Operating leverage ratio= (net operating revenue - variable operating costs and expenses)/operating income (Note 6).
   (2) Degree of financial leverage (DFL) = operating income/(operating income - interest expenses).

Note 4. Regarding the above calculation formula for earnings per share, please be aware of the following matters when measuring:

1. Based on the weighted average number of issued ordinary shares, instead of the number of issued shares by the end of the year.
2. For cash capital increase or treasure shares transactions, consider the circulation period to calculate the weighted average number of shares.
3. Regarding retained earnings transferred to capital increase or capital reserve transferred to capital, when calculating earnings per share for the past year or interim, it shall make retrospective adjustments according to the capital increase ratio, without taking into account the issuance period of capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, its dividend of the year (whether it is being distributed or not) shall add or subtract the net loss from the net income. If the preference shares are not non-convertible, where there is net profit after tax, the dividends of the preference shares shall be deducted from the net profit after tax; however, such adjustments are not applicable in case of losses.

Note 5. Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.

2. Capital expense refers to the cash outflow for capital investment per year.
3. The increase in inventories will be recognized when the closing balance is higher than the opening balance. When a decrease in inventories incurred, it shall be recorded as zero.
4. Cash dividends include cash dividends for ordinary shares and preference shares.
5. Gross value for PP&E refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6. Issuers shall divide operating costs and operating expenses into fixed and variables based on their nature; shall there be estimation or subjectivity involved, issuers shall be aware of the rationality and consistency.

Note 7. Where the Company share is with nil nominal value or where the nominal value of each share is not NT$10, the above calculation regarding percentage to paid-up capital shall be substituted by the percentage of equity attributable to owners of parent Company in the balance sheet.

(II) Financial Analysis - Taiwan's Enterprise Accounting Standards

The Company has been adopting IFRS for the past five years (2018-2022); therefore, the information disclosure is not applicable.

(III) Parent Company Only Financial Analysis - IFRS(s)

Analysis Item (Note 2)	Year	2018	2019	2020	2021	2022
		Financial information for the past 5 years (Note 1)				
Financial structure (%)	Liabilities to assets ratio	36.16	32.92	25.77	28.54	19.21
	Ratio of long-term capital to property, plant and equipment	3976.40	8,628.55	12,967.09	40,645.41	51,584.60
Solvency Solvency %	Current ratio	191.37	123.83	210.56	170.82	160.17
	Quick ratio	130.60	107.18	194.02	164.78	121.89
	Interest coverage ratio	90.53	76.97	36.36	287.14	173.13
Operating performance	Accounts receivable turnover rate (times)	6.55	2.93	2.48	3.46	9.51
	Average collection days	56	125	147	105	38
	Inventory turnover (times)	-	-	-	-	-
	Accounts payable turnover rate (times)	0.74	1.54	0.62	0.92	3.89
	Average days for sale	-	-	-	-	-
	Property, plant, and equipment turnover rate (times)	35.36	30.59	47.99	61.59	104.95
	Total assets turnover ratio (times)	0.72	0.38	0.36	0.21	0.19
Profitability performance	Return on assets (ROA) (%)	11.72	33.58	4.97	42.44	26.23
	Equity return ratio (%)	17.96	50.50	6.78	58.41	34.22
	Ratio of income before tax to paid-in capital (%)(Note 7)	25.91	64.92	14.92	155.31	80.31
	Profit margin (%)	16.05	86.41	13.28	202	140
	Earnings per share (NT$)	1.84	6.77	088	8.70	7.48
Cash flow	Cash flow ratio (%)	18.27	(3.91)	39.96	62.66	(64.87)
	Cash flow adequacy ratio (%)	35.07	55.85	46.98	45.86	10.29
	Cash flow reinvestment ratio (%)	10.68	(1.54)	8.6	18.18	(20.80)
Leverage ratio	Operating leverage ratio	2.35	Note 2	2.47	6.47	3.00
	Financial leverage ratio	1.01	Note 2	1.02	1.09	1.04

Reason for changes in financial ratios for the past two years (analysis is not required when the changes are less than 20%):

1. Financial structure:
   (1) Ratio of long-term capital to asset: Due to the sale of Goldensoft Technology Co., Ltd.'s equity and Sword and Fairy IP in Mainland China in 2021, the sharp increase in net profits,leading to a sharp increase in income tax liabilities, therefore the debt ratio in 2022 decreased.
   (2) Ratio of long-term capital to property, plant and equipment: Due to the increase in total equity in 2022, the ratio increased
2. Solvency:
   (1) Quick ratio: Due to the significant increase in income tax liabilities in 2021, resulting in high current liabilities,the Quick ratio decreased in 2022.
   (2) Interest coverage rate: Net profit of 2021was higher than that of 2022, causing the financial ratios to increase.
3. Operating performance:
   (1) Accounts receivable: Due to the larger amount of accounts receivable at the beginning of 2021 and the larger amount of payment recovered, the accounts receivable turnover rate increased and collection days decreased in 2022.
   (2) Accounts payable turnover rate: Due to the larger amount of accounts payable at the beginning of the 2021, the accounts payable turnover has increased.
   (3) Property, plant, and equipment turnover rate: Due to the increase in net operating income in 2022, Property, plant, and equipment turnover rate increased.
4. Profitability:

   Net profit for 2021 was higher than that of 2022; therefore, all financial ratios have decreased compared to last year.
5. Cash flow:

   Cash flow ratio, cash reinvestment ratio, and cash flow adequacy ratio: Due to the increase of net cash inflow from operating activities during 2021 and net cash outflow from operating activities in 2022.
6. Leverage ratio:

   Due to the higher operating profit in 2022, the operating leverage ratio decreased.

Note 1. The above financial information for five years has been audited and certified by CPA.

Note 2. Operating profit for 2019 was negative; therefore, it was excluded from the calculation.

Note 3. At the end of the statement of the annual report shall set out the calculation formula as follow:

1. Financial structure
   (1) Debt-asset Ratio = Total Liabilities/Total Assets.
   (2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities)/Net Property, Plant and Equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses)/current liabilities.
   (3) Interest coverage ratio = net profit before tax and interest/interest expenses.
3. 3. Operating performance
   (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
   (2) Average collection days = 365/accounts receivable turnover rate.
   (3) Inventory turnover rate = cost of sales/average inventory.
   (4) Account payables (including accounts payable and notes payable for operation) turnover rate = cost of goods sold/average accounts payable (including accounts payable and notes payable for operation) balance.
   (5) Average days for sale = 365/inventory turnover rate.
   (6) PP&E turnover rate = net sales/average net property, plant, and equipment.
   (7) Total assets turnover ratio = Net sales/average total assets.
4. 4. Profitability
   (1) Return on assets = [profit or loss after tax + interest expenses × (1 - tax rate)] / average total assets.
   (2) Return on Equity = net profit or loss after tax/average total equity
   (3) Net margin = net profit or loss after tax/net sales.
   (4) Earnings Per Share = (net profit or loss attributable to owners of the parent company – dividends on preferred shares)/weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow for operating activities/current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow for operating activities for the past five years/(capital expenses + increase in inventories + cash dividends) for the past five years.
   (3) Cash reinvestment ratio = (net cash flow for operating activities – cash dividends)/(gross value for PP&E + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage ratio
   (1) Operating leverage ratio= (net operating revenue - variable operating costs and expenses)/operating income (Note 6).
   (2) Degree of financial leverage (DFL) = operating income/(operating income - interest expenses).

Note 4. Regarding the above calculation formula for earnings per share, please be aware of the following matters when measuring:

1. Based on the weighted average number of issued ordinary shares, instead of the number of issued shares by the end of the year.
2. For cash capital increase or treasure shares transactions, consider the circulation period to calculate the weighted average number of shares.
3. Regarding retained earnings transferred to capital increase or capital reserve transferred to capital, when calculating earnings per share for the past year or interim, it shall make retrospective adjustments according to the capital increase ratio, without taking into account the issuance period of capital increase.

4. If the preference shares are non-convertible cumulative preference shares, its dividend of the year (whether it is being distributed or not) shall add or subtract the net loss from the net income. If the preference shares are not non-convertible, where there is net profit after tax, the dividends of the preference shares shall be deducted from the net profit after tax; however, such adjustments are not applicable in case of losses.

Note 5. Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expense refers to the cash outflow for capital investment per year.
3. The increase in inventories will be recognized when the closing balance is higher than the opening balance. When a decrease in inventories incurred, it shall be recorded as zero.
4. Cash dividends include cash dividends for ordinary shares and preference shares.
5. Gross value for PP&E refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6. Issuers shall divide operating costs and operating expenses into fixed and variables based on their nature; shall there be estimation or subjectivity involved, issuers shall be aware of the rationality and consistency.

Note 7. Where the Company share is with nil nominal value or where the nominal value of each share is not NT$10, the above calculation regarding percentage to paid-up capital shall be substituted by the percentage of equity attributable to owners of parent Company in the balance sheet.

(IV) Parent Company Only Financial Analysis - Taiwan's Enterprise Accounting Standards

The Company has been adopting IFRS for the past five years (2018-2022); therefore, the information disclosure is not applicable.

III. Audit Committee's Report for the Financial Statement for the Most Recent Year

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

2022 Annual Shareholders' Meeting

Convener of the Audit Committee: Hung, Pi-Lien

May 12, 2023

IV. Consolidated Financial Statement for the Most Recent Year

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2022 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as "Combined Financial Statements"). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of combined financial statements than the Consolidated Financial Statements.

Very truly yours,

SOFTSTAR ENTERTAINMENT INC.

Chairman: Tu, Chun-Kuang

March 28, 2023

English Translation of a Report Originally Issued in Chinese

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 BALANCE SHEETS
December 31, 2022 and 2021 (Adjusted)
(Expressed in Thousands of New Taiwan Dollars)

		As of	
Assets	**Notes**	**December 31, 2022**	**December 31, 2021 (Adjusted) (Note)**
Current assets			
Cash and cash equivalents	4, 6 and 12	$1,590,141	$1,795,522
Financial assets at fair value through profit or loss, current	4, 6 and 12	19,496	-
Notes receivable, net	4, 6 and 12	11,056	18,632
Notes receivable-related parties, net	4, 6 and 7	804	-
Accounts receivable, net	4, 6 and 12	873,506	134,105
Accounts receivable-related parties, net	4, 6, 7 and 12	11,448	299
Other receivables	4	8,263	2,796
Other receivables-related parties	4 and 7	106	44
Current income tax assets	4	14,776	8,263
Inventories, net	4 and 6	224,358	77,355
Prepayment	4, 6 and 7	90,292	39,245
Other financial assets, current	4, 8 and 12	392,179	118,530
Other current assets		13,330	-
Total current assets		3,249,755	2,194,791
Non-current assets			
Designated financial assets at fair value through profit or loss, non-current	4, 6, 7 and 12	27,971	55,037
Financial assets at fair value through other comprehensive income, non-current	4, 6 and 12	69,519	111,972
Investments accounted for using the equity method	4, 6 and 8	577,052	333,369
Contract assets, non-current	4 and 6	3,638	35,046
Property, plant and equipment, net	4, 6 and 8	144,439	38,100
Right-of-use assets	4, 6 and 7	134,024	80,511
Intangible assets	4 and 6	740,652	151,027
Deferred tax assets	4, 5 and 6	15,516	7,217
Other noncurrent assets		47,387	59
Refundable deposits	7 and 12	24,517	12,803
Other financial assets, non-current	4, 6, 8 and 12	23,345	32,006
Total non-current assets		1,808,060	857,147
Total assets		$5,057,815	$3,051,938

		As of	
Liabilities and Equity	**Notes**	**December 31, 2022**	**December 31, 2021 (Adjusted) (Note)**
Current liabilities	**Current liabilities**		
Short-term borrowings	6 and 8	$441,181	$-
Contract liabilities, current	4 and 6	175,489	130,120
Notes payable	12	4,975	4,867
Accounts payable	12	186,745	30,368
Other payables	6 and 12	297,009	178,524
Other payables-related parties	7 and 12	812	100
Current income tax liabilities	4 and 6	9,992	242,657
Provisions, current	4	6,104	1,666
Lease liabilities, current	4,6,7 and12	51,220	22,987
Current portion of long-term borrowings	4,6,8 and12	123,162	76,103
Other current liabilities	6	271,945	1,886
Total current liabilities		1,568,634	689,278
Non-current liabilities			
Contract liabilities, non-current	4 and 6	163,802	28,527
Long-term borrowings	4, 6, 8 and 12	135,089	74,048
Deferred tax liabilities	4 and 6	21,434	15,228
Lease liabilities, non-current	4,6 and 12	88,713	58,132
Net defined benefit liabilities	4 and 6	6,502	16,904
Guarantee deposits		5,269	990
Total non-current liabilities		420,809	193,829
Total liabilities		1,989,443	883,107
Equity attributable to the parent company	4 and 6		
Common stock		852,630	655,869
Additional paid-in capital		158,340	112,491
Retained earnings			
Legal reserve		128,417	52,755
Special reserve		247,943	291,085
Unappropriated earnings		846,826	799,299
Other components of equity		(146,210)	(247,943)
Treasury shares		(101,847)	-
Total equity attributable to the parent company		1,986,099	1,663,556
Non-controlling interests		1,082,273	505,275
Total equity		3,068,372	2,168,831
Total liabilities and equity		$5,057,815	$3,051,938

Note: The Group had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the consolidated balance sheet as of December 31, 2021 was 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 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)
Net sales	4, 5, 6 and 7	$2,252,134	$559,406
Cost of goods sold	7	(1,357,295)	(166,304)
Gross profit		894,839	393,102
Operating expenses	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		(1,005,765)	(380,305)
Operating (loss) income		(110,926)	12,797
Non-operating income and expenses			
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		734,958	1,029,043
Profit before income tax		624,032	1,041,840
Income tax expense	4, 5 and 6	(58,293)	(300,733)
Net income		565,739	741,107
Other comprehensive income (loss)	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)
Total other comprehensive income (loss) , net of tax		8,576	45,420
Total comprehensive income		$574,315	$786,527
Net income attributable to:			
Stockholders of the parent		$624,486	$740,653
Non-controlling interests		(58,747)	454
		$565,739	$741,107
Comprehensive income (loss) attributable to:			
Stockholders of the parent		$617,647	$786,013
Non-controlling interests		(43,332)	514
		$574,315	$786,527
Earnings per share (NTD)	4 and 6		
Earnings per share-basic		$7.48	$8.70
Earnings per share-diluted		$7.44	$8.68

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

SOFTSTAR 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	Common Stock	Additional Paid-in Capital	Retained Earnings: Legal Reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated Earnings	Others Components of Equity: Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Others Components of Equity: Unrealized Gains or Losses from Financial Assets at Fair Value Through Other Comprehensive Loss	Others Components of Equity: Unearned Stock-Based Employee Compensation	Treasury Shares	Total	Non-Controlling Interests	Total
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 Recognized as treasury shares	-	-	-	-	-	-	-	-	(94,904)	(94,904)	(169,586)	(264,490)
Parent company's cash dividends received by subsidiaries	-	4,227	-	-	-	-	-	-	-	4,227	-	4,227
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)

	For the Years Ended December 31,	
Description	**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.

SOFTSTAR ENTERTAINMENT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and organization

Softstar Entertainment Inc. ("the Company"), formerly known as Cyber Power Systems, Inc., was incorporated in August 1998 in the Republic of China and changed its name to Softstar Entertainment Inc. the same year. The Company and its subsidiaries ("the Group") main business include online games, game software; instructional software; research, design, sales of computer peripherals; multilayer printed circuit board; copper clad laminate; prepreg and electronic component manufacturing, lamination, research and development and trade of business operation; third-party payment services; distribution, maintenance and trade of export electronic component, integrated circuit, computer equipment; domestic and foreign liquor agency; and research, manufacturing and sale of application delivery controllers, high-end SSL VPN systems, remote desktop access solutions, application acceleration and WAN optimization controllers. On August 8, 2001, the Company listed its shares of stock on the Taipei Stock Exchange (TPEx). The Company's registered office and the main business location is at 22F.-1, No. 77, Sec. 2, Dunhua S. Road, Republic of China (R.O.C.).

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

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on March 24, 2023.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these newly issued or revised standards had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The potential impact of the newly issued and revised standards and interpretations is under assessment now, and the Group temporarily is unable to reasonably determine the impact.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under, the Group is temporarily unable to determine the impact.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statement

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

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

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

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

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

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

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

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

If the Company loses control of a subsidiary, it:

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%) December 31, 2022	Percentage of ownership (%) December 31, 2021	Note
The Company	Loftstar Interactive Entertainment Inc.	Software wholesale and software services	100	100	1
The Company	Activision Entertainment Ltd.	Performing arts	100	100	2
The Company	Gamebase Digital Media Corporation	Software services and information processing services, etc.	100	100	3
The Company	Softstar Animation Limited (SAL)	Investment holdings	100	100	
The Company	Time Vision International Limited (TVI)	Investment holdings	100	100	4
The Company	Uniplus Electronics Co., Ltd.	Manufacture, lamination, processing, research and development, and merchandising of electronic parts/components	34.39	34.39	5 and 7
The Company	New Profit Holding Limited	Investment holdings	100	100	6
The Company	JFN Investment Holding Corp	Investment holdings	100	100	7 and 8
The Company	Lanjing Ltd.	Investment holdings	100	100	7 and 9
The Company	Jiwei Technology Ltd.	Investment holdings	100	100	7 and 10
The Company	Red Sunrise Co., Ltd.	Third-party payment services	50.72	-	11
The Company	Chander Electronics Corp.	Electronic Products Distribution	11.26	6.89	12 and 13
New Profit Holding Limited	Chander Electronics Corp.	Electronic Products Distribution	1.58	1.86	12
JFN Investment Holding Corp	Chander Electronics Corp.	Electronic Products Distribution	5.11	5.51	12 and 14
Lanjing Ltd.	Chander Electronics Corp.	Electronic Products Distribution	21.64	1.54	12
Jiwei Technology Ltd.	Chander Electronics Corp.	Electronic Products Distribution	1.14	1.34	12
Uniplus Electronics Co., Ltd.	Chander Electronics Corp.	Electronic Products Distribution	2.48	-	15
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	Investment holdings	100	-	13
Jiwei Technology Ltd.	Array Taiwan Inc.	Information software services	100	-	16
Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	Beauty and skincare products	100	100	5 and 17
Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	Wholesale of electronic equipment	100	100	5 and 18
Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	Wholesale of electronic equipment	100	100	5 and 19
Uniplus Electronics Co., Ltd.	Ruihe Investment Co., Ltd.	Investment holdings	100	-	5 and 20
Gamebase Digital Media Corporation	Mega Media Group Limited	Investment holdings	100	100	21
Red Sunrise Co., Ltd.	Sun Tech Co., Ltd.	Third-party payment services	100	-	11
Red Sunrise Co., Ltd.	Soundnet Tech Co., Ltd.	Information software services	100	-	11
Chander Electronics Corp.	Chander Electronics (HK) Corporation	Maintenance, distribution and trade of electronic components, integrated circuits, computer equipment, liquor and related products	100	-	12
Chander Electronics Corp.	Yun Fang Co., Ltd.	Tobacco, alcohol, beverage, food and medical equipment wholesalers and retail	100	-	12
Chander Electronics Corp.	Changsha Zecheng Technology Co., Ltd.	Maintenance, distribution and trade of electronic components,	100	-	12

Investor	Subsidiary	Main businesses	Percentage of ownership (%) December 31, 2022	December 31, 2021	Note
		integrated circuits, computer equipment, and related products			
Chander Electronics Corp.	Quan Zhe Metal Corp.	Electronic component products, information software wholesalers and retail, and data processing services	100	-	12 and 13
Chander Electronics Corp.	Toptrend Technologies Corp.	Electronic products and components trading services	89.75	-	12, 22, and 23
Array Holdings for APG FIII Fund LPs	Array Inc.	Research and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	41.42	-	13
Array Inc.	Array Networks, Inc. (Array Cayman)	Investment holdings	100	-	12 and 13
Array Cayman	Array Networks, Inc. (Array US)	Research, manufacture and sale of Network Functions Platform, Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	100	-	12 and 13
Array Cayman	Zentry Security Inc.	Zentry modernizes the secure access with enhanced security, improved productivity, and ease of use. It helps customers migrate to Zero Trust Security model from obsolete perimeter model (Firewall & VPN)	99.95	-	12, 13, and 24
Array US	Array Networks Japan Kabishiki Kaisha	Research, manufacture and sale of Network Functions Platform, Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	100	-	12 and 13
Array US	Array Networks India Private Limited	Research, manufacture and sale of Network Functions Platform, Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	100	-	12 and 13

Note 1: Loftstar Interactive Entertainment Inc. increased its capital of NT$20,000 thousand and NT$10,000 thousand in March and June, 2021, respectively, totaling NT$30,000 thousand and 3,000 thousand shares. The newly issued shares were subscribed by the Company and the registration process was completed.

Note 2: Taipei City Government approved Softstar Agency Co., Ltd. to alter its name to Activision Entertainment Ltd. on April 16, 2021. Activision Entertainment Ltd. increased its capital of NT$5,000 thousand, totaling 500 thousand shares in April 2021. The new shares were subscribed by the Company and the registration process was completed.

Note 3: On March 30, 2021, the Company purchased 400,000 shares of Gamebase Digital Media Corporation from Cite Publishing Limited, which increased the Company's ownership from 93.5% to 100%. Gamebase Digital Media Corporation increased its capital by NT$140,000 thousand in 2021, totaling 14,000 thousand shares which were subscribed by the Company. Gamebase Digital Media Corporation increased its capital by NT$13,000 thousand in December 2022, totaling 1,300 thousand shares, which were subscribed by the Company, and the registration process was completed.

Note 4: On April 12, 2021, the Company restructured its organization by establishing two offshore subsidiaries, Time Vision International Limited (TVI) and Best Classic International Limited (BCI). The Company's subsidiary, Softstar International Inc. was directly held by Best Classic International Limited (BCI) after re-organization. Best Classic International Limited (BCI) was sold to CMGE Technology Group Limited in December 2021.

Note 5: The Company purchased 28,323 thousand and 33,632 thousand shares of Uniplus Electronics Co., Ltd. in a private placement amounted to NT$160,000 thousand and NT$190,000 thousand, respectively, which increased the Company's ownership from 15.72% to 34.39%. As the Company obtained the substantial controls over Uniplus Electronics Co., Ltd., it was consolidated as the Company's subsidiary from the control acquisition date in September 2021.

Note 6: On October 18, 2021, the Company acquired 100% of New Profit Holding Limited's shares from a related party, Angel (USA) Investments Limited.

Note 7: On November 25, 2021, the Company acquired 100% shareholdings of JFN Investment Holding Corp., Lanjing Ltd., and Jiwei Technology Ltd. from a related party, Uniplus Electronics Co., Ltd.

Note 8: JFN Investment Holding Corp. increased its capital by NT$6,775 thousand in April and September 2022. The newly shares were subscribed by the Company.

Note 9: Lanjing Ltd. increased its capital by NT$296,700 thousand in March and April 2022. The newly shares were subscribed by the Company and the registration process was completed.

Note 10: Jiwei Technology Ltd. increased its capital by NT$211,717 thousand in March, April, and June 2022. The newly shares were subscribed by the Company and the registration process was completed.

Note 11: The Company purchased 5,476 thousand shares of Red Sunrise Co., Ltd. amounted to NT$136,899 thousand on January 3, 2022, with 55.03% shareholdings. Red Sunrise Co., Ltd. and its subsidiaries were consolidated from the control acquisition date. Red Sunrise Co., Ltd. increased its capital by NT$100,000 thousand on July 15, 2022, and the Company subscribed NT$40,000. As the Company did not acquire shares newly issued to its original ownership interest, the Company’s interest was reduced from 55.03% to 50.72%.

Note 12: Lanjing Ltd. acquired 16,415 thousand shares of Chander Electronics Corp. amounted to NT$296,487 thousand in April 2022, thus the Group’s direct and indirect shareholdings increased from 17.14% to 41.05%. Chander Electronics Corp. was consolidated from the control acquisition date in April 2022, and Array Inc. was consolidated simultaneously since Chander Electronics Corp.’s subsidiary indirectly held 29.21% shares of Array Inc. Chander Electronics Corp. increased its capital by NT$80,000 thousand on August 11, 2022, and the Company and its subsidiaries, including Lanjing Ltd., Jiwei Technology Ltd., did not acquire shares newly issued to its original ownership interest, and the Group’s direct and indirect interest was reduced to 40.19%. The Company acquired 2,091 thousand shares of Chander Electronics Corp. in October and November 2022, and its direct and indirect interest increased to 43.21%.

Note 13: The Company’s subsidiary, Jiwei Technology Ltd., acquired 50% of Array Holdings for APGFIII Fund LPs’ shares amounted to NT$100,567, which contributed to 20.71% shares of a company listing on the TPEX in Taiwan, Array Inc. (ticker symbol: 3664), with 10,586 thousand shares. Quan Zhe Metal Corp., 100% owned subsidiary of Chander Electronics Corp., sold the rest 50% shareholdings of Array Holdings for APIGIII Fund LPs to Jiwei Technology Ltd. on April, 25, 2022. The Group held 41.42% shareholdings of a company listing on the TPEX in Taiwan, Array Inc. (ticker symbol: 3664), with 21,172 thousand shares.

Note 14: The Company sold 350 shares of Chander Electronics Corp. to its subsidiary, JFN Investment Holding Corp., at the price of NT$19 per share in April and September 2022, resulting in a change of shareholdings.

Note 15: Uniplus Electronics Co., Ltd. acquired 2,000 thousand shares of Chander Electronics Corp. amounted to NT$48,269 thousand in November 2022.

Note 16: Jiwei Technology Ltd. established Array Taiwan Inc. in July 2022 with NT$10,000 thousand of capital and 100% shareholdings. Array Inc.’s Board of Director resolved to acquire 100% shareholdings of Array Taiwan Inc. from Jiwei Technology Ltd. at the price of NT$10,000 thousand in September 2022. The transfer of ownership was completed in January 2023.

Note 17: Green Bless Co., Ltd. increased its capital of 500 thousand shares in cash in April 2021, the share capital increased to NT$25,000 thousand, and the shareholdings remained 100%.

Note 18: Uniplus Electronics Co., Ltd. established Hang Zheng Technology Co., Ltd. in December 2019 with NT$40,000 thousand in capital. Hang Zheng Technology Co., Ltd., reduced its capital of 3,000 thousand shares, its capital changed to NT$10,000 thousand, and the shareholding remained 100%.

Note 19: Uniplus Electronics Co., Ltd. established Jiu He Yi Technology Co., Ltd. in May 2021 with NT$15,000 thousand in capital, and the shareholdings was 100%.

Note 20: Uniplus Electronics Co., Ltd. established Ruihe Investment Co., Ltd. in January 2022 with NT$100 thousand of capital and 100% shareholdings.

Note 21: Gamebase Digital Media Corporation a cquired 100% shareholdings of Mega Media Group Limited from a related party, Global Angel Investment Limited, with NT$93,200 thousand in December 2021.

Note 22: Chander Electronics Corp. invested 30% of the shares of Toptrend Technologies Corp. in December 2021, which was accounted for using the equity method. In addition, the Group obtained more than half of Toptrend Technologies Corp.’s board seats through the re-election of directors at Toptrend Technologies Corp.'s shareholders’ meeting in January 2022, therefore, the Group acquired substantial control over Toptrend Technologies Corp. and included it in the preparation of the consolidated financial statements. In April 2022, the Group acquired another 32.52% shares of Toptrend Technologies Corp., raising its total shareholding to 62.52%.

Note 23: On September 15, 2022, Chander Electronics Corp.’s board of directors resolved to issue new shares as consideration for the exchange of shares of Toptrend Technologies Corp. The ratio of share exchange was 1.3333 shares for 1 share of Chander’s ordinary shares held by the transferees, and 4,106 thousand shares were issued. Chander originally held 12,566 thousand shares directly in Toptrend Technologies Corp., representing a 62.52% shareholding. After the share exchange in the new share issue, the Group acquired 5,474 thousand shares held by Toptrend Technologies Corp.'s other shareholders, raising its total shareholding to 89.75%. The transfer of shares of other companies to issue new shares had been approved by the relevant authorities, and October 19, 2022 was set as the share exchange base date.

Note 24: On June 10, 2022, Array Inc.'s board of directors approved to convert the loan to Zentry to Zentry's shares, which resulted in the capital increase in Zentry. As of December 31, 2022, the total investment in Zentry was US$11,200 thousand. In addition, the issuance of new shares under Zentry's share options in September and October 2022 reduced the Group's interest in Zentry to 99.95% as of December 31, 2022.

(4) Foreign currency transactions

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

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

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

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

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

(5) Translation of financial statements in foreign currency

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

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

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

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

(8) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

Financial asset measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

(A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(B) At an amount equal to the lifetime expected credit losses: the credit risk on a

financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(D) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired

(B) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred

(C) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(9) Fair value measurement

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

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

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

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

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

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

(10) Inventories

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

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

(11) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

(12) Property, plant and equipment

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

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

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

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

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

(13) Leases

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

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

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

<u>Group as a lessee</u>

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

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

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

(14) Intangible assets

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

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

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

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

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

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

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

Other intangible assets includes digital assets with indefinite useful lives.

(15) Impairment of non-financial assets

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

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

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

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

(16) Provisions

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

<u>Sales returns and allowances</u>

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

(17) Treasury stocks

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

(18) Revenue recognition

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

Sale of goods

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

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

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

Rendering of services

A. The Group provides services related to game licensing. The Group identifies performance obligations and determines whether the licensing provides a customer with a right to access the Group's IP over time or with a right to use the Group's IP at a point in time. Based on experience, the Group uses the expected value method to estimate variable consideration. The scope is limited to the accumulated amount of the revenue recognized which is likely to not be significantly reversed in the subsequent period, when the uncertainty associated with the contracts are eliminated.

For some contracts, if the Group has fulfilled the performance obligation but does not have a right to an unconditional consideration, these contacts should be presented as contract assets. Besides, loss allowance for contract assets was assessed in accordance with IFRS 9. For some rendering of services contracts, when part of the consideration was received from customers upon signing the contract and the Group owns the obligation to provide the services subsequently, these contracts should be recognized as contract liabilities.

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

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

D. Fee income from electronic payments and third-party payments is obtained from providing services to customers on online cash flow platforms and is recognized as revenue when cash has been received and the performance obligation has been mostly completed.

E. The Group provides after-sales support services of application delivery controllers, high-end SSL VPN systems, remote desktop access solutions, application acceleration and WAN optimization controllers. As the Group provides support services, customers simultaneously receive and consume the benefits provided by the Group's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are rendered.

(19) Borrowing Costs

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

(20) Government grants

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

(21) Post-employment benefits

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

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

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

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

(22) Share-based payment transactions

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

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

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

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

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

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

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

(23) Income taxes

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

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

(24) Business combinations and goodwill

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

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

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

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

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

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

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

5. <u>Significant accounting judgements, estimates and assumptions</u>

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

(1) Judgement

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

A. Revenue recognition – royalties

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

B. Business combination

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

(2) Estimates and assumptions

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

A. Estimate of variable consideration

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

B. Accounts receivables–estimate of impairment loss

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

C. Fair value of financial instruments

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

D. Inventories

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

E. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6 for more details.

F. Impairment of non-financial assets

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

G. Income tax

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

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand & petty cash	$1,079	$454
Checking and saving accounts	1,589,062	1,795,068
Total	$1,590,141	$1,795,522

(2) Notes receivable and Notes receivable-related parties

	As of December 31,	
	2022	2021
Notes receivable	$11,056	$18,632
Less: loss allowance	-	-
Subtotal	11,056	18,632
Notes receivable-related parties	804	-
	$11,860	$18,632

Notes receivable were not pledged.

The Group follows the requirement of IFRS9. Please refer to Note 6 (20) for more details on loss allowance and Note 12 for details on credit risk.

(3) Accounts receivable and Accounts receivable-related parties

	As of December 31,	
	2022	2021
Accounts receivable	$910,109	$136,271
Less: Loss allowance	(36,603)	(2,166)
Subtotal	873,506	134,105
Accounts receivable-related parties	11,448	299
Total	$884,954	$134,404

Accounts receivable were not pledged.

Accounts receivable are generally on 30-180 day terms. The total carrying amount as of December 31, 2022 and 2021 were NT$921,557 thousand and NT$136,570 thousand, respectively. Please refer to Note 6 (20) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As of December 31,	
	2022	2021
Raw materials	$88,141	$61,798
Work in progress	1,946	876
Finished goods	41,608	14,681
Commodities	92,663	-
Total	$224,358	$77,355

The cost of inventories recognized in expenses amounted to NT$971,493 thousand and NT$95,003 thousand for the years ended December 31, 2022 and 2021, respectively, including the reversal of write-down of inventories of NT$1,882 thousand and the write-down of inventories of NT$1,798 thousand, respectively.

The reversal of write-down of inventories in the current year was because of the partial inventories close-out.

No inventories were pledged.

(5) Prepayments

	As of December 31,	
	2022	2021
Prepaid outsourcing fee	$31,307	$19,798
Prepayment for purchases	30,920	10,864
Other prepayments	28,065	8,583
Total	$90,292	$39,245

(6) Other financial assets

	As of December 31,	
	2022	2021
Restricted trust deposits	$237,930	$-
Reserve account-demand deposits	112,306	47,536
Reserve account-time deposits	64,520	3,000
Pledged deposits	768	-
Time deposits with original maturities of more than 3 months	-	100,000
Total	$415,524	$150,536
Current	$392,179	$118,530
Non-current	$23,345	$32,006

The Group’s proxy receipts from third-party and electronic payments are deposited in a dedicated bank account as a trust account that was included in “Other financial assets-restricted trust deposits”.

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

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

	As of December 31,	
	2022	2021
Financial assets designated at fair value through profit or loss:		
Cathy Private Equity Ecology Limited Partnership	$12,263	$23,097
Cathy Private Equity Smart Technology Limited Partnership	12,424	14,797
Morgan Stanley Mutual Funds	11,291	-
Wisdom Capital Limited Partnership	6,934	-
Film investment agreement (Note1)	3,000	-
Allianz Global Investors Income and Growth Fund	1,271	-
Outstanding Capital Limited Partnership (Note2)	284	-
Contract of profit sharing rights on game publishing (Note3, 4, and 5)	-	17,143
Total	$47,467	$55,037
Current	$19,496	$-
Non-current	$27,971	$55,037

Note 1: The profit generated from the film would be allocated to the Company and other corporations based on the signed investment agreement.

Note 2: The Group and Outstanding Capital Limited Partnership signed the contracts of partnership in 2022. Duration of superficies of the term agreement, resolved to enter dissolution and liquidation procedures. The investments will be returned to shareholders as net assets when the procedures are completed. The Company assess of investee companies net assets approaching the fair value of the investment.

Note 3: The Group and A.R.T. Games Co., Ltd. signed development and publishing agreement, and its primary terms are as follows:

A. Investment amount: NT$10,000 thousand (tax excluded: NT$9,524 thousand)
B. Contract date: May 10, 2021
C. Expiry date: Until the commercial operation of this game is ceased.
D. After the commercial operation of this game starts in any of the licensed areas, A.R.T. Games Co., Ltd. shall share the profits according to the following ways:
(A) The Group is entitled of 30% of this game's operating revenues after the deduction of channel service fees and bad debt rate.

(B) The aforementioned percentage of profit sharing will be adjusted to 4% after the Group receives more than NT$10,000 thousand.

(C) The Group signed the supplemental agreement with A.R.T. Games Co., Ltd. in March 2022, for the entitled of operating revenues amended to 50%. After the actual collection amount by the Group reaches NT$10,000 thousand, the entitled of operating revenues will be carried out according to the original contract. If the Group receives less than NT$10,000 thousand, A.R.T. Games Co., Ltd. has to pay the difference.

Note 4: The Group and Galaxy Power Holdings Limited signed a development and publishing agreement, and its primary terms are as follows:

A. Investment amount: NT$10,000 thousand (tax excluded: NT$9,524 thousand)
B. Contract date: May 10, 2021
C. Expiry date: Until the commercial operation of this game is ceased.
D. After the commercial operation of this game starts in any one of the licensed areas, Galaxy Power Holdings Limited shall share the profits according to the following ways:

(A) The Group is entitled of 30% of this game's operating revenues after the deduction of channel service fees and bad debt rate.

(B) The aforementioned percentage of profit sharing percentage will be adjusted to 4% after the Group receives more than NT$10,000 thousand.

(C) The Group signed the supplemental agreement with Galaxy Power Holdings Limited in March 2022, for the entitled of operating revenues amended to 50%. After the actual collection amount by the Group reaches NT$10,000 thousand, the entitled of operating revenues will be carried out according to the original contract. If the Group receives less than NT$10,000 thousand within three years after the commercial operation of the game, Galaxy Power Holdings Limited has to pay the difference.

(D) The Group signed the supplemental agreement with Galaxy Power Holdings Limited in May 2022 that Galaxy Power Holdings Limited would develop another game and share operating revenue with the Group.

Note 5: The Group terminated the development and publishing agreement with A.R.T. Games Co., Ltd. and Galaxy Power Holdings Limited on December 1, 2022.

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

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

	As of December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income, noncurrent:		
Listed company stocks		
Newretail Co., Ltd.	$6,093	$14,314
Emerging market stocks		

SNSplus Inc.	3,386	4,134
Private company stocks		
Super Energy Materials Inc.	45,430	-
BLC Group Holding Limited	8,358	20,000
Taiwan Smart Card Co.	6,160	3,084
Hanbang Precision Technology Co., Ltd.	92	-
Auer Media & Entertainment Corp.	-	67,397
Double Edge Entertainment Corp.	-	3,043
Total	$69,519	$111,972

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

(9) Investments accounted for using the equity method

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

	As of December 31,				
	2022		2021		
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Note
Investments in associates:					
Neweb Technologies Co., Ltd.	$452,386	32.63%	$-	-%	Note 1
Niusnews Co., Ltd.	102,689	34.25%	108,240	27.63%	Note 2
Double Edge Entertainment Corp.	12,597	30.31%	-	-%	Note 3
PayNow Inc.	7,745	41.44%	-	-%	
A.R.T. Games Co., Ltd.	1,635	49%	3,423	49%	
Chander Electronics Corp.	-	-%	221,706	17.14%	Note 1
Chia-e International Inc.	-	28.21%	-	28.21%	
Total	$577,052		$333,369		

Note 1: The Group acquired additional shares of Chander Electronics Corp. in April 2022, thus increasing the shareholdings to 41.04%. Chander Electronics Corp. was consolidated from the control acquisition date, and the investment as an associate was reclassified to a subsidiary. Therefore, the Group acquired the shareholdings of Neweb Technologies Co., Ltd., recognized under investments accounted for using the equity method.

Note 2: The Board of Director of the Group held on December 24, 2021 approved the subsidiary, Gamebase Digital Media Corporation, to acquire 318 thousand newly issued shares of Niusnews Co., Ltd. with NT$34,980 thousand in exchange of 8.93% shareholdings. In addition, Gamebase Digital Media Corporation also acquired 100% of Mega Media Group Limited's shares from a related party, Global Angel Investments Limited, with NT$93,260 thousand, indirectly holding 666 thousand shares of Niusnews Co., Ltd. (18.7% of shareholdings). The Company increased Niusnews Co., Ltd.'s capital by NT$3,731 thousand and NT$3,760 thousand through the subsidiary, Gambase Digital Media Corporation, on April 25 and 27, 2022, subscribing 749 thousand newly issued shares, and the shareholdings reached to 21.09%. As Mega Media Group Limited failed to acquire shares newly issued to its original ownership interest, its shareholding reduced to 13.16%, and the Group’s shareholdings was 34.25%.

Note 3: The Group increased Double Edge Entertainment Corp.’s capital by NT$10,000 thousand on April 29, 2022, to acquire 1,000 thousand shares. As the Group’s shareholdings reached to 29.84%, the investment from financial assets at fair value through other comprehensive income, non-current was reclassified to investments accounted for using the equity method. The Group acquired 25 thousand shares of Double Edge Entertainment Corp. amounted to NT$500 thousand and its shareholdings increased to 30.31%.

A. The Group recognized NT$0 thousand and NT$2,688 thousand impairment loss for the investments accounted for using equity method after assessing the possibility of recoverable amount of the investments in 2022 and 2021, respectively.

B. Investments in Associates

Information on the material associate of the Group:

Company name: Neweb Technologies Co., Ltd.

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

Principal place of business (country of incorporation): Taiwan

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

The summarized financial information of the associate is as follows:

	As of December 31, 2022
Current assets	$2,926,435
Non-current assets	759,010
Current liabilities	(2,572,452)
Non-current liabilities	(92,704)
Equity	1,020,289
Property of the Group’s ownership	32.63%
Subtotal	332,919
Goodwill	119,467
Carrying amount of the investment	$452,386

	For the year ended December 31, 2022
Operating revenue	$1,150,5

	92
Profit or loss from continuing operations	$76,561
Other comprehensive income	(7,400)
Total comprehensive income	$69,161

The Group's investments in Niusnews Co., Ltd., Double Edge Entertainment Corp., PayNow Inc., A.R.T. Games Co., Chia-e International Inc., and Chander Electronics Corp. are not individually material. The aggregate carrying amount of the Group's interests in the abovementioned investees is NT$124,666 thousand and NT$333,369 thousand, as of December 31, 2022 and 2021, respectively. The aggregate financial information is as follows:

	For the years ended December 31	
	2022	2021
Net loss from continuing operations	$(44,206)	$(29,168)
Other comprehensive income (net of tax)	2	2,871
Total comprehensive loss	$(44,204)	$(26,297)

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

	Investment gain/(loss)	
	For the years ended December 31	
	2022	2021
Neweb Technologies Co., Ltd.	$20,097	$-
Niusnews Co., Ltd.	(12,351)	-
Array Holdingss for APGFIII Fund LPs	(3,890)	-
A.R.T. Games Co., Ltd.	(1,788)	4,969
PayNow Inc.	1,156	-
Double Edge Entertainment Corp.	(705)	-
Chander Electronic Corp.	18	(1,876)
Softstar Technology (Beijing) Co., Ltd. (Note)	-	(84,287)
Uniplus Electronics Co., Ltd.	-	541
Chia-e International Inc.	-	-
Total	$2,537	$(80,653)

Note : Investment loss for Softstar (Beijing) included NT$(8,491) thousand amortization between the book value and the fair value of its intangible assets in 2021.

C. The aforementioned associates had no contingent liabilities or capital commitments as at December 31, 2022 and 2021. No investments accounted for using the equity method were pledged.

D. We did not audit the financial statements of certain investee companies. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 relating to these equity investments, is based solely on the audit reports of other auditors. These associates and joint ventures under equity method amounted to NT$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.

(9) Property, plant and equipment

	As of December 31,	
	2022	2021
Owner occupied property, plant and equipment	$144,439	$38,100

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Total
Cost:								
As of January 1, 2022 (Adjusted)	$-	$-	$127,448	$19,889	$1,847	$26,405	$2,814	$178,403
Additions	-	-	3,296	5,060	-	3,720	9,231	21,307
Disposals	-	-	(17)	(2,143)	(1,161)	(1,425)	(3,466)	(8,212)
Acquisition of subsidiaries	69,585	26,582	45,046	43,470	1,541	79,280	4,087	269,591
Other changes	-	-	6,612	2,560	-	4,889	38	14,099
Loss of control	-	-	-	(594)	-	(3,150)	-	(3,744)
As of December 31, 2022	$69,585	$26,582	$182,385	$68,242	$2,227	$109,719	$12,704	$471,444
As of January 1, 2021	$-	$-	$9,970	$16,030	$-	$-	$13,929	$39,929
Additions	-	-	151	1,214	-	1,935	2,814	6,114
Disposals	-	-	-	(1,403)	-	(22,356)	(13,929)	(37,688)
Other changes	-	-	(4,010)	4,010	-	250	-	250
Acquisition of subsidiaries	-	-	121,337	38	1,847	46,576	-	169,798
As of December 31, 2021 (Adjusted)	$-	$-	$127,448	$19,889	$1,847	$26,405	$2,814	$178,403
Depreciation and impairment:								
As of January 1, 2022 (Adjusted)	$-	$-	$98,300	$17,452	$271	$23,354	$926	$140,303
Depreciation	-	453	9,127	2,589	445	5,441	2,068	20,123
Disposals	-	-	(17)	(1,603)	(1,161)	(1,406)	(1,469)	(5,656)
Acquisition of subsidiaries	-	7,750	35,782	40,256	1,250	73,558	3,140	161,736
Other changes	-	-	4,501	3,205	-	4,806	(179)	12,333
Loss of control	-	-	-	(178)	-	(1,656)	-	(1,834)
As of December 31, 2022	$-	$8,203	$147,693	$61,721	$805	$104,097	$4,486	$327,005

As of January 1, 2021	$-	$-	$7,643	$13,537	$-	$-	$10,602	$31,782
Depreciation	-	-	2,804	1,760	117	1,365	926	6,972
Disposals	-	-	-	(1,131)	-	(22,356)	(10,602)	(34,089)
Other changes	-	-	(3,262)	3,262	-	-	-	-
Acquisition of subsidiaries	-	-	91,115	24	154	44,345	-	135,638
As of December 31, 2021 (Adjusted)	$-	$-	$98,300	$17,452	$271	$23,354	$926	$140,303
Net carrying amounts as of:								
December 31, 2022	$69,585	$18,379	$34,692	$6,521	$1,422	$5,622	$8,218	$144,439
December 31, 2021 (Adjusted)	$-	$-	$29,148	$2,437	$1,576	$3,051	$1,888	$38,100

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

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

(10) Intangible assets

	rademarks	Computer software	ame Royalty	chnology of patent	Goodwill	Other intangible assets	Total
Cost:							
As of January 1, 2022 (Adjusted)	$35,988	$19,275	$9,063	$24,295	$99,927	$30,281	$218,829
Addition-acquired separately	-	14,417	4,259	-	-	21,156	39,832
Deduction-derecognized	-	(5,664)	(9,063)	-	-	(1,681)	(16,408)
Effect of foreign currency exchange differences	-	8,177	-	-	5,533	-	13,710
Acquisition of subsidiaries	-	115,071	-	-	521,741	60,567	697,379
As of December 31, 2022	$35,988	$151,276	$4,259	$24,295	$627,201	$110,323	$953,342
As of January 1, 2021	$-	$30,883	$9,063	$-	$2,712	$-	$42,658
Addition-acquired separately	111	3,625	-	-	-	-	3,736
Deduction-derecognized	-	(15,233)	-	-	-	-	(15,233)
Acquisition of subsidiaries	35,877	-	-	24,295	97,215	30,281	187,668
As of December 31, 2021 (Adjusted)	$35,988	$19,275	$9,063	$24,295	$99,927	$30,281	$218,829
Amortization and impairment:							
As of January 1, 2022 (Adjusted)	$27,395	$17,787	$9,063	$12,548	$-	$1,009	$67,802
Amortization	-	11,640	3,693	3,826	-	11,273	30,432
Impairment	-	-	-	-	-	11,884	11,884
Deduction-derecognized	-	(4,164)	(9,063)	-	-	(607)	(13,834)
Effect of foreign currency exchange differences	-	7,657	-	-	-	-	7,657
Acquisition of subsidiaries	-	108,227	-	-	-	522	108,749
As of December 31, 2022	$27,395	$141,147	$3,693	$16,374	$-	$24,081	$212,690

As of January 1, 2021	$-	$28,366	$9,063	$-	$-	$-	$37,429
Amortization	-	4,654	-	1,670	-	1,009	7,333
Deduction- derecognized	-	(15,233)	-	-	-	-	(15,233)
Acquisition of subsidiaries	27,395	-	-	10,878	-	-	38,273
As of December 31, 2021 (Adjusted)	$27,395	$17,787	$9,063	$12,548	$-	$1,009	$67,802
Net carrying amount as of:							
December 31, 2022 (Adjusted)	$8,593	$10,129	$566	$7,921	$627,201	$86,242	$740,652
December 31, 2021 (Adjusted)	$8,593	$1,488	$-	$11,747	$99,927	$29,272	$151,027

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

	For the years ended December 31	
	2022	2021
Operating costs	$3,693	$-
Sales and marketing expenses	$11,551	$2,475
Administrative expense	$12,927	$1,752
Research and development expense	$2,261	$3,106

(11) Impairment test for goodwill

For impairment testing, goodwill acquired through business combinations has been allocated to 5 cash-generating units as follow:

A. Electronic products unit
B. Electronic parts and components unit
C. Network application unit
D. Third-party payment unit
E. Others unit

Carrying amount of goodwill allocated to each cash-generating unit:

	As of December 31,	
	2022	2021 (Adjusted)
Electronic products unit	$97,215	$97,215
Electronic parts and components unit	292,949	-
Network application unit	145,997	-
Third-party payment unit	88,328	-
Others unit	2,712	2,712
Total	$627,201	$99,927

<u>Cash-generating unit of electronic products</u>

The goodwill of electronic products unit was acquired through the combination of Uniplus Electronics Co., Ltd. and its subsidiaries in 2021. The recoverable amounts as of December 31, 2022 and 2021 have been determined based on the fair value less costs to sell, and the fair value was assessed based on market approach. Based on the abovementioned analysis, the management assessed that the goodwill was not impaired as of December 31, 2021 and 2022.

Cash-generating unit of electronic parts and components

The goodwill of electronic parts and components unit was acquired through the combination of Chander Electronics Corp. and its subsidiaries in April 2022, and the amount of goodwill was estimated based on provisional fair value. The Group had sought an independent appraisal. The valuation results had not been received as of the day management issued the financial statements.

Cash-generating unit of network application

The goodwill of network application unit was acquired through the combination of Array Inc. and its subsidiaries in April 2022, and the amount of goodwill was estimated based on provisional fair value. The Group had sought an independent appraisal. The valuation results had not been received as of the day management issued the financial statements.

Cash-generating unit of third-party payment

The recoverable amount of third-party payment unit was determined based on the value in use which is calculated according to the forecasted cash flow in five-year-financial budget approved by the management. The forecasted cash flow was updated to inflect the changes of the demands for the related products. The after-tax discount rate of the forecasted cash flow in 2022 was 14.3%, with the growth rate of the cash flow in the period more than 5 years in 2022 was 1%. The growth rate is equivalent to the long-term growth rate of the industry. Based on the abovementioned analysis, the management assessed that the goodwill allocated to the cash-generating unit was not impaired.

(12) Short-term borrowings

Details of short-term loans are as follows:

	As of December 31, 2022			
	Currency	Interest Rate	Expiration date	Amount
Secured loan	NTD	2.06%~2.60%	2023.9.22~2023.12.27	$441,181

There was no short-term borrowings as of December 31, 2021.

The Group's unused short-term line of credit amounted to NT$688,343 thousand as of December 31, 2022.

(13) Other payables

	As of December 31, 2022	As of December 31, 2021
Salary payable	$134,673	$62,673
Brokerage fees payable	49,409	83,936
Royalties payable	47,034	-
Professional service fees payable	6,107	3,563
Insurance payable	4,033	2,315
Other accrued expenses	55,753	26,037
Total	$297,009	$178,524

(14) Other current liabilities

	As of December 31, 2022	As of December 31, 2021
Receipts under custody from third-party payment	$223,463	$-
Others	48,482	1,886
Total	$271,945	$1,886

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

(15) Long-term borrowings

Details of long-term loans are as follows:

As of December 31, 2022	Currency	Interest Rate	Expiration date	Amount
Secured bank loan	NTD	2.03%~3.58%	2023.5.20~2027.4.12	$234,528
Unsecured bank loan	NTD	2.52%~2.52%	2023.6.12	4,279
Other unsecured loan	NTD	5.06%	2025.4.22	19,444
Subtotal				258,251
Less: current portion				(123,162)
Total				$135,089

As of December 31, 2021	Currency	Interest Rate	Expiration date	Amount
Secured loan	NTD	1.95%~2.02%	022.3.16~2025.12.24	$137,462
Unsecured loan	NTD	2.02%	2027.6.12	12,689
Subtotal				150,151
Less: current portion				(76,103)
Total				$74,048

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

(16) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 are NT$11,995 thousand and NT$7,580 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$524 thousand to its defined benefit plan during the 12 months after December 31, 2022.

The weighted-average durations of the defined benefits plan obligation were 10 and 11 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
	2022	2021
Current period service costs	$39	$213
Interest income or expense	118	51
Total	$157	$264

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

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Present value of the pension obligation under defined benefit pension plans	$29,145	$30,348	$32,946
Fair value of plan assets	(22,643)	(13,444)	(12,049)
Net defined benefit liabilities, noncurrent	$6,502	$16,904	$20,897

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability

			/(asset)
As of January 1, 2021	$32,946	$(12,049)	$20,897
Current period service costs	213	-	213
Net interest expense (income)	239	(188)	51
Subtotal	452	(188)	264
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in population assumptions	27	-	27
Actuarial gains and losses arising from changes in financial assumptions	(918)	-	(918)
Experience adjustments	(945)	(177)	(1,122)
Remeasurements of the defined benefit asset	-	(95)	(95)
Subtotal	(1,836)	(272)	(2,108)
Payments from the plan	(5,473)	5,473	-
Contributions by employer	-	(461)	(461)
Acquisition of subsidiaries	4,259	(5,947)	(1,688)
As of December 31, 2021	30,348	(13,444)	16,904
Current period service costs	39	-	39
Net interest expense (income)	213	(95)	118
Subtotal	252	(95)	157
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(1,662)	-	(1,662)
Experience adjustments	207	(603)	(396)
Remeasurements of the defined benefit asset	-	(510)	(510)
Subtotal	(1,455)	(1,113)	(2,568)
Payments from the plan	-	-	-
Contributions by employer	-	(7,991)	(7,991)
As of December 31, 2022	$29,145	$(22,643)	$6,502

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

	As of December 31,	
	2022	2021
Discount rate	1.25%-3.00%	0.70%
Expected rate of salary increases	2.00%	2.00%

Sensitivity analysis:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	$-	$(663)	$-	$(733)
Discount rate decrease by 0.25%	685	-	759	-
Future salary increase by 0.25%	856	-	850	-
Future salary decrease by 0.25%	-	(808)	-	(813)

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

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

(17) Equities

A. Common stock

The Company's authorized capital were both NT$1,300,000 thousand, and issued capital were NT$852,630 thousand and NT$655,869 thousand with 85,263 thousand shares and 65,587 thousand shares as of December 31, 2022 and 2021, respectively, each at a par value of NT$10. Each share has one voting right and a right to receive dividends.

On April 30, 2015, the shareholders' meeting of the Company approved the issuance no more than 10,000 thousand shares of common stock through private placement issuance. The subscription price of the private placement common stock was NT$84.61 per share, totaling 2,000 thousand shares. The private placement date was March 25, 2016. The capital increase by cash was for the purpose of enriching working capital and repaying bank loans. The Company received NT$169,220 thousand through private placement issuance and has completed registration for change. Apart from the fact that private placement common stocks were subject to the Securities and Exchange Act's restrictions of transfer and must reapply for public offering after three years for public transaction, the remaining rights and obligations were the same as other issued common stock.

The shareholders' meeting held on July 1, 2021 approved the issuance of 2,523 thousand shares of common stock from unappropriated retained earnings for 2020 in the amount of NT$25,226 thousand, at a par value of NT$10 per share. The base date for capital increase was November 2, 2021, and the registration was completed.

The shareholders' meeting held on May 27, 2022 approved the issuance of 19,676 thousand shares of common stock from unappropriated retained earnings for 2021 in the amount of NT$196,761 thousand, at a par value of NT$10 per share. The base date for capital increase was September 19, 2022, and the registration was completed.

B. Capital surplus

	As of December 31,	
	2022	2021
Additional Paid-in Capital	$112,360	$112,360
Difference between consideration and carrying amount of subsidiaries acquired	39,221	10
Restricted employee stock	2,532	121
Treasury shares	4,227	-
Total	$158,340	$112,491

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

C. Treasury Stocks

On December 13, 2022, the Board of Directors meeting resolved to repurchase treasury stocks. It was expected to buy 1,000,000 shares between December 14, 2022 to February 13, 2023 in the price between NT$40 and NT$70 per share. As of December 31, 2022, the Company has bought back 124 thousand shares in the amount of NT$6,943 thousand.

The Company's subsidiaries, Uniplus Electronics Co., Ltd., Chander Electronics Corp., and Toptrend Technologies Corp., held 5,326 thousand, 621 thousand, and 686 thousand shares of the Company as of December 31, 2022, in the amount of NT$70,443 thousand, NT$12,942 thousand, and NT$11,519 thousand, totaling NT$94,904 thousand. As of December 31, 2022, the treasury stock held by the Company was NT101,847 thousand in total.

D. Retained earnings and dividend policies

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

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

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

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

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

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

	Appropriation of earnings	Dividend per share (NTD)
	2021	2021
Legal reserve	$75,662	
Special reserve	(43,142)	
Cash dividend on common stock	196,761	$3
Share dividend on common stock	196,761	3

The appropriation of 2022 unappropriated retained earnings has not yet been resolved by the Board of Directors as of the reporting date.

Please refer to Note 6 (22) for details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31,	
	2022	2021
Beginning balance	$505,275	$214
Gain (Loss) attributable to non-controlling interests	(58,747)	454
Other comprehensive income attributable to non-controlling interests	15,415	60
Acquisition of equity interests of subsidiaries	878,616	504,737
Receipt of parent company's cash dividends	8,064	-
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	(32,229)	-
Acquisition of shares of non-controlling interests	(46,158)	(190)
Difference between consideration and carrying amount of subsidiaries acquired	(18,377)	-
Acquisition of parent company's stocks by subsidiaries recognized as treasury shares	(169,586)	-
Ending balance	$1,082,273	$505,275

(18) Share-based payment plans

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

(A) The Company- Restricted employee stock plan

The Company applied for an additional issuance of restricted employee stock in 2018 and issued on January 5, 2021 of NT$15,000 thousand, totaling 1,500 thousand shares, and the share price was NT$105 per share. There's no additional share-based payment plans. The share-based payment agreement is as follows:

Type of grant	Date of grant	Total numbers of options granted (unit)	Contract period	Vesting Conditions
Restricted employee stock plan (Note 1)	December 5, 2018	1,500,000	28 months	Achievement of performance conditions (Note 2)

Note 1: The restricted employee stock issued by the Group were not transferable during the contract period, but they did not restrict voting rights and

included in the distribution of dividends. Employees who leave during the vested period were required to return the shares, but the dividends obtained is not required to return.

Note 2: A portion of the restricted employee stock would be vested at the end of each year if the employee's performance reaches the target set by the company. The maximum share vested would be 40%, 30% and 30% in each of the three years.

The detail information of upon share-based payment agreement is as follows：

	As of December 31,	
	2022	2021
	Numbers ıousand shares)	Numbers ıousand shares)
Balance at January 1	-	447
Issued	-	-
Cancelled	-	-
Less：vested	-	(447)
Balance at December 31	-	-

(B) The subsidiary- Employee share option plan of Array Inc.

On July 2, 2021, Array Inc.'s Board of Directors approved the issuance of employee share options, and the total number of new ordinary shares to be issued for the exercise of all options is 2,000 thousand shares. The Company did not issue any employee share options for the year ended December 31, 2022. Information on employee share options is as follows:

	For the years ended December 31,			
	2022		2021	
	Number of Exercisable Options In Thousands)	Weighted-average Exercise Price (US$)	Number of Exercisable Options In Thousands)	Weighted-average Exercise Price (US$)
ılance at January 1	2,858	$0.35	1,997	$0.40
›tions granted	-	-	1,655	0.31
›tions forfeited	-	-	(722)	0.40
›tions exercised	(12)	0.32	(13)	0.37
›tions expired	(498)	0.43	(59)	0.90
ılance at December 31	2,348		2,858	0.35
Options exercisable, end of year	942		970	0.42

(C) The subsidiary- Employee share option plan of Zentry Security Inc.

Qualified employees of the Company's subsidiary, Zentry, were granted 1,895 thousand options in 2021. Each option entitles the holder with the right to subscribe for one ordinary share of Zentry. The options granted are valid for 10 years. Twenty-five percent 25% of the optioned shares shall vest on the first anniversary of the vesting commencement date, and 1/48 of the optioned shares shall vest each month thereafter. The exercise price is US$0.06 per option. Information on employee share options is as follows:

	For the years ended December 31,			
	2022		2021	
	Number of Exercisable Options In Thousands)	Weighted- erage Exercise Price (US$)	Number of Exercisable Options In Thousands)	Weighted- average xercise Price (US$)
ılance at January 1	1,846	$0.06	-	$-
›tions granted	2,379	0.06	1,895	0.06
›tions exercised	(51)	0.06	(49)	0.06
›tions expired	(4,174)	0.06	-	-
ılance at December 31	-	-	1,846	0.06
Options exercisable, end of year	-	-	244	0.06

Options granted in 2021 priced using the Black-Scholes pricing model, and the inputs to the model as follows:

Grant-date share price	US$ 0.06
Exercise price	US$ 0.06
Expected volatility	63.8%
Expected life (in years)	5
Expected dividend yield	-
Risk-free interest rate	0.26%

(D) The expenses recognized for employee services received for the years ended December 31, 2022 and 2021, are shown in the following table:

	For the years ended December 31,	
	2022	2021
Total expense arising from equity-settled share-based payment transactions	$815	$6,540

(19) Operating revenue

	For the years ended December 31, 2022	2021
Revenue from contracts with customers		
Sale of goods	$1,437,441	$146,702
Rendering of service	799,092	408,870
Other operating revenue	20,054	8,149
Less: sales returns and allowances	(4,453)	(4,315)
Total	$2,252,134	$559,406

Analysis of revenue from contracts with customers for the year ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2022

	Operating Department	Research and Development Department	Electronic Products Department	Electronic Parts and components Department	Network Application Department	Third-party Payment Department	Others	Total
Sale of goods	$36,903	$-	$304,078	$661,220	$398,063	$82	$37,095	$1,437,441
Rendering of services	79,721	401,336	-	-	-	333,636	-	814,693
Total	$116,624	$401,336	$304,078	$661,220	$398,063	$333,718	$37,095	$2,252,134
Timing of revenue recognition:								
At a point in time	$32,451	$156,302	$304,078	$661,220	$398,063	$333,718	$37,095	$1,922,927
Over time	84,173	245,034	-	-	-	-	-	329,207
Total	$116,624	$401,336	$304,078	$661,220	$398,063	$333,718	$37,095	$2,252,134

For the year ended December 31, 2021

	Operating Department	Research and Development Department	Electronic Products Department	Beauty Products Department	Total
Sale of goods	$15,163	$-	$121,087	$6,137	$142,387
Rendering of services	104,222	312,797	-	-	417,019
Total	$119,385	$312,797	$121,087	$6,137	$559,406
Timing of revenue recognition:					
At a point in time	$20,750	$136,310	$121,087	$6,137	$284,284
Over time	98,635	176,487	-	-	275,122
Total	$119,385	$312,797	$121,087	$6,137	$559,406

The licensed period of some license contracts began in 2021 but were determined and completed in subsequent periods, thus the revenue was recognized after the contract signing date.

B. Contract balances

Net contract assets (liabilities) are as follows:

	Ending balance	Beginning balance	Difference	%
Contract assets, current	$-	$-	$-	-%
Contract assets, noncurrent	3,638	35,046	(31,408)	(90%)
Contract liabilities, current	(175,489)	(130,120)	(45,369)	35%
Contract liabilities, noncurrent	(163,802)	(28,527)	(135,275)	474%

Contract assets decreased by NT$31,408 thousand from December 31, 2021 to December 31, 2022, mainly due to the changes of few contracts, resulting in the derecognition of related contract assets.

Contract liabilities increased by NT$180,644 thousand from December 31, 2021 to December 31, 2022 was mainly due to the launch of some projects, the contract liabilities were transferred to operating revenue amounted to NT$95,530 thousand, and acquisition of subsidiaries increased amount of NT$283,139 thousand.

C. Transaction price allocated to unsatisfied performance obligations

The Group’s transaction price allocated to unsatisfied performance obligations amounted to NT$339,291 thousand as of December 31, 2022. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one to two years.

The Group’s transaction price allocated to unsatisfied performance obligations amounted to NT$158,647 thousand as of December 31, 2021. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one to three years.

(20) Expected credit losses (gains)

	For the years ended December 31,	
	2022	2021
Operating expenses – Expected credit losses (gains)		
Contract assets	$8,930	$3,999
Accounts receivable	4,111	(1,321)
Total	$13,041	$2,678

The credit risks of the Group's financial assets measured at amortized cost were assessed as low (same as the assessment result in the beginning of the period) as of December 31, 2022 and 2021. As the Group's trade partners are financial institutions with good credit, the loss allowance was NT$0 thousand measured at a loss ratio of 0%.

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

A. the gross carrying amount of contract assets are NT$3,638 thousand and NT$35,046 thousand as of December 31, 2022 and 2021, respectively. The loss allowance amounts to NT$0 where an expected credit loss ratio of 0% is used.

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

As of December 31, 2022

Group 1

	Not yet due	Overdue				
	(Note)	<=30 days	31-60 days	61-150 days	>=151 days	Total
Gross carrying amount	$17,624	$2,497	$27	$19,081	$59	$39,288
Loss ratio	-%	3.72%	100%	24.1%	99.15%	
Lifetime expected credit losses	-	(93)	(27)	(4,599)	(58)	(4,777)
Subtotal	$17,624	$2,404	$-	$14,482	$1	$34,511

Group 2

	Not yet due	Overdue				
	(Note)	<=90 days	91-180 days	181-270 days	>=271 days	Total
Gross carrying amount	$ 92,052	$ 42	$-	$-	$-	$ 92,094
Loss ratio	-%	89.04%	-%	-%	-%	
Lifetime expected credit losses	-	(37)	-	-	-	(37)
Subtotal	$92,052	$ 5	$-	$-	$-	$ 92,057

Group 3

	Not yet due	Overdue				
	(Note)	<=90 days	91-120 days	121-365 days	>=365 days	Total
Gross carrying amount	$252,610	$31,884	$21,469	$-	$-	$305,963
Loss ratio	-%	3.17%	-%	-%	-%	
Lifetime expected credit losses	-	(1,012)	-	-	-	(1,012)
Subtotal	$252,610	$30,872	$21,469	$-	$-	$304,951

Group 4

	Not yet due	Overdue				
	(Note)	<=180 days	181-270 days	271-360 days	>=360 days	Total
Gross carrying amount	$263,396	$114,002	$1,058	$393	$25,810	$404,659
Loss ratio	-%	2.47%	50.00%	45.8%	100%	
Lifetime expected credit losses	-	(2,817)	(529)	(180)	(25,810)	(29,336)
Subtotal	$263,396	$111,185	$529	$213	$-	$375,323

Group 5

	Not yet due	Overdue				
	(Note)	<=90 days	91-180 days	181-270 days	>=271 days	Total
Gross carrying amount	$89,970	$2	$-	$-	$1,441	$91,413
Loss ratio	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(1,441)	(1,441)
Subtotal	$89,970	$2	$-	$-	$-	$89,972
Total						$896,814

As of December 31, 2021

Group 1

	Not yet due	Overdue				
	(Note)	<=30 days	31-120 days	121-365 days	>=365 days	Total
Gross carrying amount	$31,062	$1,961	$226	$431	$81	$33,761
Loss ratio	0.21%	3.01%	47.81%	57.01%	100.00%	
Lifetime expected credit losses	(65)	(59)	(108)	(246)	(81)	(559)
Subtotal	$30,997	$1,902	$118	$185	$-	$33,202

Group 2

	Not yet due	Overdue				
	(Note)	<=30 days	31-120 days	121-365 days	>=365 days	Total

Gross carrying amount	$108,415	$9,481	$10	$-	$1,570	$119,476
Loss ratio	0.00%	0.28%	100.00%	0.00%	100.00%	
Lifetime expected credit losses	-	(27)	(10)	-	(1,570)	(1,607)
Subtotal	$108,415	$9,454	$-	$-	$-	$117,869
Total						$151,071

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

C. the Group measures the loss allowance of its other receivable at an amount equal to lifetime expected credit losses. As of December 31, 2022 and 2021, the Group both recognized NT$0 thousand allowance loss.

The movement in the provision for impairment of contract assets and accounts receivable during the December 31, 2022 and 2021 are as follows:

	Contract Assets	Accounts Receivable
As of January 1, 2022	$-	$2,166
Reversal and write off due to receipt	8,930	4,111
Acquisition of subsidiaries	-	30,047
Write off due to inability to receive	(8,930)	(1,570)
Exchange differences	-	2,015
Others		(166)
As of December 31, 2022	$-	$36,603
Beginning balance	$-	$1,880
Reversal and write off due to receipt	3,999	(1,321)
Acquisition of subsidiaries	-	1,607
Write off due to inability to receive	(3,999)	-
As of December 31, 2021	$-	$2,166

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

(21) Operating leases

A. Group as a lessee

The Group leases various properties, including real estate (land and buildings), machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 5 years.

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

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Buildings	$124,361	$73,853
Transportation equipment	7,596	6,658
Other equipment	2,067	-
	$134,024	$80,511

The Group's right-of-use assets increased by NT$136,837 thousand and NT$94,388 thousand as from January 1 to December 31, 2022 and 2021.

b. Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	$139,933	$81,119
Current	$51,220	$22,987
Non-current	$88,713	$58,132

Please refer to Note 6 (23) D for the interest on lease liabilities recognized for the years ended December 31, 2022 and 2021 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

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

Depreciation expense of right-of-use assets

	For the year ended December 31,	
	2022	2021
Buildings	$36,980	$16,768
Transportation equipment	3,260	1,903
Other equipment	808	-
	$41,048	$18,671

(C) Income and costs relating to leasing activities

	For the year ended December 31,	
	2022	2021
The expenses relating to short-term leases	$11,700	$1,029
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	240	283

(D) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group's total cash outflows for leases amounting to NT$60,076 thousand and NT$21,145 thousand, respectively.

B. Group as a lessor

The Group signs operating lease contract to lend parts of leasing office and factory and web server. The average lease terms are in 2 years. Because almost all the risk and benefit of the ownership of identified assets were not transferred, the leases were classified as operating lease.

	For the year ended December 31,	
	2022	2021
Rental income from operating lease		
Income relating to fixed rental	$2,916	$942
Income relating to variable rental	-	869
	$2,916	$1,811

The Group signs operating lease contract, the expected total amount of undiscounted rental payment and residual years as of December 31, 2022 and 2021 are as follow:

	As of December 31,	
	2022	2021
Within 1 year	$1,353	$2,706
Between 1-2 years	-	1,353
	$1,353	$4,059

(22) Summary statement of employee benefits, depreciation and amortization expense by function during the years ended December 31, 2022 and 2021:

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$31,527	$445,061	$476,588	$5,369	$197,281	$202,650
Labor and health insurance	6,482	48,373	54,855	487	15,010	15,497
Pension	355	11,797	12,152	95	7,749	7,844
Other employee benefits expense	21,462	224,335	245,797	422	8,344	8,766
Depreciation	5,329	55,842	61,171	955	24,688	25,643
Amortization	3,693	26,739	30,432	-	7,333	7,333

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

Based on the profit for the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 to be 3% of profit of the current year and 1% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amount to NT$21,398 thousand and NT$8,783 thousand, respectively, and the Board of Directors meeting resolved the distribution on March 24,2023.

Based on the profit for the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 to be 3% of profit of the current year and 1% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 amount to NT$31,925 thousand and NT$10,642 thousand, respectively.

The Board of Directors meeting held on May 27, 2022 resolved to distribute NT$31,925 thousand and NT$10,642 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2021, with no material variance with the estimated amount accrued in the financial statements for the year ended December 31, 2021.

(23) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Financial assets measured at amortized cost	$5,908	$415

B. Other income

	For the years ended December 31,	
	2022	2021
Rental income	$2,916	$1,811

Tax refund	-	1,770
Government support income	-	1,888
Other income	1,557	13,802
Total	$4,473	$19,271

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Gains on disposal of investments (Note)	$648,250	$1,123,088
Foreign exchange gains and losses, net	96,340	(11,366)
Losses on disposal of intangible assets	23,709	-
Losses on disposal of property, plant and equipment	(1,977)	(3,220)
Evaluation loss from financial assets	(16,639)	(4,971)
Impairment loss from non-financial assets	(11,885)	(890)
Other	(379)	(8,754)
Total	$737,419	$1,093,887

Note: Gains on disposal of investments is mainly cause by the disposal of Softstar Technology (Beijing) Co., Ltd. and the intellectual property of Chinese Paladin (only Mainland China), please refer to Note6 (29) for the relevant analysis on the disposal of the material assets.

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on borrowings from bank	$11,685	$2,981
Interest on lease liabilities	3,694	896
Total	$15,379	$3,877

(24) Components of other comprehensive income (loss)

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,568	$-	$2,568	$(427)	$2,141
Unrealized gains or losses from financial assets at fair value through other comprehensive income	(11,286)	-	(11,286)	-	(11,286)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	513	-	513	-	513
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the	17,223	-	17,223	-	17,223

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
financial statements of a foreign operation					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(15)	-	(15)	-	(15)
Total of other comprehensive income	$9,003	$-	$9,003	$(427)	$8,576

For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,108	$-	$2,108	$168	$2,276
Unrealized gains or losses from financial assets at fair value through other comprehensive income	27,799	-	27,799	-	27,799
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	11	-	11	-	11
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of a foreign operation	15,345	-	15,345	-	15,345
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(11)	-	(11)	-	(11)
Total of other comprehensive income	$45,252	$-	$45,252	$168	$45,420

(25) Income tax

The major components of income tax expense for the years ended 31 December 2022 and 2021 are as follows:

A. Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2022	2021 (Adjusted)
Current income tax expense:		
Current income tax charge	$68,841	$291,497
Adjustments in respect of current income tax of prior periods	(6,555)	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(3,993)	9,236
Total income tax expense	$58,293	$300,733

B. Income tax expense recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$427	$(168)

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

	For the years ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	$624,032	$1,041,840
Tax at the domestic rates applicable to profits in the country concerned	$124,806	$208,368
Tax adjustments for prior periods	(6,555)	-
Tax effect of revenues exempt from taxation		5,755
Investment income (loss)	(122,451)	-
Dividend income	36,852	-
Evaluation gain (loss) from financial assets	3,241	-
Non-deductible expenses from taxation	10,133	128,208
Tax effect of deferred tax assets/liabilities	(38,249)	(94,477)
Additional income tax on unappropriated earnings	17,915	-
Unrecognized loss carryforwards	8,367	-
Effect of different tax rates of entities operating in other jurisdictions	716	-
Overseas withholding tax	23,518	52,879
Total income tax expense recognized in profit or loss	$58,293	$300,733

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022 (Adjusted)	Recognized in profit or loss	Recognized in other comprehensive income	Effect of acquisition of subsidiaries	Ending balance as of December 31, 2022
Temporary differences					
Unrealized bad debt expense	$29	$780	$-	$-	$809
Unrealized foreign exchange gains and losses	976	(2,022)	-	2,565	1,519
Gain on land revaluation	-	-	-	(3,551)	(3,551)
Fiscal and tax differences in amortization of intangible assets	(6,276)	(147)	-	(1,750)	(8,173)
Fiscal and tax differences in depreciation of fixed assets	(5,710)	(70)	-	928	(4,852)
Unrealized loss on inventory valuations	1,178	-	-	-	1,178
Defined benefit liability, non-current	1,091	(1,655)	(427)	-	(991)
Others	701	(331)	-	335	705
Unused tax losses	-	7,438	-	-	7,438
Deferred tax income/ (expense)		$3,993	$(427)	$(1,473)	
Net deferred tax assets/(liabilities)	$(8,011)				$(5,918)
Reflected in balance sheet as follows:					
Deferred tax assets	$7,217				$15,516
Deferred tax liabilities (Adjusted)	$15,228				$21,434

For the year ended December 31, 2021 (adjusted)

	Beginning balance as of January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Effect of acquisition of subsidiaries	Ending balance as of December 31, 2021
Temporary differences					
Unrealized bad debt expense	$-	$29	$-	$-	$29
Unrealized foreign exchange losses	534	446	-	1	981
Unrealized foreign exchange gains	(40)	35	-	-	(5)
Fiscal and tax differences in amortization of intangible assets	796	933	-	(8,005)	(6,276)
Fiscal and tax differences in depreciation of fixed assets	-	981	-	(6,691)	(5,710)
Unrealized loss on inventory valuations	-	823	-	355	1,178
Defined benefit liability, non-current	3,591	(38)	168	(2,630)	1,091
Others	653	27	-	21	701
Unused tax losses	12,472	(12,472)	-	-	-
Deferred tax income/ (expense)		$(9,236)	$168	$(16,949)	
Net deferred tax assets/(liabilities)	$18,006				$(8,011)
Reflected in balance sheet as follows:					
Deferred tax assets	$18,046				$7,217
Deferred tax liabilities	$40				$15,228

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

	Unused tax losses		
	As of December 31,		
Year	2022	2021	Expiration year
2012	$9,217	$25,507	2022
2013	23,777	-	2023
2014	31,975	31,975	2024
2015	-	1,106	2025
2016	40,104	52,300	2026
2017	703,780	675,123	2027
2018	48,250	58,962	2028
2019	45,543	37,507	2029
2020	179,621	120,022	2030
2021(predicted)	72,993	35,042	2031
2022(predicted)	53,691	-	2032
Subtotal	1,208,951	1,037,544	
Foreign subsidiaries	210,150	-	
Total	$1,419,101	$1,037,544	

Note: As the subsidiary of the Group, Kobe Co., Ltd., was dissolved in 2021, the unused tax losses, NT$72,880 thousand, during 2016 to 2021 were also eliminated.

The information of the unrecognized deferred tax assets in respect of unused tax losses and investment credits:

	For the years ended December 31,	
	2022	2021
Loss carry forwards	$2,227,048	$996,374
Investment credits	$86,164	$-
Foreign tax credit	$66,721	$-
Capital loss carried forward	$401,809	$-

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company and its subsidiaries in Taiwan is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Subsidiary - Loftstar Interactive Entertainment Inc.	Assessed and approved up to 2020
Subsidiary- Activision Entertainment Ltd.	Assessed and approved up to 2020
Subsidiary- Red Sunrise Co., Ltd.	Assessed and approved up to 2020
Subsidiary- Gamebase Digital Media Corporation	Assessed and approved up to 2020
Subsidiary- Uniplus Electronics Co., Ltd.	Assessed and approved up to 2020
Subsidiary- Lanjing Ltd.	Assessed and approved up to 2020
Subsidiary- Jiwei Technology Ltd.	Assessed and approved up to 2020
Subsidiary- Chander Electronics Corp.	Assessed and approved up to 2020
Indirect subsidiary- Sun Tech Co., Ltd.	Assessed and approved up to 2020
Indirect subsidiary - Soundnet Tech Co., Ltd.	Assessed and approved up to 2020
Indirect subsidiary - Toptrend Technologies Corp.	Assessed and approved up to 2020
Indirect subsidiary - Green Bless Co., Ltd.	Assessed and approved up to 2020
Indirect subsidiary - Hang Zheng Technology Co., Ltd.	Assessed and approved up to 2020

(26) Earnings per share

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

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

	For the years ended December 31,	
	2022	2021
(A) Basic earnings per share		
Net income attributable to ordinary equity holders of the Company (in thousand NT$)	$624,486	$740,653
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	83,480	85,110
Basic earnings per share (NT$)	$7.48	$8.70
(B) Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$624,486	$740,653
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	83,480	85,110
Effect of dilution:		
Restricted employee stock	-	153
Employee compensation-stock (in thousands)	406	77
Weighted average number of ordinary shares outstanding after dilution (in thousands)	83,886	85,340
Diluted earnings per share (NT$)	$7.44	$8.68

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

(27) Business combinations

A. Obtain control of subsidiaries

(A) Acquisition of Uniplus Electronic Co., Ltd.

The Group held 33,632 thousand shares of Uniplus Electronics Co., Ltd. in a private placement, and the shareholdings reached 34.39% in 2021. As the Company obtained the substantial controls over Uniplus Electronics Co., Ltd. in September 2021, it was consolidated as the Company's subsidiary from the control acquisition date.

The non-controlling interest was measured by the proportionate share of Uniplus Electronics Co., Ltd.'s identifiable net assets.

The fair value of the identifiable assets and liabilities of Uniplus Electronics Co., Ltd. as at the date of acquisition are as follows:

	Fair value as at the date of acquisition
Cash and cash equivalents	$282,327
Financial assets at amortized cost, current	107,080
Notes and accounts receivable	108,677
Other receivables	969
Current income tax assets	1,185
Inventories	88,748
Prepayments	31,252
Other current assets	2,032
Financial assets at fair value through other comprehensive income, non-current	77,369
Financial assets at amortized cost, non-current	3,000
Property, plant and equipment	34,159
Intangible assets	51,993
Right-of-use assets	67,358
Deferred tax assets	303
Refundable deposits	5,417
Other noncurrent assets	1,940
Notes and accounts payable	(22,813)
Other payables	(16,933)
Other payables-related parties	(100)
Current income tax liabilities	(302)
Other current liabilities	(926)
Deferred tax liabilities	(17,316)
Lease liabilities	(67,597)
Other noncurrent liabilities	(2,766)
Total net assets of Uniplus Electronics Co., Ltd. and its subsidiaries	735,056
Percentage of ownership	34.39%
Net assets attributed based on percentage of ownership	252,785
Fair value of the equity investment on the date of acquisition	350,000
Goodwill	$97,215

Gain on disposal of investment accounted for using the equity method	
Fair Value of remaining investments	$160,048
Less: Carrying amount of net assets on the disposal date	(160,553)
Gains (losses) on disposal of investments	$(505)

Cash outflow of acquiring the subsidiary

Cash consideration paid in current year	$350,000
Less: Balance of cash and equivalent cash acquired	(282,327)
Cash outflow of acquiring the subsidiary, net	$67,673

The Group had sought an independent appraisal of the assets held by Uniplus Electronics Co., Ltd. and the purchase price allocation was completed in July 2022. According to the purchase price allocation result, the fair value on the acquisition date was NT$735,056, an increase of NT$58,781 compared to the provisional value.

The comparative information for the years ended December 31, 2021 was adjusted in order to reflect the aforementioned difference. The adjustments of the assets are as follows:

Increase in property, plants and equipment, net	$28,334
Increase in intangible assets except goodwill	34,491
Decrease in unappropriated earnings	(2,930)
Increase in non-controlling interests	(32,975)
Decrease in goodwill	(20,215)
Increase in deferred tax liabilities	(12,565)

(B) Acquisition of Red Sunrise Co., Ltd.

The Group acquired 5,476 thousand shares of Red Sunrise Co., Ltd. in a private placement with 55.03% shareholdings in January 2022. As the Company obtained the substantial controls over Red Sunrise Co., Ltd., it was consolidated as the Company's subsidiary from the control acquisition date.

The non-controlling interest of was measured by the proportionate share of Red Sunrise Co., Ltd.'s identifiable net assets.

The fair value of the identifiable assets and liabilities of Red Sunrise Co., Ltd. as at the date of acquisition are as follows:

	Carrying amount
Cash and cash equivalents	$208,145
Notes and accounts receivable	108,438
Other receivables-related parties	577
Current income tax assets	1,457
Prepayments	4,491
Other financial assets, current	630,388
Other current assets	238
Property, plant and equipment	5,404
Intangible assets	20,743
Refundable deposits	2,838
Notes and accounts payable	(1,847)
Other payables	(14,005)
Contract liabilities, current	(9,785)
Other current liabilities	(839,764)
Deferred tax liabilities	(4,014)
Guarantee deposits	(16,365)
Total net assets of Red Sunrise Co., Ltd. and its subsidiaries	96,939
Non-controlling interests	(8,676)
Total net assets attributed to Red Sunrise Co., Ltd.	88,263
Percentage of ownership	55.03%
Net assets attributed based on percentage of ownership	48,571
Fair value of the equity investment on the date of acquisition	136,899
Goodwill	$88,328

Cash outflow of acquiring the subsidiary

	Carrying amount
Cash consideration paid in current year	$136,899
Less: Balance of cash and equivalent cash acquired	(208,145)
Cash outflow of acquiring the subsidiary, net	$(71,246)

The Group had sought an independent appraisal of the assets held by Red Sunrise Co., Ltd. and the purchase price allocation was completed in December 2022. According to the purchase price allocation result, the fair value on the acquisition date was NT$96,939, an increase of NT$16,055 compared to the provisional value.

(C) Acquisition of Chander Electronics Corp.

The Group acquired 28,181 thousand shares of Chander Electronics Corp. in a private placement with 41.04% shareholdings in April 2022. As the Company obtained the substantial controls over Chander Electronics Corp., it was consolidated as the Company's subsidiary from the control acquisition date.

The carrying amount of assets and liabilities of Chander Elctronics Corp. and its subsidiaries on the acquisition date are as follows:

	Carrying amount
Cash and cash equivalents	$273,809
Financial assets at fair value through other comprehensive income, current	1,368
Notes and accounts receivable, net	342,660
Other receivables	4,927
Inventories	111,075
Other current assets	10,713
Other financial assets	44,151
Financial assets at fair value through other comprehensive income, non-current	29,301
Investments accounted for using the equity method	533,341
Property, plant and equipment	89,444
Right-of-use assets	2,933
Intangible assets	41,509
Deferred tax assets	4,934
Other noncurrent assets	2,868
Short-term borrowings	(282,700)
Contract liabilities, current	(41,945)
Accounts payable	(148,348)
Other payables	(48,447)
Current income tax liabilities	(5,742)
Lease liabilities, current	(1,121)
Current portion of long-term borrowings	(48,793)
Other current liabilities	(677)
Long-term borrowings	(99,525)
Deferred tax liabilities	(3,634)
Lease liabilities, non-current	(1,820)
Other noncurrent liabilities	(15)
Total net assets of Chander Electronics Corp. and its subsidiaries	810,266
Non-controlling interests	(257,012)
Total net assets attributed to Chander Electronics Corp.	553,254
Percentage of ownership	41.04%
Net assets attributed based on percentage of ownership	227,110
Fair value of the equity investment on the date of acquisition	520,059
Goodwill	$292,949

Cash outflow of acquiring the subsidiary

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

The carrying amount of net assets recognized in the financial statements as of December 31, 2022 were estimated based on the provisional fair value. The Group had sought an independent appraisal of the assets held by Chander Electronics Corp. but did not receive the purchase price allocation results as of the day management issued the financial statements.

(D) Acquisition of Array Inc.

As the Group obtained the substantial controls over Array Inc. with additional 29.21% shares through acquiring the control of Chander Electronics Corp. in the second quarter, Chander Electronics Corp. and Array Inc. were consolidated in the financial statements. The Company's subsidiary, Jiwei Tchnology Ltd., acquired all the shares of Array Holdings for APGFIII Fund LPs on April 25, 2022, therefore, the Group held 21,172 thousand shares of Array Inc. in a private placement, with 41.42% shareholdings. The carrying amount of assets and liabilities of Array Inc. and its subsidiaries on the acquisition date are as follow:

	Carrying amount
Cash and cash equivalents	$137,034
Financial assets at fair value through other comprehensive income, current	47,633
Financial assets at amortized cost, current	117,075
Accounts receivable-third party	211,714
Other receivables	545
Inventories	40,957
Other current assets	12,777
Property, plant and equipment	13,008
Right-of-use assets	44,610
Other intangible assets	5,907
Deferred tax assets	2,591
Other noncurrent assets	1,898
Contract liabilities, current	(119,243)
Accounts payable	(21,809)
Other payables	(50,663)
Current income tax liabilities	(2,299)
Lease liabilities, current	(12,689)
Other current liabilities	(3,789)
Contract liabilities, non-current	(126,795)
Lease liabilities, non-current	(36,586)
Other noncurrent liabilities	(3,115)
Total net assets of Array Inc. and its subsidiaries	258,761
Non-controlling interests	(35)
Total net assets attributed to Array Inc.	258,726
Percentage of ownership	41.42%
Net assets attributed based on percentage of ownership	$107,164

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

The carrying amount of net assets recognized in the financial statements as of December 31, 2022 were estimated based on the provisional fair value. The difference between the carrying amount and the fair value of the equity investment on the acquisition date amounted to NT$145,996 thousand, which was recognized under goodwill temporarily. The Group had sought an independent appraisal of the assets held by Array Inc. but did not receive the purchase price allocation results as of the day management issued the financial statements.

B. Equity transactions with non-controlling interests

(A) The Company's subsidiary, Jiwei Technology Ltd., acquired 50% shareholdings of Array Holdings for APGDIII Fund LPs from Quan Zhe Investment Co., Ltd. amounted to NT$100,567 thousand, which contributed to 12.21% shareholdings of Array Inc. The shareholdings increased from 29.21% to 41.42%. As the aforementioned transactions didn't change the Group's controls over the subsidiaries, the Group regarded it as an equity transaction.

	Carrying amount
Considerations paid in cash	$(59,294)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	56,171
Differences between actual consideration and carrying value	$(3,123)
Line items adjusted for equity transactions	
Unappropriated earnings	$(3,113)
Exchange differences resulting from translating the financial statements of foreign operations	(10)
Differences recognized from equity transactions	$(3,123)

(B) The Company's subsidiary, Chander Electronics Corp, increased its interest in Toptrend Technologies Corp. by 32.52% and 27.23% in April and October 2022, respectively, and eventually increased its interest from 30% to 89.75%.

	Carrying amount
Consideration paid in cash	$(117,643)
Consideration exchange in share	(95,258)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	227,133
Difference in equity transaction	$14,232
Capital surplus	$14,232

(C) The Company purchased the remaining non-controlling interests of 400,000 thousand shares from Cite Publishing Limited on March 30, 2021, and the shareholdings of Gamebase Digital Media Corporation held by the Company increased from 93.85% to 100%. As the aforementioned transaction did not change the Group's control over the subsidiary, the Group regarded it as an equity transaction.

	Carrying amount
Consideration paid in cash	$(1,000)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	83
Difference in equity transaction	$(917)
Line items adjusted for equity transactions	
Unappropriated earnings	$(917)

(D) The Company acquired 100% shareholdings of Uniplus Electronics Co., Ltd.'s subsidiaries, JFN Investment Holding Corp., Lanjing Ltd., and Jiwei Technology Ltd., from Uniplus Electronics Co., Ltd., with a total transaction amount of NT$109,526 thousand. As the aforementioned transactions did not change the Group's control over the subsidiary, the Group regarded it as an equity transaction.

	Carrying amount
Consideration paid in cash	$(71,860)
Carrying amount of net asset of the subsidiaries acquired	71,968
Difference between consideration and carrying amount of subsidiaries acquired	$108
Line items adjusted for equity transactions	
Capital surplus	$108

(28) Changes in subsidiaries' ownership

Acquisition of additional interest of a subsidiary

A. Chander Electronics Corp.

The Group acquired 1.57% and 3.49% of Chander Electronics Ltd.'s shares with voting rights in October and November 2022, respectively, and the Group's interest was increased to 43.21%. The cash consideration paid to non-controlling interests amounted to NT$98,555 thousand, and the carrying amount of Chander Electronic Corp.'s net assets (initial acquisition and without goodwill) was NT$814,160 thousand. The additional acquisition of Chander Electronics Corp.'s equity, including the decrease in non-controlling interests and adjustment of accumulated other comprehensive income, are as follow:

Cash consideration paid to non-controlling interests	$98,555
Decrease in non-controlling interests	(46,158)
Differences recognized in retained earnings	$52,397

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

A. Red Sunrise Co., Ltd.

Red Sunrise Co., Ltd. increased its capital on July 15, 2022. As the Group did not acquire shares newly issued to its original ownership interest, the Group's interest was reduced to 50.72%. The cash obtained from the capital increase amounted to NT$60,000 thousand, and the carrying amount of Red Sunrise Co., Ltd.'s net assets (initial acquisition without goodwill) was NT$179,669 thousand. The equity adjustments related to Red Sunrise Co., Ltd. are as follow:

Cash obtained from the capital increase	$60,000
Increase in non-controlling interests	(52,717)
Differences recognized in capital surplus	$7,283

B. Chander Electronics Corp.

Chander Electronics Corp. increased its capital on August 11, 2022. As the Group did not acquire shares newly issued to its original ownership interest, the Group's interest was reduced to 40.19%. The cash obtained from the capital increase amounted to NT$118,209 thousand, and the carrying amount of Chander Electronics Corp.'s net assets (initial acquisition without goodwill) was NT$721,599 thousand. The equity adjustments related to Chander Electronics Corp. are as follow:

Cash obtained from the capital increase	$118,209
Increase in non-controlling interests	(110,312)
Adjustment in other comprehensive income	352
Differences recognized in capital surplus	$8,249

C. Chander Electronics Corp.

Chander Electronics Corp. issued new shares as consideration for the exchange of shares of Toptrend Technologies Corp. on October 19, 2022. As the Group did not acquire shares newly issued, the Group's interest was reduced to 38.15%. The cash obtained from the capital increase amounted to NT$0 thousand, and the carrying amount of Chander Electronics Corp.'s net assets (initial acquisition without goodwill) was NT$814,160 thousand. The equity adjustments related to Chander Electronics Corp. are as follow:

Cash obtained from the capital increase	$-
Decrease in non-controlling interests	24,946
Adjustment in other comprehensive income	126
Differences recognized in capital surplus	$25,072

(29) Disposal of the material assets

On July 1, 2022, the shareholders' meeting of the Company approved to dispose the material assets, the interests of Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only), and granted the Board of Directors an authorization to dispose the assets as follows:

A. The total transaction price of the Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only) transfer shall not be lower than NT$2.2 billion.

B. Or sole license the IP of Chinese Paladin (in Mainland China only) to the third party based on a long-term license agreement.

A resolution was passed at a Board of Directors meeting held on August 5, 2021 to dispose of the interests of Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only) in the following ways:

A. Counterparty and price: CMGE Technology Group Limited, at a price of HK$641.84 million, approximately NT$2,312,550 thousand.

B. Broker: Hongkong Siyuan Group Limited; Broker fee: HK$3,209.2 thousand, approximately NT$115,627 thousand.

C. The Company has transferred the interests of Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only) through Time Vision International Limited, a subsidiary of the Company. Time Vision International has disposed its subsidiary, Best Classic International Limited, to transfer 49% shareholdings of Softstar Technology (Beijing) Co., Ltd. and disposed another subsidiary, Mighty Leader Limited, to transfer the IP of Chinese Paladin (in Mainland China only). These relevant disposal procedures have been completed in the end of 2021, and all the directly related interests reclassed to groups held for sale of NT$456,535 thousand has been derecognized. As of December 31, 2022, the Company has received all the consideration, amounted to NT$2,327,270 thousand, approximately HK$641.84 million.

Gain (loss) on disposal of the investment is disclosed below:

Cash consideration received in the current period	$672,232
Less: Broker fees payable	(33,600)
Net gain on disposal of the investment	$638,632

(30) Subsidiaries with material non-controlling interests

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

Proportion of equity interests held by non-controlling interests:

Name	Country of operation	As of December 31, 2022	As of December 31, 2021
Uniplus Electronics Co., Ltd. and its subsidiaries	Taiwan	65.61%	65.61%
Chander Electronics Corp. and its subsidiaries	Taiwan	56.79%	-

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

Accumulated balance of material non-controlling interests:	As of December 31, 2022	As of December 31, 2021 (Adjusted)
Uniplus Electronics Co., Ltd. and its subsidiaries	$358,862	$505,275
Chander Electronics Corp. and its subsidiaries	$476,669	$-

Profit (loss) allocated to material non-controlling interests:	As of December 31, 2022	As of December 31, 2021 (Adjusted)
Uniplus Electronics Co., Ltd. and its subsidiaries	$(1,930)	$454
Chander Electronics Corp. and its subsidiaries	$(2,538)	$-

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

Summarized information of profit or loss for the year ended December 31, 2022:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Operating revenue	$323,262	$1,017,451
Profit for current period from continuing operations	17,325	(7,855)
Total comprehensive income for current period	$92,184	$25,625

Summarized information of profit or loss for the year ended December 31, 2021:

	Uniplus Electronics Co., Ltd. and its subsidiaries
Operating revenue	$387,231
Profit for current period from continuing operations	12,900
Total comprehensive income for current period	$34,361

Summarized information of assets and liabilities as of December 31, 2022:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Current assets	$486,519	$698,403
Non-current assets	399,682	773,708
Current liabilities	40,281	462,769
Non-current liabilities	33,876	113,547

Summarized information of assets and liabilities as of December 31, 2021:

	Uniplus Electronics Co., Ltd. and its subsidiaries
Current assets	$702,475
Non-current assets	105,873
Current liabilities	42,333
Non-current liabilities	46,155

Summarized cash flow information for the year ended December 31, 2022:

	Uniplus Electronics Co., Ltd. and its subsidiaries	Chander Electronics Corp. and its subsidiaries
Operating activities	$80,415	$(63,079)
Investing activities	(141,410)	117,889
Financing activities	(14,205)	81,748
Effect of exchange rate	-	718
Net decrease in cash and cash equivalents	(75,200)	137,276

Summarized cash flow information for the year ended December 31, 2021:

	Uniplus Electronics Co., Ltd. and its subsidiaries
Operating activities	$(4,574)
Investing activities	2,910
Financing activities	(13,166)
Effect of exchange rate	-
Net decrease in cash and cash equivalents	(14,830)

7. Related party transactions

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Galaxy Power Holdings Limited	The key management of the Group is the responsible person of this company
Global Angel Investments Limited	The chairman of the Group is the chairman of this company
Bacchus Wine Group Co., Ltd.	The chairman of the Group is the chairman of this company
Care & Love Wine Co., Ltd.	The chairman of the Group is the chairman of this company
Angel (USA) Investments Limited	The chairman of the Group is the chairman of this company
Major Power Investment Co., Ltd.	The chairman of the Group is the chairman of this company
Channel First Investment Corp.	The chairman of the Group is the chairman of this company
Uniplus Electronics Co., Ltd.	Associate (Note 1)
Chander Electronics Corp.	Associate (Note 1)
Niusnews Co., Ltd.	Associate
A.R.T. Games Co., Ltd.	Associate

Name of the related parties	Nature of relationship of the related parties
Softstar Technology (Shanghai) Co., Ltd.	Associate
Double Edge Entertainment Corp.	Other related parties
United Weima Co., Ltd.	Other related parties
Fed Technology Co., Ltd.	Other related parties
Heshan Ltd.	Other related parties
Jiun-Rung, Tu	Other related parties
Yuan-Kai,Wang	Other related parties

Note 1: Uniplus Electronics Co., Ltd. and Chander Electronics Corp. were consolidated from the control acquisition date, thus the companies were changed to the Company's subsidiaries from associates.

Note 2: The shareholders' meeting of the Company held in August 2021 approved to sell the interests of Softstar Technology (Shanghai) Co., Ltd. and Softstar Technology (Beijing) Co., Ltd. The settlement of securities was completed on November 25, 2021, thus they were no longer the related parties of the Company since November 25, 2021.

Significant transactions with the related parties

(1) Sales

	For the years ended December 31,	
	2022	2021
Sale of goods		
Associates		
Niusnews Co., Ltd.	$766	$-
Uniplus Electronics Co., Ltd.(Note)	-	95
Other related parties		
Care & Love Wine Co., Ltd.	12,093	-
Bacchus Wine Group Co., Ltd.	8,594	-
Rendering of services		
Other related parties		
Bacchus Wine Group Co., Ltd.	1,307	1,720
Galaxy Power Holdings Limited	534	686
Care & Love Wine Co., Ltd.	450	570
	$23,744	$3,071

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

Note: It was the transaction between Gamebase Digital Media Corporation and Uniplus Electronics Co., Ltd. before Uniplus Electronics Co., Ltd. was consolidated.

(2) Purchases

	For the years ended December 31,	
	2022	2021
Other related parties		
Bacchus Wine Group Co., Ltd.	$22,007	$-

(3) Operating cost

	For the years ended December 31,	
	2022	2021
Associates		
Softstar Technology (Shanghai) Co., Ltd.	$-	$207
Other related parties		
Double Edge Entertainment Corp.	444	-
Galaxy Power Holdings Limited	148	
Total	$592	$207

The operating cost was labor cost and royalty costs of the related parties.

(4) Other operating cost

	For the years ended December 31,	
	2022	2021
Associates		
Niusnews Co., Ltd.	$185	$-

(5) Operating expenses

	For the years ended December 31,	
	2022	2021
Associates		
Niusnews Co., Ltd.	$571	$-
A.R.T. Games Co., Ltd.	-	11,024
Chander Electronics Corp.	-	130

Uniplus Electronics Co., Ltd. (Note)	-	114
Other related parties		
Galaxy Power Holdings Limited	9,524	-
Bacchus Wine Group Co., Ltd.	5,586	867
Global Angel Investments Limited	3,775	91
Heshan Ltd.	571	-
Care & Love Wine Co., Ltd.	330	174
Double Edge Entertainment Corp.	20	-
Newlogistics Co., Ltd.	-	207
Total	$20,377	$12,607

Note: It was the transaction between Softstar Entertainment Inc. and Uniplus Electronics Co., Ltd. before Uniplus Electronics Co., Ltd. was consolidated.

(6) Accounts receivable-related parties

	As of December 31,	
	2022	2021
Other related parties		
Bacchus Wine Group Co., Ltd.	$7,509	$150
Care & Love Wine Co., Ltd.	3,939	74
Galaxy Power Holdings Limited	-	75
	$11,448	$299

(7) Notes receivable-related parties

	As of December 31,	
	2022	2021
Associates		
Niusnews Co., Ltd.	$804	$-

(8) Other receivable-related parties

	As of December 31,	
	2022	2021
Associates		
Niusnews Co., Ltd.	$106	$-
Chander Electronics Corp.	-	44
Total	$106	$44

(9) Prepayments

	As of December 31,	
	2022	2021

Other related parties		
Galaxy Power Holdings Limited	$14,286	$9,524
A.R.T. Games Co., Ltd.	7,619	-
Double Edge Entertainment Corp.	1,079	972
Global Angel Investments Limited	165	165
Total	$23,149	$10,661

Prepayment-related parties relates to prepayments for purchases and rents.

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

	As of December 31,	
	2022	2021
Other related parties		
A.R.T. Games Co., Ltd.	$-	$9,524
Galaxy Power Holdings Limited	-	7,619
Total	$-	$17,143

The Group signed the contracts of cooperative game development and publishing with A.R.T. Games Co., Ltd. and Galaxy Power Holdings Limited, please refer to Note 6 (7) for further details.

Termination of contract with A.R.T. Games Co., Ltd. and Galaxy Power Holdings Limited in December 31, 2022.

(11) Refundable deposits

	As of December 31,	
	2022	2021
Other related parties		
Global Angel Investments Limited	$1,485	$990

(12) Other payables-related parties

	As of December 31,	
	2022	2021
Other related parties		
Bacchus Wine Group Co., Ltd.	$395	$100
Care & Love Wine Co., Ltd.	176	-
Heshan Ltd.	100	-
Total	$671	$100

(13) Lease-related parties

A. The Group paid rentals to Global Angel Investments Limited by checks or remittance monthly, and the rental payments were NT$3,772 thousand and NT$3,457 thousand for the years ended December 31, 2022 and 2021, respectively.

B. Right-of-use assets

	As of December 31, 2022	As of December 31, 2021
Other related parties		
Global Angel Investments Limited	$7,548	$9,360

C. Lease liabilities

	As of December 31, 2022	As of December 31, 2021
Other related parties		
Global Angel Investments Limited	$7,642	$9,412

D. Interest expenses

	For the years ended December 31, 2022	For the years ended December 31, 2021
Other related parties		
Global Angel Investments Limited	$115	$266

(14) Endorsements and Guarantees Given by Related Parties

Related Party Category/Name	2022
Jun-Rong, Tu	
Amount endorsed	$524,463
Amount utilized (reported as secured bank loans)	$256,937
Yuan-Kai, Wang	
Amount endorsed	$395,710
Amount utilized (reported as secured bank loans)	$86,670

(15) Other

Other transactions between the Company and associates are shown below:

For the years ended December 31,

Item	2022	2021
Other income	$-	$44

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

	For the years ended December 31,	
Item	2022	2021
Interest income	$12	$4

(16) The Board of Directors of the Company held on August 12, 2021 resolved to acquire 33,632 thousand shares of Uniplus Electronics Co., Ltd. from the related parties, Channel First Investment Corp., Global Angel Investments Limited, Major Power Investment Co., Ltd., Chander Electronics Corp., with a total transaction amount of NT$190,000 thousand, accounting for 18.67% of Uniplus Electronics Co., Ltd.'s issued ordinary shares.

(17) The Board of Directors of the Company held on October 8, 2021 resolved to increase its shareholdings of Chander Electronics Corp. for the sake of business diversification and strategy, and the accumulated shareholdings raised to 17.14%.

(a) Purchased 4,728,088 shares of Chander Electronics Corp. with a total transaction amount of NT$89,834 thousand from Major Power Investment Co., Ltd. in October 2021.

(b) Acquired 100% of New Profit Holding Limited's shares with a total transaction amount of NT$24,213 thousand from Angel (USA) Investments Limited, which indirectly holds 1,274,346 shares of Chander Electronics Corp. in October 2021.

(18) The Board of the Company held on December 24, 2021 resolved to acquire 100% of Mega Media Group Limited's shares from the related party, Global Angel Investments Limited, through the subsidiary, Gamebase Digital Media Corporation, with a total transaction amount of NT$93,260 thousand.

(19) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$72,240	$44,228
Post-employment benefits	640	542
Other long-term benefits	912	4,020
Share-based payment	232	299
Total	$74,024	$49,089

8. Assets pledged as security

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

Items	Carrying amount December 31, 2022	Carrying amount December 31, 2021	Secured liabilities
Other financial assets, current (demand deposits)	$92,729	$21,511	Current portion of long-term borrowings Short-term borrowings Collateral for letter of credit
Other financial assets, current (time deposits)	61,520	-	Current portion of long-term borrowings Short-term borrowings
Other financial assets, non-current (demand deposits)	19,577	29,006	Long - term borrowings Collateral for letter of credit
Other financial assets, non-current (time deposits)	3,768	-	Customs duty guarantee Bank credits and merchant services
Land and buildings	87,963	-	Long-term and short-term borrowings
Shares of subsidiary Toptrend Technologies Corp.	355,908	-	Long-term and short-term borrowings
Shares of associate Neweb Technologies Co., Ltd.	332,919	-	Long-term and short-term borrowings
Total	$954,384	$50,517	

9. Commitments and contingencies

(1) As of December 31, 2022, amounts available under unused letters of credit of Uniplus Electronics Co., Ltd. were NT$2,299 thousand.

(2) On September 28, 2022, Uniplus Electronics Co., Ltd. signed the agreement of limited partnership with Outstanding Capital Limited Partnership and promised to invest NT$30,000 thousand. As of December 31, 2022, the accumulated investment amount was NT$300 thousand and accounted for financial assets at fair value through profit or loss.

(3) On July 2, 2021, the board of directors of Array, Inc., approved the severance plan for management officers in the event of a change in control. According to the agreement, Array Inc., shall pay termination benefits with a total of US$2,000 thousand for terminating certain

employees' employment before their normal retirement dates during the 12-month period beginning on the date of a change in the ownership of Array, Inc.

10. Loss due to major disasters

None.

11. Significant subsequent events

(1) The Board of Directors meeting of the Company held on February 20, 2023 resolved to acquire 30,000 thousand shares of Uniplus Electronics Co., Ltd. in a private placement amounted to NT$195,000 thousand, which would increase the Company's shareholdings from 34.39% to 43.76%.

(2) The Company repurchased 510 thousand shares from December 14, 2022 to February 13, 2023 at the average repurchase price of NT$61.25 per share, totaling NT$31,235 thousand. The repurchased shares was 510 shares lower than the expected 1,000 thousand shares, as the execution of repurchase was subject to the stock price and transaction volume in consideration of the shareholders' interests and market mechanism.

(3) The Board of Directors meeting of the Company held on March 24, 2023 resolved to acquire 15 thousand shares of San Jiang Electric Mfg. Co., Ltd. type A preference shares, each at a par value of NT$10 thousand. The expected subscription price is NT$10 thousand, totaling NT$150,000 thousand.

(4) On February 20, 2023, the Board of Directors meeting of Uniplus Electronics Co., Ltd. resolved to acquire 11,550 shares of San Jiang Electric Mfg. Co., Ltd. amounted to NT$1,294,000 thousand from Mighty Firm International Ltd. and individual shareholders. The shareholding percentage would be around 76.49% after this acquisition. The settlement of securities was completed on March 6, 2023.

(5) In order to enrich Array Inc.'s working capital and meet the capital needs of future diversified development, on March 16, 2023, Array Inc.'s extraordinary shareholders' meeting resolved to issue no more than 20,000 thousand ordinary shares for cash through private placements and authorized the board of directors to carry out the private placements four times within one year from the resolution date.

(6) On March 16, 2023, Array Inc.'s extraordinary shareholders' meeting approved a restricted share plan for employees with a total amount of 25,000 thousand, consisting of 2,500 thousand shares, and authorized the board of directors to determine the issue price of the restricted shares when they are issued.

12. Others

(1) Categories of financial instruments

Financial assets	As of December 31, 2022	As of December 31, 2021
Financial assets at fair value through profit or loss	$47,467	$55,037
Financial assets at fair value through other comprehensive income	69,519	111,972
Financial assets measured at amortized cost		
Cash and cash equivalents (except for cash on hand)	1,589,062	1,795,068
Notes receivable, net	11,506	18,632
Notes receivable-related parties, net	804	-
Accounts receivable, net	873,506	134,105
Accounts receivable-related parties, net	11,448	299
Other receivables	8,263	2,796
Other receivables-related parties	106	44
Other financial assets, current	392,179	118,530
Refundable deposits	24,517	12,803
Other financial assets, non-current	23,345	32,006
Total	$3,051,722	$2,281,292

Financial liabilities	As of December 31, 2022	As of December 31, 2021
Financial liabilities at amortized cost:		
Accounts payable	$489,541	$213,859
Long-term borrowings (including current portion)	258,251	150,151
Lease liabilities	139,933	81,119
Total	$887,725	$445,129

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

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

A. When NTD strengthens/weakens against USD by 1%, the profit or loss for the years ended December 31, 2022 and 2021 is decreased/increased by NT$8,433 thousand and NT$11,492 thousand, respectively.

B. When NTD strengthens/weakens against RMB by 1%, the profit or loss for the years ended December 31, 2022 and 2021 is decreased/ increased by NT$723 thousand and NT$1,130 thousand, respectively.

C. When NTD strengthens/weakens against HKD by 1%, the profit or loss for the years ended December 31, 2022 and 2021 is decreased/ increased by NT$0 thousand and NT$835 thousand, respectively.

D. When NTD strengthens/weakens against JPY by 1%, the profit or loss for the years ended December 31, 2022 and 2021 is decreased/ increased by NT$39 thousand and NT$0 thousand, respectively.

E. When NTD strengthens/weakens against INR by 1%, the profit or loss for the years ended December 31, 2022 and 2021 is decreased/ increased by NT$2,966 thousand and NT$0 thousand, respectively.

Interest rate risk

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

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

The sensitivity analysis of the interest rate risk pertains primarily to the interest rate exposure items at the end of financial statement reporting period, including financial assets and borrowings with floating rate. Assuming holding in a whole fiscal year, an increase/ decrease of 10% in interest rate, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by NT$638 and NT$150 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial asset at fair value through other comprehensive income (available-for-sale financial assets in 2021). The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

As of December 31, 2022 and 2021, an increase/decrease of 10% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$948 thousand and NT$1,845 thousand on the equity attributable to the Group for the years ended December 31, 2022 and 2021, respectively.

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

(4) Credit risk management

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

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

As of December 31, 2022, and December 31, 2021, accounts receivable and contract assets from top ten customers represent 40.61% and 20.27% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivable is relatively insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Accounts payable (including other payables)	$489,541	$-	$-	$-	$489,541
Short-term borrowings	441,181	-	-	-	441,181
Long-term borrowings (including estimated interest)	124,367	128,270	7,492	-	260,129
Lease liabilities (Note)	51,470	67,986	26,021	-	145,477
As of December 31, 2021					
Accounts payable (including other payables)	$213,859	$-	$-	$-	$213,859
Long-term borrowings (including estimated interest)	77,627	48,039	27,492	-	$153,158
Lease liabilities (Note)	24,606	40,666	18,710	314	84,296

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

(6) Reconciliation of liabilities arising from financing activities

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

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
As of January 31, 2022	$-	$150,151	$990	$81,119	$232,260
Cash flows	158,481	(40,218)	(12,101)	(48,136)	58,026
Non-cash changes	282,700	148,318	16,380	106,950	554,348
As of December 31, 2022	$441,181	$258,251	$5,269	$139,933	$844,634

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 31, 2021	$-	$131,318	$29,045	$160,363
Cash flows	-	18,833	(19,833)	(1,000)
Non-cash changes	-	-	71,907	71,907
As of December 31, 2021	$-	$150,151	$81,119	$231,270

(7) Fair values of financial instruments

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

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

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

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

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

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

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

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

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

B. Fair value measurement hierarchy of the Group's assets and liabilities

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

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through				

profit or loss				
Fund	$12,562	$-	$24,687	$37,249
Limited partnership	-	-	7,218	7,218
Film investment agreement	-	-	3,000	3,000
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	3,386	6,093	60,040	69,519

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$-	$-	$37,894	$37,894
Profit sharing contract of game development and publishing	-	-	17,143	17,143
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	4,134	14,314	93,524	111,972

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

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

	Assets					
	Measured at fair value through profit or loss					Measured at fair value through other comprehensive income
	Fund	Limited partnership	Film investment agreement	Profit sharing contract of game development and publishing	Total	Stocks
Beginning balances as of January 1, 2022	$37,894	$-	$-	$17,143	$55,037	$93,524
Total gains and losses recognized for the year ended December 31, 2022						
Amount recognized in profit or loss (presented in "Unrealized gains (losses) from financial asset at fair value through profit or loss)	(16,207)	(582)	-	-	(16,789)	-
Amount recognized in OCI (presented in "Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	-	-	-	-	991
Acquisition of subsidiaries	-	-	-	-	-	29,285
Acquired in 2022	3,000	7,800	3,000	1,905	15,705	6,430

Disposed in 2022	-	-	-	-	-	(67,397)
Reclassified to investments accounted for using the equity method in 2022	-	-	-	-	-	(2,793)
Repaid in 2022	-	-	-	(19,048)	(19,048)	-
Ending balances as of December 31, 2022	$24,687	$7,218	$3,000	$-	$34,905	$60,040

	Assets
	Measured at fair value through other comprehensive income
	Stocks
Beginning balances as of January 1, 2021	$35,923
Total gains and losses recognized for the year ended December 31, 2021	
Amount recognized in OCI (presented in "Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	10,446
Ending balances as of December 31, 2021	$46,369

Information on significant unobservable inputs to valuation

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

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through profit or loss					
Fund	Market approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the fund.	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT$2,469 thousand
Limited partnership	Value of net assets	Not Applicable	-%	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income					
Unlisted stocks	Income approach	Discount for lack of marketability	16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT$6,004 thousand

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through profit or loss					
Profit sharing contract of game development and publishing	Discount in cash flow	Discounting rate	12%	The higher the discount rate, the lower the fair value of the contract.	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT$1,714 thousand
Financial assets at fair value through other comprehensive income					
Stocks	Income approach	Discount for lack of marketability	16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT$9,352 thousand

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

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

(9) Significant assets and liabilities denominated in foreign currencies

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

(Expressed in thousands)

	December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$29,035	30.71	$891,665
JPY	16,708	0.23	3,904
RMB	16,397	4.41	72,309
INR	799,811	0.37	296,546
Financial liabilities			
Monetary items:			
USD	1,576	30.71	48,310

	December 31, 2021		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$41,613	27.68	$1,151,860
JPY	11,280	0.24	2,747
RMB	26,107	4.34	113,341
HKD	16	3.55	55
Financial liabilities			
Monetary items:			
USD	99	27.68	2,728
RMB	73	4.34	316
HKD	23,544	3.55	83,583

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

The Group has a variety of functional currencies, therefore the monetary impact on financial assets and liabilities impact for each individual currency cannot be disclosed. For the year ended December 31, 2022 and 2021, foreign exchange losses were NT$96,340 thousand and NT$11,366 thousand, respectively.

(10) Capital management

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

13. Additional disclosure

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

(A) Financing provided to other: Please refer to Attachment 1-1 to 1-3.
(B) Endorsement/Guarantee provided to others: None
(C) Securities held (excluding subsidiaries, associates and joint venture): Please refer to Attachment 2.
(D) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million and 20 percent of the capital stock: Please refer to Attachment 3.
(E) Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions: Please refer to Attachment 4.
(F) Names, locations and related information of investee companies (Not including investment in Mainland China): Please refer to Attachment 5.
(G) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of the capital stock: Please refer to Attachment 6.
(H) Acquisition of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock: None.
(I) Disposal of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock: None.
(J) Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock: Please refer to Attachment 7.
(K) Financial instruments and derivative transactions: None.

(2) Information on investments in mainland China

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

(3) Information on major shareholders

Information on major shareholders: Please refer to Attachment 9.

14. Segment information

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

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

Research and Development Department: this segment is mainly responsible for researching, licensing, and sales of products in Mainland China.

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

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

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

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

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

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

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

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

(Expressed in thousands)

	For the year ended December 31, 2022								
Revenue	Operating Department	Research and development and licensing segment	Electronic Products Department	Electronic parts and components Department	Network Application Department	Third-party payment Department	Other Department	Adjustment and elimination	Total
External customer	$116,624	$401,336	$304,078	$661,220	$398,063	$333,718	$37,095	$-	$2,252,134
Inter-segment	22,709	44,735	-	-	-	-	24	(67,468)	-
Total revenue	$139,333	$446,071	$304,078	$661,220	$398,063	$333,718	$37,119	$(67,468)	$2,252,134
Segment (loss) profit	$(60,406)	$85,060	$(23,063)	$(27,795)	$(107,587)	$20,001	$40	$2,824	$(110,926)

(Expressed in thousands)

Revenue	Operating Department	Research and development and licensing segment	Electronic Products Department	Beauty Products Department	Adjustment and elimination	Total
	For the year ended December 31, 2021					
External customer	$119,385	$312,797	121,087	$6,137	$-	$559,406
Inter-segment	10,307	53,493	-	-	(63,800)	-
Total revenue	$129,692	$366,290	$121,087	$6,137	$(63,800)	$559,406
Segment (loss) profit	$22,072	$(1,217)	$(8,286)	$228	$-	$12,797

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

The following table presents segment assets of the Group's operating segments as at December 31, 2022 and 2021:

Operating segment assets

	Operating Department	Research and development and licensing segment	Electronic Products Department	Electronic Parts and Components Department	Network Application Department	Third-party Payment Department	Other Department	Reportable operating segments	Adjustment and elimination	Total
December 31, 2022	$215,092	$1,076,114	$1,082,243	$1,265,063	$788,224	$586,563	$512,506	$5,525,805	$(467,990)	$5,057,815
December 31, 2021 (Adjusted)	$209,013	$2,635,027	$1,013,553	$-	$-	$-	$11,256	$3,868,849	$(816,911)	$3,051,938

Operating segment liabilities

	Operating Department	Research and development and licensing segment	Electronic Products Department	Electronic Parts and Components Department	Network Application Department	Third-party Payment Department	Other Department	Reportable operating segments	Adjustment and elimination	Total
December 31, 2022	$124,887	$503,761	$180,691	$572,803	$475,583	$297,846	$5,513	$2,161,084	$(171,641)	$1,989,443
December 31, 2021 (Adjusted)	$49,223	$1,026,474	$226,850	$-	$-	$-	$1,578	$1,304,125	$(421,018)	$883,107

Note: After the Group obtained controls of the subsidiaries, Electronic Products ,Beauty Products Departments , and Investment Departments were added into the reportable operating segments.

Other reconciliations of reportable segments

	For the years ended December 31,	
	2022	2021
Total profit or loss for reportable segments	$(110,926)	$12,797
Other profit or loss	734,958	1,029,043
Profit before tax from continuing operations	$624,032	$1,041,840

(3) Geographical information

Revenue from external customers:

	For the years ended December 31,	
	2022	2021
Taiwan	$831,370	$135,919
Mainland China	597,893	201,837
India	239,331	-
United States	93,889	57,251
Other	489,651	164,399
Total	$2,252,134	$559,406

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

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

NO. (Note1)	Lender	Counter-party	Financial statement account	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for short-term financing (Note6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note3)	Limit of financing amount (Note3)
													Item	Value		
1	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	Other Receivables - related parties	Yes	$25,000	$25,000	$25,000	-	2	$-	Operating capital	$-	-	$-	$50,000	$794,440

Note 1:The number filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is "0".
(2) The subsdiaries are numbered in order starting from "1".

Note 2:The number filled in for nature of loan are as follows:
(1) Business transaction is "1".
(2) Short-term financing is "2".

Note 3: Limit of financing amount for individual counter-party should not exceed NT$50 million; limit of total financing amount shall not exceed 40% of the Company’s net asset value.

Note 4: All transactions listed above were eliminated in the consolidated financial statement.

Attachment 1-2: Financing provided to others - Array Inc.

NO. (Note1)	Lender	Counter-party	Financial statement account	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for short-term financing (Note6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note3)	Limit of financing amount (Note3)
													Item	Value		
1	Array Cayman	Zentry Security Inc.	Other Receivables - related parties	Yes	USD4,500 $138,195	USD3,300 $101,343	USD - $-	-	2	$-	Operating capital	$-	-	$-	$99,247	$99,247 (Note5)

Note 1:The number filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is "0".
(2) The subsdiaries are numbered in order starting from "1".
Note 2:The number filled in for nature of loan are as follows:
(1) Business transaction is "1".
(2) Short-term financing is "2".
Note 3: The financing limit for each individual counter-party should not exceed 40% of the lender's net worth as stated in its latest audited financial statements.
Note 4: All transactions listed above were eliminated in the consolidated financial statement.
Note 5: The functional currency of Array Inc. is USD.

Attachment 1-3: Financing provided to others - Chander Electronics Corp.

NO. (Note1)	Lender	Counter-party	Financial statement account	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for short-term financing (Note6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note3)	Limit of financing amount (Note3)
													Item	Value		
1	Yun Fang Co., Ltd.	Chander Electronics Corp.	Other Receivables	Yes	$20,000	$20,000	$17,000	1.20%	2	$-	Operating capital	$-	-	$-	$25,000	$26,100

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is "0".
(2) The subsdiaries are numbered in order starting from "1".

Note 2: The number filled in for nature of loan are as follows:
(1) Business transaction is "1".
(2) Short-term financing is "2".

Note 3: For those who have business transactions, the total amount of loans granted by Yun Fang Co., Ltd. should not exceed 600% of the net value of Yun Fang Co., Ltd., and the individual financing amount should not exceed the amount of business transactions between the two parties in the most recent year.

Note 4: All transactions listed above were eliminated in the consolidated financial statement.

(Expressed in thousands of NTD unless otherwise stated)

ATTACHMENT 2: Securities held as of December 31, 2022

Names of companies held	Type of securities(Note 1)	Name of securities(Note 1)	Relationship with the Company (Note 2)	Financial statement account	December 31, 2022				Note (Note4)
					Shares (in thousand)	Carrying amount (Note 3)	Percentage of ownership (%)	Fair value	
Softstar Entertainment Inc.	Stock	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income, non-current	2,552	$6,160	15.95	$6,160	None
Softstar Entertainment Inc.	Stock	Funfia Inc.	-	Financial assets at fair value through other comprehensive income, non-current	600	-	11.51	-	None
Softstar Entertainment Inc.	Emerging stock	SNSplus Inc.	-	Financial assets at fair value through other comprehensive income, non-current	266	3,386	1.22	3,386	None
Softstar Entertainment Inc.	Listed stock	Newretail Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	657	6,093	2.26	6,093	None
Softstar Entertainment Inc.	Fund	Cathay Private Equity Ecology Limited Partnership	-	Financial assets at fair value through profit or loss, non-current	-	12,263	16.21	12,263	None
Softstar Entertainment Inc.	Fund	Cathy Private Equity Smart Technology Limited Partnership	-	Financial assets at fair value through profit or loss, non-current	-	12,424	4.92	12,424	None
Mega Media Group Limited	Stock	BLC Group Holding Limited	-	Financial assets at fair value through other comprehensive income, non-current	678	8,358	8.82	8,358	None
Mega Media Group Limited	Stock	Boom Fintech Inc.	-	Financial assets at fair value through other comprehensive income, non-current	250	-	9.22	-	None
Uniplus Electronics Co., Ltd.	Fund	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss, non-current	-	284	4.32	284	None
Chander Electronics Corp.	Stock	Super Energy Materials Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,272	45,430	11.36	45,430	None
Toptrend Technologies Corp.	Fund	Allianz Global Investors Income and Growth Fund	-	Financial assets at fair value through profit or loss, current	4.7	1,271	-	1,271	None
Toptrend Technologies Corp.	Stock	Hanbang Precision Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	93	92	1.56	92	None
Toptrend Technologies Corp.	Fund	Wisdom Capital Limited Partnership	-	Financial assets at fair value through profit or loss, current	-	6,934	-	6,934	None
Array US	Fund	Morgan Stanley Mutual Funds	-	Financial assets at fair value through profit or loss, current	-	11,291	-	11,291	None

Note 1: Securities on the list refer to securities such as stocks, bonds, beneficiary certificates and securities derived from those items included in IFRS 9 “Financial Instruments”.
Note 2: Fields do not have to be filled in if the security issuer is not a related party.
Note 3: Securities which were acquired by using fair value method, please fill in amount based on calculating after adjustment from fair value minus accumulated impairment; fill in the rest amount based on original acquired cost or after amortization minus accumulated impairment.
Note 4: Listed securities due to guarantees, pledged loans, or others who are restricted by agreement shall specify in the remarks column the number of guarantees or the number of shares borrowed, the amount of the guarantee or the amount of the loan, and restrictions on use.

(Expressed in thousands of NTD unless otherwise stated)

ATTACHMENT 3: Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital

Purchaser/Seller	Marketable securities type and name (Note1)	Financial statement account	Counter-party	Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying value	Gain/Loss on disposal	Shares/Units	Amount (Note5)
Softstar Entertainment Inc.	Red Sunrise Co., Ltd.	Investments accounted for using the equity method	Note2	-	-	$-	7,075,955	$176,899	-	$-	$-	$-	7,075,955	$190,447
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	Investments accounted for using the equity method	Note3	-	-	-	-	201,134	-	-	-	-	-	167,275
Lanjing Ltd.	Chander Electronics Corp.	Investments accounted for using the equity method	Note4	-	1,064,000	20,216	16,414,540	296,487	-	-	-	-	17,478,540	355,396
Chander Electronics Corp.	Toptrend Technologies Corp.	Investments accounted for using the equity method	None	Subsidiary	6,030	109,240	12,011	212,901	-	-	-	-	18,041	355,908

Note 1: Securities refers to stocks, bods, beneficiary certificates, and securities derived from items listed above.

Note 2: 36 third parties, including Lu, Ming-Hung and Ho Yang Investment Co., Ltd., and the investee's newly issued shares.

Note 3: The third party, Asia Pacific Growth Fund III, L.P. and the Company's subsidiary, Quan Zhe Metal Corp.

Note 4: Lifetek Instrument Inc. and 3 other third parties.

Note 5: The ending balance includes share of profit or loss and exchange differences on translating foreign operations of investments accounted for using equity method, valuation of financial assets, etc.

(Expressed in thousands of NTD unless otherwise stated)

Attachment 4: Significant intercompany transactions between consolidated entities

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Business Transactions			
				Account	Amount	Term	As a percentage of consolidated revenues (Note 3)
0	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	1	Operating Revenue	$42,476	Negotiated by both parties	2
0	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	1	Operating Costs	11,178	Negotiated by both parties	0
0	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	1	Accounts Receivable- related parties	25,920	Negotiated by both parties	1
0	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	1	Other Receivables-related parties	26,421	Negotiated by both parties	1
0	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	1	Accounts Payable-related parties	5,590	Negotiated by both parties	0
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Operating Revenue	239,541	120 days monthly settlement	11
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Rental Income	2,857	Monthly settlement	0
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Other Income	1,800	Monthly settlement	0
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Accounts Receivable	92,782	Based on regular terms	2
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Other Receivables	315	Monthly settlement	0
1	Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	3	Prepayment	4,890	Based on regular terms	0
1	Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	3	Rental Income	366	Monthly settlement	0
1	Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	3	Rental Income	29	Monthly settlement	0
1	Uniplus Electronics Co., Ltd.	Ruihe Investment Co.,Ltd.	3	Rental Income	29	Monthly settlement	0
2	Green Bless Co., Ltd.	Uniplus Electronics Co., Ltd.	3	Sales Revenue	24	Negotiated by both parties	0
3	Chander Electronics Corp.	Changsha Zecheng Technology Co., Ltd.	3	Sales Revenue	8,594	Based on regular terms	0
3	Chander Electronics Corp.	Changsha Zecheng Technology Co., Ltd.	3	Other Receivables	5,324	Based on regular terms	0
3	Chander Electronics Corp.	Yun Fang Co., Ltd.	3	Other Payables	17,000	For working capital and the interest rate is 1.2%	0
4	Array US	Zentry Security Inc.	3	Other Receivables-related parties	92,628	Based on regular terms	2
4	Array US	Array Networks India Private Limited	3	Accounts Receivable- related parties	159,749	Based on regular terms	2
4	Array US	Array Networks India Private Limited	3	Operating Revenue	74,081	Based on regular terms	3
4	Array US	Array Networks India Private Limited	3	Royalties Revenue	74,520	Based on regular terms	3
4	Array US	Array Networks India Private Limited	3	Other Receivables-related parties	16,687	Based on regular terms	0
5	Array Networks Japan Kabishiki Kaisha	Array US	3	Service Revenue	14,246	Based on regular terms	1
5	Array Networks Japan Kabishiki Kaisha	Array US	3	Accounts Receivable- related parties	17,652	Based on regular terms	0
6	Array Networks India Private Limited	Zentry Security Inc.	3	Other Receivables-related parties	38,017	Based on regular terms	1

Note 1: Information about related party transactions should be stated. The numbers of each company are illustrated as follows:
1. 0 is for the parent company.
2. Each subsidiary is numbered from 1.

Note 2: Transactions are categorized into three types as follows: (There is no need to repeat the disclosure of the same transaction between the parent company and each subsidiary. For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose it; if transactions between subsidiaries has been disclosed by one company, the other company does not need to disclose the transaction.
1. Parent company and subsidiary.
2. Subsidiary and Parent company.
3. Subsidiary and subsidiary.

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

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

ATTACHMENT 5: Names, locations and related information of investee companies (Not including investment in Mainland China)

Investor company	Investee company	Location	Main business and products	Original investment amount		Investment as of December 31, 2022			Net income (loss) of investee (Note 1)	Investment income (loss) recognized (Note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousand)	Percentage of ownership (%)	Book value			
Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	Taiwan	Software wholesale and information software services	$58,500	$58,500	5,850	100	$(33,809)	$(54,652)	$(54,652)	Subsidiary
Softstar Entertainment Inc.	Activision Entertainment Ltd.	Taiwan	Performing arts	6,000	6,000	-	100	943	(858)	(858)	Subsidiary
Softstar Entertainment Inc.	Red Sunrise Co., Ltd.	Taiwan	Third-party payment services	176,899	-	7,076	50.72	190,447	16,816	6,265 (Note 5)	Subsidiary
Softstar Entertainment Inc.	Gamebase Digital Media Corporation	Taiwan	Software publishing and information software services	151,000	138,000	15,500	100	123,071	(14,745)	(14,745)	Subsidiary
Softstar Entertainment Inc.	Softstar Animation Limited	Samoa	Investment holding	29,888	29,888	980	100	6,807	1,186	1,186	Subsidiary
Softstar Entertainment Inc.	A.R.T. Games Co., Ltd.	Taiwan	Network software development and technical services	12,250	12,250	1,225	49	1,635	(3,649)	(1,788)	Investee accounted for using the equity method
Softstar Entertainment Inc.	Chia-e International Inc.	Taiwan	Investment holding	20,000	20,000	814	28.21	-	(2,233)	-	Investee accounted for using the equity method
Softstar Entertainment Inc.	Time Vision International Limited	Samoa	Investment holding	- (Note 3)	499,922	- (Note 3)	100	369,947	625,352	625,352	Subsidiary
Softstar Entertainment Inc.	Uniplus Electronics Co., Ltd.	Taiwan	Electronic component manufacturing, lamination, research and development and trade of business operation	350,012	350,012	61,955	34.39	285,701	17,325 (Note 5)	(1,736)	Subsidiary
Softstar Entertainment Inc.	New Profit Holding Ltd.	Seychelles	Investment holding	24,501	24,501	1,610	100	27,216	(214)	(214)	Subsidiary
Softstar Entertainment Inc.	JFN Investment Holding Corp.	BVI	Investment holding	78,605	71,830	13	100	85,279	(332)	(332)	Subsidiary
Softstar Entertainment Inc.	Lanjing Ltd.	Taiwan	Investment holding	316,916	20,216	-	100	355,482	(4,441)	(4,441)	Subsidiary
Softstar Entertainment Inc.	Jiwei Technology Ltd.	Taiwan	Investment holding	229,197	17,480	-	100	192,241	(38,026)	(38,026)	Subsidiary
Softstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	191,330	89,834	9,095	11.26	119,609	(20,851)	(2,436)	Subsidiary
Softstar Entertainment Inc.	Double Edge Entertainment Corp.	Taiwan	Film production and media distribution	34,926	5,665	1,591	30.31	12,597	(4,078)	(705)	Investee accounted for using the equity method
Lanjing Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	316,703	20,216	17,479	21.64	355,396	(20,851)	(1,256)	Subsidiary
Jiwei Technology Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	17,480	17,480	920	1.14	19,525	(20,851)	(65)	Subsidiary
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	British Cayman Islands	Investment holding	201,134	-	-	100	167,275	(47,978)	(40,662)	Indirect subsidiary
Jiwei Technology Ltd.	Array Taiwan Inc.	Taiwan	Information software services	10,000	-	1,000	100	8,164	(1,836)	(1,836)	Indirect subsidiary
New Profit Holding Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	24,213	24,213	1,274	1.58	27,031	(20,851)	(326)	Subsidiary
JFN Investment Holding Corp.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	71,830	4,131	5.11	84,869	(20,851)	(1,079)	Subsidiary
Gamebase Digital Media Corporation	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	42,471	34,980	1,067	21.08	34,449	(38,109)	(6,750)	Investee accounted for using the equity method
Gamebase Digital Media Corporation	Mega Media Group Limited	Seychelles	General investment	93,260	93,260	2,800	100	76,603	(5,601)	(5,601)	Indirect subsidiary
Mega Media Group Limited	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	73,260	73,260	666	13.16	68,240	(38,109)	(5,601)	Investee accounted for using the equity method
Array Holdings for APGFIII Fund LPs	Array Inc.	British Cayman Islands	Investment holding	193,291	193,291	21,172	41.42	157,422	(179,522)	(74,358)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	Taiwan	Beauty and skincare products	(Note 4) 94,736	94,736	2,900	100	23,488	(776)	(2,649) (Note 5)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	10,000	10,000	1,000	100	7,038	(1,895)	(1,895)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	41,000	21,000	4,100	100	40,904	(52)	(52)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Ruihe Investment Co.,Ltd.	Taiwan	Investment holding	100	-	-	100	52	(48)	(48)	Indirect subsidiary
Red Sunrise Co., Ltd.	Sun Tech Co., Ltd.	Taiwan	Third-party payment services	51,000	1,000	5,100	100	50,945	(65)	(65)	Indirect subsidiary
Red Sunrise Co., Ltd.	Soundnet Tech Co., Ltd.	Taiwan	Third-party payment services	1,820	1,820	282	100	-	-	-	Indirect subsidiary
Red Sunrise Co., Ltd.	PayNow Inc.	Taiwan	Third-party payment services	332	332	663	41.44	7,745	3,863	1,601	Investee accounted for using the equity method
Chander Electronics Corp.	Chander Electronics (HK) Corporation	Taiwan	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	114,142	114,142	28,200	100	8,659	(6)	(6)	Indirect subsidiary
Chander Electronics Corp.	Neweb Technologies Co., Ltd.	Taiwan	Software wholesale and retail sales; electronic data supply services	349,954	349,954	24,649	32.63	452,386	76,561	24,982	Investee accounted for using the equity method
Chander Electronics Corp.	Yun Fang Co., Ltd.	Taiwan	Tobacco, liquor, beverage, food and medical equipment wholesale and retail	5,000	5,000	500	100	4,350	(651)	(651)	Indirect subsidiary
Chander Electronics Corp.	Toptrend Technologies Corp.	Taiwan	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	321,440	108,539	18,041	89.75	355,908	23,526	6,089 (Note 5)	Indirect subsidiary
Chander Electronics Corp.	Quan Zhe Metal Corp.	Taiwan	Electronic component products, information software wholesale and retail, and data processing services	50	50	5	100	50	(5,630)	(5,630)	Indirect subsidiary (Note6)
Quan Zhe Metal Corp.	Array Holdings for APGFIII Fund LPs	British Cayman Islands	Investment holding	-	-	-	-	-	(33,112)	(5,630)	Investee accounted for using the equity method
Array Inc.	Array Cayman	British Cayman Islands	Investment holding	370,326	370,326	37,032	100	248,117	(179,562)	(179,562)	Indirect subsidiary
Array Cayman	Array US	US	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	184,843	166,606	-	100	336,268	(38,656)	(38,656)	Indirect subsidiary
Array Cayman	Zentry Security Inc.	US	Zentry modernizes the secure access with enhanced security, improved productivity, and ease of use. It helps customers migrate to Zero Trust Security model from obsolete perimeter model (Firewall & VPN)	343,952	276,800	-	99.95	(137,047)	(121,558)	(121,517)	Indirect subsidiary
Array US	Array Networks Japan Kabishiki Kaisha	Japan	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	2,342	2,405	200	100	22,035	142	142	Indirect subsidiary
Array US	Array Networks India Private Limited	India	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	36,298	32,717	-	100	23,776	33,356	33,356	Indirect subsidiary

Note 1: If the listed company set up the overseas investment company and consolidated financial statements are primary financial statements under local regulations, information about overseas investees can be disclosed only to the extent of the overseas investment company.
Note 2: If not qualified for the situation stated in Note 1, the above table should be made under rules as follows:
(1)Information about the Company's investments should be filled in the "Investee", "Location", "Main business", "Original investment" and "Investment as of December 31, 2018" columns. The relationship between the investee and the Company should be filled in the "Note" column.
(2)The net income for the year of each investee should be filled in the "Net income (loss) of investee" column.
(3)Only the investment income (loss) of subsidiaries or investees accounted for using the equity method recognized by the Company should be filled in the "Investment income (loss) recognized" column. The investment income (loss) recognized should include investment income (loss) recognized by the investee.
Note 3: The original investment was 2 shares amounted to NT$56.
Note 4: The original investment was completed through share swap.
Note 5: Including the amortization of differences between the carrying amount and the fair value based the purchase price allocation reports.
Note 6: In October 2022, Quan Zhe Investment Co., Ltd. changed its name to Quan Zhe Metal Corp.
Note7: On April 22, 2022, the Chander’s board of directors resolved to sell the shares of Array Holdings for APGFIII Fund LPs, an overseas company held by its 100%-owned subsidiary, Quan Zhe Metal Corp., to Jiwei Technology Ltd., the Company's subsidiary, for the amount of disposal NT$100,567 thousand.

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

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note1)		Notes/accounts receivable (payable)		Note
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	Subsidiary	Sales	$197,582	79.36%	The credit term is not materially different from he third party.	The transaction price and payment terms are not materially different from the third party.	According to the agreement	Accounts payable $92,782	83.36%	Note

Note: Eliminated in the consolidated financial statement.

(Expressed in thousands of NTD unless otherwise stated)

Attachment 7: Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Creditor	Counterparty	Relationship with the counterparty	Balance of receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Array US	Array Networks India Private Limited	Subsidiary	$159,749	1.96	$-	-	$18,428	$-

(Expressed in thousands of NTD unless otherwise stated)

ATTACHMENT 8-1: Softstar Entertainment Inc.

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

and accumulated inward remittance of earnings on investment of investees in Mainland China

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as at January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022	Note (Note 2(2))
					Outflow	Inflow							
Softstar Technology (Beijing) Co., Ltd.	Information processing service	$32,856	2	$32,856	$-	$32,856 (Note6)	$- (Note6)	(Note4)	-	$-	$-	$-	C
Softstar Technology (Shanghai) Co., Ltd.	Information processing service	134,694	2	22,294	-	-	22,294	(Note4)	-	-	-	-	C

2. Investment quota for Mainland China:

Accumulated investment in Mainland China as of December 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment in accordance with Ministry of Economic Affairs regulations (Note 5)
$22,294	$285,526	$1,191,659

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

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

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

(3) Other method.

Note 2: The investment income (loss) recognized in current period：

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

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

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

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

C.Others.

Note 3: The amount is stated in NTD.

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

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

Note 6: The investment in Softstar Technology (Beijing) Co., Ltd., US$1 million, had been remitted back through the Company's 100% subsidiary, Time Vision International Limited.
The difference between the remittance and the original investment amount was owing to the exchange rate, and the remittance amount had been reported to the Investment commission, MOEA.

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

ATTACHMENT 8-2: Chander Electronics Corp.

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

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as at January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022	Note
					Outflow	Inflow							
Trendwin Electronics (Shenzhen) Corporation (Note4)	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	HKD-	2	HKD7,639 (USD980)	$-	$-	HKD7,639 (USD980)	$-	-	$-	$-	$-	
Changsha Zecheng Technology Co., Ltd.	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	$43 (USD2)	1	$43 (USD2)	22,127 (USD716)	-	22,170 (USD718)	(4,456)	100	(4,456)	17,249	-	Note 5 and 6

2. Investment quota for Mainland China:

Accumulated investment in Mainland China as of December 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment in accordance with Ministry of Economic Affairs regulations
USD 1,698	USD 1,698	$513,088

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

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

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

(3) Other method.

Note 2: The investment income (loss) recognized in current period：

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

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

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

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

C.Others.

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

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

Note 5: Eliminated in the consolidated financial statement.

Note 6: Chander’s new investment in Changsha Zecheng Technology Co., Ltd. amounting to NT$22,127 thousand (US$716 thousand) had been approved by the Investment commission, MOEA on February 4, 2023.

Attachment 9: Major shareholder information

Shares / Name	Holding shares	Holding percentage(%)
Angel Fund (ASIA) Investments Limited	8,616,653	10.10
Oriental Golden Richness Ltd.	6,862,236	8.04
Global Angel Investments Limited	5,973,030	7.00
Uniplus Electronics Co., Ltd.	5,325,727	6.24

V. Parent Company Only Financial Statements for the Most Recent Year have been audited and certified by CPAs.

English Translation of a Report Originally Issued in Chinese

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.

SOFTSTAR ENTERTAINMENT INC.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021 (Adjusted)
(Expressed in Thousands of New Taiwan Dollars)
SOFTSTAR ENTERTAINMENT INC.

Assets	Notes	As of December 31, 2022	As of December 31, 2021 (Adjusted) (Note)
Current assets			
Cash and cash equivalents	4, 6, 8 and 12	$351,909	$539,398
Contract assets, current	4, 6 and 7	2,421	-
Accounts receivable, net	4, 6 and 12	24,930	25,805
Accounts receivable-related parties, net	4, 6, 7 and 12	26,077	11,948
Other receivables	4 and 12	6,916	14,499
Other receivables-related parties	7 and 12	28,260	277,998
Current income tax assets	4	3,117	8,188
Prepayment	4 and 7	38,746	12,230
Other financial assets, current	4, 6, 8 and 12	96,431	11,429
Other current assets		46	19
Total current assets		578,853	901,514
Non-current assets			
Financial assets at fair value through profit or loss, non-current	4, 5, 6, and 12	27,687	37,894
Financial assets at fair value through other comprehensive income, non-current	4, 5, 6, and 12	9,546	77,658
Investments accounted for using the equity method	4 and 6	1,770,975	1,206,210
Contract assets, non-current	4 and 6	3,638	35,046
Property, plant and equipment	4 and 6	4,065	4,429
Right-of-use assets	4 and 6	31,328	24,641
Intangible assets	4 and 6	1,496	1,257
Deferred tax assets	4, 5 and 6	3,674	6,007
Refundable deposits	12	7,492	4,289
Other financial assets, non-current	4, 6, 8 and 12	19,570	29,006
Total non-current assets		1,879,471	1,426,437
Total assets		$2,458,324	$2,327,951

Liabilities and Equity	Notes	As of December 31, 2022	As of December 31, 2021 (Adjusted) (Note)
Current liabilities			
Short-term borrowings	4 and 6	$193,000	$-
Contract liabilities, current	4 and 6	14,232	107,176
Accounts payable	12	13,443	17,533
Accounts payable-related parties	7 and 12	5,590	2,207
Other payables	6 and 12	61,752	71,387
Other payables-related parties	7 and 12	298	-
Current income tax liabilities	4 and 6	5,051	242,632
Lease liabilities, current	4, 6, 7 and 12	17,996	9,568
Current portion of long-term borrowings	4, 6, 8 and 12	47,089	76,103
Other current liabilities		2,959	1,160
Total current liabilities		361,410	527,766
Non-current liabilities			
Contract liabilities, non-current	4 and 6	25,940	28,526
Long-term borrowings	4, 6, 8 and 12	27,041	74,048
Deferred tax liabilities	4 and 6	900	5
Lease liabilities, non-current	4, 6 and 12	14,135	15,311
Net defined benefit liabilities	4 and 6	8,990	18,739
Investments accounted for using the equity method in credit balance	4 and 6	33,809	-
Total non-current liabilities		110,815	136,629
Total liabilities		472,225	664,395
Equity			
Common stock	4 and 6	852,630	655,869
Additional paid-in capital	4 and 6	158,340	112,491
Retained earnings	4 and 6		
Legal reserve		128,417	52,755
Special reserve		247,943	291,085
Unappropriated earnings		846,826	799,299
Other components of equity		(146,210)	(247,943)
Treasury shares		(101,847)	-
Total equity		1,986,099	1,663,556
Total liabilities and equity		$2,458,324	$2,327,951

Note: The Company had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the parent company only balance sheet as of December 31, 2021 was adjusted, resulting in a decrease in investments accounted for using the equity method and unappropriated earnings both 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

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)
Net sales	4, 5, 6 and 7	$445,715	$366,290
Cost of goods sold	7	(75,381)	(42,604)
Gross profit	6 and 7	370,334	323,686
Operating expenses	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)
Operating income		107,075	41,908
Non-operating income and expenses	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
Profit before income tax		684,721	1,018,655
Income tax expense	4, 5 and 6	(60,235)	(278,002)
Net income		624,486	740,653
Other comprehensive income (loss)	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
Total other comprehensive income (loss), net of tax		(6,839)	45,360
Total comprehensive income		$617,647	$786,013
Earnings per share (NTD)	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 comprehenisive 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.

SOFTSTAR 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)

			Retained Earnings			Others Components of Equity				
Description	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses from Financial Assets at Fair Value Through Other Comprehensive Loss	Unearned stock-Based Employee Compensation	Treasury Shares	Total
Balance as of January 1, 2021	$630,643	$112,360	$47,123	$281,771	$98,402	$(15,345)	$(275,740)	$(6,540)	$-	$872,674
Appropriation and distribution of 2020 retained earnings										
Legal reserve	-	-	5,632	-	(5,632)	-	-	-	-	-
Special reserve	-	-	-	9,314	(9,314)	-	-	-	-	-
Cash dividends	-	-	-	-	(12,613)	-	-	-	-	(12,613)
Stock dividends	25,226	-	-	-	(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										
Legal reserve	-	-	75,662	-	(75,662)	-	-	-	-	-
Cash dividends	-	-	-	-	(196,761)	-	-	-	-	(196,761)
Stock dividends	196,761	-	-	-	(196,761)	-	-	-	-	-
Reversal of special reserve	-	-	-	(43,142)	43,142	-	-	-	-	-
Net income in 2022	-	-	-	-	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)	$-	$(101,847)	$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
Expectedcreditimpairmentlosses(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
Shareofgainofassociatesandjointventuresaccountedforusingequitymethod	(512,870)	(987,517)
Loss on disposal of property, plant and equipment	1,558	3,276
(Gain)lossondisposalofinvestment	(706)	505
Impairmentlossofnon-financialassets	-	2,688
Others	(100)	609
Changesinoperatingassetsandliabilities:		
Contractassets	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-relatedparties	(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.

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

1. History and organization

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

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

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on March 24, 2023.

3. Newly issued or revised standards and interpretations

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The nature and impact of the new standard and amendment had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned amendments that are applicable for annual periods beginning on or after 1 January 2023 have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under except (b) IFRS 17 "Insurance Contracts", which has no material effect on the Company after the estimation, the related effects would be disclosed after the estimation.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations).

(2) Basis of preparation

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

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

(3) Foreign currency transactions

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

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

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

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

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

(4) Translation of financial statements in foreign currency

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

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

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

(5) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

(A) Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial asset measured at fair value through profit or loss

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

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

(B) Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

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

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

(C) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(D) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(E) Offsetting of financial instruments

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

(8) Fair value measurement

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

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

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

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

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

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

(9) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

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

(10) Property, plant and equipment

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

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

Machinery and equipment	1~5 years
Office equipment	3~5 years
Right-of-use assets	3~4 years
Leasehold improvements	3 years

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

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

(11) Leases

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

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

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

Company as a lessee

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

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

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

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

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

(A) the amount of the initial measurement of the lease liability;
(B) any lease payments made at or before the commencement date, less any lease incentives received;
(C) any initial direct costs incurred by the lessee; and
(D) an estimate of costs to be incurred by the lessee in dismantling and removing the

underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

Company as a lessor

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

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

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

(12) Intangible assets

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

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

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

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

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

Trademark and licenses

Trademark and licenses acquired separately are measured on initial recognition at cost. Trademark and licenses are intangible assets with finite useful lives and are amortized over 3 to 20 years.

Computer software

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

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

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(13) Impairment of non-financial assets

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

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

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

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

(14) Treasury stocks

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

(15) Revenue recognition

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

Sale of goods

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

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

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

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

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

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

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

Costs to fulfill a contract

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

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

(16) Borrowing Costs

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

(17) Government grants

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

(18) Post-employment benefits

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

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

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

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

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

(19) Share-based payment transactions

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

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

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

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

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

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

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

(20) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

5. <u>Significant accounting judgements, estimates and assumptions</u>

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

(1) Judgement

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

A. Revenue recognition – royalties

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

(2) Estimates and assumptions

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

A. Estimate of variable consideration

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

B. Accounts receivables–estimate of impairment loss

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

C. Fair value of financial instruments

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

D. Impairment of non-financial assets

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

E. Income tax

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

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand & petty cash	$250	$237
Checking and saving accounts	351,659	539,161
Total	$351,909	$539,398

(2) Accounts receivable and Accounts receivable-related parties

	As of December 31,	
	2022	2021
Accounts receivable	$29,529	$26,186
Less: loss allowance	(4,599)	(381)
Subtotal	24,930	25,805
Accounts receivable from related parties	26,077	11,948
Less: loss allowance	-	-
Subtotal	26,077	11,948
Total	$51,007	$37,753

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. The total carrying amount as of December 31, 2022 and 2021 are NT$55,606 thousand and NT$38,134 thousand, respectively. Please refer to Note 6 (16) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(3) Other financial assets

	As of December 31,	
	2022	2021
Reserve account-time deposits	$54,581	$-
Reserve account-demand deposits	61,420	40,435
Total	$116,001	$40,435

Current	$96,431	$11,429
Non-current	$19,570	$29,006

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

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

	As of December 31,	
	2022	2021
Financial assets designated at fair value through profit or loss, noncurrent:		
Cathy Private Equity Ecology Limited Partnership	$12,263	$23,097
Cathy Private Equity Smart Technology Limited Partnership	12,424	14,797
Film investment agreement (Note)	3,000	-
Total	$27,687	$37,894

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

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

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

	As of December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income, noncurrent:		
Emerging market stock		
SNSplus, Inc.	$3,386	4,134
Private company stocks		
Taiwan Smart Card Co.	6,160	3,084
Auer Media & Entertainment Corp.	-	67,397
Double Edge Entertainment Corp.	-	3,043
Funfia Inc.	-	-
Total	$9,546	$77,658

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

(5) Investments accounted for using the equity method

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

	As of December 31,				
	2022		2021 (Adjusted)		
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Note
Investments in subsidiaries:					
Time Vision International Limited	$369,947	100%	$453,188	100%	
Lanjing Ltd.	355,482	100%	20,038	100%	Note 5
Uniplus Electronics Co., Ltd.	285,701	34.39%	362,059	34.39%	Note 1
Jiwei Technology Ltd.	192,241	100%	17,325	100%	Note 5,6
Red Sunrise Co., Ltd.	190,447	50.72%	-	-%	Note 2
Gamebase Digital Media Corporation	123,071	100%	137,147	100%	Note 7
Chander Electronics Corp.	119,609	11.26%	89,121	6.89%	Note 3,5
JFN Investment Holding Corp.	85,279	100%	71,362	100%	Note 5
New Profit Holding Limited	27,216	100%	24,282	100%	Note 5
Softstar Animation Limited	6,807	100%	5,621	100%	
Activision Entertainment Ltd.	943	100%	1,801	100%	
Loftstar Interactive Entertainment Inc.	-	-%	20,843	100%	
Subtotal	1,756,743		1,202,787		
Investments in associates:					
Double Edge Entertainment Corp.	12,597	30.31%	-	-%	Note 4
A.R.T. Games Co., Ltd.	1,635	49%	3,423	49%	
Chia-e International Inc.	-	28.21%	-	28.21%	
Subtotal	14,232		3,423		
Net amount of investments accounted for using the equity method	$1,770,975		$1,206,210		
Carrying amount of investments accounted for using the equity method	$1,770,975		$1,206,210		
Less: credit balance of investments accounted for using the equity method (Note 8)	(33,809)		-		
Total	$1,737,166		$1,206,210		

Note1: The Company had completed the purchase price allocation of Uniplus Electronics Co., Ltd. on the control acquisition date, thus the amount of investments accounted for using the equity method as of December 31, 2021 was decreased by NT$2,930

thousand.

Note2: The Company purchased 5,476 thousand shares of Red Sunrise Co., Ltd. amounted to NT$136,899 thousand on January 3, 2022, with 55.03% shareholdings. Red Sunrise Co., Ltd. and its subsidiaries were consolidated from the control acquisition date. Red Sunrise Co., Ltd. increased its capital by NT$100,000 thousand on July 15, 2022, and the Company subscribed NT$40,000. As the Company did not acquire shares newly issued to its original ownership interest, the Company’s interest was reduced from 55.03% to 50.72%.

Note3: The Company sold 100 thousand and 250 thousand shares of Chander Electronics Corp. to its subsidiary, JFN Investment Holding Corp., at the price of NT$19 per share in April and September 2022, respectively. The Company subscribed 2,627 newly issued shares amounted to NT$57,791 thousand from Chander Electronics Corp.’s capital increase in August 2022. The Company acquired 1,269 thousand and 822 thousand common stocks of Chander Electronics Corp. in October and November, 2022, totaling NT$30,555 thousand and NT$19,800 thousand, respectively.

Note4: The Company increased Double Edge Entertainment Corp.’s capital by NT$10,000 thousand on April 29, 2022 to acquire 1,000 thousand shares. As the Company’s shareholdings reached to 29.84%, the investment from financial assets at fair value through other comprehensive income, non-current was reclassified to investments accounted for using the equity method. The Company acquired 25 thousand shares of Double Edge Entertainment Corp. amounted to NT$500 thousand and its shareholdings increased to 30.31%.

Note5: The Company directly and through its subsidiaries, Lanjing Ltd., Jiwei Technology Ltd., JFN Investment Holding Corp. and New Profit Holding Limited indirectly held 40.73% and 17.14% of Chander Electronics Corp.’s shares. The financial statements of Chander Electronics Corp. were audited by other auditors.

Note6: The Company through its subsidiary, Jiwei Technology Ltd., indirectly held 41.42% of shareholdings of Array Inc. on December 31, 2022. The financial statements of Array Inc. were audited by other auditors.

Note7: The Company through the subsidiary, Gamebase Digital Media Corporation, indirectly held 34.25% shareholdings of Niusnews Co., Ltd.. The financial statements of Niusnews Co., Ltd. were audited by other auditors.

Note8: Investments accounted for equity method in credit balance.

A. Investment in subsidiaries

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

B. Investment in associates

The Company assessed the recoverable amounts of its investments and recognized an impairment loss of NT$0 and NT$2,688 thousand in 2022 and 2021.

The Company's investments in Double Edge Entertainment Corp., A.R.T. Games Co., Ltd., and Chia-e International Inc. are not individually material. The aggregate carrying amount of the Company's interests in Double Edge Entertainment Corp., A.R.T. Games Co., Ltd., and Chia-e International Inc. is NT$14,233 thousand and NT$3,423 thousand as of December 31, 2022 and 2021. The aggregate financial information of the Company's investments is as follows:

	For the years ended December, 31	
	2022	2021
Profit or loss from continuing operations	$(9,960)	$(29,168)
Other comprehensive income (net of tax)	2	2,871
Total comprehensive loss	$(9,958)	$(26,297)

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

	Gain (loss) on investment For the years ended December 31	
	2022	2021
Double Edge Entertainment Corp.	$(705)	$-
A.R.T. Games Co., Ltd.	(1,788)	4,969
Chia-e International Inc.	-	-
Total	$(2,493)	$4,969

D. The aforementioned associates had no contingent liabilities or capital commitments as of December 31, 2022 and 2021. No investments accounted for using the equity method were pledged.

E. On July 1, 2021, the shareholders' meeting of the Company approved to dispose the material assets, the interests of Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only), and granted the Board of Directors an authorization to dispose the assets as follows:

(A) The total transaction price of the Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only) shall not be lower than NT$2.2 billion.

(B) Or sole license the IP of Chinese Paladin (in Mainland China only) to the third party based on a long-term license agreement.

A resolution was made at a Board of Directors meeting held on August 5, 2021 to dispose of the interests of Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only) in the following ways:

(A) Counterparty and price: CMGE Technology Group Limited, at a price of HK$641.84 million, approximately NT$2,312,550 thousand.

(B) Broker: Hongkong Siyuan Group Limited; Broker fee: HK$32,092 thousand, approximately NT$115,627 thousand.

The Company has transferred the interests of Softstar Technology (Beijing) Co., Ltd. and the IP of Chinese Paladin (in Mainland China only) through Time Vision International Limited, a subsidiary of the Company. Time Vision International has disposed its subsidiary, Best Classic International Limited, to transfer 49% shareholdings of Softstar Technology (Beijing) Co., Ltd. and disposed another subsidiary, Mighty Leader Limited, to transfer the IP of Chinese Paladin (in Mainland China only). These relevant disposal procedures have been completed in the end of 2021. As of December 31, 2022, the Company has received all the considerations amounted to NT$2,327,270 thousand, approximately HK$641,184 million.

(7) Property, plant and equipment

	As of December 31, 2022	As of December 31, 2021
Owner occupied property, plant and equipment	$4,605	$4,429

	Machinery and equipment	Office equipment	Leasehold improvements	Total
Cost:				
As of January 1, 2022	$6,045	$11,860	$2,814	$20,719
Additions	269	611	2,807	3,687
Disposals	(16)	(1,018)	(2,814)	(3,848)
Transfers	125	(125)	-	-
As of December 31, 2022	$6,423	$11,328	$2,807	$20,558
As of January 1, 2021	$9,970	$8,091	$13,671	$31,732

Additions	85	700	2,814	3,599
Disposals	-	(941)	(13,671)	(14,612)
Transfers	(4,010)	4,010	-	-
As of December 31, 2021	$6,045	$11,860	$2,814	$20,719
Depreciation and impairment:				
As of January 1, 2022	$5,337	$10,027	$926	$16,290
Depreciation	607	892	853	2,352
Disposals	(16)	(893)	(1,240)	(2,149)
Transfers	5	(5)	-	-
As of December 31, 2022	$5,933	$10,021	$539	$16,493
As of January 1, 2021	$7,642	$6,281	$10,344	$24,267
Depreciation	957	1,326	926	3,209
Disposals	-	(842)	(10,344)	(11,186)
Transfers	(3,262)	3,262	-	-
As of December 31, 2021	$5,337	$10,027	$926	$16,290
Net carrying amounts as of:				
December 31, 2022	$490	$1,307	$2,268	$4,065
December 31, 2021	$708	$1,833	$1,888	$4,429

Property, plant and equipment were not pledged.

(8) Intangible assets

	Copyright	Computer software	Total
Cost:			
As of January 1, 2022	$-	$17,451	$17,451
Addition-acquired separately	-	2,701	2,701
Deduction-derecognized	-	(3,518)	(3,518)
As of December 31, 2022	$-	$16,634	$16,634
As of January 1, 2021	$5,429	$30,088	$35,517
Addition-acquired separately	-	2,409	2,409
Deduction-derecognized	(5,429)	(15,046)	(20,475)
As of December 31, 2021	$-	$17,451	$17,451
Amortization and impairment:			
As of January 1, 2022	$-	$16,194	$16,194
Amortization	-	2,462	2,462
Deduction-derecognized	-	(3,518)	(3,518)
As of December 31, 2022	$-	$15,138	$15,138

As of January 1, 2021	$5,429	$27,947	$33,376
Amortization	-	3,293	3,293
Deduction-derecognized	(5,429)	(15,046)	(20,475)
As of December 31, 2021	$-	$16,194	$16,194
Net carrying amount as of:			
December 31, 2022	$-	$1,496	$1,496
December 31, 2021	$-	$1,257	$1,257

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

	For the years ended December, 31	
	2022	2021
Operating costs	$-	$-
Sales and marketing expenses	$-	$12
General and administrative expenses	$201	176
Research and development expenses	$2,261	$3,105

(9) Other payables

	As of December 31,	
	2021	2020
Salary payable	$50,498	$61,231
Professional service fees payable	2,911	3,420
VAT payable	2,161	3,135
Insurance payable	1,997	1,812
Other accrued expenses	4,185	1,789
Total	$61,752	$71,387

(10) Short-term borrowings

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

There was no short-term borrowings as of December 31, 2021.

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

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

(11) Long-term borrowings

Details of long-term loans are as follows:

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

Lenders	As of December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Taiwan Business Bank secured loan	$1,000	1.95%	Repayable quarterly from March 16, 2017 to March 16, 2022 and interest is paid monthly.
The Shanghai Commercial & Savings Bank secured loan	22,666	1.98%	Repayable monthly from March 8, 2021 to March 8, 2024 and interest is paid monthly.
Cathy United Bank secured loan	23,848	1.95%	Repayable monthly from July 30, 2021 to July 30, 2023 and interest is paid monthly.
Bank of Panhsin secured loan	43,238	2.02%	Repayable monthly from July 26, 2021 to July 26, 2024 and interest is paid monthly.
Hua Nan Bank secured loan	3,333	2.02%	Repayable monthly from August 5, 2019 to August 5, 2022 and interest is paid monthly.
Chang Hwa Bank secured loan	5,000	2.01%	Repayable quarterly from September 20, 2019 to September 20, 2022 and interest is paid monthly.
First Bank unsecured loan	12,689	2.02%	Repayable monthly from June 12, 2020 to June 12, 2023 and interest is paid monthly.
Shin Kong Bank secured loan	10,100	1.99%	Repayable monthly from December 19, 2020 to December 19, 2022 and interest is paid monthly.
Taiwan Cooperative Bank secured loan	28,277	2.00%	Repayable monthly from December 24, 2020 to December 24, 2025 and interest is paid monthly.
Subtotal	150,151		
Less: current portion	(76,103)		
Total	$74,048		

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

(12) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 are NT$5,225 thousand and NT$5,133 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$433 thousand to its defined benefit plan during the 12 months after December 31, 2022.

The weighted-average durations of the defined benefits plan obligation were 10 and 11 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
	2022	2021
Current period service costs	$39	$213
Interest income or expense	131	84
Total	$170	$297

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

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Present value of the pension obligation under defined benefit pension plans	$24,797	$26,002	$32,946
Fair value of plan assets	(15,807)	(7,236)	(12,049)
Net defined benefit liabilities, noncurrent	$8,990	$18,739	$20,897

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (assets)
As of January 1, 2021	$32,946	$(12,049)	$20,897
Current period service costs	213	-	213
Net interest expense (income)	132	(48)	84
Subtotal	345	(48)	297
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in population assumptions	27	-	27
Actuarial gains and losses arising from changes in financial assumptions	(874)	-	(874)
Experience adjustments	(970)	(177)	(1,147)
Subtotal	(1,817)	(177)	(1,994)
Payments from the plan	(5,473)	5,473	-
Contributions by employer	-	(461)	(461)
As of December 31, 2021	26,001	(7,262)	18,739
Current period service costs	39	-	39
Net interest expense (income)	182	(51)	131
Subtotal	221	(51)	170
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(1,495)	-	(1,495)
Experience adjustments	69	(603)	(534)
Subtotal	(1,426)	(603)	(2,029)
Payments from the plan	-	-	-
Contributions by employer	-	(7,890)	(7,890)

As of December 31, 2022	$24,796	$(15,806)	$8,990

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

	As of December 31,	
	2022	2021
Discount rate	1.30%	0.70%
Expected rate of salary increases	2.00%	2.00%

Sensitivity analysis:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	$-	$(590)	$-	(680)
Discount rate decrease by 0.25%	609	-	704	-
Future salary increase by 0.25%	541	-	628	-
Future salary decrease by 0.25%	-	(528)	-	(611)

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

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

(13) Equities

(A) Common stock

The Company’s authorized capital was NT$1,300,000 thousand as of December 31, 2022 and 2021. The Company has issued capital amounted to NT$852,630 thousand and NT$655,869 thousand, with 85,263 thousand shares and 65,587 thousand shares, respectively, each at a par value of NT$10. Each share has one voting right and a right to receive dividends.

On April 30, 2015, the shareholders' meeting of the Company approved the issuance no more than 10,000 thousand shares of common stock through private placement issuance.

The subscription price of the private placement common stock was NT$84.61 per share, totaling 2,000 thousand shares. The private placement date was March 25, 2016. The capital increase by cash was for the purpose of enriching working capital and repaying bank loans. The Company received NT$169,220 thousand through private placement issuance and has completed registration for change. Apart from the fact that private placement common stocks were subject to the Securities and Exchange Act's restrictions of transfer and must reapply for public offering after three years for public transaction, the remaining rights and obligations were the same as other issued common stock.

The shareholders' meeting held on July 1, 2021 approved the issuance of 2,523 thousand shares of common stock from unappropriated retained earnings in the amount of NT$25,226 thousand, at a par value of NT$10 per share. The base date for capital increase was November 2, 2021, and the registration was completed.

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

(B) Capital surplus

	As of December,	
	2022	2021
Additional Paid-in Capital	$112,360	$112,360
Share of changes in net assets of associates and joint ventures accounted for using equity method	39,221	10
Difference between consideration and carrying amount of subsidiaries acquired	2,532	121
Treasury shares	4,227	-
Total	$158,340	$112,491

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

(C) Treasury stocks

On December 13, 2022, the Board of Directors meeting resolved to repurchase treasury stocks. It was expected to buy 1,000,000 shares from December 14, 2022 to February 13, 2023 in the price between NT$40 and NT$70 per share. As of December 31, 2022, the Company has bought back 124 thousand shares in the amount of NT$6,943 thousand.

The Company’s subsidiaries, Uniplus Electronics Co., Ltd., Chander Electronics Corp., and Toptrend Technologies Corp., held 5,326 thousand, 621 thousand, and 686 thousand shares of the Company as of December 31, 2022, in the amount of NT$70,443 thousand, NT$12,942 thousand, and NT$11,519 thousand, totaling NT$94,904 thousand. As of December 31, 2022, the treasury stock held by the Company was NT101,847 thousand in total.

(D) Retained earnings and dividend policies

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

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

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

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

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

Details of the 2021 earnings distribution and dividends per share as approved by the shareholder’s meeting held on May 27, 2022 were as follows:

	Appropriation of earnings	Dividend per share (NTD)
	2022	2022
Legal reserve	$75,662	

Special reserve	(43,142)	
Cash dividend on common stock	196,761	$3
Share dividend on common stock	196,761	3

The appropriation of 2022 unappropriated retained earnings has not yet been resolved by the Board of Directors as of the reporting date.

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

(14) Share-based payment plans

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

(A) The Company applied for an additional issuance of restricted employee stock in 2018 and issued on January 5, 2019 of NT$15,000 thousand, totaling 1,500 thousand shares, and the share price was NT$105 per share. There's no additional share-based payment plans. The share-based payment agreement was as follows:

Type of grant	Date of grant	Total numbers of options granted (unit)	Contract period	Vesting Conditions
Restricted employee stock plan (Note 1)	December 5, 2018	1,500,000	28 months	Achievement of performance conditions (Note 2)

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

Note 2: A portion of the restricted employee stock would be vested at the end of four months, sixteen months, and twenty-eight months if the employee's performance reaches the target set by the company. The maximum share vested would be 40%, 30% and 30% in each of the three periods.

The detailed information of upon share-based payment agreement is as follow:

	As of December 31,	
	2022	2021
	numbers (Thousand	numbers (Thousand

	shares)	shares)
As of January 1	-	447
Issued	-	-
Cancelled	-	-
Less: vested	-	(447)
As of December 31	-	-

(B) The expenses recognized for employee services received for the years ended December 31, 2022 and 2021, are shown in the following table:

	For the years ended December 31,	
	2022	2021
Total expense arising from equity-settled share-based payment transactions	$-	$6,540

(15) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Rendering of service	$445,715	$366,290

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

(A) Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
Timing of revenue recognition:		
At a point in time	$156,302	$136,310
Over time	289,413	229,980
Total	$445,715	$366,290

(B) Contract balances

Net contract assets (liabilities) are as follows:

	Ending balance	Beginning balance	Difference	%
Contract assets, current	$2,421	$-	$2,421	-
Contract assets, noncurrent	3,638	35,046	(31,408)	(89.62%)
Contract liabilities, current	(14,232)	(107,176)	92,944	(86.72%)
Contract liabilities, noncurrent	(25,940)	(28,526)	2,586	(9.07%)

Contract assets decreased by NT$28,987 thousand from December 31, 2021 to December 31, 2022, mainly due to the changes of few contracts, resulting in the derecognition of related contract assets.

Contract liabilities decreased by NT$95,530 thousand from December 31, 2021 to December 31, 2022 was mainly due to the launch of some projects, the contract liabilities were transferred to operating revenue.

(C) Transaction price allocated to unsatisfied performance obligations

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

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT$135,702 thousand as of December 31, 2021. Management expects that the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within one year.

(16) Expected credit losses/ (gains)

	For the years ended December 31,	
	2022	2021
Operating expenses – Expected credit losses/(gains)		
Contract assets	$8,930	$3,999
Accounts receivable	4,218	(1,269)
Total	$13,148	$2,730

The credit risk for the Company's financial assets measured at amortized cost were assessed as low (the same as the assessment result in the beginning of the period) as of December 31, 2022 and 2021. As the Company's trade partners are financial institutions with good credit, the loss allowance was NT$0 thousand measured at a loss ratio of 0%.

The Company measures the loss allowance of its contract assets and trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessments of the Company's loss allowance as of December 31, 2022 and 2021 are as follows:

(A) The gross carrying amount of contract assets are NT$6,059 thousand and NT$35,046 thousand as of December 31, 2022 and 2021, respectively. The loss allowance amounts to NT$0 where an expected credit loss ratio of 0% is used.

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

As of December 31, 2022

Group 1

	Not yet due (Note)	Overdue <=30 days	Overdue 31-120 days	Overdue 121-365 days	Overdue >=365 days	Total
Gross carrying amount	$34,809	$1,716	$19,081	$-	$-	$55,606
Loss ratio	-%	-%	24.10%	-%	-%	
Lifetime expected credit losses	-	-	(4,599)	-	-	(4,599)
Subtotal	$34,809	$1,716	$14,482	$-	$-	$51,007

As of December 31, 2021

Group 1

	Not yet due (Note)	Overdue <=30 days	Overdue 31-120 days	Overdue 121-365 days	Overdue >=365 days	Total
Gross carrying amount	$36,304	$1,294	$108	$428	$-	$38,134
Loss ratio	0.18%	4.56%	13.27%	56.71%	-%	
Lifetime expected credit losses	(65)	(59)	(14)	(243)	-	(381)
Subtotal	$36,239	$1,235	$94	$185	$-	$37,753

Note: The Company’s notes receivable are not overdue.

(C) The Company measures the loss allowance of its other receivable at an amount equal to lifetime expected credit losses. The Company recognized NT$0 thousand allowance loss as of December 31, 2022 and 2021.

The movement in the provision for impairment of contract assets and accounts receivable during the years ended December 31, 2022 and 2021 is as follows:

	Contract Assets	Accounts Receivable
As of January 1, 2022	$-	$381
Addition/(reversal) for the current period	8,930	4,218
Write off due to inability to receive	(8,930)	-

As of December 31, 2022	$-	$4,599

As of January 1, 2021	$-	$1,650
Addition/(reversal) for the current period	3,999	(1,269)
Write off due to inability to receive	(3,999)	-
As of December 31, 2021	$-	$381

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

(17) Operating leases

A. Company as a lessee

The Company leases various properties, including real estate (land and buildings), machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 5 years.

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

(A) Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Buildings	$24,990	$21,549
Vehicles	6,338	3,092
Total	$31,328	$24,641

The Company's right-of-use assets increased by NT$26,502 thousand and NT$34,020 thousand as from January 1 to December 31, 2022 and 2021.

(b) Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	$32,131	$24,879
Current	$17,996	$9,568
Non-current	$14,135	$15,311

Please refer to Note 6 (19) (D) for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

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

Depreciation expense of right-of-use assets

	As of December 31, 2022	As of December 31, 2021
Buildings	$12,137	$11,263
Vehicles	952	1,189
Total	$13,089	$12,452

(C) Income and costs relating to leasing activities

	For the year ended December 31, 2022	For the year ended December 31, 2021
The expenses relating to short-term leases	$2,006	$90
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	109	228

(D) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounting to NT$15,213 thousand and NT$13,454 thousand, respectively.

(16) Summary statement of employee benefits, depreciation and amortization expense by function during the years ended December 31, 2022 and 2021:

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating Costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$-	$133,759	$133,759	$-	$141,308	$141,308
Labor and health insurance	-	11,616	11,616	-	10,506	10,506
Pension	-	5,395	5,395	-	5,430	5,430
Directors' remuneration	-	8,783	8,783	-	12,582	12,582
Other employee benefits expense	-	6,227	6,227	-	5,798	5,798
Depreciation	-	15,441	15,441	-	15,661	15,661
Amortization	-	2,462	2,462	-	3,293	3,293

The number of employees for the Company as of December 31, 2022 and 2021 was138 and 129, respectively, of which the number of directors were not concurrent employees was 6 and 5, respectively.

The average number of employees for the Company in 2022 and 2021 was 129 and 128 respectively.

The Company's average employee benefit expenses for the years ended December 31, 2022 and 2021 were NT$1,224 thousand and NT$1,274 thousand, respectively.

The Company's average salary expenses for the years ended December 31, 2022 and 2021 were NT$1,045 thousand and NT$1,104 thousand, respectively. The Company's average salary expenses adjustment for the year ended December 31, 2022 changed by (5.34%).

There is no compensation to supervisors for the years ended December 31, 2022 and 2021, as the company set up an audit committee instead of appointing supervisors.

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

Based on the profit for the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 to be 3% of profit of the current year and 1% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amount to NT$21,398 thousand and NT$7,133 thousand, respectively, and the Board of Directors meeting resolved the distribution on March 24, 2023.

The shareholder's meeting held on May 27, 2022 resolved to distribute NT$31,925 thousand and NT$10,642 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2021, with no material variance with the estimated amount accrued in the financial statements for the year ended December 31, 2021.

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

(19) Non-operating income and expenses

(A) Interest income

	For the years ended December 31,	
	2022	2021
Financial assets measured at amortized cost	$2,663	$136

(B) Other income

	For the years ended December 31,	
	2022	2021
Rental income	$3,374	$1,972
Tax refund	17	18
Other income	1,517	13,178
Total	$4,908	$15,168

(C) Other gains and losses

	For the years ended December 31,	
	2022	2021
Foreign exchange gain (losses), net	$78,144	$(9,168)
Gains (losses) on disposal of investments	706	(505)
Gain (losses) on lease modification	98	(609)
Losses on disposal of property, plant and equipment	(1,558)	(3,276)
Losses from financial assets at fair value through profit or loss	(16,207)	(4,971)
Impairment loss from non-financial assets	-	(2,688)
Other	-	(1,297)
Total	$61,183	$(22,514)

(D) Finance costs

	For the years ended December 31,	
	2022	2021
Interest on borrowings from bank	$3,304	$2,982
Interest on lease liabilities	674	578
Total	$3,978	$3,560

(20) Components of other comprehensive loss

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,029	$-	$2,029	$(216)	$1,813
Unrealized gains or losses from financial assets at fair value through other comprehensive income	(6,145)	-	(6,145)	-	(6,145)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(9,563)	-	(9,563)	-	(9,563)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	7,057	-	7,057	-	7,057
Total of other comprehensive loss	$(6,622)	$-	$(6,622)	$(216)	$(6,838)

For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$1,994	$-	$1,994	$183	$2,177
Unrealized gains or losses from financial assets at fair value through other comprehensive income	27,858	-	27,858	-	27,858
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(9)	-	(9)	-	(9)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	15,334	-	15,334	-	15,334
Total of other comprehensive loss	$45,177	$-	$45,177	$183	$45,360

(21) Income tax

The major components of income tax expense for the years ended 31 December 2022 and 2021 are as follows:

(A) Income tax expense recognized in profit or loss

	For the years ended December 31, 2022	2021
Current income tax expense:		
Current income tax charge	$64,310	$265,808

Tax adjustments on prior years	(7,086)	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	3,011	12,194
Total income tax (income) expense	$60,235	$278,002

(B) Income tax expense recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense (income)		
Remeasurements of defined benefit plans	$216	$(190)

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

	For the years ended December 31,	
	2022	2021 (Adjusted)
Accounting profit before tax from continuing operations	$684,721	$1,018,655
Tax at the domestic rates applicable to profits in the country concerned	$136,944	$203,731
Tax effect of revenues exempt from taxation		
Investment income (loss)	(118,943)	103,664
Dividend income	36,852	-
Evaluation gain (loss) from financial assets	3,242	994
Non-deductible expenses from taxation	2,996	1,120
Tax adjustments on prior years	(7,086)	-
Tax effect of deferred tax assets/liabilities	(32,369)	(58,301)
Overseas withholding tax	22,070	26,824
Additional income tax on unappropriated earnings	16,529	-
Total income tax expense recognized in profit or loss	$60,235	$278,032

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

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealized bad debt expenses	$-	$809	$-	$809
Unrealized foreign exchange losses	978	(978)	-	-
Unrealized foreign exchange gains	(5)	(895)	-	(900)
Defined benefit liability, non-current	3,749	(1,735)	(216)	1,798
Others	1,280	(213)	-	1,067

Deferred tax income/ (expense)		$(3,012)	$(216)	
Net deferred tax assets/(liabilities)	6,002			$2,774
Reflected in balance sheet as follows:				
Deferred tax assets	$6,007			$3,674
Deferred tax liabilities	$5			$900

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2021
Temporary differences				
Unrealized foreign exchange losses	$534	$444	$-	$978
Unrealized foreign exchange gains	(40)	35	-	(5)
Defined benefit liability, non-current	3,591	(32)	190	3,749
Others	1,449	(169)	-	1,280
Unused tax losses	12,472	(12,472)	-	-
Deferred tax income/ (expense)		$(12,194)	$190	
Net deferred tax assets/(liabilities)	$18,006			$6,002
Reflected in balance sheet as follows:				
Deferred tax assets	$18,046			$6,007
Deferred tax liabilities	$40			$5

The assessment of income tax returns

As of December 31, 2022, the income tax returns of the Company have been assessed and approved up to 2020.

(22) Earnings per share

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

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

	For the years ended December 31, 2022	2021
(A) Basic earnings per share		
Net income attributable to ordinary equity holders of the Company (in thousand NT$)	$624,486	$740,653
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	83,480	85,110
Basic earnings per share (NT$)	$7.48	$8.70
(B) Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$624,486	$740,653
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	83,480	85,110
Effect of dilution:		
Employee compensation-stock (in thousands)	406	77
Restricted employee stock (in thousands)	-	153
Weighted average number of ordinary shares outstanding after dilution (in thousands)	83,886	85,340
Diluted earnings per share (NT$)	$7.44	$8.86

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

7. Related party transactions

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Galaxy Power Holdings Limited	The key management personnel is the chairman of this company
Global Angel Investments Limited	The chairman of the Company is the chairman of this company
Bacchus Wine Group Co., Ltd.	The chairman of the Company is the chairman of this company
Care & Love Wine Co., Ltd.	The chairman of the Company is the chairman of this company
Loftstar Interactive Entertainment Inc.	Subsidiary
Gamebase Digital Media Corporation	Subsidiary
Time Vision International Limited	Subsidiary
Uniplus Electronics Co., Ltd.	Subsidiary
Activision Entertainment Ltd.	Subsidiary
Red Sunrise Co., Ltd.	Subsidiary
Chander Electronics Corp.	Subsidiary
Green Bless Co., Ltd.	Subsidiary
Array Taiwan Inc.	Subsidiary
Array Inc.	Subsidiary
Jiwei Technology Ltd.	Subsidiary

Name of the related parties	Nature of relationship of the related parties
Lanjing Ltd.	Subsidiary
A.R.T. Games Co., Ltd.	Associate
Double Edge Entertainment Corp.	Associate

Significant transactions with the related parties

(1) Rendering of services

	For the years ended December 31, 2022	2021
Subsidiary		
Loftstar Interactive Entertainment Inc.	$42,476	$48,513
Time Vision International Limited	2,421	-
Gamebase Digital Media Corporation	1,660	4,980
Green Bless Co., Ltd.	600	-
Other related parties		
Bacchus Wine Group Co., Ltd.	1,307	1,714
Galaxy Power Holdings Limited	480	686
Care & Love Wine Co., Ltd.	450	570
Total	$49,394	$56,463

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

(2) Operating costs

	For the years ended December 31, 2022	2021
Subsidiary		
Loftstar Interactive Entertainment Inc.	$11,178	$10,297
Other related parties		
Double Edge Entertainment Corp.	444	-
Total	$11,622	$10,297

Operating costs relate to subsidiary database fees and royalty costs.

(3) Accounts receivable-related parties

	As of December 31,	
	2022	2021
Subsidiary		
Loftstar Interactive Entertainment Inc.	$25,920	$11,649
Green Bless Co., Ltd.	53	-
Other related parties		
Bacchus Wine Group Co., Ltd.	78	150
Care & Love Wine Co., Ltd.	26	74
Galaxy Power Holdings Limited	-	75
Total	$26,077	$11,948

(4) Contract assets

	As of December 31,	
	2022	2021
Subsidiary		
Time Vision International Limited	$2,421	$-

(5) Other receivables-related parties

	As of December 31,	
	2022	2021
Subsidiary		
Loftstar Interactive Entertainment Inc.	$26,421	$1,154
Array Taiwan Inc.	1,783	-
Array Inc.	56	-
Time Vision International Limited	-	276,800
Chander Electronics Corp.	-	44
Total	$28,260	$277,998

Other receivables-related parties mainly related to financings provided to the subsidiary, subsidiary assistance of daily operations, office rental, and sale of fixed asset.

(6) Prepayment

	As of December 31,	
	2022	2021
Subsidiary		
Gamebase Digital Media Corporation	$1,905	$-
Associate		
A.R.T. Games Co., Ltd.	7,619	-
Double Edge Entertainment Corp.	1,079	972

Other related parties		
Global Angel Investments Limited	165	165
Total	$10,768	$1,137

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

(7) Refundable deposits

	As of December 31,	
	2022	2021
Other related parties		
Global Angel Investments Limited	$495	$495

(8) Accounts payable-related parties

	As of December 31,	
	2022	2021
Subsidiary		
Loftstar Interactive Entertainment Inc.	$5,590	$2,207

(9) Other payables-related parties

	As of December 31,	
	2022	2021
Subsidiary		
Loftstar Interactive Entertainment Inc.	$8	$-
Other related parties		
Bacchus Wine Group Co., Ltd.	129	-
Care & Love Wine Co., Ltd.	161	-
Total	$298	$-

(10) Property transactions

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

	As of December 31,	
	2022	2021

Subsidiary		
Loftstar Interactive Entertainment Inc.	$70	$-
Chander Electronics Corp.	-	44
Total	$70	$44

(11) The Company sold 350 thousand shares of Chander Electronics Corp. in a private placement amounted to NT$6,650 thousand to its subsidiary, JFN Investment Holding Corp., at the price of NT$19 per share in April and September 2022.

(12) Other

Other transactions between the Company and subsidiaries are shown below:

Item	For the years ended December 31, 2022	2021
Other income	$4,343	$4,620
Rental income	3,374	1,972
Interest income	223	-
Professional expenses	(8,362)	-
Advertisement expenses	(201)	-
Rental expenses	(115)	(114)
Purchase of miscellaneous items	(39)	-
Miscellaneous expenses	(4)	-
Total	$(781)	$6,478

Other transactions between the Company and associate are shown below:

Item	For the years ended December 31, 2022	2021
Professional expenses	$(20)	$-
Entertainment expenses	-	(106)
Total	$(20)	$(106)

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

Item	For the years ended December 31, 2022	2021
Interest income	$4	$4
Rental expenses	(1,886)	(4)

Entertainment expenses	(453)	(202)
Miscellaneous expenses	(129)	(44)
Postage fee	(29)	-
Advertisement expenses	(3)	-
Total	$(2,496)	$(246)

(13) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$29,626	$40,531
Post-employment benefits	465	365
Share-based payment	-	4,020
Other long-term benefits	1,161	299
Total	$31,252	$45,215

8. Assets pledged as security

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

	Carrying amount		
Items	December 31, 2022	December 31, 2021	Secured liabilities
Other financial assets, current (demand deposits)	$35,011	$11,429	Short - term borrowings and current portion of long - term borrowings
Other financial assets, current (time deposits)	61,420	-	Short - term borrowings
Other financial assets, non-current (demand deposits)	19,570	29,006	Long - term borrowings
Total	$116,001	$40,435	

9. Commitments and contingencies

None.

10. Loss due to major disasters

None.

11. Significant subsequent events

(1) The Board of Directors meeting of the Company held on February 20, 2023 resolved to acquire 30,000 thousand shares of Uniplus Electronics Co., Ltd. in a private placement amounted to NT$195,000 thousand, which would increase the Company's shareholdings from 34.39% to

43.76%.

(2) The Company repurchased 510 thousand shares from December 14, 2022 to February 13, 2023 at the average repurchase price of NT$61.25 per share, totaling NT$31,235 thousand. The repurchased shares was 510 shares lower than the expected 1,000 thousand shares, as the execution of repurchase was subject to the stock price and transaction volume in consideration of the shareholders' interests and market mechanism.

(3) The Board of Directors meeting of the Company held on March 24, 2023 resolved to acquire 15,000 thousand shares of San Jiang Electric Mfg. Co., Ltd. type A preference shares, each at a par value of NT$10 thousand. The expected subscription price is NT$10, totaling NT$150,000 thousand.

12. Others

(1) Categories of financial instruments

Financial assets	As of December 31,	
	2022	2021
Financial assets at fair value through profit or loss	$27,687	$37,894
Financial assets at fair value through other comprehensive income	9,546	77,658
Financial assets measured at amortized cost		
Cash and cash equivalents (except for cash on hand)	351,659	539,161
Accounts receivable, net	24,930	25,805
Accounts receivable-related parties, net	26,077	11,948
Other receivables	6,916	14,499
Other receivables-related parties	28,260	277,998
Other financial assets, current	96,431	11,448
Refundable deposits	7,492	4,289
Other financial assets, non-current	19,570	29,006
Total	$598,568	$1,029,706

Financial liabilities	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term borrowings	$193,000	$-
Accounts payable	81,083	91,127
Long-term borrowings (including current portion)	74,130	150,151
Lease liabilities	32,131	24,879
Total	$380,344	$266,157

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

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

(A) When NTD strengthens/weakens against USD by 1%, the profit or loss for the years ended December 31, 2022 and 2021 is decreased/increased by NT$1,971 thousand and decreased/increased by NT$5,295 thousand, respectively.

(B) When NTD strengthens/weakens against RMB by 1%, the profit or loss for the years ended December 31, 2022 and 2021 is decreased/increased by NT$688 thousand and NT$911 thousand, respectively.

<u>Interest rate risk</u>

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

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

The sensitivity analysis of the interest rate risk pertains primarily to the interest rate exposure items at the end of financial statement reporting period, including floating rate borrowings. Assuming holding in a whole fiscal year, an increase/ decrease of 10% in interest rate, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by NT$267 and NT$150 thousand, respectively.

<u>Equity price risk</u>

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

As of December 31, 2022 and 2021, an increase/decrease of 10% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income will be increase/decrease by NT$948 thousand and NT$413 thousand on the equity attributable to the Company for the years ended December 31, 2022 and 2021, respectively.

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

(4) Credit risk management

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

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

As of December 31, 2022, and December 31, 2021, accounts receivable and contract assets from top ten customers represent 33.08% and 46.36% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivable and contract assets are relatively insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Accounts payable					
(including other payables)	$81,083	$-	$-	$-	$81,083
Long-term borrowings					
(including estimated interest)	48,294	27,714	-	-	76,008
Short-term borrowings	193,000	-	-	-	193,000
Lease liabilities (Note)	18,545	13,413	967	-	32,925
As of December 31, 2021					
Accounts payable					
(including other payables)	$91,127	$-	$-	$-	$91,127
Long-term borrowings					
(including estimated interest)	77,627	48,039	27,492	-	153,158
Lease liabilities (Note)	10,048	15,561	-	-	25,609

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

(6) Reconciliation of liabilities arising from financing activities

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

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

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	$-	$131,318	$18,371	$149,689
Cash flows	-	18,833	(13,136)	5,697
Non-cash changes	-	-	19,644	19,644
As of December 31, 2021	$-	$150,151	$24,879	$175,030

(7) Fair values of financial instruments

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

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

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

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

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

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

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

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

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

(C) Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

(A) Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of December 31, 2022

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

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$-	$-	$37,894	$37,894

Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$4,134	-	73,524	$77,658

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

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

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

	Assets	
	Measured at fair value through other comprehensive income	Measured at fair value through other comprehensive income
	Fund	Stocks
Beginning balances as of January 1, 2021	$-	$46,369
Total gains and losses recognized for the year ended December 31, 2021		

Amount recognized in net income (presented in "Unrealized gains (losses) from financial asset at fair value through profit or loss)	(4,971)	-
Amount recognized in OCI (presented in "Unrealized gains (losses) from financial asset at fair value through other comprehensive income)	-	26,283
Acquired in 2021	42,865	872
Ending balances as of December 31, 2021	$37,894	$73,524

Information on significant unobservable inputs to valuation

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

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through profit or loss					
Funds	Market approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT$2,469 thousand
Financial assets at fair value through other comprehensive income					
Stocks	Income approach	Discount for lack of marketability	16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT$616 thousand

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Income approach	Discount for lack of marketability	16%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT$7,352 thousand

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

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

(9) Significant assets and liabilities denominated in foreign currencies

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

(Expressed in thousands)

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

	December 31, 2021		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$19,224	27.68	$532,129
RMB	21,068	4.34	91,436
Financial liabilities			
Monetary items:			
USD	$94	27.68	$2,603
RMB	73	4.34	316

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

The Company has a variety of functional currencies, therefore the monetary impact on financial assets and liabilities impact for each individual currency cannot be disclosed. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) were net gain NT$78,144 thousand and net loss NT$9,168 thousand, respectively.

(10) Capital management

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

13. Additional disclosure

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

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

(2) Information on investments in mainland China

(A) Basic information: Please refer to Attachment 7-1 and 7-2.
(B) Directly or indirectly significant transactions through third regions with the investees in Mainland China: None

(3) Information on major shareholders

Information on major shareholders: Please refer to Attachment 8.

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

NO. (Note1)	Lender	Counter-party	Financial statement account	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for short-term financing (Note6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note3)	Limit of financing amount (Note3)
													Item	Value		
1	Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	Other Receivables - related parties	Yes	$25,000	$25,000	$25,000	-	2	$-	Operating capital	$-	-	$-	$50,000	$794,440

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

(1) The Company is "0".

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

Note 2: The number filled in for nature of loan are as follows:

(1) Business transaction is "1".

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

Note 3: Limit of financing amount for individual counter-party should not exceed NT$50 million; limit of total financing amount shall not exceed 40% of the Company’s net asset value.

Note 4: All transactions listed above were eliminated in the consolidated financial statement.

Attachment 1-2: Financing provided to others - Array Inc.

NO. (Note1)	Lender	Counter-party	Financial statement account	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for short-term financing (Note6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note3)	Limit of financing amount (Note3)
													Item	Value		
1	Array Cayman	Zentry Security Inc.	Other Receivables - related parties	Yes	USD 4,500 $138,195	USD 3,300 $101,343	USD - $-	-	2	$-	Operating capital	$-	-	$-	$99,247	$99,247 (Note5)

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

(1) The Company is "0".

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

Note 2: The number filled in for nature of loan are as follows:

(1) Business transaction is "1".

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

Note 3: The financing limit for each individual counter-party should not exceed 40% of the lender’s net worth as stated in its latest audited financial statements.

Note 4: All transactions listed above were eliminated in the consolidated financial statement.

Note 5: The functional currency of Array Inc. is USD.

Attachment 1-3: Financing provided to others - Chander Electronics Corp.

NO. (Note1)	Lender	Counter-party	Financial statement account	Related party	Maximum amount of current period	Ending balance	Amount actually drawn (Note4)	Interest rate	Nature of financing (Note2)	Amount of sales to (purchases from) counter-party	Reason for short-term financing (Note6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note3)	Limit of financing amount (Note3)
													Item	Value		
1	Yun Fang Co., Ltd.	Chander Electronics Corp.	Other Receivables	Yes	$20,000	$20,000	$17,000	1.20%	2	$-	Operating capital	$-	-	$-	$25,000	$26,100

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is "0".
(2) The subsdiaries are numbered in order starting from "1".

Note 2: The number filled in for nature of loan are as follows:
(1) Business transaction is "1".
(2) Short-term financing is "2".

Note 3: For those who have business transactions, the total amount of loans granted by Yun Fang Co., Ltd. should not exceed 600% of the net value of Yun Fang Co., Ltd., and the individual financing amount should not exceed the amount of business transactions between the two parties in the most recent year.

Note 4: All transactions listed above were eliminated in the consolidated financial statement.

(Expressed in thousands of NTD unless otherwise stated)

ATTACHMENT 2: Securities held as of December 31, 2022

Names of companies held	Type of securities (Note 1)	Name of securities (Note 1)	Relationship with the Company (Note 2)	Financial statement account	December 31, 2022				Note (Note 4)
					Shares (in thousand)	Carrying amount (Note 3)	Percentage of ownership (%)	Fair value	
Softstar Entertainment Inc.	Stock	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income, non-current	2,552	$6,160	15.95	$6,160	None
Softstar Entertainment Inc.	Stock	Funfia Inc.	-	Financial assets at fair value through other comprehensive income, non-current	600	-	11.51	-	None
Softstar Entertainment Inc.	Emerging stock	SNSplus Inc.	-	Financial assets at fair value through other comprehensive income, non-current	266	3,386	1.22	3,386	None
Softstar Entertainment Inc.	Listed stock	Newretail Co., Ltd.	-	Other receivables	657	6,093	2.26	6,093	None
Softstar Entertainment Inc.	Fund	Cathay Private Equity Ecology Limited Partnership	-	Financial assets at fair value through profit or loss, non-current	-	12,263	16.21	12,263	None
Softstar Entertainment Inc.	Fund	Cathy Private Equity Smart Technology Limited Partnership	-	Financial assets at fair value through profit or loss, non-current	-	12,424	4.92	12,424	None
Mega Media Group Limited	Stock	BLC Group Holding Limited	-	Financial assets at fair value through other comprehensive income, non-current	678	8,358	8.82	8,358	None
Mega Media Group Limited	Stock	Boom Fintech Inc.	-	Financial assets at fair value through other comprehensive income, non-current	250	-	9.22	-	None
Uniplus Electronics Co., Ltd.	Fund	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss, non-current	-	284	4.32	284	None
Chander Electronics Corp.	Stock	Super Energy Materials Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,272	45,430	11.36	45,430	None
Toptrend Technologies Corp.	Fund	Allianz Global Investors Income and Growth Fund	-	Financial assets at fair value through profit or loss, current	4.7	1,271	-	1,271	None
Toptrend Technologies Corp.	Stock	Hanbang Precision Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	93	92	1.56	92	None
Toptrend Technologies Corp.	Fund	Wisdom Capital Limited Partnership	-	Financial assets at fair value through profit or loss, current	-	6,934	-	6,934	None
Array US	Fund	Morgan Stanley Mutual Funds	-	Financial assets at fair value through profit or loss, current	-	11,291	-	11,291	None

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

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

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

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

(Expressed in thousands of NTD unless otherwise stated)

ATTACHMENT 3: Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital

Purchaser/Seller	Marketable securities type and name (Note1)	Financial statement account	Counter -party	Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares / Units	Amount	Shares / Units	Amount	Shares / Units	Amount	Carrying value	Gain/Loss on disposal	Shares / Units	Amount (Note5)
Softstar Entertainment Inc.	Red Sunrise Co., Ltd.	Investments accounted for using the equity method	Note2	-	-	$-	7,075,955	$176,899	-	$-	$-	$-	7,075,955	$190,447
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	Investments accounted for using the equity method	Note3	-	-	-	-	201,134	-	-	-	-	-	167,275
Lanjing Ltd.	Chander Electronics Corp.	Investments accounted for using the equity method	Note4	-	1,064,000	20,216	16,414,540	296,487	-	-	-	-	17,478,540	355,396
Chander Electronics Corp.	Toptrend Technologies Corp.	Investments accounted for using the equity method	None	Subsidiary	6,030	109,240	12,011	212,901	-	-	-	-	18,041	355,908

Note 1: Securities refers to stocks, bods, beneficiary certificates, and securities derived from items listed above.

Note 2: 36 third parties, including Lu, Ming-Hung and Ho Yang Investment Co., Ltd., and the investee's newly issued shares.

Note 3: The third party, Asia Pacific Growth Fund III, L.P. and the Company's subsidiary, Quan Zhe Metal Corp.

Note 4: Lifetek Instrument Inc. and 3 other third parties.

Note 5: The ending balance includes share of profit or loss and exchange differences on translating foreign operations of investments accounted for using equity method, valuation of financial assets, etc.

(Expressed in thousands of NTD unless otherwise stated)

ATTACHMENT 4: Names, locations and related information of investee companies (Not including investment in Mainland China)

Investor company	Investee company	Location	Main business and products	Original investment amount		Investment as of December 31, 2022			Net income (loss) of investee (Note 1)	Investment income (loss) recognized (Note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousand)	Percentage of ownership (%)	Book value			
Softstar Entertainment Inc.	Loftstar Interactive Entertainment Inc.	Taiwan	Software wholesale and information software services	$58,500	$58,500	5,850	100	$(33,809)	$(54,652)	$(54,652)	Subsidiary
Softstar Entertainment Inc.	Activision Entertainment Ltd.	Taiwan	Performing arts	6,000	6,000	-	100	943	(858)	(858)	Subsidiary
Softstar Entertainment Inc.	Red Sunrise Co., Ltd.	Taiwan	Third-party payment services	176,899	-	7,076	50.72	190,447	16,816	6,265 (Note5)	Subsidiary
Softstar Entertainment Inc.	Gamebase Digital Media Corporation	Taiwan	Software publishing and information software services	151,000	138,000	15,500	100	123,071	(14,745)	(14,745)	Subsidiary
Softstar Entertainment Inc.	Softstar Animation Limited	Samoa	Investment holding	29,888	29,888	980	100	6,807	1,186	1,186	Subsidiary
Softstar Entertainment Inc.	A.R.T. Games Co., Ltd.	Taiwan	Network software development and technical services	12,250	12,250	1,225	49	1,635	(3,649)	(1,788)	Investee accounted for using the equity method
Softstar Entertainment Inc.	Chia-e International Inc.	Taiwan	Investment holding	20,000	20,000	814	28.21	-	(2,233)	-	Investee accounted for using the equity method
Softstar Entertainment Inc.	Time Vision International Limited	Samoa	Investment holding	- (Note3)	499,922	- (Note3)	100	369,947	625,352	625,352	Subsidiary
Softstar Entertainment Inc.	Uniplus Electronics Co., Ltd.	Taiwan	Electronic component manufacturing, lamination, research and development and trade of business operation.	350,012	350,012	61,955	34.39	285,701	17,325 (Note5)	(1,736)	Subsidiary
Softstar Entertainment Inc.	New Profit Holding Ltd.	Seychelles	Investment holding	24,501	24,501	1,610	100	27,216	(214)	(214)	Subsidiary
Softstar Entertainment Inc.	JFN Investment Holding Corp.	BVI	Investment holding	78,605	71,830	13	100	85,279	(332)	(332)	Subsidiary
Softstar Entertainment Inc.	Lanjing Ltd.	Taiwan	Investment holding	316,916	20,216	-	100	355,482	(4,441)	(4,441)	Subsidiary
Softstar Entertainment Inc.	Jiwei Technology Ltd.	Taiwan	Investment holding	229,197	17,480	-	100	192,241	(38,026)	(38,026)	Subsidiary
Softstar Entertainment Inc.	Chander Electronics Corp.	Taiwan	Electronic products distribution	191,330	89,834	9,095	11.26	119,609	(20,851)	(2,436)	Subsidiary
Softstar Entertainment Inc.	Double Edge Entertainment Corp.	Taiwan	Film production and media distribution	34,926	-	1,591	30.31	12,597	(4,078)	(705)	Investee accounted for using the equity method
Lanjing Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	316,703	20,216	17,479	21.64	355,396	(20,851)	(1,256)	Subsidiary
Jiwei Technology Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	17,480	17,480	920	1.14	19,525	(20,851)	(65)	Subsidiary
Jiwei Technology Ltd.	Array Holdings for APGFIII Fund LPs	British Cayman Islands	Investment holding	201,134	-	-	100	167,275	(47,978)	(40,662)	Indirect subsidiary
Jiwei Technology Ltd.	Array Taiwan Inc.	Taiwan	Information software services	10,000	-	1,000	100	8,164	(1,836)	(1,836)	Indirect subsidiary
New Profit Holding Ltd.	Chander Electronics Corp.	Taiwan	Electronic products distribution	24,213	24,213	1,274	1.58	27,031	(20,851)	(326)	Subsidiary
JFN Investment Holding Corp.	Chander Electronics Corp.	Taiwan	Electronic products distribution	78,480	71,830	4,131	5.11	84,869	(20,851)	(1,079)	Subsidiary
Gamebase Digital Media Corporation	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	42,471	34,980	1,067	21.08	34,449	(38,109)	(6,750)	Investee accounted for using the equity method
Gamebase Digital Media Corporation	Mega Media Group Limited	Seychelles	General investment	93,260	93,260	2,800	100	76,603	(5,601)	(5,601)	Indirect subsidiary
Mega Media Group Limited	Niusnews Co., Ltd.	Taiwan	Advertisement and information software services	73,260	73,260	666	13.16	68,240	(38,109)	(5,601)	Investee accounted for using the equity method
Array Holdings for APGFIII Fund LPs	Array Inc.	British Cayman Islands	Investment holding	193,291 (Note4)	-	21,172	41.42	157,422	(179,522)	(74,358)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Green Bless Co., Ltd.	Taiwan	Beauty and skincare products	94,736	94,736	2,900	100	23,488	(776)	(2,649)	Indirect subsidiary

Investor company	Investee company	Location	Main business and products	Original investment amount		Investment as of December 31, 2022			Net income (loss) of investee (Note 1)	Investment income (loss) recognized (Note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousand)	Percentage of ownership (%)	Book value			
										(Note5)	
Uniplus Electronics Co., Ltd.	Hang Zheng Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	10,000	10,000	1,000	100	7,038	(1,895)	(1,895)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Jiu He Yi Technology Co., Ltd.	Taiwan	Wholesale of electronic equipments	41,000	21,000	4,100	100	40,904	(52)	(52)	Indirect subsidiary
Uniplus Electronics Co., Ltd.	Ruihe Investment Co.,Ltd.	Taiwan	Investment holding	100	-	-	100	52	(48)	(48)	Indirect subsidiary
Red Sunrise Co., Ltd.	Sun Tech Co., Ltd.	Taiwan	Third-party payment services	51,000	-	5,100	100	50,945	(65)	(65)	Indirect subsidiary
Red Sunrise Co., Ltd.	Soundnet Tech Co., Ltd.	Taiwan	Third-party payment services	1,820	-	282	100	-	-	-	Indirect subsidiary
Red Sunrise Co., Ltd.	PayNow Inc.	Taiwan	Third-party payment services	332	-	663	41.44	7,745	3,863	1,601	Investee accounted for using the equity method
Chander Electronics Corp.	Chander Electronics (HK) Corporation	Taiwan	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	114,142	114,142	28,200	100	8,659	(6)	(6)	Indirect subsidiary
Chander Electronics Corp.	Neweb Technologies Co., Ltd.	Taiwan	Software wholesale and retail sales; electronic data supply services	349,954	349,954	24,649	32.63	452,386	76,561	24,982	Investee accounted for using the equity method
Chander Electronics Corp.	Yun Fang Co., Ltd.	Taiwan	Tobacco, liquor, beverage, food and medical equipment wholesale and retail	5,000	5,000	500	100	4,350	(651)	(651)	Indirect subsidiary
Chander Electronics Corp.	Toptrend Technologies Corp.	Taiwan	Distribution and trade of electronic components, integrated circuits, computer equipment and related products	321,440	108,539	18,041	89.75	355,908	23,526	6,089 (Note5)	Indirect subsidiary
Chander Electronics Corp.	Quan Zhe Metal Corp.	Taiwan	Electronic component products, information software wholesale and retail, and data processing services	50	50	5	100	50	(5,630)	(5,630)	Indirect subsidiary (Note6)
Quan Zhe Metal Corp.	Array Holdings for APGFIII Fund LPs	British Cayman Islands	Investment holding	-	-	-	-	-	(33,112)	(5,630)	Investee accounted for using the equity method
Array Inc.	Array Cayman	British Cayman Islands	Investment holding	370,326	370,326	37,032	100	248,117	(179,562)	(179,562)	Indirect subsidiary
Array Cayman	Array US	US	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	184,843	166,606	-	100	336,268	(38,656)	(38,656)	Indirect subsidiary
Array Cayman	Zentry Security Inc.	US	Zentry modernizes the secure access with enhanced security, improved productivity, and ease of use. It helps customers migrate to Zero Trust Security model from obsolete perimeter model (Firewall & VPN)	343,952	276,800	-	99.95	(137,047)	(121,558)	(121,517)	Indirect subsidiary
Array US	Array Networks Japan Kabishiki Kaisha	Japan	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	2,342	2,405	200	100	12,356	450	450	Indirect subsidiary
Array US	Array Networks India Private Limited	India	Research, manufacture and sale of Application Delivery Controllers, high-end SSL VPN systems, Remote Desktop Access Solutions and Application Acceleration	36,298	32,717	-	100	23,776	33,356	33,356	Indirect subsidiary

Note 1: f the listed company set up the overseas investment company and consolidated financial statements are primary financial statements under local regulations, information about overseas investees can be disclosed only to the extent of the overseas investment company.
Note 2: If not qualified for the situation stated in Note 1, the above table should be made under rules as follows:
(1) Information about the Company's investments should be filled in the "Investee", "Location", "Main business", "Original investment" and "Investment as of December 31, 2018" columns. The relationship between the investee and the Company should be filled in the "Note" column.
(2) The net income for the year of each investee should be filled in the "Net income (loss) of investee" column.
(3) Only the investment income (loss) of subsidiaries or investees accounted for using the equity method recognized by the Company should be filled in the "Investment income (loss) recognized" column. The investment income (loss) recognized should include investment income (loss) recognized by the investee.
Note 3: The original investment was 2 shares amounted to NT$56.
Note 4: The original investment was completed through share swap.
Note 5: Including the amortization of differences between the carrying amount and the fair value based the purchase price allocation reports.
Note 6: In October 2022, Quan Zhe Investment Co., Ltd. changed its name to Quan Zhe Metal Corp.

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

			Transaction				Differences in transaction terms compared to third party transactions (Note1)		Notes/accounts receivable (payable)		Note
Purchaser/Seller	Counterparty	Relationship with the counterparty	Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Hang Zheng Technology Co., Ltd.	Uniplus Electronics Co., Ltd.	Parent company	Purchases	$197,582	79.36	According to the agreement	The transaction price and payment terms are not materially different from the third party.	According to the agreement	Accounts payable $92,782	99.20	Note

Note: Eliminated in the consolidated financial statement.

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

Creditor	Counterparty	Relationship with the counterparty	Balance of receivables from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Note
					Amount	Action taken			
Array US	Array Networks India Private Limited	Subsidiary	$159,749	1.96	$-	-	$18,428	$-	

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SOFTSTAR ENTERTAINMENT INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
(Expressed in thousands of NTD unless otherwise stated)

ATTACHMENT 7-1: Softstar Entertainment Inc.

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

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as at January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022	Note (Note 2(2))
					Outflow	Inflow							
Softstar Technology (Beijing) Co., Ltd.	Information processing service	$32,856	2	$32,856	$-	$32,856 (Note6)	$- (Note6)	(Note4)	-	$-	$-	$-	C
Softstar Technology (Shanghai) Co., Ltd.	Information processing service	134,694	2	22,294	-	-	22,294	(Note4)	-	-	-	-	C

2. Investment quota for Mainland China:

Accumulated investment in Mainland China as of December 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment in accordance with Ministry of Economic Affairs regulations (Note 5)
$22,294	$285,526	$1,191,659

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

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

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

(3) Other method.

Note 2: The investment income (loss) recognized in current period：

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

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

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

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

C.Others.

Note 3: The amount is stated in NTD.

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

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

Note 6: The investment in Softstar Technology (Beijing) Co., Ltd., US$1 million, had been remitted back through the Company's 100% subsidiary, Time Vision International Limited.
The difference between the remittance and the original investment amount was owing to the exchange rate, and the remittance amount had been reported to the Investment commission, MOEA.

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

ATTACHMENT 7-2: Chander Electronics Corp.

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

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as at January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022	Note
					Outflow	Inflow							
Trendwin Electronics (Shenzhen) Corporation (Note4)	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	HKD -	2	HKD7,639 (USD980)	$-	$-	HKD7,639 (USD980)	$-	-	$-	$-	$-	
Changsha Zecheng Technology Co., Ltd.	Distribution and trade of electronic components, integrated circuits, computer equipment and related products.	$43 (USD 2)	1	$43 (USD2)	22,127 (USD716)	-	22,170 (USD718)	(4,456)	100	(4,456)	17,249	-	Note5and6

2. Investment quota for Mainland China:

Accumulated investment in Mainland China as of December 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment in accordance with Ministry of Economic Affairs regulations
USD 1,698	USD 1,698	$513,088

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

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

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

(3) Other method.

Note 2: The investment income (loss) recognized in current period：

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

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

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

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

C.Others.

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

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

Note 5: Eliminated in the consolidated financial statement.

Note 6: Chander's new investment in Changsha Zecheng Technology Co., Ltd. amounting to NT$22,127 thousand (US$716 thousand) had been approved by the Investment commission, MOEA on February 4, 2023.

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

Attachment 8: Major shareholder information

Name \ Shares	Holding shares	Holding percentage (%)
Angel Fund (ASIA) Investments Limited	8,616,653	10.10
Oriental Golden Richness Ltd.	6,862,236	8.04
Global Angel Investments Limited	5,973,030	7.00
Uniplus Electronics Co., Ltd.	5,325,727	6.24

VI. Impact on the Company's Financial Condition shall be specified, if the Company and Its Affiliated Companies Experienced Financial Difficulties in the Most Recent Year Up to the Publication Date of this Annual Report: None.

Chapter 7. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Review and Analysis Statement for Financial Analysis

Comparative Analysis of Financial Conditions

Unit: In Thousands of NTD

Item \ Year	2022	2021	Differences	
			Amount	%
Current assets	3,249,755	2,194,791	1,054,964	48.07
Long-term investments (Note 2)	674,542	500,378	174,164	34.81%
Property, plant and equipment	144,439	38,100	106,339	279.10
Intangible assets	740,652	151,027	589,625	390.41
Other assets	248,427	167,642	80,785	48.19
Total Assets	5,057,815	3,051,938	2,005,877	65.72
Current liabilities	1,568,634	689,278	879,356	127.58
Noncurrent liabilities	420,809	193,829	226,980	117.10
Total liabilities	1,989,443	883,107	1,106,336	125.28
Common stock	852,630	655,869	196,761	30.00
Additional paid-in capital	158,340	112,491	45,849	40.76
Retained earnings	1,223,186	1,143,139	80,047	7.00
Other equity	(146,210)	(247,943)	101,733	(41.03)
Treasury stock	(101,847)	-	(101,847)	-
Total equity attributable to the parent company	1,986,099	1,663,556	322,543	19.39
Non-controlling interests	1082273	505275	576,998	114.19
Total equity	3,068,372	2,168,831	899,541	41.48

Note 1. The Company shall explain the primary reason and its effect regarding major changes in assets, liabilities, and shareholders' equity (with changes over 20% and the amount involving in such changes has reached NT$10 million) for the past two years. For material effects, explain the counterplan in the future.

Note 2. Long-term investments include changes in financial assets at fair value through profit or loss - non-current, financial assets measured at fair value through other comprehensive income - non-current, and investments accounted for using the equity method.

1. Explanations for items with major changes:
   (1) Current assets: Due to the acquisition of Red Sunrise Co., Ltd., Chander Electronics Corp.and Array Networks since 2022, the current assets have increased.
   (2) Long-term investment: Due to the addition of new invested companies since 2022, long-term investment has increased.
   (3) Property, plant and equipment: The acquisition of Chander Electronics Corp. and Array Networks since 2022, leading to an increase in property, plant and equipment.
   (4) Intangible assets: Due to the goodwill generated by the acquisition of subsidiaries since 2022, leading to the increase in intangible assets.
   (5) Other assets: Due to the addition of use rights assets of subsidiaries since 2022, leading to the increase in other assets.
   (6) Current liabilities: The increase in short-term borrowings in 2022 and the inclusion of accounts receivable from the merger with Red Sunrise Co., Ltd. have significantly increased current liabilities
   (7) Non-current liabilities: Due to the increase in contractual liabilities and long-term borrowings of new subsidiaries since 2022.
   (8) Common stock: Due to the conversion of earnings to capital increase in 2021, the common stock increased.
   (9) Non-controlling interests: Due to the acquisition of Red Sunrise Co., Ltd., Chander Electronics Corp.and Array Networks since 2022, the non-controlling interests increased.
2. Future corresponding plan: Not applicable.

II. Analysis of Operation Results

Unit: In Thousands of NTD

Item \ Year	2022	2021	Increases (decreases)	Rate of change %
Operating revenue	2,252,134	559,406	1,692,728	302.59
Operating costs	(1,357,295)	(166,304)	(1,190,991)	716.15
Gross profit (loss)	894,839	393,102	501,737	127.64
Operating expenses	(1,005,765)	(380,305)	(625,460)	164.46
Operating Income (Loss)	(110,926)	12,797	(123,723)	(966.81)
Non-operating income and	734,958	1,029,043	(294,085)	(28.58)
Profit (Loss) before income tax	624,032	1,041,840	(417,808)	(40.10)
Income tax expenses	(58,293)	(300,733)	242,440	(80.62)
Net income (loss) for the period	565,739	741,107	(175,368)	(23.66)
Net income (loss) attributable to	624,486	740,653	(116,167)	(15.68)
Net income (loss) attributable to	(58,747)	454	(59,201)	(13039.87)

Note: The Company shall explain the primary reason regarding major changes in operating revenue, operating net income and net income before tax (with changes over 20% and the amount involving in such changes has reached NT$10 million) for the past two years.

1. Primary reason for items with major changes in the past two years
   (1) Operating revenue:Due to the acquisition of Red Sunrise Co., Ltd., Chander Electronics Corp.and Array Networks since 2022, the operating revenue increased.
   (2) Operating costs:Due to the acquisition of Red Sunrise Co., Ltd., Chander Electronics Corp.and Array Networks since 2022, the operating costs increased.
   (3) Operating expenses:Due to the acquisition of Red Sunrise Co., Ltd., Chander Electronics Corp.and Array Networks since 2022, the operating expenses increased.
   (4) Non-operating income and expenses: The decrease in non-operating income is due to the disposal gain recognized from the sale of Goldensoft Technology Co., Ltd.'s equity and Sword and Fairy IP in Mainland China in 2021.
   (5) Income tax expenses: The decrease in income tax expenses is due to the disposal gain recognized from the sale of Goldensoft Technology Co., Ltd.'s equity and Sword and Fairy IP in Mainland China in 2021.
2. Estimated quantity of sales and its basis:

   There is no statistic for sales because no financial forecasting was prepared by the Company.
3. Possible effects and the counterplan for the future financial business of the Company:

   In the future, the Company will reinforce its IP operations including "Sword and Fairy", "Xuan Yuan Sword", and "Richman" through the development of mobile games, single player games, and online games, as well as invest in the audiovisual and cultural and creative field. Through licensing partnerships with top-tier international manufacturers and actively expanding into overseas emerging markets, we ensure that Softstar products will not be absent in all fields and platforms. We will also maintain high investment and high quality to gain the support of the market and players.

III. Cash flow

Review and Analytical Statement for Cash Flow

Analysis of Cash Flow

Unit: In Thousands of NTD

Balance of cash - beginning (1) (Note)	Net cash flow from operating activities during the year (2)	Cash inflow during the year (3)	Cash balance (1) + (2) + (3)	Remedial measures for cash deficit	
				Investment plans	Financial plans
1,795,522	(1,021,505)	816,124	1,590,141	-	-

1. Analysis of changes in cash flow for 2022:
   (1) Operating activities: The net cash outflow from operating activities for the period was mainly due to the increase in contract liabilities and other current liabilities.
   (2) Investing activities: The net cash inflow from investing activities for the period was mainly due to the decrease in other financial assets.
   (3) Financing activities: The net cash outflow from financing activities for the period was primarily due to the distribution of cash dividends and the repurchase of treasury stock in 2022.

2. Remedial measures for cash deficit and liquidity analysis:
   (1) Remedial measures for cash deficit: None.
   (2) Liquidity analysis:

Item / Year	December 31, 2022	December 31, 2021	Increase (Decrease) %
Cash flow ratio (%)	(65.12)	54.09	(220.39)
Cash flow adequacy ratio (%)	(43.60)	20.31	(314.68)
Cash flow reinvestment ratio (%)	(41.69)	16.16	(357.98)
Increase or decrease of change analysis: Cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: Due to the cash outflow from operating activities in 2022.			

3. Cash liquidity analysis for the following year:

Beginning cash balance (1)	Projected net cash flow from operating activities during the year (2)	Projected cash outflow during the year (3)	Projected cash balance (1)+(2)+(3)	Remedial measures for projected cash deficit	
				Investment plans	Financial plans
1,590,141	24,367	(216,853)	1,377,655	N/A	N/A

1. Analysis of changes in cash flow for the year:
   (1) Operating activities: The net cash inflow from operating activities for the period is mainly due to the estimated launch of multiple new games in 2023.
   (2) Investing activities: The net cash outflow from investment activities for the period mainly includes reinvestment, purchase of fixed assets and intangible assets.
   (3) Financing activities: The net cash outflow from financing activities for the period was primarily due to the loan repayments, the distribution of employee and director remuneration, and cash dividends.
2. Remedial measures for projected cash balance and liquidity analysis: None.

IV. Major Capital Expenditure Items: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year

(I) Reinvestment policy

The main business of the Company is game research and development, game agency, and IP licensing. In terms of reinvestment diversification, we have ventured into various industries in recent years. Currently, our subsidiaries cover businesses such as Printed circuit board (PCB), third-party payment services, IC distribution, and cybersecurity. These businesses complement each other and aim to provide industry synergies.

(II) Main reasons for profits/losses generated thereby and plan for improving reinvestment profitability

Most of the losses from reinvestment are game operating companies and media platform operating companies. In the future, we will strengthen the control of expenses to improve the loss situation.

The profit from the reinvestment is mainly the sale of Sword and Fairy IP in Mainland China and Beijing Softstar Company. In the future, in addition to allowing Sword and Fairy to maximize resources in Mainland China and enhancing the Company's multi-dimensional entertainment cooperation in Mainland China, the Company will also be able to take on a global perspective and create the most influential Chinese gaming brand in the world.

(III) Investment plan for the next year: None.

VI. Analysis of Risk Management for the Past Year up to the Date of Printing the Annual Report:

(I) Impact of changes in interest rates, foreign exchange rates, and inflation in the most recent year on the Company's profit and loss, and future response measures:

1. Interests expenses of the Company form an insignificant part of net operating revenue; therefore, changes in interest rate has no significant effect on the Company.
2. Regarding foreign currency assets of the Company, specialists from the Finance Department are responsible for regular evaluation, and shall keep close contact with the foreign exchange department of corresponding banks to keep abreast the trend of changes in exchange rates, so as to minimize the effects of exchange rate fluctuation risks on the revenue and profit of the Company.
3. There has been no effect on the Company operation arising from inflation in 2022.

(II) Policy regarding high-risk and highly leveraged investments, loaning of funds, endorsements/guarantees, and derivatives transactions; the primary reasons for the profit or loss, and future response measures:

1. High-risk investments and highly leveraged investments

   Currently, the Company does not engage in any high-risks or highly leveraged investments.

2. Loaning of funds, and endorsements/guarantees

   (1) As of the printing date of the annual report for 2022 and 2023, the Company has provided a loan to our subsidiary, Loftstar Interactive Entertainment Inc., with a limit of NT$ 50,000 thousand. As of April 27, 2023, the actual disbursed amount is NT$ 0. The subsidiary Yunfang Co., Ltd. has provided a loan to the Company's subsidiary Chander Electronics Corp., with a limit of NT$20,000,000. As of April 27, 2023, the actual disbursed amount is NT$ 0.

   (2) No endorsement or guarantee has taken place from 2022 up to the date of publication of this annual report in 2023.

3. Derivatives transactions

   Currently, the Company does not engage in any derivatives transactions.

(III) Future R&D plans and R&D expenditure to be invested:

1. Future R&D plans:

   (1) Product R&D Program – Brand IP Promotion: The R&D team will launch the Sword and Fairy Series product “Sword and Fairy Inn 2” this year. Compared with the previous work “Sword and Fairy Inn”, this game will see a dramatic improvement in production technology, art presentation, and gameplay innovation. The goal of this product is to extend the popularity of the Sword and Fairy's single-player products, while paving the way for the next major development of the Sword and Fairy IP series.

   (2) Technology R&D Program – Cultivating Local Culture: In addition to continuing to operate the existing popular IP, the R&D team will continue to explore Taiwan’s local culture and launch movie tie-in games, such as “The Bridge Curse”, “The Bridge Curse: Road to Salvation”. In addition to Chinese, the games will also support English and Thai language. The R&D team will continue to explore Taiwan’s local culture by employing the increasingly mature Unreal Engine and 3D dynamic technology to vividly and faithfully restore the local horror legend in schools.

   (3) Product R&D Program – Overseas Market Expansion: The R&D team has accumulated the technical strength of multi-platform and multi-language development from “Xuan Yuan Sword VII”, and has gained valuable experience in the European and North American gaming market environment and preferences of local players. This year, the R&D team will build "Sea

Horizon" for overseas markets and actively expand the Company's global presence. As the usage of Spine tools become increasingly mature, the R&D team has gained extensive experience in 2D dynamic production and will apply them to subsequent game development.

2. R&D expenditures expected to be reinvested will be approximately NT$ 98 million in 2022.

(IV) Impact of changes of important domestic and international policies and laws on the Company’s finance and business, and response measures: None.

(V) Impact of changes in technology (including cyber security risks) and industry on the Company’s finance and business, and response measures: None.

(VI) Impact of changes of corporate images on crisis management and response measures: None.

(VII) Projected benefits and possible risks in engaging in mergers or acquisitions and response measures: None.

(VIII) Projected benefits and possible risks in expanding plants and response measures: None.

(IX) Risks posed by concentrated procurement and sales and response measures: None.

(X) Effect and risk of transfer or change of shares held by directors, supervisors and shareholders with 10% or more share ownership: and response measures: None.

(XI) Impacts and risks arising from changes of management rights and response measures: None.

(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other Important Matters: None.

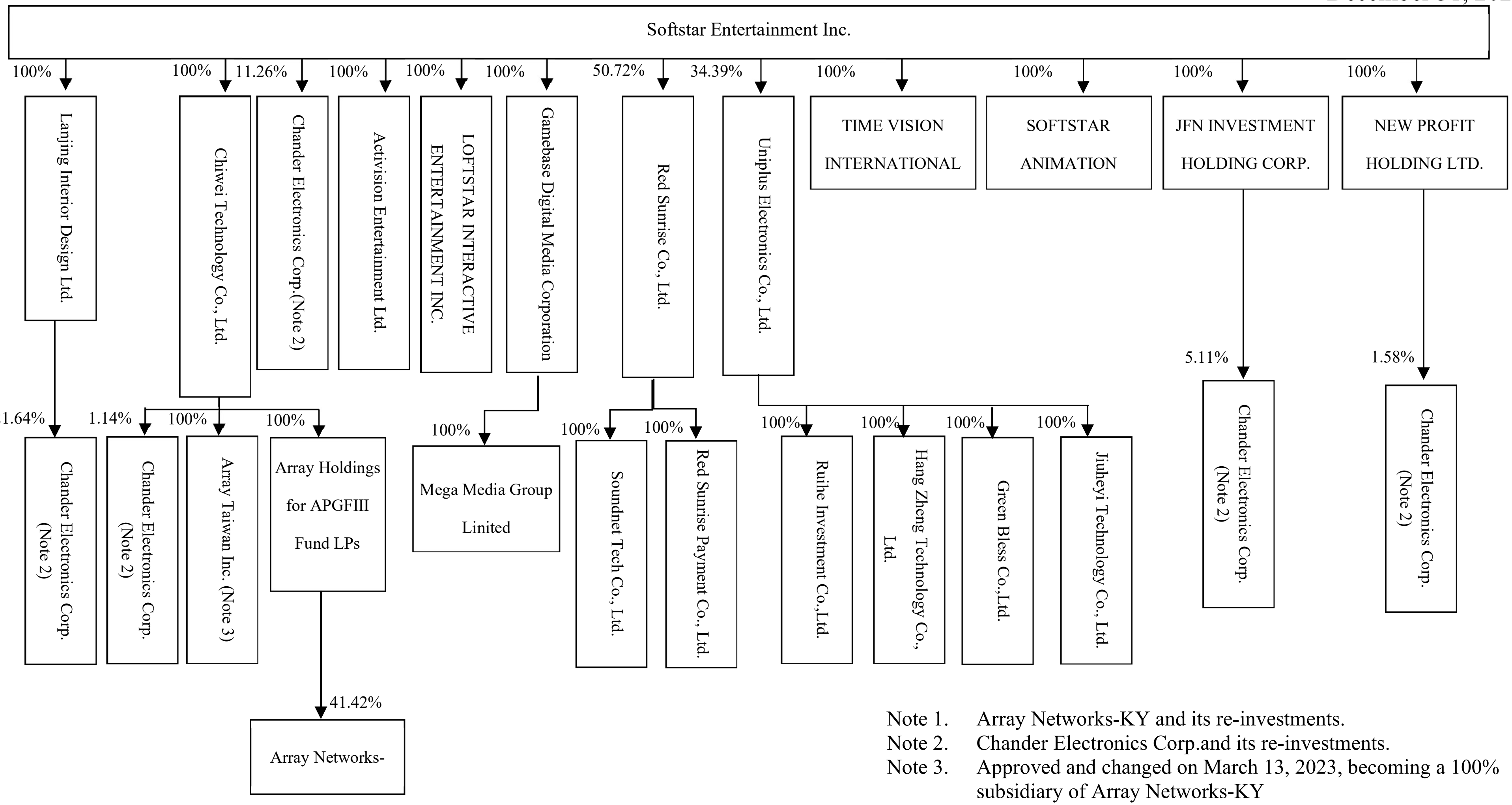
Chapter 8. Special Disclosure

I. Summary of Affiliated Companies

(I) Consolidated Business Report Covering Affiliated Companies

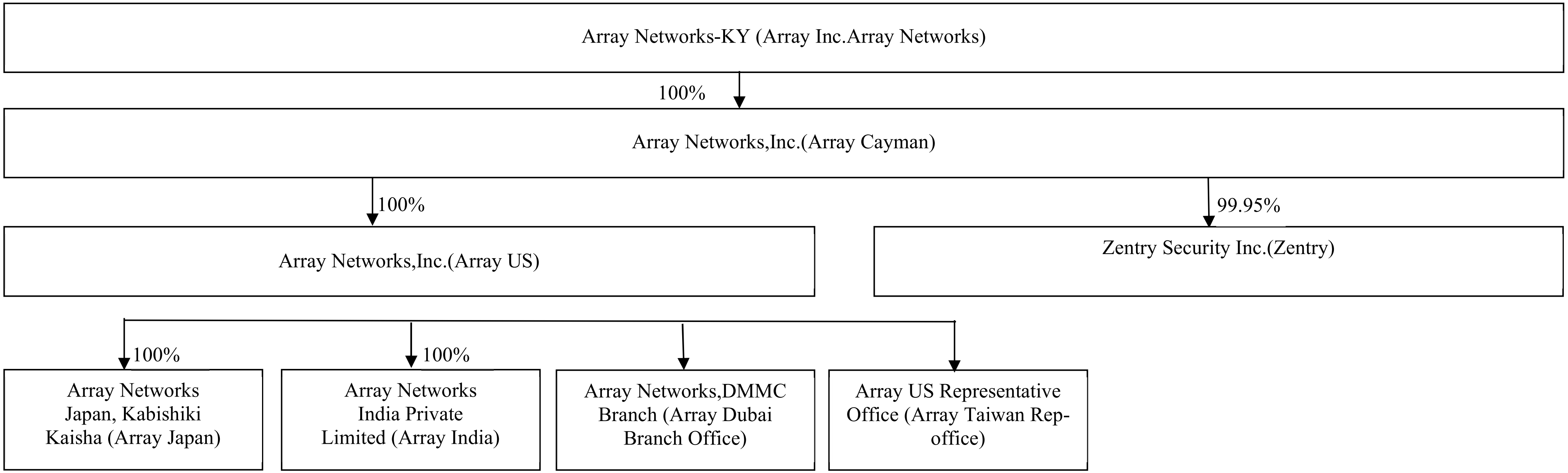
1. Organization of Affiliated Companies:

December 31, 2022

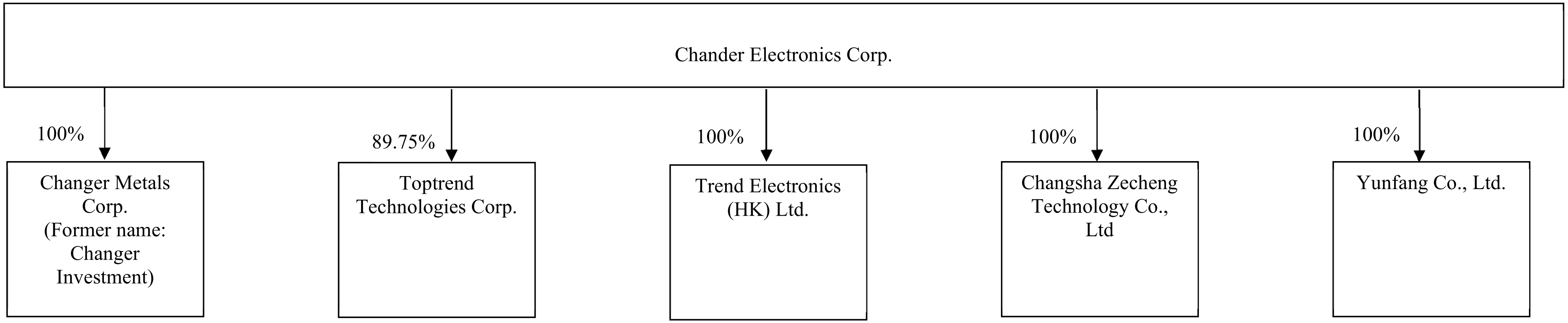


Note 1. Array Networks-KY and its re-investments.
Note 2. Chander Electronics Corp.and its re-investments.
Note 3. Approved and changed on March 13, 2023, becoming a 100% subsidiary of Array Networks-KY

Note 1


Array Networks-KY (Array Inc.Array Networks)
100%
Array Networks,Inc.(Array Cayman)
100%
99.95%
Array Networks,Inc.(Array US)
Zentry Security Inc.(Zentry)
100%
100%
Array Networks Japan, Kabishiki Kaisha (Array Japan)
Array Networks India Private Limited (Array India)
Array Networks,DMMC Branch (Array Dubai Branch Office)
Array US Representative Office (Array Taiwan Rep-office)

Note2


Chander Electronics Corp.
100%
89.75%
100%
100%
100%
Changer Metals Corp. (Former name: Changer Investment)
Toptrend Technologies Corp.
Trend Electronics (HK) Ltd.
Changsha Zecheng Technology Co., Ltd
Yunfang Co., Ltd.

2.Information on Affiliated Companies

As of December 31, 2022; Unit: NT$ thousands

Affiliated Company	Date of Incorporation (yyyy/mm/dd)	Address	Paid-in Capital	Scope of Business or Production
LOFTSTAR INTERACTIVE ENTERTAINMENT INC.	2014/04/10	5F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	58,500	Software wholesaling and information software services
Gamebase Digital Media Corporation	2011/05/26	4F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	155,000	Software publishing and information software services
Activision Entertainment Ltd.	2015/02/04	4F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	6,000	Performing activities
Chiwei Technology Co., Ltd.	2021/05/20	4F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	222,797	General investment
Lanjing Interior Design Ltd.	2021/05/20	4F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	309,508	General investment
Uniplus Electronics Co., Ltd.	1991/09/06	No. 38-1, Dongyuan Road., Zhongli District, Taoyuan City	1,801,568	Manufacturing, pressing, processing, research and development, and trading of electronic components
Softstar Animation Limited	2016/05/11	Offshore Chambers, P.O.Box 217, Apia, Samoa	29,888	General investment
Time Vision International Limited	2021/01/06	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road,Apia,Samoa	0(Note 1)	General investment
JFN Investment Holding Corp.	2016/06/23	Vistra Corporate Services Centre, Wickhams CayII, Road Town, Tortora,VG1110,British Virgin Islands.	78,890	General investment

Affiliated Company	Date of Incorporation (yyyy/mm/dd)	Address	Paid-in Capital	Scope of Business or Production
New Profit Holding Ltd.	2016/06/23	House of Francis, Room 303, lle Du Port, Mahe, Seychelles	44,840	General investment
Mega Media Group Limited	2016/02/02	House of Francis, Room 303, lle Du Port, Mahe, Seychelles	77,350	General investment
Green Bless Co., Ltd.	2011/03/25	3F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	29,000	Beauty and skin care products
Hang Zheng Technology Co., Ltd.	2019/12/06	No. 38-1, Dongyuan Road., Zhongli District, Taoyuan City	10,000	Wholesale of electronic equipment
Jiuheyi Technology Co., Ltd.	2021/05/24	3F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	41,000	Wholesale of electronic equipment
Ruihe Investment Co., Ltd.	2022/01/06	3F, No. 8, Lane 11, Section 2, Dunhua South Rd., Taipei City	100	General investment
Red Sunrise Co., Ltd.	2000/07/26	13F, No. 65, Section 2, Dunhua South Rd., Taipei City	139,500	Payment processing system service
Red Sunrise Payment Co., Ltd.	2012/12/28	13F, No. 65, Section 2, Dunhua South Rd., Taipei City	51,000	Third-party payment service
Soundnet Tech Co., Ltd.	2015/10/13	13F, No. 65, Section 2, Dunhua South Rd., Taipei City	2,820	Third-party payment service
Chander Electronics Corp.	1997/5/15	(2F) No. 531-1, Zhongzheng Rd., Xindian Dist., New Taipei City	807,659	Electronic circuit
Changer Metals Corp.	2021/12/24	2F, No. 531-1, Zhongzheng Rd., Xindian Dist., New Taipei City	50	Wholesale and retail of electronic components and information software, as well as data processing services.

Affiliated Company	Date of Incorporation (yyyy/mm/dd)	Address	Paid-in Capital	Scope of Business or Production
Toptrend Technologies Corp.	1993/02/24	8-1F, No. 15, Ln. 360, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	200,997	Electronics products and components trading services.
Changsha Zecheng Technology Co., Ltd	2021/4/23	401 East End, Building B-5, Jinrui Lugu Science and Technology Park, No. 28 Lutian Road, High tech Development Zone, Changsha City, Hunan Province, China	22,170	Distribution and agency of electronic components
Trend Electronics (HK) Ltd.	1999/06/09	Unit 138, 1/F., Palm Springs Commercial Centre, Palm Springs Boulevard, Yuen Long, N.T., Hong Kong	114,142	Distribution and agency of electronic components
Yunfang Co., Ltd.	2020/12/28	(2F) No. 531-1, Zhongzheng Rd., Xindian Dist., New Taipei City	5,000	Wholesale and retail industry of tobacco, alcohol, beverages, food, and medical equipment
Array Taiwan Inc.	2022/07/18	9F, No. 65, Section 2, Dunhua South Rd., Taipei City	10,000	Information software service
Array Holdings for APGFⅢ Fund LPs	2020/11/06	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	0(Note 2)	General investment
Array Networks	2008/12/19	Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman, KY1-9006, Cayman Islands	581,228	General investment
Array Cayman	2003/9/11	Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman, KY1-9006, Cayman Islands	370,326	General investment
Array US	2000/4/13	1371McCarthy Blvd.Milpitas, CA95035, USA	184,843	R&D, manufacturing, and sales of internet functional platform products, internet connectivity security, and internet traffic acceleration related system equipment

Affiliated Company	Date of Incorporation (yyyy/mm/dd)	Address	Paid-in Capital	Scope of Business or Production
Array Japan	2001/9/10	〒210-0004 4th Floor, GS Kawasaki Building, 6-12 Miyamotocho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture.	2,342	R&D, manufacturing, and sales of internet functional platform products, internet connectivity security, and traffic acceleration related system equipment.
Array India	2019/09/06	Array Networks India Private Ltd. IndiQube Sigma Ground floor, Wing, 3B, 7th C Main Rd, 3rd Block, Koramangala, Bengaluru, Karnataka 560034 India	36,298	R&D, manufacturing, and sales of internet functional platform products, internet connectivity security, and traffic acceleration related system equipment.
Zentry Security Inc.	2019/11/13	1371McCarthy Blvd.Milpitas, CA95035, USA	344,124	Internet security linking system

Note 1. Paid-in Capital: NT$56

Note 2. Paid-in Capital: NT$57

3. Information on Same Shareholders under Presumption of a Relationship of Control or Subordination: None.

4. The overall business scope of our affiliated companies includes the R&D, operation, and licensing of standalone games, online games, and mobile games. We are also involved in the manufacturing, pressing, processing, and R&D of multi-layer printed circuit boards, copper foil substrates, fiberglass films, and various electronic components. Our services also encompass third-party collection and payment, payment processing, integrated circuits, computer equipment, and peripherals agency, maintenance, import and export trading, as well as domestic and international wine agency sales. Additionally, we engage in the R&D, manufacturing, and sales of internet functional platform products, internet connectivity security, and internet traffic acceleration related system equipment.

5.Directors, Supervisors, and Presidents of Affiliated Companies

As of December 31, 2022; Unit: 1,000 shares

Affiliated Company	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding ratio
LOFTSTAR INTERACTIVE ENTERTAINMENT INC.	Chairman	Tu, Chun-Kuang, representative for SOFTSTAR ENTERTAINMENT INC.	5,850	100.00%
	Director	Chen, Yao-Tien and Chuang, Jen-Chuan, representatives for SOFTSTAR ENTERTAINMENT INC.	5,850	100.00%
	President	Chen, Yao-Tien	0	0
	Supervisors	Hsieh, Fang-Shu, representatives for SOFTSTAR ENTERTAINMENT INC.	5,850	100.00%
Gamebase Digital Media Corporation	Chairman	Lien, Chien-Hsin, representative for SOFTSTAR ENTERTAINMENT INC.	15,500	100.00%
	Director	Tsai, Ming-Hung and Chuang, Jen-Chuan, representatives for SOFTSTAR ENTERTAINMENT INC.	15,500	100.00%
	Supervisors	Lin, Hui-Chen, representative for SOFTSTAR ENTERTAINMENT INC.	15,500	100.00%
Activision Entertainment Ltd.	Chairman	Tu, Chun-Kuang, representative for SOFTSTAR ENTERTAINMENT INC.	(Note 1)	100.00%
Chiwei Technology Co., Ltd.	Chairman	Tu, Chun-Kuang, representative for SOFTSTAR ENTERTAINMENT INC.	(Note 1)	100.00%
Lanjing Interior Design Ltd.	Chairman	Tu, Chun-Kuang, representative for SOFTSTAR ENTERTAINMENT INC.	(Note 1)	100.00%
Uniplus Electronics Co., Ltd. (Note 1)	Chairman	Tu, Chun-Kuang	0	0
	Director	Hsieh, Fang-Shu, representative of Global Angel Investments Limited	2	0
	Director	Chen, Yao-Tien and Lin, Hui-Zhen and Lin, , representatives for SOFTSTAR ENTERTAINMENT INC.	61,955	34.39%
	Independent Director	Chi, De-Chang, Kao, Huan-Tang, Ku, Hsiao-Chen	0	0
Softstar Animation Limited	Chairman	Tu, Chun-Kuang, representative for Softstar International Inc.	(Note 1)	100.00%
Time Vision International Limited	Chairman	Tu, Chun-Kuang, representative for SOFTSTAR ENTERTAINMENT INC.	(Note 1)	100.00%

Affiliated Company	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding ratio
JFN Investment Holding Corp.	Chairman	Tu, Chun-Kuang, representative for SOFTSTAR ENTERTAINMENT INC.	(Note 1)	100.00%
New Profit Holding Ltd	Chairman	Tu, Chun-Kuang, representative for SOFTSTAR ENTERTAINMENT INC.	(Note 1)	100.00%
Mega Media Group Limited	Chairman	Tu, Chun-Kuang, representative of Gamebase Digital Media Corporation	(Note 1)	100.00%
Green Bless Co., Ltd.	Chairman	Tu, Chun-Kuang, representative of Uniplus Electronics Co., Ltd.	2,900	100.00%
Hang Zheng Technology Co., Ltd.	Chairman	Yeh, Jih-Hung, representative of Uniplus Electronics Co., Ltd.	1,000	100.00%
Jiuheyi Technology Co., Ltd.	Chairman	Tu, Chun-Kuang, representative of Uniplus Electronics Co., Ltd.	2,100	100.00%
Ruihe Investment Co., Ltd.	Chairman	Tu, Chun-Kuang, representative of Uniplus Electronics Co., Ltd.	100	100.00%
Red Sunrise Co., Ltd.	Chairman	Lu, Bao-Lin	0	0
	Director	Lien, Chien-Hsin, Lin, Hui-Zhen and Chuang, Jen-Chu'an, representatives for SOFTSTAR ENTERTAINMENT INC.	7,076	50.72%
	Director	Heshan Co., Ltd.	228	1.63%
	Supervisors	Xie, Shu-Jin	0	0
Red Sunrise Payment Co., Ltd.	Chairman	Representative of Red Sunrise Co., Ltd.: Huang, Xuan-De	5,100	100%
Soundnet Tech Co., Ltd.	Chairman	Representative of Red Sunrise Co., Ltd.: Huang, Xuan-De	282	100%

Affiliated Company	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding ratio
Chander Electronics Corp.	Chairman	Representative of New Profit Holding Ltd.: Tu, Chun-Jung	1,274	1.58%
	Director	Representative of New Profit Holding Ltd.: Chuang, Jen-Chu'an	1,274	1.58%
	Director	Representative of JFN Investment Holding Corp.: Huang, Fu-Qing	4,131	5.11%
	Director	Representative of Chander Investment Co., Ltd.: Zhang, Yu-Da	1,076	1.33%
	Independent Director	Chen, Dao-Song, Tsai, Cheng-Yun	0	0
	Independent Director	Zhang, Zhi-Wei	2	0.002%
Changer Metals Corp.	Chairman	Representative of Chander Electronics Corp.: Tu, Chun-Jung	5	100%
Toptrend Technologies Corp.	Chairman	Wang, Kai-Yuan	0	0
	Director	Representatives of Chander Electronics Corp.: Tu, Chun-Jung and Zhang, Ping-Gao	18,040	89.75%
	Supervisors	Zhou, Hui-Fei , Wang, Yun-Qi	0	0
Changsha Zecheng Technology Co., Ltd	Chairman	Representative of Chander Electronics Corp.: Tu, Chun-Jung	(Note 1)	100%
Trend Electronics (HK) Ltd.	Director	Tu, Chun-Jung	0	0
Yunfang Co., Ltd.	Chairman	Representative of Chander Electronics Corp.: Tu, Chun-Jung	500	100%
Array Taiwan Inc.	Chairman	Chiwei Technology Co., Ltd.: Lien, Chien-Hsin	1,000	100%
Array Holdings for APGFⅢ Fund LPs	Chairman	Representative of Chih Wei Technology Ltd.: Tu, Chun-Kuang	2	100%

Affiliated Company	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding ratio
Array Networks (Note 3)	Chairman	Representative of Array Holdings for APGFIII Fund LPs (Shareholder Name Recorded: CTBC Bank Co., Ltd. Custodian Array Holdings - Asia Pacific Growth Fund III Limited Partnership Investment Account): Lien Chien-Chin	21,172	41.42%
	Director	Representative of Array Holdings for APGFIII Fund LPs (Shareholder Name Recorded: CTBC Bank Co., Ltd. Custodian Array Holdings - Asia Pacific Growth Fund III Limited Partnership Investment Account): Zhao, Yao	21,172	41.42%
	Director	Representative of Array Holdings for APGFIII Fund LPs (Shareholder Name Recorded: CTBC Bank Co., Ltd. Custodian Array Holdings - Asia Pacific Growth Fund III Limited Partnership Investment Account): Lin, Yun-Hua	21,172	41.42%
	Director	Wang, Teng-Yue	0	0
	Independent Director	Zhang, Mei-Lan	0	0
	Independent Director	Ye, Guan-Yi	0	0
	Independent Director	Zhuang, Mao-Liang	0	0
Array Cayman	Chairman	Lien, Chien-Chin	0	0
Array US	Chairman	Zhao, Yao	0	0

Affiliated Company	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding ratio
	Director	Tu, Chun-Kuang	0	0
	Director	Lien, Chien-Chin	0	0
Array Japan	Chairman	Lien, Chien-Chin	0	0
Array India	Director	Zhao, Yao, shibu paul	0	0
Zentry Security Inc.	Chairman	Zhao, Yao	0	0

Note 1. This is a limited company with no issued shares.

Note 2. It was approved to change the Chairman of Array Taiwan Inc. to Lien, Chien-Chin as the representative of Array Networks on March 13, 2023.

Note 3. On March 16, 2023, Array Networks conducted a comprehensive election of directors at the extraordinary shareholders' meeting.
The representative of Array Holdings - Asia Pacific Growth Fund III Limited Partnership Investment Account: Lien, Chien-Chin, representative of Array Holdings - Asia Pacific Growth Fund III Limited Partnership Investment Account:Zhao, Yao, representative of Array Holdings - Asia Pacific Growth Fund III Limited Partnership Investment Account: Lin, Yun-Hua, Chen, Yi-Shun, Xiao, You-Wen (independent director), Ye, Guan-Yi (independent director), Yang, Jin-Hui (independent director), Wu, Bo-Yi (independent director)

4.Financial Position and Operating Results of Affiliated Companies:

December 31, 2022

Unit: Thousand NT$

Affiliated Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating revenue	Operating Income (Loss)	Income (Loss) after Tax
LOFTSTAR INTERACTIVE ENTERTAINMENT INC.	58,500	83,033	116,842	(33,809)	118,711	(56,909)	(54,652)
Gamebase Digital Media Corporation	155,000	128,394	8,035	120,359	20,589	(2,608)	(14,745)
Activision Entertainment Ltd.	6,000	953	10	943	32	(889)	(858)
Chiwei Technology Co., Ltd.	222,797	205,364	10,000	195,364	0	(180)	(38,026)
Lanjing Interior Design Ltd.	309,508	355,482	0	355,482	0	(123)	(4,441)
Uniplus Electronics Co., Ltd.	1,801,568	881,281	69,237	812,044	248,976	(2,466)	17,325
Red Sunrise Co., Ltd. (Note 1)	139,500	483,468	294,452	189,016	247,703	12,751	16,816
Red Sunrise Payment Co., Ltd.	51,000	52,767	1,822	50,945	36	(65)	(65)
Soundnet Tech Co., Ltd.	2,820	2,658	0	2,658	0	(1)	(1)
Chander Electronics Corp. (Note 2)	807,659	1,240,604	385,456	855,148	342,275	(41,474)	(20,851)
Softstar Animation Limited	29,888	8,490	1,683	6,807	357	357	1,186
Time Vision International Limited(Note 3)	0	421,777	51,830	369,947	0	(19,974)	625,352
JFN Investment Holding Corp.	78,890	85,279	0	85,279	0	(102)	(332)
New Profit Holding Ltd	44,840	27,216	0	27,216	0	(96)	(214)
Mega Media Group Limited	77,350	76,603	0	76,603	0	0	(5,601)
Array Holdings for APGFIII Fund LPs (Note 4)	0	160,455	0	160,455	0	0	(47,978)
Array Networks	511,228	723,700	475,583	248,117	465,052	(182,063)	(179,522)
Array Taiwan Inc.	10,0000	9,995	1,831	8,164	0	(1,849)	(1,836)
Green Bless Co., Ltd.	29,000	17,811	2,000	15,811	19,209	(842)	(776)
Hang Zheng Technology Co., Ltd.	10,000	107,945	100,907	7,038	278,924	(8,449)	(1,895)
Jiuheyi Technology Co., Ltd.	41,000	40,904	0	40,904	0	(56)	(52)
Ruihe Investment Co., Ltd.	100	52	0	52	0	(48)	(48)
Trend Electronics (HK) Ltd.	111,052	8,660	0	8,660	0	0	(6)
Yunfang Co., Ltd.	5,000	23,795	19,444	4,351	0	0	(651)
Toptrend Technologies Corp.	200,997	505,973	183,147	322,826	675,060	19,533	23,526

Affiliated Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating revenue	Operating Income (Loss)	Income (Loss) after Tax
Changer Metals Corp.	50	49	0	49	0	0	(5,630)
Changsha Zecheng Technology Co., Ltd	22,040	24,292	7,043	17,249	8,750	(4,465)	(4,465)
Array Cayman	US15,777	253,918	5,923	247,995	0	(18,943)	(184,732)
Array US	US6,019	663,569	327,301	336,268	407,412	(6,429)	(38.651)
Zentry Security Inc.	US11,206	2,979	140,095	(137,116)	2,828	(128,071)	(125,086)
Array Networks Japan Kabishiki Kaisha	JPY10,000	13,705	1,350	12,355	14,659	697	463
Array Networks India Private Limited	INR85,417	372,962	349,186	23,776	222,196	(32,802)	(34,324)

Note 1. The Company obtained control of Red Sunrise Co., Ltd. in January 2022 and consolidated it into the consolidated financial statements.

Note 2. The Company obtained control of Chander Electronics Corp.in April 2022 and consolidated it into the consolidated financial statements.

Note 3. Paid-in Capital: NT$56

Note 4. Paid-in Capital: NT$57

Note: On December 31, 2022, the exchange rate of US dollar to NT dollar was 1: 30.71 (balance sheet) and 1:30.67 (income statement).

(II) Consolidated Financial Statements Covering Affiliated Companies: Same as the consolidated financial statements (refer to Pages 114~239).

(III) Statement on Consolidated Financial Statements Covering Affiliated Companies

SOFTSTAR ENTERTAINMENT INC. and Subsidiaries

Statement on Consolidated Financial Statements Covering Affiliated Companies

In 2022 (from January 1, 2022 to December 31, 2022), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Very truly yours,

SOFTSTAR ENTERTAINMENT INC.

Chairman: Tu, Chun-Kuang

March 28, 2023

(IV) Affiliation Report: N/A.

II. Private Placement Securities in the Most Recent Years and up to the Date of Publication of the Annual Report: None.

III. The holding or disposal of the Company's shares by subsidiaries in the most recent year up to the printing date of the annual report: As of the printing date of the 2023 annual report, subsidiaries Uniplus Electronics Co., Ltd., Chander Electronics Corp., and Toptrend Technologies Corp. held 5,325,727 shares, 621,000 shares, and 686,000 shares of the Company, respectively.

IV. Other Necessary Supplement: None.

Chapter 9. Any of the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act which Might Materially Affect Shareholders' Equity or Price of the Company's Securities in the Most Recent Year up to the Date of Publication of the Annual Report: None.

Softstar Entertainment Inc.

Chairman: Tu, Chun-Kuang