股票代碼：3466

本年報內容及本公司相關資訊可至下列網址查詢

公開資訊觀測站網址

https://mops.twse.com.tw

公司網址

http://www.skardin.com.tw

SKARDIN
INDUSTRIAL CORPORATION
致振企業股份有限公司

111 年度報表

ANNUAL REPORT

致振企業股份有限公司

中華民國一一二年五月十八 刊印

Stock Code: 3466

Skardin Industrial Corporation

2022

Annual Report

Published Date: May 18, 2023
Company Website: https://www.skardin.com/zh-hant

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

1. Name, title, telephone number, and e-mail address of the spokesman or acting spokesman:
   Spokesman: Chen Chia Ju
   Title: Executive Assistant to CEO
   Telephone number: (02) 8512-3068
   E-mail address: jiaru_chen@skardin.com.tw

   Acting spokesman: Kenny Chang
   Title: General Manager
   Telephone number: (02) 8512-3068
   E-mail address: kenny@skardin.com.tw

2. Address and telephone number of the company's headquarters, branch offices, and factories
   Company's headquarters: 8F, No. 123-1, Hsing De Rd., Sanchung District, New Taipei City
   Telephone number: (02)8512-3068

3. Name, address, e-mail address, and telephone number of the agency handling shares transfer;
   Name: MEGA Securities Co., Ltd. Department of Stock Affairs
   Address: 1F., No.95, Sec. 2, Chung Hsiao E. Road, Taipei City
   Website: https://www.emega.com.tw
   Telephone number: (02)3393-0898
4. Names of the CPAs who duly audited the 2022 financial report, and the name, address and telephone number of the accounting firm
   Name: CPAs Chang Shu Yin, Lian Shu Ling
   Accounting firm: KPMG Taiwan
   Address: 68 F, No.7, Sec. 5, Xinyi Road, Taipei City (Taipei 101 Tower)
   Website: http://www.kpmg.com.tw
   Telephone number: (02)8101-6666

5. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities
   None

6. Company’s Website: www.skardin.com.tw

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I. Letter to shareholders

1. 2022 Business Report

(1) Status about execution and implementation of Business Plan, and the result

Due to affect slowdown from COVID-19 and material shortage of supply chain, the consolidated income of operation (net) is NT$1,116,395 in thousands and 12% higher to the one NT$1,040,607 in thousands in 2021.
The main markets of the Company are Central and South America and Europe. The consolidated gross profit rate is 21% in 2022, and is slightly higher than the one 20% in 2021. The consolidated gross profit and operating expenses are NT$246,718 and NT$292,440 both in thousands. The decreases are resulted from affect slowdown of material shortage and COVID-19. The non-operating income and expenses are mainly recognized as interest income, foreign exchange net gain or loss, interest expenses, and others.
From mentioned above, the consolidated net income in 2022 is NT$4,221 in thousands.

(2) Budget execution

The Company did not disclose any financial forecast in 2022.

(3) The financial revenue and expenditure, and the analysis of profitability

Unit: New Taiwan Dollars in thousands

Item / Years ended December 31			2022	2021	Ratio of increase / decrease
Financial revenue and expenditure	Consolidated revenue		1,166,395	1,040,607	12.09%
	Consolidated gross profit		246,718	209,493	17.77%
	Consolidated income / loss (net)		(45,722)	(80,859)	43.45%
Profitability	Return on assets (%)		0.34	(4.94)	106.88%
	Return on equity		0.41	(7.5)	105.47%
Profitability	To paid-in capital (%)	Net Revenue	(7.51)	(13.28)	43.45%
		Income before income tax	1.22	(12.94)	109.43%
	Pre-tax net profit to paid-in capital ratio (%)		0.36	(7.65)	104.71%
	Earnings per share (loss)(NT$)		0.07	(1.31)	105.34%

(4) Research and development

A. Development of 4K / HDTV (High Definition Television) Set Top Boxes (STB).
B. Development of Satellite STBs with conditional access supported
C. Development of IP and CATV (Cable Television) STBs
D. Development of New Energy

2. 2022 Operation Summaries

(1) Objects to and strategies for management

A. Provide and implement completed products lines, strengthen and improve sales abilities, and improve customers' satisfactions with our products and service.
B. Strengthen our research and development (R&D) team, and improve their capabilities.
C. Continuously optimize cost and improve gross profit margin.
D. Strengthen factories management and improve production efficiency.

(2) The forecast for sales quantities and the forecast basis: not applicable.

(3) The policies of products and sales

The Company will continuously adjust products structures, raise up gross profit margin, and strengthen sales abilities. Besides, the Company will develop new products and customers, monitor and grasp the market trends and customers' needs. Also the Company will positively decrease related cost and improve production efficiency, then present competitive products.

(4) Establish new energy department

In view of the fact that the world is in a critical era of energy transition and green energy will be a new engine to drive economic development in the future, the company established a new energy department in August, 2022. The action is in response to the government's efforts to promote energy independence, expand the emerging green energy industry, and gradually realize the goal of a non-nuclear homeland.

A.Business Scope of New Energy Department Business scope of New Energy Department are mainly planned as follows:

(a) Investment, construction, maintenance and operation of photovoltaic stations: including photovoltaic as types of rooftop, ground, fish farming, agricultural planting, enterprise ESG green power, etc.

(b) Investment, construction, maintenance and operation of different types of energy storage stations: including Taipower power frequency modulation, solar, customers with huge power consumption in industry or commercial uses.

(c) Investment, construction, maintenance and operation of related energy products: including sales and agent for photovoltaic, energy saving and charging products, and constructions, maintenance and operation of other energy products.

B.Progress, Facts, and Results of New Energy Department in 2022

(a)The Board of Directors approved to establish subsidiaries of energy, construction and service.

(b)Executed massive investment in green energy. In addition, invested more than 20MW in fish farming solar photovoltaics in central Taiwan, and already finished land development and acknowledged its right-of-use. The project keeps moving forward.

(c)Acquisition plans photovoltaic stations

According to photovoltaic investment and related analysis, the Company expects to execute acquisition plans successively for excellent quality photovoltaic stations from 2023, and investment income will be raised up then.

Last but not least, I would like to thank all our shareholders for your support and encouragement to the Company, and I would like to wish you

Good health and all the best

Chairman Yu Chih Ching

II. Company profile

1. Date of incorporation

   March 23, 1982

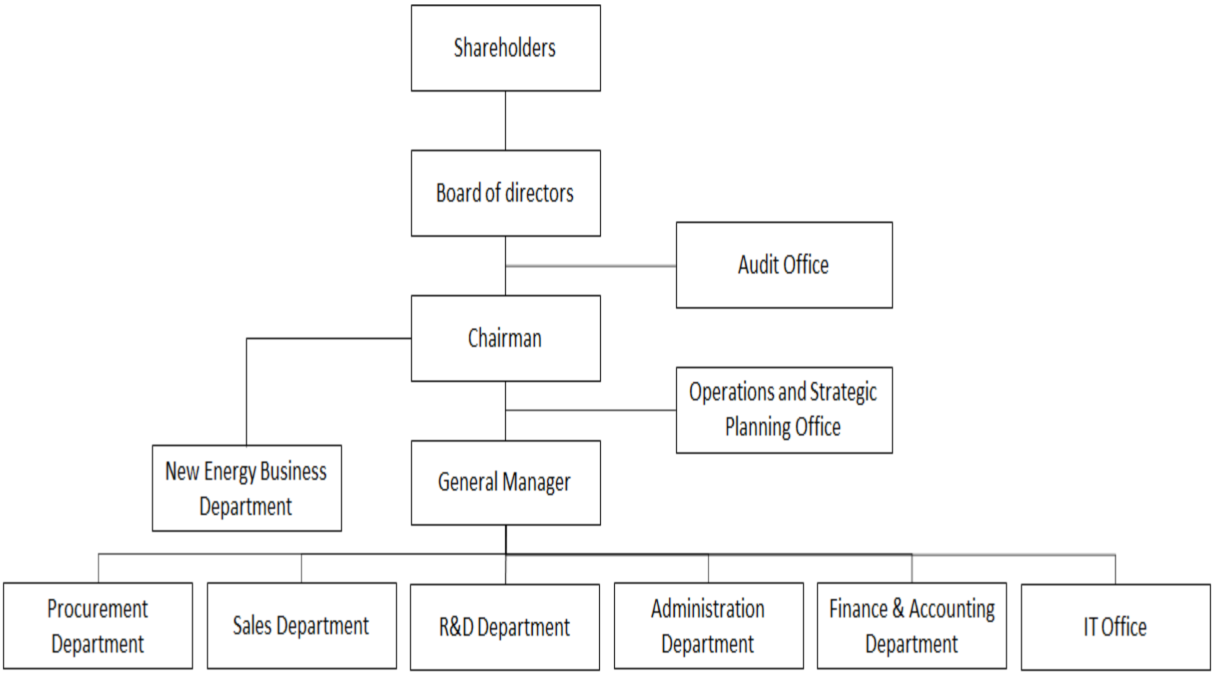
2. Company history

March 1982	Founded Skardin Industrial Ltd., with a capital of NT$1,000 thousand.
August 1997	Changed to a Co., Ltd. by shares.
August 1999	Cash capital increased by NT$34,400 thousand, capital increased through capitalization of NT$12,900 thousand from earnings and capital reserve, with paid-in capital of NT$90,300 thousand.
October 2000	At a special shareholders' meeting, the shareholders resolved to merge with Kao Da Enterprise Co. and set up Kaohsiung Branch in the same location.
February 2001	Merged Kao Da Enterprise and increased the capital by NT$14,000 thousand.
September 2003	Cash capital increased by NT$53,148 thousand, capital increased through capitalization of NT$11,852 thousand from earnings and capital reserve, with paid-in capital of NT$195,000 thousand.
February 2004	Approved by the Board of Directors and obtained approval from the Investment Commission to invest in Mainland China to set up manufacturing bases.
July 2004	Cash capital increased by NT$43,333 thousand, with paid-in capital of NT$279,333 thousand.
September 2004	Approved by the Financial Supervisory Commission, Executive Yuan for initial public offering of shares.
March 2005	Stock registered in the Emerging Stock Market.
July 2005	Capital increased by earnings and employee bonuses amounting to NT$127,700 thousand, with paid-in capital of NT$407,033 thousand.
July 2005	Cash capital increased by NT$44,000 thousand, with paid-in capital of NT$451,033 thousand.
April 2006	Cash capital increased by NT$52,890 thousand, with paid-in capital of NT$503,923 thousand.
May 2006	Stocks listed on OTC market.
August 2006	Capital increased by earnings and employee bonuses amounting to NT$53,492 thousand, with paid-in capital of NT$557,415 thousand.
August 2007	Capital increased by earnings, capital reserve and employee bonuses amounting to NT$32,371 thousand, with paid-in capital of NT$589,786 thousand
August 2008	Capital increased by earnings and employee bonuses amounting to NT$33,989 thousand, with paid-in capital of NT$623,776 thousand.
October 2013	Invested US$7 million in ED ASIA PTE. LTD., Singapore.
December 2013	Capital reduction of NT$9,900 thousand from treasury stock, and paid-in capital was NT$613,876 thousand after capital reduction.
September 2014	Invested USD 2.5 million in Fujian Sked Electronics Technology Co., Ltd., Zhangpu County Fujian province.
February 2015	Capital reduction of NT$5,000 thousand from treasury stock, and paid-in capital was NT$608,876 thousand after capital reduction.
March 2023	Issuance of new shares of NT$3,130 thousand by employee stock options, and paid-in capital was NT$612,006 thousand after capital increase.

III. Corporate governance report

1. Organizational system

(1) Company's structure



(2) Tasks of the Company's principal divisions

Department	Main functions
Audit Office	Perform audits of the internal control system, review and evaluate the Company's operation records for any deficiencies and make recommendations for improvement.
Operations and Strategic Planning Office	1. Develop and promote business strategies and strategic planning, industry information collection and analysis, and innovative business model design and planning 2. Assist the management team to implement the Company's resolutions and projects 3. Review R&D design and cost of sales 4. Facilitate systematic tracking of sales process PDCA 5. Analysis of new business and industry strategies
New Energy Business Department	1. Investment, construction and maintenance and operation of solar power stations 2. Investment, construction and maintenance and operation of energy storage power stations 3. Sales, construction and maintenance and operation of energy products
R&D Department	1. Design: Responsible for software, firmware, circuit board, product appearance and the design, improvement and upgrade of internal structures. 2. Production Technology: (1) Work instructions, sample sheet production, distribution and corrections. (2) Analysis and handling of problems raised by the manufacturing department. (3) Liaise with customers to obtain and confirm the artwork/specifications required for production. 3. Quality Assurance Management: Analysis and handling of customer complaints; implementation and coordination of quality assurance requests from customers.

Department	Main functions
Sales Department	1. Sales plan formulation and coordination. 2. Develop new customers and new markets, clients' credit, collect, analyze, summarize and report on market conditions. 3. Establish positive interaction and communication with customers and analyze and handle customer complaints. 4. Planning and execution of product marketing and management of daily shipments.
Procurement Department	1. Responsible for the procurement of raw materials, equipment, etc., to achieve the right quality, the right quantity, the right time and the right price procurement strategy. 2. Production scheduling planning for the manufacturing department. 3. Control and record of material storage and inventory, and maintain the completeness of the factory inventory to achieve timely supply of requirements.
Administration Department	1. Control of company organization and manpower establishment 2. Planning and execution of personnel system and performance evaluation, employee education and training, and salary management. 3. General administrative services and management, purchase of supplies, maintain and repair of office assets, and maintain and repair of water, electricity and A/C systems. 4. Legal affairs and protection of intellectual property of the Company.
Finance & Accounting Department	1. Account filing, collation, variance analysis and management information reporting. 2. Fund raising and deployment. 3. Financial and investment planning and execution. 4. Planning and execution of stock affairs. 5. Maintenance and management of fixed assets. 6. Tax payment and filing. 7. Corporate governance
IT Office	1. Coordinate and implement computerized business effectively. 2. Assistance, construction and problem solving of communications and computer software/hardware. 3. Planning and maintenance of various systems of company. 4. Website information update and maintenance. 5. Cyber security planning and management.

2. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

(1) Information on Directors and Supervisors

March 31, 2023

Job title (Note 1)	Nationality or place of registration	Name	Gender, Age (Note 2)	Date of election / appointment to current term	Term of office	Commencement date of first term (Note 3)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			(Note 5)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	R.O.C.	Kevin Yu	Male 49	2022.07.28	3 years	2022.07.28	0	0%	0	0%	0	0%	0	0	Master of Laws, National Taipei University Partner of Hengsheng Law Firm	None	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.28%	27,712,509	45.28%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Kenny Chang	Male 46	2022.07.28	3 years	2020.06.22	45,928	0.08%	145,928	0.23%	0	0	0	0	Master of Science in Electrical and Electronics, University of Wisconsin-Madison	The Company's general manager	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.28%	27,712,509	45.28%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Lu Yi Jun	Female 38	2022.07.28	3 years	2022.07.28	0	0%	0	0%	0	0%	0	0	Bachelor's degree in Economics, New York University and Managing director of Maxcess Capital Limited	None	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.28%	27,712,509	45.28%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Wong Kai Ping	Male 44	2022.07.28	3 years	2022.07.28	0	0%	0	0%	0	0%	0	0	Chung-Hsing Senior High School Responsible person of Hong Yeans Co., Ltd.	None	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.28%	27,712,509	45.28%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Chen Chia Ru	Male 57	2022.10.26	3 years	2022.10.26	0	0%	0	0%	0	0	0	0	Drop out, Department of Finance Management, Chung Hua University Strategic Investment Officer of Masshorn Group Taiwan	The Company's spokesperson	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.28%	27,712,509	45.28%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Chen Jian Hong	Male 44	2022.12.30	3 years	2022.12.30	0	0%	0	0%	0	0	0	0	Department of Law, National Chengchi University. Deputy editor-in- chief of Angle Publishing Co., Ltd. Chairman of editorial board of Chinese professional Management Association of Taipei.	None	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.28%	27,712,509	45.28%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Huang Ting Yang	Male 35	2023.02.24	3 years	2023.02.24	0	0%	0	0%	0	0%	0	0	Department of Accounting, Soochow University, CPA Independent Director of HD Renewable Energy Co., Ltd. Remuneration Committee Member of Texture Maker Enterprise Co., Ltd.	None	None	None	None	None

Job title (Note 1)	Nationality or place of registration	Name	Gender, Age (Note 2)	Date of election / appointment to current term	Term of office	Commencement date of first term (Note 3)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			(Note 5)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	R.O.C.	Chen Qi Wen	Male 48	2022.07.28	3 years	2022.07.28	0	0	0	0	0	0%	0	0	Ph.D. in Business, Collage of Management, Fu Jen Catholic University Director of Cheng Mei Materials Technology Corporation	None	None	None	None	None
Independent Director	R.O.C.	Guo Hui Lan	Female 51	2022.07.28	3 years	2022.07.28	0	0	0	0	0	0	0	0	Master of Graduate Institute of Development Studies, National Taiwan University. Attorney-in charge of chia Ho International Law Firm,	None	None	None	None	None
Independent Director	R.O.C.	Chen Mei Lan	Female 60	2022.07.28	3 years	2022.07.28	0	0	0	0	0	0	0	0	Master of Business Administration, Da-Yeh University Completion of CJL in Waseda University Japan Chairman of Hong Won Co., Ltd.	None	None	None	None	None

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.
Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.
Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.
Note 4: Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.
Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

(1) Major Shareholders of Corporate Shareholders

March 31, 2023

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)	Shareholding ratio
Heng Ying Tai Capital Investment Ltd.	Wang Pi Zhen	51.08%
	Yu Chih Ching	48.92%

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

(2) If any Major Shareholder is a Corporate/Juristic Person: Not applicable.

(3) Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

Qualification / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Yu Chih Ching	Master of Laws, National Taipei University, served as responsible person and director of several listed companies, currently serves as the senior partner and chief strategy officer of Hengsheng Law Firm, with ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead and ability to make policy decisions.	1. Chairman of the Company 2. Concurrently serves as a responsible person and director of the Company's affiliates	0
Chang Kung Wei	Electronics and Electrical Engineering from the University of Wisconsin-Madison. Served as deputy general manager of the company and later promoted to general manager. Possess business judgment ability, industry knowledge, international market outlook and decision-making ability.	General manager of the Company	0
Lu Yi Jun	Bachelor in Economics, New York University, currently serves as the managing director of Maxcess Capital Limited, with ability to perform accounting and financial analysis, an international market perspective and ability to make policy decisions required for the Company's business.	-	0
Wong Kai Ping	Currently serves as a responsible person of Hong Yeans Co., Ltd. and served as a director in various medical aesthetic and biotech industries, with ability to make operational judgments, ability to perform accounting and financial analysis, and ability to make policy decisions.	-	0
Chen Chia Ju	Has years of experience in investment analysis and financial management, with ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct crisis management, ability to lead and ability to make policy decisions.	1. Spokesperson of the Company 2.Concurrently serve as a responsible person and director of the Company's affiliates	0
Chen Jian Hong	Department of Law, National Chengchi University. Currently serves as deputy editor-in-chief of Angle Publishing Co., Ltd. and chairman of editorial board of Chinese professional Management Association of Taipei, and served as a consultant for medical organizations and public welfare organizations, with ability to conduct crisis management, an international market perspective, and ability to make policy decisions.	-	0
Huang Ting Yang	Department of Accounting, Soochow University, passed the R.O.C. Accounting Examination, served as chief financial officer of the listed company and independent director of the emerging company, with ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead and ability to make policy decisions.	-	0
Chen Qi Wen	Ph.D. in Business, Collage of Management, Fu Jen Catholic University. Currently serves as an assistant professor at Fu Jen Catholic University and CEO of Taipei Ningpo Foundation, and director and independent director of several listed companies, with ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead and ability to make policy decisions.	The 3 directors listed on the left are independent directors, including but not limited themselves, their spouses, or their relative within the second degree of kinship, not a director, supervisor, or employee of the Company or any of its affiliates, and not provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation.	1
Guo Hui Lan	Master of Graduate Institute of Development Studies, National Taiwan University. Currently serves as attorney-in charge of Chia Ho International Law Firm, and lawyer of Shanghai Llinks Law Offices, and director and independent director of several listed companies, with ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead and ability to make policy decisions.		1
Chen Mei Lan	Master of Business Administration, Da-Yeh University; Completion of CJL in Waseda University Japan, was appointed as a director and president of Taiwan Isuzu Motors Co., Ltd. by Isuzu Motors Japan, and served as deputy general manager of listed company and director of a biotechnology company, currently serves as chairman of Hong Won Co., Ltd. with ability to make operational judgments, ability to perform accounting and financial analysis and ability to make policy decisions.		0

Note 1: All directors of the Company have not been found to be in compliance with Article 30 of the Company Act.

Note 2: All directors of the Company have verified that the independence requirements set forth in the "Regulations. Governing Appointment of Independent Directors and Compliance Matters for Public Companies" by the Financial Supervisory Commission, and they still meet the relevant independence requirements.

(4) Diversity of the board of directors: Describe the company's board diversity policy, objectives, and the status of implementation thereof. The diversity policy refers to matters including diversity in the composition or ratios of the board and its members in terms of the standards for election of directors, the required professional qualifications of directors, and their experience, gender, age, nationality, and culture. Furthermore, describe the company's specific objectives with regard to the above-mentioned policy, and the status of their achievement.

The Company adopts the candidate nomination system for elections of all directors. In accordance with Corporate Governance Best Practice Principles, 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: (1) Ability to make operational judgments. (2) Ability to perform accounting and financial analysis. (3) Ability to conduct management administration. (4) Ability to conduct crisis management. (5) Knowledge of the industry. (6) An international market perspective. (7) Ability to lead. (8) Ability to make policy decisions. The current 10 directors of the Company, all of whom are ROC nationalities, have acquired the knowledge, skills and education necessary for the execution of their duties and have extensive accounting, financial, business or marketing expertise, respectively.

Name	Nationality	Gender	Whether he/she is concurrently an employee of the Company	Age				Term of office			Core Items								
				21 to 30 years old	31 to 40 years old	41 to 50 years old	51 years old and above	1 term	2 terms	3 terms	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective力	Ability to lead	Ability to make policy decisions	Ability to sustainable management
Yu Chih Ching	R.O.C	Male	✓			✓		✓			✓	✓	✓	✓	✓		✓	✓	
Chang Kung Wei	R.O.C	Male	✓			✓		✓			✓				✓	✓	✓		
Chen Chia Ju	R.O.C	Male					✓	✓			✓	✓	✓	✓			✓	✓	
Lu Yi Jun	R.O.C	Female			✓			✓			✓	✓	✓	✓	✓		✓	✓	
Wong Kai Ping	R.O.C	Male				✓		✓								✓		✓	
Chen Jian Hong	R.O.C	Male				✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Huang Ting Yang	R.O.C	Male			✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	
Chen Qi Wen	R.O.C	Male				✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Guo Hui Lan	R.O.C	Female				✓		✓			✓			✓			✓	✓	✓
Chen Mei Lan	R.O.C	Female					✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓

(5) Independence of the board of directors: Specify the number of independent directors on the board and their ratio to the total number of directors. Describe the status of independence of the board of directors and give a statement of reasons as to whether the provisions of Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act are complied with, including a description of any spousal relationship or familial relationship within the second degree of kinship that may exist between any directors, between any supervisors, or between any director(s) and supervisor(s).

The Company has 11 directors, including 3 independent directors. The Board of Directors guides the Company's strategy, supervises the management, and is responsible to the Company and its shareholders. In all operations and arrangements of the corporate governance system, the Board of Directors exercises its authority in accordance with laws and regulations, the Company's Articles of Incorporation, or resolutions of the shareholders' meeting. The Board of Directors emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals who exercise their powers and duties independently. 3 independent directors also follow the relevant laws and regulations, with the authority of the Audit Committee, to review the control of existing or potential risks of the Company, and to monitor the effective implementation of the Company's internal control, the selection (dismissal) of CPAs, and the independence and appropriate preparation of financial statements.

In addition, the Company adopts the candidate nomination system for the election of directors and independent directors, and encourages shareholders to participate in the process. Shareholder holdings of a certain number of shares or more may propose a list of candidates, and the relevant operations are conducted and announced in accordance with the law to protect shareholders' rights and interests, so as to avoid monopolization or abnormality and maintain independence.

(2) Information on the company's general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units:

March 31, 2023

Job title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Job title	Name	Relationship	
General Manager	R.O.C.	Chang Kung Wei	Male	2019.12	145,928	0.23%	0	0	0	0	Master of Science in Electrical and Electronics, University of Wisconsin-Madison	None	None	None	None	None
Operations and Strategic Planning Office Deputy General Manager	R.O.C.	Liu Yong Shin	Male	2022.11	0	0	0	0	0	0	Master of Institute of Environmental Engineering, National Chiao Tung University TPV Technology Technical Manager of US Corning Glass Manager of AUO Corporation	None	None	None	None	None
New Energy Business Department Deputy General Manager	R.O.C.	Ting Yi Han	Male	2022.08	0	0	0	0	0	0	Department of Electronic Engineering, Ming Shin University of Science and Technology Product Manager, Energy Department of XUNWEITECH	None	None	None	None	None
New Energy Business Department Assistant Manager	R.O.C.	Wu Chia Yuan	Male	2022.08	0	0	0	0	0	0	Master of Department of Physics, National Central University Sales Manager, MARICI Taiwan Co., Ltd. XUNWEITECH Business Development Manager, Energy Department	None	None	None	None	None
Finance & Accounting Department Senior Manager	R.O.C.	Fang Qiong Yuan	Female	2022.06	0	0	0	0	0	0	Department of Finance and Economics, Ming Chuan University Crowe (TW) CPAs CPA of Tung Wei Construction Co., Ltd. CPA (2009 professional advanced examination 000250)	None	None	None	None	None

Note: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).: The Company's chairman and general manager is not the same person, but the chairman of the board of directors also serves as the CEO, which mainly enhances the operational performance and decision making execution, and strengthens the functions and supervision of the board of directors.

3. Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers

(1) Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers

1. Remuneration to Directors (including Independent Directors)

Unit: NT$ thousand

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pays and pension (B)		Director profit-sharing Compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pays and pension (F)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Wu Zhen Qian	240	240	0	0	0	0	12	12	5.97%	5.97%	1,025	1,025	8,946	8,946	0	0	0	0	242.17%	242.17%	None
Director	Huang Ming Zhen	240	240	0	0	0	0	9	9	5.90%	5.90%	0	0	0	0	0	0	0	0	5.90%	5.90%	None
Director	Chang Han Chen	240	240	0	0	0	0	12	12	5.97%	5.97%	0	0	0	0	0	0	0	0	5.97%	5.97%	None
Director	Chang Yi Xiong	240	240	0	0	0	0	12	12	5.97%	5.97%	0	0	0	0	0	0	0	0	5.97%	5.97%	None
Director	Chang Kung Wei	480	480	0	0	0	0	38	38	12.27%	12.27%	2,034	2,034	0	0	0	0	0	0	60.45%	60.45%	None
Director	Wu Bing Chong	240	240	0	0	0	0	12	12	5.97%	5.97%	1,044	1,044	0	0	0	0	0	0	30.69%	30.69%	None
Director	Lee Yan Chou	400	400	0	0	0	0	31	31	10.21%	10.21%	913	913	0	0	0	0	0	0	31.83%	31.83%	None
Independent Director	Huang Jing Pei	280	280	0	0	0	0	18	18	7.06%	7.06%	0	0	0	0	0	0	0	0	7.06%	7.06%	None
Independent Director	Yan Yu Qun	280	280	0	0	0	0	18	18	7.06%	7.06%	0	0	0	0	0	0	0	0	7.06%	7.06%	None
Independent Director	Wu Tai Chang	280	280	0	0	0	0	18	18	7.06%	7.06%	0	0	0	0	0	0	0	0	7.06%	7.06%	None
Chairman	Yu Chih Ching	200	200	0	0	0	0	23	23	5.28%	5.28%	933	933	0	0	0	0	0	0	27.37%	27.37%	None
Director	Wang Kai Ping	200	200	0	0	0	0	23	23	5.28%	5.28%	0	0	0	0	0	0	0	0	5.28%	5.28%	None
Director	Wu Shi Xiang	200	200	0	0	0	0	0	0	4.74%	4.74%	0	0	0	0	0	0	0	0	4.74%	4.74%	None
Director	Jin Jia Lin	40	40	0	0	0	0	8	8	1.14%	1.14%	0	0	0	0	0	0	0	0	1.14%	1.14%	None
Director	Chen Chia Ju	80	80	0	0	0	0	10	10	2.13%	2.13%	0	0	0	0	0	0	0	0	2.13%	2.13%	None
Director	Lu Bao Gan	200	200	0	0	0	0	23	23	5.28%	5.28%	0	0	0	0	0	0	0	0	5.28%	5.28%	None
Director	Lu Yi Chun	200	200	0	0	0	0	5	5	4.86%	4.86%	0	0	0	0	0	0	0	0	4.86%	4.86%	None
Independent Director	Chen Chi Wen	300	300	0	0	0	0	23	23	7.65%	7.65%	0	0	0	0	0	0	0	0	7.65%	7.65%	None
Independent Director	Chen Mei Lan	300	300	0	0	0	0	23	23	7.65%	7.65%	0	0	0	0	0	0	0	0	7.65%	7.65%	None
Independent Director	Kuo Huei Lan	300	300	0	0	0	0	8	8	7.30%	7.30%	0	0	0	0	0	0	0	0	7.30%	7.30%	None

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.:
   The remuneration of independent directors is discussed by the Remuneration Committee with reference to industry standards and submitted to the Board of Directors for approval.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises): None
3. The Company re-elected all of its directors on July 28, 2022. After the re-election, the director Jin Jia Lin resigned on August 30, 2022.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities	The Company	All consolidated entities
Less than NT$2,000,000	Wu Zhen Qian, Huang Ming Zhen, Chang Han Chen, Chang Yi Xiong, Chang Kung Wei, Wu Bing Chong, Lee Yan Chou, Huang Jing Pei, Yan Yu Qun, Wu Tai Chang, Yu Chih Ching, Wang Kai Ping, Wu Shi Xiang, Jin Jia Lin, Chen Chia Ru, Lu Bao Gan, Lu Yi Chun, Chen Chi Wen, Chen Mei Lan, Kuo Huei Lan	Wu Zhen Qian, Huang Ming Zhen, Chang Han Chen, Chang Yi Xiong, Chang Kung Wei, Wu Bing Chong, Lee Yan Chou, Huang Jing Pei, Yan Yu Qun, Wu Tai Chang, Yu Chih Ching, Wang Kai Ping, Wu Shi Xiang, Jin Jia Lin, Chen Chia Ru, Lu Bao Gan, Lu Yi Chun, Chen Chi Wen, Chen Mei Lan, Kuo Huei Lan	Huang Ming Zhen, Chang Han Chen, Chang Yi Xiong, Wu Bing Chong, Lee Yan Chou, Huang Jing Pei, Yan Yu Qun, Wu Tai Chang, Yu Chih Ching, Wang Kai Ping, Wu Shi Xiang, Jin Jia Lin, Chen Chia Ru, Lu Bao Gan, Lu Yi Chun, Chen Chi Wen, Chen Mei Lan, Kuo Huei Lan	Huang Ming Zhen, Chang Han Chen, Chang Yi Xiong, Wu Bing Chong, Lee Yan Chou, Huang Jing Pei, Yan Yu Qun, Wu Tai Chang, Yu Chih Ching, Wang Kai Ping, Wu Shi Xiang, Jin Jia Lin, Chen Chia Ru, Lu Bao Gan, Lu Yi Chun, Chen Chi Wen, Chen Mei Lan, Kuo Huei Lan
NT$2,000,000 (incl.)～NT$5,000,000	—	—	Kenny Chang	Kenny Chang
NT$5,000,000 (incl.)～NT$10,000,000	—	—	—	—
NT$10,000,000 (incl.)～NT$15,000,000	—	—	Wu Zhen Qian	Wu Zhen Qian
NT$15,000,000 (incl.)～NT$30,000,000	—	—	—	—
NT$30,000,000 (incl.)～NT$50,000,000	—	—	—	—
NT$50,000,000 (incl.)～NT$100,000,000	—	—	—	—
NT$100,000,000 or above	—	—	—	—
Total	20	20	20	20

2. Remuneration to Supervisors
Not applicable.

3. Remuneration to General Manager and Assistant General Manager

Unit: NT$ thousand

Job title	Name	Salary (A)		Retirement pays and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
								The Company		All consolidated entities（Note 5）				
		The Company	All consolidated entities（Note 5）	The Company	All consolidated entities（Note 5）	The Company	All consolidated entities（Note 5）	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All consolidated entities	
General Manager	Chang Kung Wei	1,958	1,958	0	0	76	76	0	0	0	0	48.18%	48.18%	None
Deputy General Manager	Ting Yi Han Note 1	704	704	0	0	0	0	0	0	0	0	16.67%	16.67%	None
Deputy General Manager	Liu Yong Shin Note 2	285	285	0	0	0	0	0	0	0	0	6.76%	6.76%	None

Note: 1. Deputy General Manager Ting Yi Han took office on August 9, 2022. Note: 2. Deputy General Manager Liu Yong Shin took office on November 01, 2022.

Remuneration Range Table

Remuneration range paid to each general manager and assistant general manager of the Company	Name	
	The Company	All consolidated entities
Less than NT$2,000,000	Ting Yi Han, Liu Yong Shin	Ting Yi Han, Liu Yong Shin
NT$2,000,000 (incl.)～NT$5,000,000	Chang Kung Wei	Chang Kung Wei
NT$5,000,000 (incl.)～NT$10,000,000	—	—
NT$10,000,000 (incl.)～NT$15,000,000	—	—
NT$15,000,000 (incl.)～NT$30,000,000	—	—
NT$30,000,000 (incl.)～NT$50,000,000	—	—
NT$50,000,000 (incl.)～NT$100,000,000	—	—
NT$100,000,000 or more	—	—
Total	3	3

4. Remuneration to the Five Highest Remunerated Management Personnel

Unit: NT$ thousand

Job title	Name	Salary (A)		Retirement pays and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Chang Kung Wei	1,958	1,958	0	0	76	76	0	0	0	0	48.18%	48.18%	None
Finance & Accounting Department Manager	Lee Yan Chou Note	871	871	0	0	42	42	0	0	0	0	21.62%	21.62%	None

Note: Lee Yan Chou resigned on November 1, 2022.

5. Distribution of employee profit-sharing compensation to managerial officers:

The Company did not distribute any employee profit-sharing compensation to managerial officers in 2022.

(3) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

The remuneration of the directors and the general manager and deputy general manager of the Company are all paid by the Company, and the total amount paid as a percentage of net income (net loss) after tax for 2021 and 2022 was (14%) and 501%, respectively.

The Company's remuneration policies are based on the salary level of the position in the same industry and the scope of authority and responsibility of the position within the Company, as well as reasonable remuneration with reference to the individual's performance and contribution to the Company. The remuneration of directors and supervisors is determined in accordance with Article 20 of the Company's Articles of Incorporation, based on the extent of their participation in and value of their contributions to the Company's operations. Transportation expenses are based on the general level and are paid based on the attendance of directors at board meetings. The remuneration of directors is in accordance with Article 23 of the Company's newly amended Articles of Incorporation. The remuneration of the general manager, including salaries, bonuses, and employee profit-sharing compensation, is based on the position held and the responsibilities required, as well as on the salary management rules approved by the Board of Directors of the Company. The remuneration of directors and general manager has taken into account the Company's operating performance and the Company's future operating risks. ◦

4. The state of the company's implementation of corporate governance

(1) Operation of the Board of Directors

1. The number of board meetings held in the most recent fiscal year was: 11 (A), the attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person (Ｂ)	No. of meetings attended by proxy	In-person attendance rate (%)【Ｂ/Ａ】	Remarks
Chairman	Wu Zhen Qian	4	0	100%	Dismissed on 2022.06.09
Director	Huang Ming Zhen	3	0	75%	Dismissed on 2022.06.09
Director	Chang Yi Xiong	4	0	100%	Dismissed on 2022.06.09
Director	Yo Chong Investment Co., Ltd. Representative: Chang Han Chen	4	0	100%	Dismissed on 2022.06.09
Director	Kenny Chang	5	0	83%	Dismissed on 2022.07.28
Director	Wu Bing Chong	4	0	100%	Dismissed on 2022.06.09
Director	Lee Yan Chou	6	0	100%	Dismissed on 2022.10.26
Independent Director	Huang Jing Pei	6	0	100%	Dismissed on 2022.07.28
Independent Director	Yan Yu Qun	6	0	100%	Dismissed on 2022.07.28
Independent Director	Wu Tai Chang	6	0	100%	Dismissed on 2022.07.28
Chairman	Yu Chih Ching	5	0	100%	Newly appointed on 2022.07.28
Director	Heng Ying Tai Capital Investment Co., Ltd.: Chang Kung Wei	5	0	100%	Newly appointed on 2022.07.28
Director	Heng Ying Tai Capital Investment Ltd.: Wu Shi Xiang	0	5	0%	Newly appointed on 2022.07.28 Dismissed on 2022.12.30
Director	Heng Ying Tai Capital Investment Ltd.: Lu Yi Jun	1	3	20%	Newly appointed on 2022.07.28
Director	Heng Ying Tai Capital Investment Ltd.: Wong Kai Ping	5	0	100%	Newly appointed on 2022.07.28
Director	Heng Ying Tai Capital Investment Ltd.: Jin Jia Lin	2	0	100%	Newly appointed on 2022.07.28 Dismissed on 2022.08.30
Director	Heng Ying Tai Capital Investment Ltd.: Lu Bao Gan	5	0	100%	Newly appointed on 2022.07.28 Dismissed on 2023.02.23

Director	Heng Ying Tai Capital Investment Ltd.: Chen Chia Ru	2	0	100%	Newly appointed on 2022.10.26
Director	Heng Ying Tai Capital Investment Ltd.: Lee Yan Chou	3	0	100%	Newly appointed on 2022.07.28 Dismissed on 2022.10.26
Independent Director	Chen Qi Wen	5	0	100%	Newly appointed on 2022.07.28
Independent Director	Guo Hui Lan	2	2	40%	Newly appointed on 2022.07.28
Independent Director	Chen Mei Lan	5	0	100%	Newly appointed on 2022.07.28

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Any matter under Article 14-3 of the Securities and Exchange Act:

Board meeting date	Content of motion	Any matter under Article 14-3 of the Securities and Exchange Act.	Any dissenting or qualified opinion of an independent director
2022.03.28 2022 1st meeting of the board of directors	* Evaluation of the suitability and independence of the CPA and the appointment and remuneration of the CPA. *Amendment to Procedures for Acquisition or Disposal of Assets.	V V	None None
2022.05.13 2022 3rd meeting of the board of directors	To adjust and appoint CPAs Lian Shu Ling and Chen Ying Ru of KPMG Taiwan to audit the Company's 2022 financial statements.	V	None
2022.09.23 2022 3rd meeting of the 15th session of the board of directors	To adjust and appoint CPAs Chang Shu Ying and Lian Shu Ling of KPMG Taiwan to audit the Company's 2022 financial statements.	V	None
2022.11.10. 2022 4th meeting of the 15th session of the board of directors	Approved the proposal of the Company's accounting officer, spokesperson and acting spokesperson.	V	None
2022.12.27 2022 5th meeting of the 15th session of the board of directors	*Proposed to provide a capital loan of USD 3 million to the subsidiary FUJIAN SKED ELECTRONICS TECHNOLOGY CO., LTD. * Proposed to provide a capital loan of USD 1 million to the subsidiary ED ASIA PTE LTD. * Proposed to provide a capital loan of NT$90 million to the subsidiary Dejin Energy Co., Ltd. * Proposed to provide endorsement and guarantee to 3 sub-subsidiaries, Jian Che Energy Co., Ltd., Li Chi Energy Co., Ltd. and Ya Fu Energy Co., Ltd. for a total amount of NT$90 million.	V V V V	None None None None
2023.03.23 2023 6th meeting of the 15th session of the board of directors	* Evaluation of the suitability and independence of the CPA and the appointment and remuneration of the CPA *Amendment to Procedures for Acquisition or Disposal of Assets	V V	None None
Opinion of Independent Directors: None			
Measures taken by the Company based on the opinions of the independent directors: None			
Resolution result: Passed by all directors present without dissent			

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director’s name, the content of the motion, the cause for recusal, and whether and how the director voted:

Meeting date	Content of motion	Cause for recusal	Whether and how the director voted
2022.03.28 2022 2nd meeting of the board of directors	To set the remuneration of directors and managers of the Company for 2022.	Employee directors Chang Kung Wei and Lee Yan Chou left the meeting and recused themselves.	None
2022.08.09 2022 8th meeting of the board of directors	To report the resolution of the 1st Meeting of the 5th Remuneration Committee. (To discuss the setting of remuneration for the chairman, directors and independent directors of the Company).	* Discussion of chairman's remuneration: chairman Yu Chih Ching left the meeting and recused himself. * Discussion of directors' remuneration: All directors present recused themselves. *Discussion of independent directors' remuneration: All independent directors recused themselves.	None None None

2022.12.27 2022 5th meeting of the 15th session of the board of directors	Proposed total amount of employee performance bonus and principle of manager performance bonus for the 2022 of the Company.	Employee directors Yu Chih Ching and Chang Kung Wei left the meeting and recused themselves.	None
2023.03.23 2023 6th meeting of the 15th session of the board of directors	*Discuss the adjustment of the chairman's remuneration of the Company. *Discuss the adjustment of managers' remuneration of the Company.	Chairman Yu Chih Ching left the meeting and recused himself. Employee director GM Chang Kung Wei left the meeting and recused himself.	None None

3. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 2(2) Implementation of Evaluations of the Board of Directors.

Implementation of Evaluations of the Board of Directors

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Evaluation content (Note 5)
Once per year	2022.01.01~2022.12.31	Include aluation of the performance of the board as a whole,the individual directors, and the functional committees.	Include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members	Evaluation of the performance of the board include: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control…etc. Evaluation of the performance of individual directors include: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control…etc. Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control…etc.

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.

The Company has set up an audit committee and announced and reported all information in accordance with the regulations of the competent authorities. The Company's internal auditors prepare monthly reports on audit observations and submit them to the independent directors and the audit committee, and the independent directors and the audit committee communicate with the auditors on audit matters at any time. In addition, the auditors attend the board of directors' meetings to report on their operations and receive inquiries from the directors on related matters. With respect to communication with the CPA, the independent directors communicate with the CPA at any time if necessary, and the CPA is invited to attend the Board of Directors' meetings if necessary. In summary, the Company's independent directors, audit committee, auditors and CPA are able to communicate with each other without hindrance, which should achieve the objectives of enhancing the functions of the Board of Directors and improving information transparency.

(2) Operation of the Audit Committee

1. The number of audit committee meetings held in 2022 was: 6 (A), the attendance by the independent directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】(Note)	Remarks
Independent Director	Huang Jing Pei	2	0	100%	Dismissed on 2022.07.28
Independent Director	Yan Yu Qun	2	0	100%	Dismissed on 2022.07.28
Independent Director	Wu Tai Chang	2	0	100%	Dismissed on 2022.07.28
Independent Director	Chen Chi Wen	4	0	100%	Newly appointed on 2022.07.28
Independent Director	Guo Hui Lan	1	2	25%	Newly appointed on 2022.07.28
Independent Director	Chen Mei Lan	4	0	100%	Newly appointed on 2022.07.28

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(1) Any matter under Article 14-5 of the Securities and Exchange Act.

Meeting date/session	Content of motion	Outcomes of audit committee resolutions, and the measures taken by the Company
2022.03.28 2022 1st meeting of the 1st session of the audit committee	*Approved the Company's 2021 statement on internal control *Approved the Company's 2021 individual financial statements and consolidated financial statements * Evaluation of the suitability and independence of the CPA and the appointment and remuneration of the CPA *Amendment to Procedures for Acquisition or Disposal of Assets	All members passed the motion witho dissent.
2022.08.09 2022 2nd meeting of the 1st session of the audit committee	Approved the Company's consolidated financial statements for the second quarter of 2022	All members passed the motion witho dissent.
20221.09.23 2022 2nd meeting of the 2nd session of the audit committee	To adjust and appoint CPAs Chang Shu Ying and Lian Shu Ling of KPMG Taiwan to audit the Company's 2022 financial statements.	All members passed the motion witho dissent.
2022.12.27 2022 2nd meeting of the 4th session of the audit committee	* 2023 business plan and annual budget *Proposed to provide a capital loan of USD 3 million to the subsidiary FUJIAN SKED ELECTRONICS TECHNOLOGY CO., LTD. * Proposed to provide a capital loan of USD 1 million to the subsidiary ED ASIA PTE LTD. * Proposed to provide a capital loan of NT$90 million to the subsidiary Dejin Energy Co., Ltd. * Proposed to provide endorsement and guarantee to 3 sub-subsidiaries, Jian Che Energy Co., Ltd., Li Chi Energy Co., Ltd. and Ya Fu Energy Co., Ltd. for a total amount of NT$90 million.	All members passed the motion witho dissent.
2023.03.23 2023 6th meeting of the 15th session of the audit committee	* Approved the Company's 2022 statement on internal control * Evaluation of the suitability and independence of the CPA and the appointment and remuneration of the CPA * Approved the Company's 2022 individual financial statements and consolidated financial statements * Amendment to the Articles of Incorporation * Amendment to the Company's Operating Procedures for Endorsement and Guarantee	All members passed the motion witho dissent.

(2) Except for the aforementioned motions, other resolutions not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors: None.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.

3. Communication between the independent directors and the chief internal audit officer and the CPAs (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

The Company's internal auditors prepare monthly reports on audit observations and submit them to the independent directors and the audit committee, and the independent directors and the audit committee communicate with the auditors on audit matters at any time. In addition, the auditors attend the board of directors' meetings to report on their operations and receive inquiries from the directors on related matters. With respect to communication with the CPA, the independent directors communicate with the CPA at any time if necessary, and the CPA is invited to attend the Board of Directors' meetings if necessary. In summary, the Company's independent directors, audit committee, auditors and CPA are able to communicate with each other without hindrance.

2. The number of board meetings held in the most recent fiscal year was: 11 (A), the attendance by the supervisors was as follows:
Not applicable.

3. Other information required to be disclosed:

(1) Composition and duties of the supervisors:

A. Communication between the supervisors and company employees and shareholders (e.g., the channels and methods of communication).
Not applicable.

B. Communication between the supervisors and the chief internal audit officer and the CPAs (including matters communicated about with respect to the state of the company’s finances and business and the method(s) and outcomes of the communication.)
Not applicable.

(2) If any supervisor has expressed an opinion at a board meeting, specify the specify the board meeting date, meeting session number, content of the motion, the outcome of the resolution by the board, and the measures taken by the Company based on the opinion expressed by the supervisor:
Not applicable.

(3) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established the "Corporate Governance Best-Practice Principles" based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, which was approved by the Board of Directors on December 27, 2022 and published on the Company's website.	Conformity with the regulations of the Corporate Governance Best-Practice Principles
2. Shareholding Structure and Shareholders’ Rights (1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓ ✓ ✓ ✓		(1) The Company has a spokesperson and an acting spokesperson to handle shareholders' suggestions or disputes, etc. The annual shareholders' meetings are convened to provide shareholders with sufficient opportunities to ask questions and to propose proposals. (2) The Company through its stock agent, Mega Securities, facilitates the process, and insiders regularly report changes in directors' and managers' shareholdings to understand and grasp the structure of major shareholders. (3) The Company has established the "Operating Procedures for Financial and Business Matters Between the Corporation and its Affiliated Enterprises" and has established the "Procedures for Supervision of Subsidiaries" in the internal control, which are implemented under these procedures. (4) The Company has established the "Procedures for Handling Material Inside Information and Prevention of Insider Trading Management", which are disclosed on the Company's website, and has been briefing directors on the relevant provisions of the Securities and Exchange Act since they took office, and updated relevant information to directors and managers irregularly.	Conformity with the Corporate Governance Best-Practice Principles
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓	✓	(1) The Company has formulated the "Board Diversity Policy" in accordance with Article 20 of the Corporate Governance Best-Practice Principles to strengthen the functions of the Board of Directors, which stipulates that the composition of the Board of Directors should consider diversity and formulate appropriate diversity policies with respect to its own operations, business model and development needs, and was approved by the Board of Directors on December 27, 2022 and published	Conformity with the regulations of the Corporate Governance Best-Practice Principles

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? (3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? (4) Does the Company regularly evaluate its external ?	✓ ✓		on the Company's website. (2) The Company has not established any functional committees other than the Remuneration Committee and the Audit Committee. (3) The Company has established the Rules for Performance Evaluation of Board of Directors and its evaluation method, and conducts regular performance evaluation of the Board of Directors per year to improve corporate governance on a periodic basis and submits the results of the performance evaluation to the Board of Directors. (4) The Company appoints CPAs per year and evaluates their independence. The rotation of the CPA also complies with the relevant regulations.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		The Company does not have any corporate governance personnel for the time being. The administration department and the finance department are responsible for providing information required by the directors, as well as handling matters related to the board of directors' and shareholders' meetings and preparing minutes of the meetings, and the auditors communicate with the directors irregularly.	The Company will set up in accordance with the time stipulated by the competent authority and will approve the appointment of the governance officer by the Board of Directors on 5/11.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has a spokesperson and an acting spokesperson to serve as a contact window for shareholders, investors, and other stakeholders, and to serve as a communication channel with stakeholders to respond to important CSR issues of concern to stakeholders. The audit office is the contact window for the Company's customers, suppliers, contractors, etc. Relevant contact information is announced on the Market Observation Post System (MOPS) in accordance with regulations, and financial and stock-related information is also published on the MOPS to establish a good communication channel with investors.	Conformity with the regulations of the Corporate Governance Best-Practice Principles
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has appointed MEGA Securities Co., Ltd. to handle matters related to the shareholder meetings.	Conformity with the regulations of the Corporate Governance Best-Practice Principles
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓ ✓	 ✓	(1) Company has established ashareholders' section on its website athttp://www.skardin.com to discloseinformation regarding to financials,business and corporate governance. (2) The Company has established a dedicated website with dedicated personnel responsible for the collection and disclosure of the Company's information. Currently, the spokesperson and acting spokesperson of the Company also serve as a bridge for information collection, disclosure and external communication. (3) The Company publishes and reports financial statements on time within three months after the end of the fiscal year, and publishes quarterly financial reports and monthly operating statements on time.	Currently evaluating the addition of a new feature on the Company's website to disclose the information that may affect shareholders.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		The Company has formulated an internal control system and various management regulations and is actively implementing them. The Company has established an employee welfare committee to promote various employee welfare measures and to raise the awareness of environmental protection and social responsibility of all employees, set up a spokesperson and an acting spokesperson to communicate with investors to maintain investor relations, and implemented quality management to provide good products to customers and to continuously improve customer satisfaction.	Conformity with the regulations of the Corporate Governance Best-Practice Principles

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			The Company has purchased liability insurance for its directors, and all directors have taken continuing education courses in accordance with the regulations, and provide opinions on motions when they attend the board meetings.	
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.) The improvement of the Company's deficiencies: The Company will set up a corporate governance officer as required by the competent authorities by June 30, 2023.				

The status of the director's continuing education:

Title	Name	Organizer	Date	Name of course	hours	Does it comply with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"?
Chairman	Yu Chih Ching	1. SFI 2. TCGA	2022/12/21 2022/11/18	1. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers 2.Key Issues of Merger and Acquisition Integration in the Corporate Merger and Acquisition Process	3 3	Yes
Director	Wu Shi Xiang Note 1	X	X	X	X	No
Director	Chang Kung Wei	1. TCGA 2. TAISE	2022/12/22 2022/04/22	1.Offensive and Defensive Strategies for Hostile Takeover and Acquisitions and Liability of Corporate Responsible Persons 2. Taishin 30 Net Zero Summit Forum	3 3	Yes
Director	Lu Yi Jun	Accounting Foundation	2022/12/20 2022/12/16 2022/12/15 2022/12/02	1. Tax Regulations and Practices for Controlled Foreign Corporation 2. Corporate Ethics and Sustainability 3. Global Net Zero Impact and ESG Action 4. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers	3 3 3 3	Yes
Director	Wong Kai Ping	Securities and Futures Institute	2023/01/12 2023/01/11 2023/01/05	1. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers 2. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers 3. Practical Advanced Seminar for Directors and Supervisors	3 3 3	No
Director	Lu Bao Gan Note 2	1. SFI 2. The Institute of Internal Auditors 3. Taipei Exchange	2022/12/16 2022/12/14 2022/08/25	1. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers 2. Practical Workshop on IT Audit 3. Briefing session for insider's equity of listed and emerging companies	3 6 3	Yes
Director	Chen Chia Ru	TCGA	2022/12/20	Precautionary measures - the importance of corporate risk management	3	No
Independent Director	Chen Qi Wen	1. Securities and Futures Institute 2. TCGA	2022/10/05 2022/09/16	1. 2022 Legal Compliance Briefing for Insider Trading 2. Seminar on Financial Misstatement and Directors' Responsibility	3 3	Yes
Independent Director	Guo Hui Lan	MasterLink Securities Corp.	2022/11/01	Securities Regulation Course	6	Yes
Independent Director	Chen Mei Lan	1. SFI 2. TCGA 3. SFI 4. SFI	2022/12/22 2022/09/16 2022/09/06 2022/08/23	1. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers 2. Seminar on Financial Misstatement and Directors' Responsibility 3. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers 4. Practical Advanced Seminar for Directors and Supervisors and Corporate Governance Officers	3 3 3 3	Yes

Note 1: Director Wu Shi Xiang was dismissed on 2022.12.30.
Note 2: Director Lu Bao Gang resigned on 2023.02.23.

(4) If the company has a remuneration committee or nomination committee in place, the composition and operation thereof shall be disclosed.

The Company has not established a nomination committee. The composition, duties and operations of the Company's remuneration committee are as follows:

Information on Remuneration Committee Members

March 31, 2023

Capacity / Name	Qualifications	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	Chen Chi Wen	Please refer to page 8		
Independent Director	Guo Hui Lan			
Independent Director	Chen Mei Lan			

Operation of the Remuneration Committee

1. The Company's remuneration committee has a total of 3 members.
2. The term of the current members is from July 28, 2022_to July 27, 2025. The number of remuneration committee meetings held in the most recent fiscal year was: 5 (A). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A) (Notes)	Remarks
Independent Director	Huang Jing Pei	2	0	100%	Dismissed on 2022.07.28
Independent Director	Yan Yu Qun	2	0	100%	Dismissed on 2022.07.28
Independent Director	Wu Tai Chang	2	0	100%	Dismissed on 2022.07.28
Independent Director	Chen Chi Wen	3	0	100%	Newly appointed on 2022.07.28
Independent Director	Guo Hui Lan	1	1	33%	Newly appointed on 2022.07.28
Independent Director	Chen Mei Lan	3	0	100%	Newly appointed on 2022.07.28

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? (The TWSE/TPEx listed company shall report the implementation status. This is not a comply or-explain provision.)		✓	The Company will evaluate the needs to establish.	The Company will evaluate the needs to establish.
2. Does the company conduct risk assessments of		✓	The Company will conduct risk assessments on	The Company will evaluate the

environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)			environmental, social and corporate governance issues related to the Company's operations in the future and formulate relevant risk management policies.	needs to establish.
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		The management of the cleaning and maintenance of the working environment of the Company, we have employed cleaners to maintain a clean environment and regularly conducts inspections and supervises workplace safety and hygiene management to create a comfortable and safe working environment. The subsidiary, Fujian Sked Electronics has established a management system for cleaning workers and regulations for the management of chemical hazards.	No significant deviations.
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		The Company's main production is the subsidiary Fujian Sked, and the materials used for production are selected from qualified suppliers of green products, and we provide relative environmental protection products and the declaration of conformity of their component parts. Each office under the Group also implements resource sorting and recycling operations, and actively promotes paperless electronic processes to achieve environmental protection and carbon reduction.	No significant deviations.
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		The Company promotes the appropriate turn-off of A/C systems in empty or less-occupied office areas, and carries out energy saving and resource recovery promotion irregularly.	No significant deviations.
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		The Company implements "waste sorting and resource recovery" to reduce waste, save energy and reduce carbon emissions.	No significant deviations.
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		The Company follows international human rights standards such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECE Guidelines for Multinational Enterprises, Organization for Economic Co-operation and Development, the UN Convention on the Elimination of All Forms of Discrimination against Women, the UN Convention on the Rights of the Child, the ILO Declaration on Fundamental Principles and Rights at Work, and the FLA Workplace Code of Conduct and Compliance Benchmarks, etc. We have formulated our human rights policy to meet the requirements of international trends. We are committed to being a socially responsible customer and a good corporate citizen, and all of our activities, including development, production, and sales, must be carried out on the basis of respect for human rights, personal safety, health, and environmental protection. All management and employees of the Company are responsible for ensuring that this human rights policy and code of conduct are followed. In the event of a violation, employees are encouraged and expected to report the situation to the appropriate personnel within the Company and to ensure that there will be no retaliation or other adverse consequences. The Company's human rights policy complies with the laws and regulations related to labor and gender equality at work and establishes human rights protection, labor policies and implementation of related measures, specifically requiring "respect for human rights in	No significant deviations.

			the workplace" to create a working environment of equal opportunity, dignity, safety, equality, and freedom from discrimination and harassment. "**Prohibition of Child Labor**" complies with the law and regulations governing employment at the minimum age. "**Prohibition of Forced Labor**" Any form of forced or involuntary labor is not permitted. "**Harassment and abuse**" No employee of the Company shall be subject to physical punishment or physical, sexual, psychological or verbal harassment or abuse, and any disciplinary action shall be taken in accordance with or to the extent permitted by national law. " **Healthy and Safe Workplace**" All employees of the Company shall enjoy a safe and healthy workplace and shall be provided with office facilities that are guaranteed to be safe and healthy. **"Reasonable working hours"** The Company strives to maintain a healthy balance between life and work for all employees and adheres to the applicable working hour regulations. **"Fair Pay"** The Company complies with the government's legal requirements regarding wages and provides additional employee benefits in accordance with the law or labor contracts. **"Labor-management negotiations"** The Company establishes open and direct communication channels between employees and management, providing employees with multiple communication channels to promote the Company's policies, systems, welfare measures and activities, and at the same time allowing employees to fully express their opinions and provide timely responses and assistance to achieve the goal of full communication and effective problem solving in order to create a happy enterprise together.	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		The Company protects the rights and interests of employees in accordance with the Labor Standards Act and provides group accident insurance to provide additional protection. We have also established an employee welfare committee to provide various subsidies and welfare measures to our employees. In addition, according to the Company's Articles of Incorporation, a certain percentage of profits will be appropriated to employees as compensation.	No significant deviations.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		The Company provides regular health checkups for employees and invites professional physicians to hold health checkup report sessions and provide employee health consultation.	No significant deviations.
(4) Has the Company established effective career development training programs for employees?	✓		To enhance the quality of human resources and increase the work knowledge of our employees, we plan the necessary on-the-job training or professional training annually according to the organization, department and the quality of employees and their work needs, plan and arrange necessary on-the-job education training or professional training for personnel, in order to cultivate excellent talents' career development plan.	No significant deviations.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		The Company is an OEM/ODM manufacturer, not a brand owner, and does not carry out related marketing and labeling.	No significant deviations.

(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		The Company has formulated supplier management policies to ensure that its manufacturing capabilities and quality of supply meet the requirements of environmental protection, occupational safety and health, and labor rights issues. The subsidiary, Fujuan Sked has also selected qualified suppliers of green products as its supply chain partners.	No significant deviations.
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✓	The Company has not yet prepared a CSR report.	The Company will evaluate the need to compile.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company's Board of Directors has adopted the "Sustainable Development Best Practice Principles" on December 27, 2022, and will implement and operate in accordance with these principles.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: The Company's Board of Directors has adopted the "Sustainable Development Best Practice Principles" on December 27, 2022, and will implement and operate in accordance with these principles.				

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status "column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

(6) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles" on December 27, 2022 and published it on the Company's website to establish a corporate culture of ethical management and sound development and to provide a reference framework for the establishment of good business operations.	No significant abnormal deviations yet.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		The Company has established a mechanism for the assessment of the risk of unethical conduct, and will regularly analyze and evaluate the business activities within a business context that have a higher risk of unethical conduct, based on which a prevention program will be formulated and the appropriateness and effectiveness of the prevention plan will be reviewed regularly.	No significant abnormal deviations yet.
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles" on December 27, 2022, which will be implemented to establish a corporate culture of ethical management and sound development and to provide a reference framework for the establishment of good business operations.	No significant abnormal deviations yet.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles" on December 27, 2022, and will follow the procedures set out herein to evaluate the ethical records of its counterparties and to specify the terms of ethical behavior in the contracts signed with its counterparties.	No significant abnormal deviations yet.
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?		✓	The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles" on December 27, 2022, and has not yet established a dedicated ethical corporate management unit, which will be evaluated and established in accordance with the operational procedures.	The Company will evaluate the needs to set up.
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		The Company has not established policies to prevent conflict of interests. If there is a case of conflict of interests, the relevant conflict of interests' case can be presented through the administration department.	The Company will establish a conflict-of-interest prevention policy in accordance with Article 19 (Recusal of Interests) of the Ethical Corporate Management Best Practice Principles to identify, supervise and manage the risk of unethical behavior that may result from conflict of interest.
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?		✓	The Company has established an effective accounting system and internal control system, and actually complies with them. The internal auditors also regularly review the compliance status in accordance with their audit plan.	No significant abnormal deviations yet.
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?		✓	The Company has not yet provided any internal or external ethical corporate management training programs.	In accordance with Article 22 of the Ethical Corporate Management Best Practice Principles, the Company will periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties.
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?		✓	The Company's Board of Directors' Meeting approved the handling procedures of whistle-blowing on illegal, unethical, or dishonest conduct on December 27, 2022, and the units to receive whistle-blowing are as follows: (1) Spokesperson: to receive whistle-blowing from shareholders, investors, and other stakeholders. (2) Audit Office: to receive whistle-blowing from customers, suppliers, contractors, etc. of the Company. (3) Administration Department: to receive whistle-blowing from internal employees of the Company.	No significant deviations yet.
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?		✓	The Company's Board of Directors has approved the handling procedures for whistle-blowing of illegal, unethical or dishonest conduct on December 27, 2022, and has not yet established standard operation procedures for the investigation of	The Company will establish handling procedures for the investigation of whistle-blowing of unlawful, unethical or dishonest conduct in accordance with the standard operation procedures for

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?		✓	whistle-blowing. If the Company's whistleblower is subject to improper handling measures as a result of the whistleblowing, the Company will keep the identity of the whistleblower confidential and protect the whistleblower from improper handling as a result of the whistleblowing.	the handling of whistle-blowing cases. No significant deviations yet.
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?		✓	The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles" on December 27, 2022 and published it on the Company's website, and will be implemented in accordance with the provisions of the Principles.	No significant deviations yet.
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: No significant abnormal deviations yet.				
6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): 1. The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles". on December 27, 2022 and published it on the Company's website, and will be implemented in accordance with the provisions of the Principles. 2. The Company has established the "Procedures for Handling Material Inside Information and Prevention of Insider Trading", and provides awareness to directors, supervisors, managers and employees.				

(7) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: None.

(8) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed.

1.Disclosure of relevant licenses specified by the competent authorities for personnel involved in the transparency of financial information

The Securities and Futures Institute held a training course for internal auditors and passed the exam: 1 person in the audit office.

2. Status of corporate governance-related continuing education by the Company's managers: None

(9) The state of implementation of the company's internal control system shall furnish the following:

1. Statement on Internal Control:

Skardin Industrial Corporation
Statement on Internal Control

Date: March 23, 2023

The Company states the following with regard to its internal control system during fiscal year 2022, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.

4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is—with the exception of the matters, if any, specifically listed in the Appendix— effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 23, 2023, where 0 of the 10 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Skardin Industrial Corporation

Chairman: Yu Chih Ching

General Manager: Chang Kung Wei

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(10) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1. Material resolutions of the shareholders meeting:

Meeting Date	Resolution	Implementation status
2022.05.17	1. Approved the Company's 2021 business report and financial statement.	Implemented in accordance with the resolution results
	2. Approved the Company's proposal for 2021 appropriation of losses.	Implemented in accordance with the resolution results
	3. Amendment to Procedures for Acquisition or Disposal of Assets.	Implemented in accordance with the resolution results

2. Material resolutions of the board of directors meeting:

Meeting Date	Motion	Resolution result
2022.02.25	1. To set the place and the period for shareholders to submit proposals.	Approved with the consent of all directors present
	2. The time and place of the Company's 2022 annual general meeting of shareholders and the report matters.	
2022.03.28	1.Evaluation of the suitability and independence of the CPA and the appointment and remuneration of the CPA.	
	2. The Company's 2021 individual financial statements and consolidated financial statements.	
	3. Proposal for 2021 appropriation of losses.	
	4. Approved the Company’s 2021 statement on internal control.	
	5. To set the remuneration of directors and managers of the Company for 2022.	
	6. Remuneration for directors and employees of the Company for 2021.	
	7. Amendment to Procedures for Acquisition or Disposal of Assets.	
2022.05.13	1.To adjust and appoint CPAs Lian Shu Ling and Chen Ying Ru of KPMG Taiwan to audit the Company's 2022 financial statements.	
	2.Approved the Company's consolidated financial statements for the first quarter of 2021.	
	3. Apply for extension of bank facilities.	
	4.The Company has received information on the acquisition by the Public Offeror and intends to establish a review committee in accordance with the law.	
2022.05.20	1. Heng Ying Tai Capital Investment Ltd. proposed a public tender offer for the Company's common shares.	
2022.06.09	1. Election of Chairman of the Board.	
	2. The time and place of the first special meeting of shareholders of the Company in 2011 and the report matters.	
	3. Re-election of eleven directors (including three independent directors)	
	4. In accordance with Article 192-1 of the Company Act, to set the period for accepting the nomination of director candidates, the quota of directors to be elected, the place designated for accepting the roster of director candidates nominated, and other necessary matters.	
2022.06.30	1. Application for pension payment by the former chairman of the Company Mr. Wu Zhen Qian upon his retirement from office.	
	2. Nomination and review of the list of director (including independent director) candidates.	
	3. Lift the non-competition restriction for director.	
	4. Set the Company's greenhouse gas inventory and audit schedule plan.	

2022.07.28	1. Election of Chairman of the Board.	
	2. Appointment of member of remuneration committee.	
	3. Appointment of member of audit committee.	
2022.08.09	Other important report matters: Purchase of directors' liability insurance: The Company renewed its directors' liability insurance policy for another year with Cathay Century Insurance Co., Ltd. on June 30, 2022 for an amount of NT$89,175 thousand (US$3 million), for an insurance period starting from June 30, 2022 to June 30, 2023.	Approved with the consent of all directors present
	1.Approved the Company's consolidated financial statements for the second quarter of 2022.	
	2. Apply for a credit facility with First Commercial Bank.	
	3. Apply for a bank facility with Taiwan Business Bank Co., Ltd.	
	4. Follow-up on significant past due accounts receivable.	
	5. Report on the resolution of the 1st meeting of the 1st session of the audit committee.	
2022.09.23	1.Approved the establishment of the New Energy Business Department of the Company.	
	2. Proposed investment to establish a 100% reinvestment subsidiary, Dejin Energy Co., Ltd.	
	3. Approved the appointment of Mr. Ting Yi Han and Mr. Wu Chia Yuan as deputy general manager and associate manager of the New Energy Business Department of the Company, respectively.	
	4. Proposed replacement of the Company's Stock affairs agency.	
	5. To adjust and appoint CPAs Chang Shu Ying and Lian Shu Ling of KPMG Taiwan to audit the Company's financial statements.	
2022.11.10	1. Approved the Company's accounting officer, spokesperson and acting spokesperson.	
	2. Amendment to the “Procedures for Handling Material Inside Information and Prevention of Insider Trading Management”	
	3. Approved the Company's consolidated financial statements for the third quarter of 2022.	
	4. For working capital requirement, proposed to apply for a credit facility from Fushing Branch of Hua Nan Commercial Bank Ltd.	
	5. For working capital requirement, proposed to apply for a credit facility from Hsi-Sung Branch of Chang Hwa Bank.	
	6. The New Energy Business Department proposes a solar photovoltaic (indoor fishery power station) with a scale of 20 MW.	
	7. Established energy engineering subsidiary.	
	8. Established energy services subsidiary.	
	9. Established digital technology type of subsidiary.	
2022.12.27	1. The Company's internal audit plan report form for 2023.	
	2. Approved the Company set up a governance section on the website to disclose information on the "Ethical Corporate Management Best Practice Principles".	
	3. Approved the Company set up a governance section on the website to disclose information on "Corporate Governance Best Practice Principles".	
	4.Approved the Company set up a governance section on the website to disclose information on "Sustainable Development Best Practice Principles".	
	5. Approved the Company set up a governance section on the website to disclose information on "Human Rights Policy".	
	6.Approved the Company set up a governance section on the website to disclose information on "the handling procedures for whistle-blowing of illegal, unethical or dishonest conduct ".	
	7. Approved the Company set up a governance section on the website to disclose information on "Director Diversity Policy".	

	8. Proposed to establish the Company's general principles for pre-approval of the non-assurance service policy.	Approved with the consent of all directors present
	9. The non-assurance services expected to be provided by KPMG Taiwan.	
	10. The Company's 2023 business plan and annual budget.	
	11. For working capital requirement, proposed to apply for a credit facility from King's Town Bank.	
	12. Proposed to provide a capital loan of USD 3 million to the subsidiary FUJIAN SKED ELECTRONICS TECHNOLOGY CO., LTD.	
	13. Proposed to provide a capital loan of USD 1 million to the subsidiary ED ASIA PTE LTD.	
	14. Proposed to provide a capital loan of NT$90 million to the subsidiary Dejin Energy Co., Ltd.	
	15. Proposed to provide endorsement and guarantee to 3 sub-subsidiaries, Jian Che Energy Co., Ltd., Li Chi Energy Co., Ltd. and Ya Fu Energy Co., Ltd. for a total amount of NT$90 million.	
	16. Reviewed the Company's senior manager of finance and accounting department, Mr. Fang Qiong Yuan's remuneration.	
	17. Proposed total amount of employee performance bonus and principle of manager performance bonus for the 2022 of the Company.	
2023.03.23	1. Approved the Company's 2022 statement on internal control, proposed to review and approve.	
	2.Evaluation of the suitability and independence of the CPA and the appointment and remuneration of the CPA, proposed to discuss.	
	3. Approved the Company's 2022 business report, individual financial statements and consolidated financial statements.	
	4. Proposal for 2022 appropriation of losses.	
	5. Remuneration of directors and employee of the Company for 2022.	
	6. For working capital requirement, proposed to apply for a credit facility from Chailease Specialty Finance Co., Ltd.	
	7. For working capital requirement, proposed to apply for a credit facility from Hsi-Sung Branch of Chang Hwa Bank.	
	8. Proposed conversion of employee stock options to common stock in 2020.	
	9. Amendment to the Rules of Procedure for Board of Directors Meetings.	
	10. Amendment to the Rules of Procedure for Shareholders Meetings.	
	11. Amendment to the Articles of Incorporation.	
	12. Amendment to Procedures for Acquisition or Disposal of Assets.	
	13. In accordance with Article 172-1 of the Company Act, to set the place and the period for shareholders to submit proposals. Proposed to discuss.	
	14. The time and place of the Company's 2022 annual general meeting of shareholders and the report matters. Proposed to review and approve.	
	15. New Energy Business Department proposes commercial licensing for acquisition of 3.6 MW ground-mounted solar power station investment project.	
	16. Discuss the adjustment of the chairman's remuneration of the Company.	
	17. Discuss the adjustment of managers' remuneration of the Company.	

(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(13)A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer：

Summary of Resignations and Dismissals of Key Personnel of the Company

March 31, 2023

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Chairman	Wu Zhen Qian	1982.11.01	2022.06.09	Retirement
Chief financial/ accounting officer	Lee Yan Chou	2004.08.01	2022.11.01	Resignation
Chief research and development officer	Du Dong Song	1984.10.05	2022.10.13	Retirement

5. Information on the professional fees of the attesting CPAs

(1) The amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services

Information on CPA Professional Fees

Unit: NT$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
KPMG Taiwan	Lian Shu Ling, Chen Ying Ru	2022.01.01~2022.06.30	3,470	380	3,850	
	Chang Shu Ying, Lian Shu Ling	2022.07.01~2022.12.31				

Non-audit fees include NT$280 thousand for transfer pricing report and NT$100 thousand for tax consultation.

(2) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

6. Information on replacement of CPA

On 2022.01.01, the former CPA Chen Yi Jun was replaced by CPA Chen Ying Ru, and on 2022.07.01, CPA Chen Ying Ru was replaced by CPA Chang Shu Ying.

7. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed.

None.

8. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(1) Changes in Shareholding

Job title	Name	2022		As of March 31, 2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Yu Chih Ching (Newly appointed on 2022.07.28)	—	—	—	—
Director/ Major shareholder	Heng Ying Tai Capital Investment Ltd. (Newly appointed on 2022.07.28)	—	6,700,000	—	1,800,000
	Representative: Chang Kung Wei (Note)				
Director/ Major shareholder	Heng Ying Tai Capital Investment Ltd. (Newly appointed on 2022.07.28)				
	Representative: Lu Yi Jun				
Director/ Major shareholder	Heng Ying Tai Capital Investment Ltd. (Newly appointed on 2022.07.28)				
	Representative: Wu Shi Xiang (Reappointed and dismissed on 2022.12.30)				
	Representative: Chen Jian Hong (Reappointed and newly appointed on 2022.12.30)				
Director/ Major shareholder	Heng Ying Tai Capital Investment Ltd. (Newly appointed on 2022.07.28)				
	Representative: Wong Kai Ping				
Director/ Major shareholder	Heng Ying Tai Capital Investment Ltd. (Newly appointed on 2022.07.28)				
	Representative: Jin Jia Lin (Resigned on 2022.08.31)				
Director/ Major shareholder	Heng Ying Tai Capital Investment Ltd. (Newly appointed on 2022.07.28)				
	Representative: Lu Bao Gan (Resigned on 2023.02.23)				
	Representative: Huang Ting Yang (Reappointed and newly appointed on 2023.02.24)				
Director/ Major shareholder	Heng Ying Tai Capital Investment Ltd. (Newly appointed on 2022.07.28)				
	Representative: Lee Yan Chou (Note) (Reappointed and dismissed on 2022.10.26)				
	Representative: Chen Chia Ru (Reappointed and newly appointed on 2022.10.26)				
Independent Director	Chen Qi Wen (Newly appointed on 2022.07.28)	—	—	—	—
Independent Director	Guo Hui Lan (Newly appointed on 2022.07.28)	—	—	—	—
Independent Director	Chen Mei Lan (Newly appointed on 2022.07.28)	—	—	—	—
General Manager	Chang Kung Wei	—	—	100,000	—
Chief financial/ accounting officer	Lee Yan Chou (Dismissed on 2022.11.01)	—	—	—	—
Chief financial/ accounting officer	Fan Chiung Yuan (Newly appointed on 2022.11.01)	—	—	—	—
Chairman/ Major shareholder	Wu Zhen Qian (Dismissed on 2022.06.07)	(4,598,924)	—	—	—
Director	Huang Ming Zhen (Dismissed on 2022.06.07)	(2,146,465)	—	—	—
Director	Chang Yi Xiong (Dismissed on 2022.06.07)	(839,555)	—	—	—
Director	Yo Chong Investment Co., Ltd. (Dismissed on 2022.06.07) Representative: Chang Han Chen	(774,000)	—	—	—
Director	Wu Bing Chong (Dismissed on 2022.06.07)	(2,154,216)	—	—	—
Director	Chang Kung Wei (Note)	—	—	—	—
Director	Lee Yan Chou (Note)	—	—	—	—
Independent Director	Wu Tai Chang (Dismissed on 2022.07.28)	—	—	—	—
Independent Director	Huang Jing Pei (Dismissed on 2022.07.28)	—	—	—	—
Independent Director	Yan Yu Qun (Dismissed on 2022.07.28)	—	—	—	—

Note: Directors Kenny Chang and Lee Yan Chou were reassigned as the corporate representatives of Heng Ying Tai Capital Investment Ltd. during the re-election of directors at the special meeting of shareholders on July 18, 2022.

(2) Note 2: If the counterparty of a transfer of shareholding is a related party: None.

(3) If the counterparty of a pledge of shareholding is a related party: None.

9. Relationship information, if among the company's 10 largest shareholders any one is a related party under GAAP No. 6 or a relative within the second degree of kinship of another

Relationship Among the Top 10 Shareholders

March 31, 2023

NAME	SHAREHOLDING		SHAREHOLDING OF SPOUSE AND MINOR CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENTS		SPECIFY THE NAME OF THE ENTITY OR PERSON AND THEIR RELATIONSHIP TO ANY OF THE OTHER TOP 10 SHAREHOLDERS WITH WHICH THE PERSON IS A RELATED PARTY OR HAS A RELATIONSHIP OF SPOUSE OR RELATIVE WITHIN THE 2ND DEGREE		REMARKS
	SHARES	%	SHARES	%	SHARES	%	NAME OF ENTITY OR INDIVIDUAL	RELATIONSHIP	
Heng Ying Tai Capital Investment Ltd.	27,712,509	45.28%	0	0	0	0	0	0	None
Michael Robert Milne	3,352,994	5.48%	0	0	0	0	0	0	None
Jiang Xing Hua	2,517,000	4.11%	0	0	0	0	0	0	None
HSBC Special Custody Account with Morgan Stanley International Ltd.	1,708,000	2.79%	0	0	0	0	0	0	None
Cheng Jun Chong	1,588,000	2.59%	0	0	0	0	0	0	None
Chang Xin Long	620,000	1.01%	0	0	0	0	0	0	None
Huang Jia Lin	614,656	1.00%	0	0	0	0	0	0	None
HSBC Special Custody Account with Goldman Sachs International Ltd.	580,000	0.95%	0	0	0	0	0	0	None
Gao Su Juan	400,191	0.65%	0	0	0	0	0	0	None
Chen Min Han	394,000	0.64%	0	0	0	0	0	0	None

10. Total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company

Total Ownership of Shares in Investee Enterprises

December 31, 2022

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares (thousand shares)	Shareholding ratio (%)	Shares (thousand shares)	Shareholding ratio (%)	Shares (thousand shares)	Shareholding ratio (%)
1.ORIENTAL SKY LTD.	200	100%	0	0	200	100%
2.TOP CROWN LIMITED	20,718	100%	0	0	20,718	100%
3.SKARDIN INDUSTRIAL (UK) LTD.	400	100%	0	0	400	100%
4.S&T INDUSTRIAL (HK) LIMITED	0	0	20,000	100%	20,000	100%
5. S&T Technology (ShenZhen)Co., Ltd.	0	0	(Note)	100%	(Note)	100%
6.ED Asia Pte. Ltd.	0	0	5,360	100%	5,360	100%
7. FUJIAN SKED ELECTRONICS TECHNOLOGY CO., LTD.	0	0	(Note)	100%	(Note)	100%
8. De Jin Energy Co., Ltd.	3,000	100%	0	0	3,000	100%
9. Jian Che Energy Co., Ltd.	0	0	100	100%	100	100%
10. Li Chi Energy Co., Ltd.	0	0	100	100%	100	100%
11. Ya Fu Energy Co., Ltd.	0	0	100	100%	100	100%

Note: It is a Company Limited.

IV. Information on capital raising activities

1. Capital and shares

(1) Source of capital stock: Types of shares issued during most recent fiscal years up to the date of the publication of the report.

1. Sources of Capital

Unit: NT$ thousand; thousand shares

Month/year	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Capital paid in by assets other than cash	Other
August 2004	10	60,000	600,000	27,933	279,333	Cash capital increase 43,333 Retained earnings to increase capitalization 41,000	None	Note 1
August 2005	10	60,000	600,000	40,703	407,033	Retained earnings to increase capitalization 127,699.99	None	Note 2
September 2005	10	60,000	600,000	45,103	451,033	Cash capital increase 44,000	None	Note 2
May 2006	10	60,000	600,000	50,392	503,923	Cash capital increase 52,890	None	Note 3
August 2006	10	80,000	800,000	55,742	557,415	Retained earnings to increase capitalization 53,492	None	Note 4
August 2007	10	80,000	800,000	58,979	589,786	Retained earnings to increase capitalization 15,648 Capital surplus to increase capitalization 16,723	None	Note 5
August 2008	10	80,000	800,000	62,378	623,776	Cash capital increase 33,989	None	Note 6
December 2013	10	80,000	800,000	61,388	613,876	Cancellation of treasury shares 9,900	None	Note 7
February 2015	10	80,000	800,000	60,888	608,876	Cancellation of treasury shares 5,000	None	Note 8
March 2023	10	80,000	800,000	61,200	612,006	Employee stock options capital increase 3,130	None	Note 9

Note 1: Approved on August 2004.08.17 by reference no. Economic Authorization-09332569730.
Note 2: Approved on July 22, 2005 by reference no. Financial-Supervisory-Securities-I-0940129937.
Note 3: Approved on April 25, 2006 by reference no. Financial-Supervisory-Securities-I-0950113978.
Note 4: Approved on July 6, 2006 by reference no. Financial-Supervisory-Securities-I-0950128938.
Note 5: Approved on July 16, 2007 by reference no. Financial-Supervisory-Securities-I-0960036939.
Note 6: Approved on July 17, 2008 by reference no. Financial-Supervisory-Securities-I-0970036236.
Note 7: Approved on February 12, 2014 by reference no. Economic Authorization-10301024800.
Note 8: Approved on March 10, 2015 by reference no. Economic Authorization-10401040990.
Note 9: Approved on April 10, 2023 by reference no. Economic Authorization-11230057690.

2. Type of stock

Unit: thousand shares

Stock / Type	Authorized Capital				Remarks
	Outstanding shares		Unissued shares	Total	
	Listed (OTC)	Unlisted (OTC)			
Common stock	61,200	0	18,799	80,000	As of 2023.04.14

(2) Shareholder structure

April 14, 2023

Shareholder composition / Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	0	3	9	6,620	16	6,648
No. of shares held	0	199,939	28,074,073	26,185,378	6,741,183	61,200,573
Shareholding ratio	0%	0.33%	45.87%	42.79%	11.01%	100.00%

(3) Diffusion of ownership

1.Common shares

April 14, 2023

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1~999	3,589	559,406	0.91%
1,000~5,000	2,346	4,697,372	7.68%
5,001~10,000	333	2,663,350	4.35%
10,001~15,000	112	1,444,788	2.36%
15,001~20,000	77	1,393,629	2.28%
20,001~30,000	72	1,810,655	2.96%
30,001~40,000	27	969,338	1.58%
40,001~50,000	24	1,104,400	1.80%
50,001~100,000	30	2,136,250	3.49%
100,001~200,000	20	2,780,138	4.54%
200,001~400,000	9	2,547,897	4.16%
400,001~600,000	2	980,191	1.60%
600,001~800,000	2	1,234,656	2.02%
800,001~1,000,000	0	0	0%
1,000,001 above	5	36,878,503	60.27%
Total	6,648	61,200,573	100.00%

2.Preferred shares

The Company has not issued any preferred shares.

(4) List of major shareholders

List all shareholders with a stake of 5 percent or greater, and all shareholders who rank in the top 10 in shareholding percentage, number of shares and stake held by each shareholder:

April 14, 2023

Shares / Names of major shareholders	Shareholding (shares)	Shareholding (%)
Heng Ying Tai Capital Investment Ltd.	27,712,509	45.28%
Michael Robert Milne	3,352,994	5.48%
Jiang Xing Hua	2,517,000	4.11%
HSBC Special Custody Account with Morgan Stanley International Ltd.	1,708,000	2.79%
Cheng Jun Chong	1,588,000	2.59%
Chang Xin Long	620,000	1.01%
Huang Jia Lin	614,656	1.00%
HSBC Special Custody Account with Goldman Sachs International Ltd.	580,000	0.95%
Gao Su Juan	400,191	0.65%
Chen Min Han	394,000	0.64%

(5) Market prices, Net Worth, Earnings, and Dividends per Share for the past 2 fiscal years

Item			Fiscal year 2021	2022	As of March 31, 2023
Market price per share	Highest		21.85	35.00	33.60
	Lowest		10.00	15.75	27.90
	Average		17.69	25.11	30.95
Net worth per share	Before distribution		16.77	17.02	16.78
	After distribution		16.77	undistributed	undistributed
Earnings per share	Weighted average shares		60,888	60,888	60,912
	Earnings per share		(1.31)	0.07	(0.33)
	Retrospectively adjusted earnings per share		(1.31)	0.07	(0.33)
Dividends per share	Cash dividends		0	undistributed	undistributed
	Stock dividends	Dividends from retained earnings	0	undistributed	undistributed
		Dividends from capital reserve	0	undistributed	undistributed
	Accumulated undistributed dividends		—	—	—
Return on investment analysis	Price/earnings ratio		NA	NA	NA
	Price/dividend ratio		NA	undistributed	undistributed
	Cash dividend yield (%)		0	undistributed	undistributed

(6) The Company's dividend policy and implementation thereof

1. The Company's dividend policy

Article 23, paragraph 1:

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and cover accumulated losses, and then set aside 10% as legal reserve, except when the legal reserve has reached the Company's total paid-in capital. Next, a special reserve shall be set aside or reversed as required by law or by the competent authority. If there is any surplus retained, the Board of Directors shall prepare a proposal for the distribution of the earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends and bonuses.

Article 24:

The Company will consider the environment and growth stage of the Company, take into account future capital requirements and long-term financial planning, and meet the shareholders' needs for cash inflows, and provide a dividend of at least 30% of the distributable earnings as set forth in Article 23, paragraph 1, of which cash dividends shall not be less than 10% of the total dividends to shareholders.

2. Dividend distributions proposed at the most recent shareholders' meeting

The Company's net profit after tax for 2022 was NT$4,221,489, and after adjusting the remeasurement of the defined benefit plan to include the adjustment to retained earnings of NT$2,229,441, the loss to be covered was NT$224,372,605. The 2022 loss appropriation Statement was as follows:

Skardin Industrial Corporation

2022 Loss Appropriation Statement

Unit: NT$

Losses to be covered, beginning of the period	(230,823,535)
Add: Remeasurement of the defined benefit plan current period adjustments	2,229,441
Add: 2022 Net profit after tax	4,221,489
Losses to be covered, end of the period	(224,372,605)

Chairman: Yu Chih Ching General Manager: Chang Kung Wei Chief Accounting Officer: Fan Chiung Yuan

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed at the most recent shareholders' meeting

The Company did not propose any stock dividend distribution at the shareholders' meeting and did not disclose the 2022 financial forecast.

(8) Profit-sharing compensation of employees, directors, and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor profit-sharing compensation, as set forth in the Company's articles of incorporation.

According to the Company's Articles of Incorporation, if the Company makes a profit in a fiscal year, no less than 3% shall be set aside for the compensation of employees and no more than 3% for the remuneration of directors and supervisors. However, if the Company still has accumulated losses, the Company shall reserve the amount of recovery in advance.

The preceding employees' compensation in the form of stock or cash may include the employees of subsidiaries of the Company meeting certain specific requirements, and the requirements shall the Company's Board of Directors be authorized to determine.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The Company's net profit for 2022 was NT$4,221,489. After adjusting the remeasurement of the defined benefit plan to include the adjustment to retained earnings of NT$2,22,441, the loss to be covered was NT$224,372,605. There was no estimated profit-sharing compensation for employees and directors.

3. Information on any approval by the board of directors of distribution of profit-sharing compensation

(1) The amount of any employee profit-sharing compensation and director and supervisor profit-sharing compensation distributed in cash or stocks. 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.

The Company's Board of Directors resolved on March 23, 2023 not to distribute employee profit-sharing compensation and director profit-sharing compensation.

(2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation.

The Company's Board of Directors resolved on March 23, 2023 not to distribute employee profit-sharing compensation and director profit-sharing compensation.

4. The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated.

The Company's Board of Directors resolved not to distribute directors and employees profit-sharing compensation in 2021.

(9) Status of a company repurchasing its own shares:

For the most recent year and the period up to the annual report publication date, the Company has applied for share repurchases: None.

2. Corporate bonds

None.

3. Preferred shares

None.

4. Global depository receipts

None.

5. Employee share subscription warrants

Employee Share Subscription Warrants

April 14, 2023

Type of employee share subscription warrants (Note 2)	The 1st of employee share subscription warrants (Note 5)
Effective registration date and total number of units	2020/06/19 and 2,000 number of units
Issue (handling) date (Note 4)	2021/01/05
Number of units issued	1,000 number of units
Number of units still available for issuance	0
Ratio of the number of issued subscribable shares to the total number of issued shares	3.28%
Duration	5 years
Exercise method (Note 3)	Issuance of new shares
Vesting period and percentage (%)	After the expiration of two years from the date of grant of the employee subscription warrants, the subscribers may exercise their subscription warrants in accordance with the following periods and percentages of subscription warrants. At the expiration of two years 50% (cumulative) At the expiration of three years 100% (cumulative)
Number of shares subscribed through exercise of the warrants	313,000 shares
Amount of the shares subscribed through exercise of the warrants (NT$)	NT$4,037,700
Number of unexercised shares	332,000 shares
Subscription price per share of the unexercised shares	NT$12.9
Ratio of the number of unexercised shares to the total number of issued shares (%)	0.54%
The effect on shareholders' equity	No significant effect

Note 1: Employee share subscription warrants include publicly offered and privately placed employee share subscription warrants. Publicly offered employee share subscription warrants are those that have been effectively registered with the FSC; privately placed employee share subscription warrants are those that have been approved by a resolution of the shareholders meeting.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: Note whether the method is by delivery of issued shares or issuance of new shares.

Note 4: Fill in all the required information separately for warrants of different issue (handling) dates.

Note 5: If it is a private placement, the fact that it is a private placement should be prominently indicated.

6. New restricted employee shares

None.

7. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies
   (1) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.
   (2) Where the board of directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

8. Implementation of the company's capital allocation plans
   (1) Description of the plans: For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, shall provide a detailed description of the plan for each such public issue and private placement, include any and all changes to the plan, the source of funds and the manner of their utilization, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, the date on which the change to the plan was reported at a shareholders' meeting, and the date on which such information was uploaded to the information disclosure website specified by the FSC: None.
   (2) Status of implementation: With respect to funds usage under the plans referred to in the preceding subparagraph, shall (for the period as of the quarter preceding the date of publication of the annual report) analyze the status of implementation and compare actual benefits with expected benefits. Where implementation has failed to yield the expected progress or benefits, shall provide specific reasons for such failure, explain any effect it might have upon shareholders' equity, and outline the plan for correcting the situation. Where any of the following items apply to the funds usage plan descriptions referred to in the preceding subparagraph, shall further disclose the following information:
      1. If the funds are used to merge, acquire, or purchase another company through share acquisition, to expand fixed assets, shall compare and explain fixed assets, operating revenues, operating costs, and operating income: None.
      2. If the funds are invested in another company, shall describe the condition of the invested company and explain the effect of the investment upon gain or loss from investments: None.
      3. If the funds are used to strengthen the company's working capital or pay off debts, shall: (1) note any increase or decrease in the company's current assets, current liabilities, and total liabilities; (2) compare and explain the company's interest expenses, operating revenues, and earnings per share; and (3) analyze the company's financial structure: None.

V. Overview of business operations

1. Business Content

(1) Scope of business

1.The company's major lines of business

(1) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing

(2) CC01060 Wired Communication Equipment and Apparatus Manufacturing

(3) CC01070 Telecommunication Equipment and Apparatus Manufacturing

(4) CC01080 Electronics Components Manufacturing

(5) CC01110 Computer and Peripheral Equipment Manufacturing

(6) F113070 Wholesale of Telecommunication Apparatus

(7) F213060 Retail Sale of Telecommunication Apparatus

(8) F401010 International Trade

(9) ZZ99999All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Weight of current products

Unit: NT$ thousand

Year / Main product	2021		2022	
	Amount	%	Amount	%
Digital Set-top Box Products and Components	1,040,607	100.00	1,166,395	100.00

3. The Company's current products:

(1) DIGITAL SATELLITE RECEIVER(DVB-S/S2): C/A, PVR MODELS

(2) DIGITAL TERRESTRIAL RECEIVER(DVB-T/T2): FTA, C/A, PVR MODELS

(3) DIGITAL CABLE RECEIVER(DVB-C): C/A, PVR MODELS

(4) DVB-S/S2 WITH HDTV MPEG 4, WITH C/A

(5) DVB-S 4K WITH C/A

4. New products planned for development:

(1) DVB-S WITH HDTV MPEG 4 WITH C/A

(2) DVB-S HDTV MPEG 4 TWIN TUNERS WITH C/A OR C/I, WITH OR WITHOUT PVR

(3) DVBS TV+IP HYBRID 4K STB

(4) DVB CI+ Devices

(2) Overview of the industry

1.Current status and development of the industry

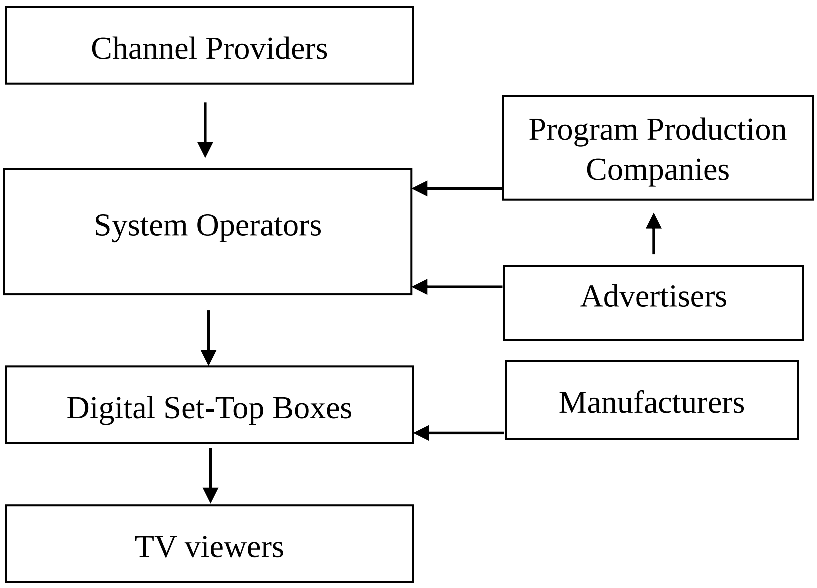
In the past, TV programs were transmitted by analog signals through high-frequency radio waves (UHF and VHF) to the receiving end, however, the analog transmission method is susceptible to interference in the transmission process, with poor performance in terms of screen clarity, noise resistance and ghosting, and occupies a certain bandwidth, making it inefficient in terms of bandwidth usage; On the contrary, digital signals can be compressed before transmission, which greatly increases the frequency of bandwidth usage, and the debugging and correction functions can be performed at the receiving end for signal degradation during transmission, making digital transmission with higher video and audio quality, and greatly increasing the number of channels, making digitalization of TV programs an inevitable trend in the future.

However, the mainstream HDTVs are currently used in general households, so digital signals (including high-definition video, high-quality audio, and interactive digital data) from Terrestrial, Cable, Satellite, or Internet must be converted into analog and high-definition digital signals via a Set-Top Box (STB) before they can be displayed on a household LCD TV or screen.

In the current global IP STB market, in mature markets such as North America and Europe, in order to compete for customers with various OTT services, the industry has launched various value-added services, which will drive up the demand for integrated products (such as IP/OTT and IP/DVB). In addition, the rapid rise of the smart home boom, coupled with the rising penetration rate of 4K TV, the above trend also drives the STB industry to introduce high-speed wired/wireless broadband access technology, which will enhance the transmission bandwidth of ultra-high-definition (UHD) audio and video content to achieve emerging applications such as smart surveillance and home automation, which are all growth momentums for the industry.

The strong demand in the Asia Pacific region is another reason for the rise in IP STB market sales amount, in which the IPTV subscriber market in mainland China is driving the growth of IP STB sales. In terms of OTT STB, well-known OTT operators in the U.S. and mainland China continue to launch new video and streaming entertainment services, driving OTT STB operators such as Apple, Amazon, and Google to launch new models, resulting in a trend of year-on-year growth in the proportion of global OTT STB.

2. Links between the upstream, midstream, and downstream segments of the industry supply chain



3. Development trends for the products

The STB was originally designed for one-way video reception or addressing and decoding functions, but now it is moving toward two-way interaction and multimedia network communication applications, meaning that users can upload control or data to Service Providers through the STB to achieve two-way service of Interactivity. In the future, it can even integrate the functions of IAD (Integrated Access Device) or RG (Residential Gateway) and achieve the service of Home Networking. In addition to TVs, the most common devices connected to the set-top box are computer-related information products, and even other household appliances can be connected to achieve the purpose of information integration. Users can control and use the STB through infrared remote control, wireless keyboard, wireless mouse, or direct panel operation, or even use artificial intelligence with voice for control and media interaction in the future.

With the evolution of digital TV services, set-top boxes are developing towards supporting high-definition, PVR, and other functions. In Multi-room and Multi-screen applications, operators are beginning to use high-end set-top boxes as home video service servers to provide program recording and broadcast signal reception, while bedrooms and other client side of the home use lower-end set-top boxes, to save the cost-of-service deployment. Under the server/client application mode, the specifications of set-top boxes are also polarized towards high end and low end.

4. Competition

Since the establishment of the Company, we have been positioned as a professional SET-TOP-BOX designer and manufacturer with over 20 years of experience in the field of satellite and terrestrial broadcasting products. In terms of product differentiation, our low-end products face competition from factories in China, while our mid-range and high-end products face competition from major manufacturers in Korea, Europe and America, in addition to manufacturers in various industries such as audio, TV and information fields are interested in investing in this product, so the market is very competitive.

(3) Overview of technologies and research and development work:

1.Research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

Unit: NT$ thousand

Year / Item	2021	2022
R&D expenses	97,288	95,287
Net operating revenue	1,040,607	1,166,395
R&D expenses as a percentage of net operating revenue	9.35%	8.17%

2. Technologies and/or products successfully developed

Item	Products successfully developed
1	1st generation digital satellite set-top box
2	2nd generation digital satellite set-top box
3	3rd generation digital satellite set-top box
4	Free to air (FTA) digital terrestrial broadcasting set-top box
5	Free digital terrestrial radio set-top box (12/24V power supply, for home and camping use)
6	Digital terrestrial radio set-top box with built-in code access system (C/A) and MHEG (for UK region)
7	Interactive digital terrestrial TV set-top box with built-in code access for European market (DVB-T/ MHP)
8	DVB-S/DVB-T STB OR WITH C/A OR C/I WITH OR WITHOUT PVR (Digital satellite set-top box and digital terrestrial broadcasting set-top box with code access system or with common interface, and with or without personal video recorder)
9	Free to air (FTA) dual tuner digital satellite set-top box
10	Digital satellite set-top box with code access system
11	Digital terrestrial broadcasting MHP set-top box with code access system
12	High Definition (HDTV) digital set-top box
13	US Regulation ATSC-T digital terrestrial broadcasting set-top box
14	ISDB-T set-top box
15	IP-STB
16	DVB-C SET TOP BOX
17	DVB-C HD SET TOP BOX
18	DVBS + ISDBT SET TOP BOX
19	DVBS/S2 4K UHD SET TOP BOX with code access system
20	DVBT2 STB
21	DVBS2 4K UHD Hybrid STB with code access system

(4) Long- and short-term business development plans

1.Short-term development plans

(1) Product strategy:

Proactively develop products in line with market trends to meet customers' needs at different aspects.

(2) Factory production:

A. Improve factory production efficiency, reduce production costs, and enhance product price competitiveness.

B. Establish long-term strategic partnership with upstream manufacturers to ensure quality, price, delivery and service in accordance with future business development and stable supply sources.

(3) Marketing strategy:

A. Proactively develop overseas markets: actively promote business in the Americas, Europe, Africa and the Middle East.

B. Strengthen the customer service function: To address customers' technical problems in R&D and manufacturing, establish a dedicated customer team to integrate marketing, R&D, production, problem analysis, and technical support personnel to respond quickly to customer-related problems.

(4) Operating strategy:

Expand the cultivation of talents: Strengthen the cultivation program, carry out education and training, utilize corporate human resources, and enhance internal technology and experience inheritance. Optimize the supply chain and continuously reduce costs to increase gross profit.

(5) Financial strategy:

Develop diversified financing channels: Strengthen capital planning and management to promote more flexible use of capital.

2. Long-term development plans

(1) Product strategy:

Close cooperation with major suppliers of IC products and key customers to reduce costs at all times and to launch new generation products with competitiveness in a timely manner.

(2) Factory production:

Continuous planning of production line automation to strengthen production efficiency.

(3) Marketing strategy:

A. Strengthen sales capacity, expand customer base and consolidate existing customers, and continue long-term cooperation with major international manufacturers.

B. Strive for internationalization, cultivate international sales and management talents, and lay the foundation for establishing a world-class satellite communications company.

C. Strengthen product marketing, establish regional sales networks, and expand domestic and international market share.

(4) Operating strategy:

Strengthen the integration of financial, sales, production, and procurement related systems, and provide intelligent management systems such as management analysis, decision support, and information sharing.

(5) Financial strategy:

Uphold the long-term sound financial strategy, and provide sufficient capital support and flexible capital deployment in line with the Company's long-term business development, so as to maximize the effectiveness of financial operations.

(5) New energy business department was established:

In consideration of the fact that the world is in the critical era of energy transition, green energy will be the new engine driving economic development in the future. In response to the government's goal of enhancing energy autonomy, developing emerging green energy industries, and gradually reaching a non-nuclear home, the Company established the New Energy Business Department with the aim of contributing to energy transition.

1. Main businesses of new energy business department

The new energy department of the Company was established with the following main business plans:

(1) Investment, construction and maintenance and operation of solar power stations

The scope of planning includes rooftop solar power, ground-based solar power, fishery solar power, agricultural solar power, and corporate ESG green power, agricultural farming type solar power, and ESG green power for enterprises, etc., and conducts project investment or power station construction.

(2) Investment, construction and maintenance of energy storage power stations

The scope of planning includes frequency regulation type energy storage of Taipower, solar energy storage, and large industrial and commercial electricity consumption storage. Conduct project investment or power station construction and maintenance and operation.

(3) Sales, construction and maintenance of energy products

The scope of planning includes the agency sales of solar photovoltaic products, agency sales of energy storage products, sales of charging products, and the construction and maintenance and operation of other energy products.

2. Future supply and demand and growth of the energy market Global trends:

(1) The 26th United Nations Climate Summit (COP26) sets out the Glasgow Climate Pact, which requires countries to strengthen their "2030 emissions reduction targets" by the end of 2022.

(2) RE100 has more than 340 members worldwide, and participating members must publicly commit to commit to source 100% of their electricity from renewable resources between 2020 and 2050.

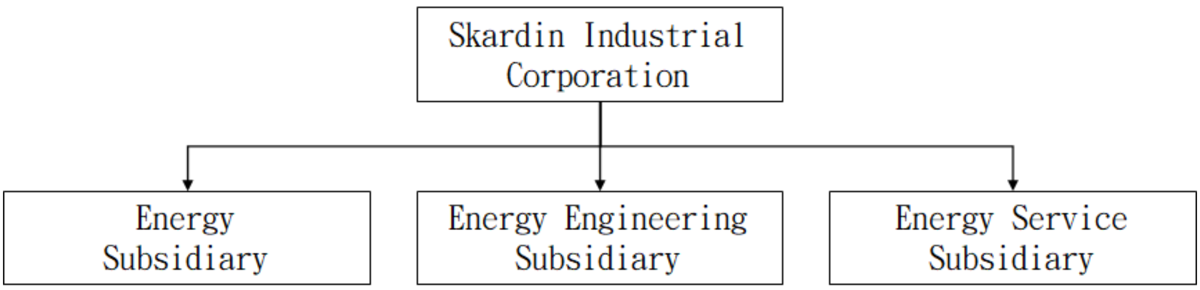
Taiwan green energy:

(1) Taiwan government is actively promoting the strengthening of energy security, implementing the vision of 20% renewable energy allocation, and innovating green economy.

(2) Taiwan plans to reach the target capacity of 20GW for solar power and more than 1GW for energy storage by 2025.

3. Organizational structure

New Energy Blueprint:



(1) Energy subsidiary:

All energy-related investment projects are developed, managed and deployed by our energy subsidiary, and effectively control the assets.

(2) Energy engineering subsidiary:

Undertake the construction and planning of energy type power stations, conduct project management, subcontracting, and build a professional team to focus on engineering, improve engineering quality, and deliver high quality projects.

(3) Energy service subsidiary:

Undertake all energy maintenance services, and energy products sales, and build a professional team to focus on service operation, providing customers with "quality service, after-sales guarantee" and other efficient maintenance.

4. Short-, medium- and long-term business development plans

Short-term plans:

(1) Energy investment strategies:

A. Solar Power will adopt the scale of green energy investment, with a single power station not less than 499kW for project development and selection, to facilitate the future transition to provide green power can provide enterprises with fixed amount of electricity supply needs.

B. Small-scale investment in energy storage power stations, with a single power station not less than 3MW, to achieve real results, and carry out the future deployment of solar energy storage and applications for heavy users.

(2) Energy engineering:

A. Own investment in the construction of energy power stations to ensure the high quality of our own projects.

B. Undertake the construction of energy power stations in the same industry, recruit high-quality construction companies, to manage and cultivate them.

(3) Energy services:

A. Own investment in the maintenance of energy power stations to ensure stable operation of the stations and provide sustainable income.

B. Undertake the maintenance and operation of energy stations in the same industry, recruit high-quality construction companies, to manage and cultivate them.

(4) Overall operation:

For the subsidiaries of energy, engineering, and maintenance and operation of the Company, recruit talented people, and to strengthen the training program for each department's respective profession, and to carry out education and training to improve the internal technology and experience inheritance within the subsidiaries.

Medium- and long-term development plans

(1) Energy investment strategies:

A. Medium and large scale (10MW or more) power station continuous investment, green power trans-supply, corporate ESG.

B. Scale investment in energy storage power stations, solar energy storage and energy storage construction for heavy users.

(2) Energy engineering:

A. Own investment in the construction of energy power stations to ensure the high quality of our own projects.

B. Expand the scope of contracted energy power stations construction projects, recruit high-quality construction companies, to manage and cultivate them.

(3) Energy services:

A. Own investment in the maintenance of energy power stations to ensure stable operation of the stations and provide sustainable income.

B. Expand the scope of contracted energy power stations maintenance and operation projects in the same industry, recruit high-quality maintenance and operation companies, to manage and cultivate them, and build the maintenance and operation center.

C. Sales of energy products, maintenance and operation.

(4) Overall operation:

The subsidiaries of energy, engineering, and maintenance and operation are operating in sustainability, continuing to recruit talented people, and to strengthen the training programs for each department's respective profession, to carry out education and training to improve the internal technology and experience inheritance within the subsidiaries, and to cultivate the ability to build and operate and maintain green energy abroad.

2. The market as well as the production and marketing situation

(1) Market analysis

1. Geographic areas where the main products (services) are provided (supplied)

Unit: NT$ thousand

Sales area \ Year	2021		2022	
	Amount	Percentage	Amount	Percentage
Peru	338,922	32.57	256,927	22.03
Argentina	150,186	14.43	457,643	39.24
Chile	173,390	16.66	112,407	9.64
Italy	162,964	15.66	12,766	1.09
Other countries	215,145	20.68	326,652	28.00
Total	1,040,607	100.00	1,166,395	100.00

Note: Net income from sales is aggregated to the consolidated financial statements based on the country of the customer.

2. Market share

The Company's set-top box products include digital satellite set-top boxes, digital cable set-top boxes, and digital terrestrial broadcasting set-top boxes, with digital satellite set-top boxes and cable set-top boxes as the main products. Currently, it is moving towards OTT. In terms of features, HD and CA models are now the main products shipped in the market.

3. Demand and supply conditions for the market in the future and growth potential

With the increasing trend of digital content and high-speed broadband services, the demand for high-definition Internet video services is accelerating, and telecom operators in Europe and Asia will accelerate the launch of IPTVE converged OTT video services. In addition, high-end STBs with internet access, recording functions, pay TV services, residential gateway services, Wi-Fi and other functions will be launched gradually. Furthermore, as the 4K high resolution TVs gradually become popular and the amount of 4K high resolution video and audio content grows simultaneously, the demand for 4K UHD / HDR STBs will also grow rapidly.

In addition, the IPTV market in China is approaching saturation since 2018, and the growth of the STB market will gradually weaken due to the global trend of digitalization of cable TV and the gradual completion of the shutdown of analog signals, as well as the slow increase of pay TV subscribers in North America.

According to MIC, the current global IP-based STB shipment is about 160-170 million units, while IPTV and CableSTB shipment is declining, OTTSTB is showing a growth pattern against the trend. According to digitalTVreasearch's forecast, online video and audio platforms of various pricing models are showing high growth. The relatively low price of online video and audio streaming and the increasingly rich content stimulate the OTT market to grow at a fast pace.

4. Competitive niche

At present, the Company has R&D teams in the UK and Taiwan, while the production bases are mainly located in China. The Company's R&D and design capabilities, coupled with the low production costs of the production bases in China, have built up the Company's competitive advantage. In addition, the Company has a wide range of products, stable product quality, and has passed various certifications from customers, and has received support from major IC suppliers, and has worked closely with world leaders in this field, forming a good partnership between upstream, midstream and downstream customers, we believe we can develop long-term competitiveness in this special field. The Company is not only able to grasp market information effectively, but also has a prompt response time to market trends and customer needs, and is recognized by our customers for its good quality.

5.Positive and negative factors for future development, and response to such factors

(1) Positive factors

A. In respect of industry development trends, due to the global trend of telecom liberalization and the booming satellite communications industry, the era of digital broadcasting is approaching, and more countries will gradually recycle analog channels starting from 2006, so devices for receiving digital broadcasting will become necessary, driving the growth in shipments of video set-top box-related products; and digital set-top box products for digital satellite, terrestrial broadcasting and cable TV are becoming more mature and the market competition is intense. International brand importers will look for outsourced manufacturers in Asia to reduce costs, so the video set-top box industry still has considerable room for growth in the future.

B. In respect of product development, the Company's R&D team maintains close cooperation with IC suppliers and customers to jointly develop products, which is conducive to the enhancement of R&D technology and the securing of OEM orders from international brand importers; moreover, the R&D center is close to major sales markets, so it can keep abreast of market demands and trends and provide more immediate after-sales service and technical support.

C. In respect of business strategy, in response to the competitive pressure of production cost, the Company has set up factories in Mainland China and adopted the cross-strait division of labor and cooperation model based on the consideration of labor and material cost reduction to effectively utilize resources, lower the production cost of products and enhance the competitive advantage of product price.

D. In respect of product competitiveness, the Company focuses on the development of video set-top box products, with a complete range of products, and has obtained licenses from a number of internationally renowned code access software providers to develop code access (C/A or C/I) products for different regions to meet the market needs of different areas.

(2) Negative factors and response to such factors:

A. The specifications and technology of video set-top box products are evolving rapidly, and the life cycle is gradually shortening. If future product development cannot be grasped in a timely manner, will lose the first opportunity for product development and market expansion.

Response: To strengthen the collection of market information and to respond to product and market differentiation, the Company will continue to strengthen joint product development with IC suppliers and maintain good cooperation with major sales customers to understand market demand through sales customers in order to grasp the future direction of product development. In addition, we will expand our R&D talents and enhance R&D capabilities to complete product development in a timely manner so as not to lose the opportunity to expand the market.

B. The Company's products are mainly exported, therefore have a high degree of dependence on foreign sales and are susceptible to changes in exchange rates which may affect profitability.

Response: (A) Offset foreign currency assets and foreign currency liabilities to generate a natural hedging effect.

(B) Exports are settled at the right time by judging the trend of appreciation or depreciation of the NTD, analyzing the exchange gain or loss, and deciding the timing of export settlement, and converting USD to NTD or NTD to USD in a timely manner.

(C) In addition to choosing the timing of exchange, the Company also places a portion of USD in fixed deposits to earn a higher interest income.

C. Due to the global trend of telecom liberalization and the booming of the satellite communications industry, the market of video set-top box products is maturing, the market is facing the entry of competitors, resulting in the decline of product sales prices.

Response: (A) In raw material procurement, through increased procurement volume, to improve the bargaining power of the purchase price.

(B) Continuously lower production costs through increased production capacity and adjustment of transfer pricing policy.

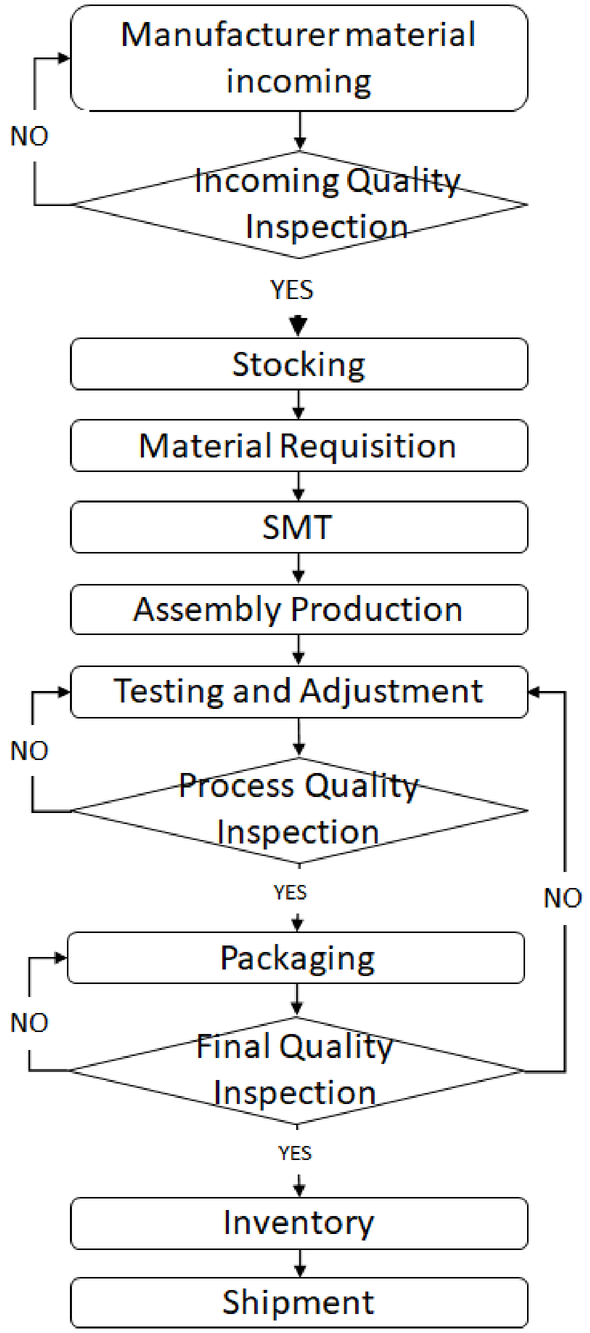
(C) Continuously develop new products with high margins, high added value to increase gross margins and maintain the Company's competitiveness.

(2) Usage and manufacturing processes for the main products:

1. Important usage of main the products:

Product	Important usage
Set-Top-Box	The LNB collects and receives the high-frequency digitally compressed video from the satellite by reflecting it from the antenna to the Low Noise Blocker (LNB), and then converts the signal into a radio frequency signal by down converting the noise and sending it to the Set-Top-Box to decode and analyze the digitally compressed signal, then converts it into an analog video to be displayed on the TV.

2. Manufacturing processes of the main products



(3) Supply situation for major raw materials:

Major raw materials	Major supplier
All types of IC, memory (FLASH, SDRAM)	IC original manufacturers and distributors

(4) Suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in the 2 most recent fiscal years:

1.Major Customers

Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: NTD thousand

Item \ Year	2021				2022				Up to first quarter of 2023			
	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to the preceding quarter of the current fiscal year (%)	Relationship with the issuer
1	A	253,286	24.34	None	A	105,278	9.03	None	A	39,021	12.13	None
2	B	173,390	16.66	None	B	112,370	9.63	None	B	23,093	7.18	None
3	C	150,186	14.43	None	C	457,643	39.24	None	C	178,605	55.52	None
4	D	85,636	8.23	None	D	151,649	13.00	None	D	22,396	6.96	None
5	E	162,964	15.66	None	E	12,766	1.09	None	E	—	—	—
Others		215,145	20.68	—	Others	326,689	28.01	—	Others	58,576	18.21	—
Net sales		1,040,607	100.00	—	Net sales	1,166,395	100.00	—	Net sales	321,691	100.00	—

The Company is specialized manufacturer of set-top boxes and its main customers include local system operators or private label manufacturers in Europe, Central and South America and Africa. The sales of customers are still stable and the Company is proactively developing new customers.

2. Major Suppliers

Information on Major Suppliers for the Most Recent 2 Years

Unit: NTD thousand

Item \ Year	2021				2022				Up to first quarter of 2023			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases up to the preceding quarter of the current fiscal year (%)	Relationship with the issuer
1	ALi	64,769	9.00	None	ALi	140,432	14.83	None	ALi	30,066	17.18	None
2	WT	49,300	6.85	None	WT	160,381	16.94	None	WT	28,832	16.48	None
3	AcBel	47,548	6.61	None	AcBel	103,454	10.93	None	AcBel	15,526	8.87	None
Others		558,034	77.54	—	Others	542,382	57.30	—	Others	100,560	57.47	—
Net purchases		719,651	100.00	—	Net purchases	946,649	100.00	—	Net purchases	174,984	100.00	—

(5) Production Volume and Value in the Most Recent 2 Fiscal Years:

The Company's main product is video set-top boxes, which are manufactured through its sub-subsidiary in mainland China.

Unit: thousand units; NT$ thousand

Output / Main products (or department) \ Year	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Digital set-top box products and components	–	1,625	799,728	–	1,591	896,470

(6) Sales Volume and Value in the Most Recent 2 Fiscal Years：

Unit: thousand units; NT$ thousand

Main products \ Year	2021				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Digital set-top box products and components	0	0	1,606	1,040,607	0	0	1,640	1,166,395

3. Number of employees employed, their average years of service, average age, and education levels

Fiscal year		2021	2022	As of March 31, 2023
Number of employees	R&D	51	40	40
	General	127	131	130
	Line	82	103	102
	Total	260	274	272
Average age		39.46	38.69	37.46
Average years of service		4.87	4.29	4.23
Education distribution percentage (%)	Ph.D.	0%	0.36%	0.37%
	Master’s degree	6%	2.92%	2.94%
	College	25%	25.19%	25.37%
	Senior high school	25%	23.72%	27.57%
	Below senior high school	44%	47.81%	43.75%
	Total	100%	100.00%	100.00%

4. Disbursements for environmental protection

Losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including compensation paid), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

5. Labor relations

(1) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation

1. Employee benefit plans

(1) All employees are covered by labor insurance.

(2) Established the Employee Welfare Committee to promote various employee welfare initiatives.

2. Continuing education, training

The Company's education and training system is divided into new employee training and on-the-job training, hoping that each employee can understand the Company's operation beforehand and continue to strengthen their own job learning skills at work.

3. Retirement systems

The Company's retirement plan was established in accordance with Article 56 of the Labor Standards Act, and the Supervisory Committee of Labor Retirement Reserve was established to supervise the implementation of the retirement plan and was approved for examination by the Taipei County Government in accordance with the letter No. 09504020529 of the Taipei County Government Labor and Welfare Committee.

Contribution rate: 10%

Supervisory Committee of Labor Retirement Reserve Business Administration Number: 98041286.

Implementation status:

(1) The Company has appropriated the labor pension reserve funds in accordance with the regulations and deposited it in the Department of Trusts, Bank of Taiwan, which is supervised and managed by the Supervisory Committee of Labor Retirement Reserve of the Company.

(2) On July 1, 2005, the new labor pension system came into effect. The Company has followed the relevant laws and regulations and if the employees choose the old labor pension system, a monthly contribution will be made to the pension account of the Bank of Taiwan. If employees choose the new labor pension system, the monthly contribution will be made to the pension account of the Bureau of Labor Insurance at 6% of the individual's wage level.

4.Status of labor-management agreements and measures for preserving employees' rights and interests

In order to protect the rights and interests of labor-management and to coordinate labor-management relations, the Company strives to strengthen the harmony of labor-management and make two-way communication and coordination to solve problems. Hence, the labor-management relations have been harmonious and no major labor disputes have occurred so far.

5. Employee work environment and personal safety protection measures

In accordance with the Labor Standards Act and other relevant laws and regulations, the Company provides employees with various legal rights and benefits, and the Office Building Management Center is responsible for the maintenance of the building's environment, and the Company's office premises are also assigned dedicated personnel to maintain the working environment. The Company provides employees with regular health checkup benefits and invites professional doctors to hold health checkup briefing sessions to provide employees with health consultation.

(2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

6. Cyber security management:

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

Cyber security risk management

1. Cyber security risk management framework

The Company's cyber security responsibility unit is the IT office, with an IT supervisor and two professional IT engineers, who are responsible for formulating the Company's cyber security policy, planning cyber security measures, and implementing related cyber security operations.

The Company's audit office is the audit unit for cyber security monitoring. If the audit reveals deficiencies, the audit office will immediately request the inspected unit to propose relevant improvement plans and submit them to the Board of Directors, and regularly track the effectiveness of the improvements in order to reduce internal cyber security risks. The CPA conducts annual audits of cyber operations, and if deficiencies are found, improvement measures are requested and the results are tracked.

2. Cyber security policies and concrete management programs

To strengthen the information cyber management, ensure the availability,integrity and confidentiality of information, and protect it from intentional or accidental internal or external threats, the Company's cyber security facilities and management methods are categorized into six major items, which are described below:

(1) Computer equipment security management

1. The Company's servers and other equipment are located in a dedicated server room, and non-IT personnel must first register the names of personnel and vendors and the reasons for access, and keep access records for inspection.
2. The server room is equipped with independent A/C to keep the computer equipment running in a proper temperature environment.
3. The important equipment and hosts in the server room are equipped with uninterruptible power supply and voltage stabilization equipment to avoid system shutdown due to unexpected power failure, or to ensure normal system power off during temporary or scheduled power outages to avoid equipment damage.

(2) Cyber security management

1. To strengthen network control, the entrance to the external network is equipped with an enterprise-level firewall to block hackers' illegal intrusion.
2. When colleagues in Kaohsiung log in to the Company's intranet remotely to access the ERP system, they can only use the Company's specific IP to connect and log in, and non-specified IP cannot connect correctly through the firewall.
3. Configure online behavior management and filtering equipment to control internet access, which can block access to website addresses and contents that are harmful or not allowed by policy, strengthen cyber security and prevent bandwidth resources from being improperly occupied.
4. Configure a separate segment of wireless network for visitors to access the Internet to ensure that non-internal employees can connect to the intranet.

(3) Anti-virus protection and management

1. The servers and colleagues' terminal computer equipment are installed with endpoint protection software, and anti-virus codes are automatically updated to ensure that the latest viruses are blocked and potentially threatening system execution files are detected and prevented from being installed.
2. The email server is equipped with email anti-virus and spam filtering mechanism to prevent viruses or spam from entering the user's PC.
3. The anti-virus system will immediately quarantine or delete any virus detected or intercepted, and proactively issue risk reports on infected and at-risk computers to help administrators take appropriate actions.

(4) System access control

1. The use of each application system by colleagues, through the internal regulations of the Company's system permission application procedures, after approval by the responsible supervisor, the IT office to establish a system account, and by the system administrator in accordance with the requested functional permission to authorize access.
2. The password setting of the account is mandatory for high-strength characters, and must be a mixture of numbers and special symbols in order to pass. The password is valid for 180 days (maximum), and the system automatically forces a change upon expiration, and the new password must not be repeated with the previous three times.
3. When colleagues apply for departure (leave or retirement) procedures, they must inform the IT Office for the deletion of each system account.

(5) Ensure the sustainable operation of the system

1. System backup: A multi-machine backup system is built and a daily backup mechanism is adopted to prevent ransomware virus and ensure the safe restoration of data.
2. Disaster recovery drill: Each system is implemented once per year, and the backup media is stored back in the system host after the reference point of the recovery date is selected, and then the users' units confirm the correctness of the recovered data in writing to ensure the correctness and validity of the backup media.
3. Rent two data lines from telecom companies and use the two lines in parallel as backup through bandwidth management equipment to ensure uninterruptible internet communication.

4. During the pandemic period, colleagues working at home used VPN authentication to connect to the office network to ensure uninterruptible business operations.

(6) Cyber security awareness and education training

1. Promote regularly. Require colleagues to change system password regularly to maintain account security.
2. Workshops. Periodically implement cyber security-related education and training courses for internal colleagues.
3. Invest in resources for cyber security management

To implement the six major cyber security policies, the following resources are invested:

1. Office network uses enterprise-class firewall with real-time update of firewall anti-virus code, intrusion protection features code and website classification to ensure network security.
2. Software system with anti-virus software, endpoint protection system, backup management system and encryption software.
3. Telecom service uses multiple lines for bandwidth allocation and backup, and the lines are equipped with the telecom company's enterprise anti-hacking protection.
4. Implement the daily status check of each system, regular weekly backup and off-site backup media storage, at least two cyber security education courses per year, annual internal audit of cyber cycle, CPA audit, etc.
5. Cyber security manpower: one cyber security supervisor and one cyber security personnel, responsible for cyber security structure design, cyber security maintenance and monitoring, cyber security incident response and investigation, cyber security policy review and amendment.

(2) 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.

7. Important contracts

None.

VI. Overview of financial status

1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(1) Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

1. IFRS - Consolidated Financial Statements

Unit: NT$ thousand

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years					
		2018	2019	2020	2021	2022	Financial information as of March 31, 2023 note2
Current assets		1,638,563	1,456,568	1,223,161	1,105,496	1,297,695	1,256,724
Property, Plant and Equipment		398,871	366,207	373,648	356,372	363,761	362,829
Intangible assets		111,411	88,001	4,370	2,881	4,990	4,370
Other assets		55,964	61,855	57,634	57,576	161,057	169,500
Total assets		2,204,809	1,972,631	1,658,813	1,522,325	1,827,503	1,793,423
Current liabilities	Before distribution	926,489	650,190	546,049	486,598	686,944	646,842
	After distribution	926,489	680,633	546,049	486,598	(Note 1)	(Note 1)
Non-current liabilities		19,501	17,891	13,114	14,512	104,029	124,602
Total liabilities	Before distribution	945,990	668,081	559,163	501,110	790,973	771,444
	After distribution	945,990	698,524	559,163	501,110	(Note 1)	(Note 1)
Equity attributable to owners of the parent company		1,258,819	1,304,550	1,099,650	1,021,215	1,036,530	1,021,979
Share capital		608,876	608,876	608,876	608,876	608,876	612,006
Capital surplus		559,169	559,169	528,726	528,726	528,726	529,634
Retained earnings	Before distribution	157,085	223,524	71,910	(7,299)	(849)	(20,950)
	After distribution	157,085	223,524	71,910	(7,299)	(Note 1)	(Note 1)
Other equity		(66,311)	(87,019)	(109,862)	(109,088)	(100,223)	(98,711)
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	1,258,819	1,304,550	1,099,650	1,021,215	1,036,530	1,021,979
	After distribution	1,258,819	1,274,107	1,099,650	1,021,215	(Note 1)	(Note 1)

Note 1: The 2023 Annual General Meeting of Shareholders has not yet been convened, and the proposal for distribution of earnings for 2022 has not yet been resolved.

Note 2: The financial data has been audited by the CPA.

2. IFRS - Individual Financial Statements

Unit: NT$ thousand

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years				
		2018	2019	2020	2021	2022
Current assets		1,004,970	1,173,140	1,093,761	973,256	1,327,450
Property, Plant and Equipment		41,021	38,563	36,385	34,129	34,925
Intangible assets		11,407	6,615	4,240	2,551	4,656
Other assets		8,145	13,140	11,288	9,771	15,947
Total assets		1,912,486	2,041,895	1,565,467	1,383,516	1,721,522
Current liabilities	Before distribution	638,549	721,459	453,282	350,902	680,544
	After distribution	638,549	751,902	453,282	350,902	(Note)
Non-current liabilities		15,118	15,886	12,535	11,399	4,448
Total liabilities	Before distribution	653,667	737,345	465,817	362,301	684,992
	After distribution	653,667	767,788	465,817	362,301	(Note)
Equity attributable to owners of the parent company		1,258,819	1,304,550	1,099,650	1,021,215	1,036,530
Share capital		608,876	608,876	608,876	608,876	608,876
Capital surplus		559,168	559,168	528,726	528,726	528,726
Retained earnings	Before distribution	157,085	223,524	71,910	(7,299)	(849)
	After distribution	157,085	223,524	71,910	(7,299)	(Note)
Other equity		(66,311)	(87,019)	(109,862)	(109,088)	(100,223)
Treasury shares		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	1,258,819	1,304,550	1,099,650	1,021,215	1,036,530
	After distribution	1,258,819	1,274,107	1,099,650	1,021,215	(Note)

Note: The 2023 Annual General Meeting of Shareholders has not yet been convened, and the proposal for distribution of earnings for 2022 has not yet been resolved.

(2) Condensed Statement of Comprehensive Income for the past 5 fiscal years

1. IFRS - Consolidated Financial Statements

Unit: NT$ thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years					
	2018	2019	2020	2021	2022	Financial information as of March 31, 2023 note2
Operating Revenue	2,352,118	2,160,456	1,013,499	1,040,607	1,166,395	321,691
Gross Profit	335,139	419,712	226,790	209,493	246,718	64,377
Operating Income (Loss)	(69,139)	59,009	(60,978)	(80,859)	(45,722)	(20,616)
Non-operating income and expenses	42,992	5,952	(90,558)	2,043	53,123	515
Profit Before Income Tax	(26,147)	64,961	(151,536)	(78,816)	7,401	(20,101)
Net income for the period from continuing operations	(28,096)	67,040	(151,619)	(79,566)	4,221	(20,101)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the period	(28,096)	67,040	(151,619)	(79,566)	4,221	(20,101)
Other comprehensive income (loss) for the period (net of Income Tax)	7,380	(21,309)	(22,838)	1,131	11,094	1,512
Total comprehensive income for the period	(20,716)	45,731	(174,457)	(78,435)	15,315	(18,589)
Net income attributable to owners of parent	(28,096)	67,040	(151,619)	(79,566)	4,221	(20,101)
Net income (loss) attributable to noncontrolling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of parent	(20,716)	45,731	(174,457)	(78,435)	15,315	(18,589)
Total comprehensive income, attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	(0.46)	1.10	(2.49)	(1.31)	0.07	(0.33)

Note 1: The calculation of earnings per share is based on the weighted-average number of shares retroactively adjusted.

Note 2: The financial data has been audited by the CPA.

2. IFRS - Individual Financial Statements

Unit: NT$ thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years				
	2018	2019	2020	2021	2022
Operating Revenue	2,271,611	2,103,171	978,240	1,003,473	1,154,882
Gross Profit	134,731	274,968	113,318	110,222	140,730
Operating Income (Loss)	(71,638)	83,793	(41,121)	(19,135)	(18,653)
Non-operating income and expenses	45,651	(18,835)	(110,419)	(59,681)	26,054
Profit Before Income Tax	(25,987)	64,958	(151,540)	(78,816)	7,401
Net income for the period from continuing operations	(28,096)	67,040	(151,619)	(79,566)	4,221
Loss from discontinued operations	0	0	0	0	0
Net income (loss) for the period	(28,096)	67,040	(151,619)	(79,566)	4,221
Other comprehensive income (loss) for the period (net of Income Tax)	7,380	(21,309)	(22,838)	1,131	11,094
Total comprehensive income for the period	(20,716)	45,731	(174,457)	(78,435)	15,315
Net income attributable to owners of parent	(28,096)	67,040	(151,619)	(79,566)	4,221
Net income (loss) attributable to noncontrolling interests	0	0	0	0	0
Total comprehensive income attributable to owners of parent	(20,716)	45,731	(174,457)	(78,435)	15,315
Total comprehensive income, attributable to non-controlling interests	0	0	0	0	0
Earnings per share	(0.46)	1.10	(2.49)	(1.31)	0.07

Note: The calculation of earnings per share is based on the weighted-average number of shares retroactively adjusted.

(3) Name of the CPAs and audit opinion for the past 5 years

Year	Name of accounting firm	Names of CPAs	Audit Opinion
2018	KPMG Taiwan	Lian Shu Ling, Hsu Shu Min	Unqualified Opinion
2019	KPMG Taiwan	Lian Shu Ling, Hsu Shu Min	Unqualified Opinion
2020	KPMG Taiwan	Lian Shu Ling, Chen Yi Jun	Unqualified Opinion
2021	KPMG Taiwan	Lian Shu Ling, Chen Yi Jun	Unqualified Opinion
2022	KPMG Taiwan	Chang Shu Ying, Lian Shu Ling	Unqualified Opinion

2. Financial analyses for the past 5 fiscal years

(1) Financial analysis - IFRS - Consolidated Financial Statements

Item \ Fiscal year		Financial Analysis for the Most Recent 5 Years					
		2018	2019	2020	2021	2022	Financial information as of March 31, 2023 note
Financial structure (%)	Debt to assets ratio	42.91	33.87	33.71	32.92	43.28	43.02
	Ratio of long-term capital to property, plant and equipment	320.48	361.12	297.81	290.63	313.55	316.01
Solvency (%)	Current ratio	176.86	224.02	224.00	227.19	188.91	194.29
	Quick ratio	124.59	199.34	178.71	187.89	150.07	163.99
	Times interest earned	(3.18)	9.77	(59.42)	(61.90)	4.93	(14.46)
Operating performance	Accounts receivable turnover (times)	3.43	3.42	2.13	2.99	3.08	2.23
	Average collection days	106	107	171	122	119	164
	Inventory turnover (times)	3.66	4.82	3.58	3.35	3.40	3.57
	Accounts payable turnover (times)	4.21	4.16	2.99	3.66	3.07	3.03
	Average days in sales	100	76	102	109	107	102
	Property, plant and equipment turnover (times)	5.66	5.65	2.74	2.85	3.24	3.54
	Total asset turnover (times)	1.11	1.03	0.56	0.65	0.70	0.71
Profitability	Return on total assets (%)	(1.09)	3.49	(8.24)	(4.94)	0.34	(4.21)
	Return on equity (%)	(2.21)	5.23	(12.61)	(7.50)	0.41	(7.81)
	Ratio of income before tax to paid-in capital (%)	(4.29)	10.67	(24.89)	(12.94)	1.22	(13.47)
	Net profit margin (%)	(1.19)	3.10	(14.96)	(7.65)	0.36	(6.25)
	Earnings per share (NT$)	(0.46)	1.10	(2.49)	(1.31)	0.07	(0.33)
Cash flow	Cash flow ratio (%)	2.85	61.56	0	40.14	0	0.00
	Cash flow adequacy ratio (%)	38.26	75.50	80.64	110.15	198.75	208.1
	Cash reinvestment ratio (%)	1.99	30.38	(2.37)	16.93	0	0.00
Leverage	Operating leverage	(3.28)	5.40	(2.32)	(1.66)	(3.81)	(2.11)
	Financial leverage	0.92	1.14	0.96	0.98	0.96	0.94

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Debt to assets ratio: Due to the increase in total liabilities in 2022, resulting in a higher ratio.
2. Quick ratio: Due to the increase in current liabilities in 2022, resulting in a lower ratio.
3. Times interest earned: Due to the net income before tax in 2022, resulting in a positive ratio.
4. Return on assets and return on equity: Due to the net income before tax in 2022, resulting in a positive ratio.
5. Ratio of income before tax to paid-in capital: Due to the net income before tax in 2022, resulting in a positive ratio.
6. Net profit margin and earnings per share: Due to the net profit before tax in 2022, resulting in a positive ratio.
7. Cash flow ratio: Due to the negative net cash flow from operating activities in 2022, resulting in a 0 ratio.
8. Cash flow adequacy ratio: Due to higher capital expenditures in 2022 compared to 2021, resulting in a higher ratio.
9. Cash reinvestment ratio: Due to the negative net cash flow from operating activities and no cash dividends distributed in 2022, resulting in a 0 ratio.
10. Operating leverage: Due to the decrease in net operating loss in 2022.

Note : The financial data has been audited by the CPA.

(2) Financial analysis - IFRS - Individual Financial Statements

Item	Fiscal year	Financial Analysis for the Most Recent 5 Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	34.18	36.11	29.76	26.19	39.79
	Ratio of long-term capital to property, plant and equipment	3,105.57	3,424.10	3,056.71	3,025.62	2,980.61
Solvency (%)	Current ratio	157.38	162.61	241.30	277.36	195.06
	Quick ratio	152.67	162.45	235.52	265.74	192.94
	Times interest earned	(7.99)	42.75	(108.81)	(89.08)	7.97
Operating performance	Accounts receivable turnover (times)	3.05	3.09	1.89	2.72	3.09
	Average collection days	120	118	194	134	118
	Inventory turnover (times)	78.98	127.72	68.51	27.49	41.91
	Accounts payable turnover (times)	5.76	4.11	2.46	5.16	3.46
	Average days in sales	5	3	5	13	9
	Property, plant and equipment turnover (times)	52.76	52.85	26.10	28.46	33.45
	Total asset turnover (times)	1.21	1.06	0.54	0.68	0.74
Profitability	Return on total assets (%)	(1.36)	3.46	(8.34)	(5.35)	0.33
	Return on equity (%)	(2.21)	5.23	(12.61)	(7.50)	0.41
	Ratio of income before tax to paid-in capital (%)	(4.27)	10.67	(24.89)	(12.94)	1.22
	Net profit margin (%)	(1.24)	3.19	(15.50)	(7.93)	0.37
	Earnings per share (NT$)	(0.46)	1.10	(2.49)	(1.31)	0.07
Cash flow	Cash flow ratio (%)	0	68.67	0	42.89	0
	Cash flow adequacy ratio (%)	117.81	397.25	453.84	473.41	801.91
	Cash reinvestment ratio (%)	0	36.71	(2.51)	14.06	0
Leverage	Operating leverage	(0.37)	2.09	(0.71)	(1.88)	(3.65)
	Financial leverage	0.96	1.02	0.97	0.96	0.95

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Debt to assets ratio: Due to the increase in total liabilities in 2022, resulting in a higher ratio.
2. Current ratio: Due to the increase of current liabilities in 2022, resulting in a lower ratio.
3. Quick ratio: Due to the increase in current liabilities in 2022, resulting in a lower ratio.
4. Times interest earned: Due to the net income before tax in 2022, resulting in a positive ratio.
5. Inventory turnover and average days in sales: Due to the increase in cost of goods sold in 2022 compared to 2021, resulting in a higher ratio and a lower average day in sales.
6. Accounts payable turnover: Due to the increase in accounts payable at the end of 2022, resulting in a lower ratio.
7. Return on assets and return on equity: Due to the net income before tax in 2022, resulting in a positive ratio.
8. Ratio of income before tax to paid-in capital: Due to the net income before tax in 2022, resulting in a positive ratio.
9. Net profit margin and earnings per share: Due to the net profit before tax in 2022, resulting in a positive ratio.
10. Cash flow ratio: Due to the negative net cash flow from operating activities in 2022, resulting in a 0 ratio.
11. Cash flow adequacy ratio: Due to higher capital expenditures in 2022 compared to 2021, resulting in a higher ratio.
12. Cash reinvestment ratio: Due to the negative net cash flow from operating activities and no cash dividends distributed in 2022, resulting in a 0 ratio.
13. Operating leverage: Due to the decrease in net operating loss in 2022.

The following formulas for the calculation of the financial ratios:

1. Financial structure
   (1) Debt to assets 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 - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses × (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) /weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
   (2) Financial leverage = operating income / (operating income – interest expenses).

3. Supervisors' or audit committee's report

Audit Committee’s Review Report on 2022 Financial Statements

The Board of Directors of the Company have sent 2022 Business Report, the Financial Statements, and the Proposal for 2022 Deficit Compensation for Audit Committee’s review. Regarding the Financial Statements, independent auditors from KPMG have audited them already and present the Independent Auditors’ Report. The aforementioned Business Report, Financial Statements, and Proposal for Deficit Compensation have been reviewed and determined correct and accurate by the Audit Committee members of Skardin Industrial Corp. According to Paragraph 4 of Article 14 and Article 219 of Articles of Act, we hereby submit this report. Please review and approve the report.

Sincerely,

2023 Shareholders’ Meeting,
Skardin Industrial Corp.

Chairman of the Audit Committee: Chen Chi Wen

March 23, 2023

4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a CPA, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices.
   Please refer to pages 67 to 115.
5. A parent company only financial statement for the most recent fiscal year, certified by a CPA
   Please refer to pages 116 to 167.
6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, shall explain how said difficulties will affect the company's financial situation
   The Company and its affiliates had no financial difficulties in the most recent year or up to the date of publication of the annual repo

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Skardin Industrial Corporation as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements.
Consequently, Skardin Industrial Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company Name: Skardin Industrial Corporation

Chairman: Yu, Zhi-Qing

Date: March 23, 2023

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
Skardin Industrial Corporation

Opinion

We have audited accompanying consolidated financial statements of Skardin Industrial Corporation and its subsidiaries (Skardin Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with 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 consolidated Financial Statements section of our report. We are independent of Skardin Industrial Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Impairment evaluation of accounts receivable

   Please refer to Note 4(7) to the consolidated financial statements, financial instruments for accounting policies related to the evaluation of accounts receivable. Please refer to Note 5(1) to the consolidated financial statements for an explanation of accounting estimates and assumptions regarding the evaluation of accounts receivable. Please refer to Note 6(3) to the consolidated financial statements for an explanation of significant accounting items in accounts receivable.

   Explanation of key audit matters:

   Most of customers of Skardin Industrial Corporation are foreign customers, thus it takes a long time to collect cash. The management's evaluation of receivable impairment will involve some assumptions and estimates, which are highly uncertain and subjective, and should be highly paid attention to by our accountants during the audits of financial statements.

   Corresponding audit procedures:

   Our accountant's main audit procedures for the above-mentioned key audit matters include estimating the provision loss based on the assumption of the expected loss rate, reviewing historical collection records in previous years, industry economic conditions and other information. To evaluate whether the valuation method and assumptions are correct, and if the disclosure of relevant matters in the financial report is appropriate for the current period.

2. Impairment evaluation of property, plant and equipment and right-of-use assets

Please refer to Note 4 (12) Impairment of Non-Financial Assets in the consolidated financial report for the accounting policy on asset impairment evaluation. For details, please refer to Note 6(5) Property, Plant and Equipment and 6 (6) Right-of-Use Assets in the Consolidated Financial Report.

Explanation of key inspection items:

The carrying value of the Company's property, plant and equipment, and right-of-use assets accounted for about 28% of the total assets on December 31, 2022, and its important components are land, buildings, and right-of-use assets used for operations. Due to the impact of the economic environment which caused a net operating loss in 2022, there may be indicators of asset impairment. Thus, we listed asset impairment evaluation as an important item for the audit.

Corresponding verification procedures:

The main auditing procedures of the accountants for the above-mentioned key auditing items include: In view of the relevant supporting documents for the management of the Company to evaluate the recoverable amount of land and buildings used for operation, review the rationality of the external appraisal report adopted by the Company in accordance with the IAS 36 Asset Impairment Regulations to evaluate whether the carrying value of the property, plant, equipment and right-of-use asset exceeds its recoverable amount.

Other Matter

We have also audited the parent company only financial statements of Skardin Industrial Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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 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 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 Company’s ability to continue as a going concern, 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 members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Company’s internal control.
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 Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated cements. We are responsible for the direction, supervision and perform 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 the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

Accountants:

No. of Document Approved-certified : No.:Jin-Guan-Certificate No. 0940100754

March 23, 2023

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

Skardian Industrial Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Liabilities and Equities	Dec.31, 2022 Amount	%	Dec.31, 2021 Amount	%
	Current liabilities				
1100	Cash and cash equivalents (Note 6(1))	$ 322,055	18	532,739	35
1110	Financial assets at fair value through profit or loss-current (Note 6(2))	52,546	3	117,293	8
1172	Account receivables (Note 6(3), 6(13))	489,650	28	233,533	16
1200	Other receivables	4,564	-	2,741	-
1212	Receivables from related parties (Note 6(4))	258,088	14	189,716	13
1310	Inventories (Note 8)	149,410	8	8,729	1
1476	Other financial assets-current	21,382	1	20,745	1
		1,297,695	72	1,105,496	74
	Non-current Assets				
1600	Property, plant and equipment (Note 6(5), 8 and 9)	363,761	20	356,372	23
1755	Right-of-use assets (Note 6(6) and 8)	149,578	8	47,670	3
1780	Intangible assets	4,990	-	2,881	-
1840	Deferred income tax assets (Note 6(10))	3,287	-	6,554	-
1980	Other noncurrent assets-noncurrent (Note 8)	8,192	-	3,352	-
		529,808	28	416,829	26
	Total Assets	$ 1,827,503	100	1,522,325	100

Skardian Industrial Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Liabilities and Equities	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current liabilities				
2100	Short-term loans (Note 6(7))	$ 149,100	8	105,029	7
2130	Revenue from contracts-current (Note 6(13))	7,800	-	5,139	-
2150	Notes payable	459	-	1,647	-
2170	Accounts payable	379,793	21	217,343	14
2200	Other payables	133,567	7	148,490	10
2252	Short-term warranty provision	3,144	-	4,264	-
2280	Lease liabilities-current (Note 6(8))	5,153	-	1,761	-
2399	Other current liabilities-other	7,928	-	2,925	-
		686,944	36	486,598	31
	Non-current liabilities				
2580	Lease liabilities-noncurrent (Note 6(8))	103,263	6	4,149	-
2640	Net defined benefit liability (Note 6(9))	766	-	10,363	1
		104,029	6	14,512	1
	Total liabilities	790,973	42	501,110	32
	Equity: (Note 6(11))				
	capital stock:				
3110	Capital stock				
3200	Capital surplus	608,876	34	608,876	40
	Retained earnings:	528,726	29	528,726	35
3310	Appropriated as legal capital reserve	191,450	10	191,450	13
3320	Appropriated as special capital reserve	32,074	2	32,074	2
3350	Unappropriated retained earnings	(224,373)	(12)	(230,823)	(15)
3400	Others	(100,223)	(5)	(109,088)	(7)
	Total Equity	1,036,530	58	1,021,215	68
	Total liabilities	$ 1,827,503	100	1,522,325	100

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching   Manager: Chang, Kung-Wei   Accounting Manager: Fan, Chiung-Yuan

Skardian Industrial Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		Dec.31, 2022		Dec.31, 2021	
		Amount	%	Amount	%
4000	**REVENUE (Note 6(13))**	$ 1,166,395	100	1,040,607	100
5000	**COST OF REVENUE(Note 6(4), 6(9))**	919,677	79	831,114	80
	GROSS PROFIT	246,718	21	209,493	20
	OPERATING EXPENSES(Note6(9) and 7)：				
6100	Marketing	139,059	12	144,866	14
6200	General and administrative	55,335	5	48,034	5
6300	Research and development	95,287	8	97,288	9
6450	Expected Credit Losses(Note 6(3))	2,759	-	164	-
	Total operating expenses	292,440	25	290,352	28
	NET OPERATING LOSSES	(45,722)	(4)	(80,859)	(8)
	NON-OPERATING INCOME AND EXPENSES (Note6(8) and (15))				
7100	Interest income	4,212	-	2,265	-
7010	Other income	12,095	1	7,057	1
7020	Other gains and losses	38,697	3	(6,026)	(1)
7050	Finance costs	(1,881)	-	(1,253)	-
	Total non-operating income and expenses	53,123	4	2,043	-
7900	**OPERATING INCOME (LOSS) BEFORE INCOME TAX**	7,401	-	(78,816)	(8)
7950	**DEDUCT: INCOME TAX EXPENSE (Note6(10))**	3,180	-	750	-
8200	**NET INCOME (LOSS)**	4,221	-	(79,566)	(8)
	OTHER COMPREHENSIVE INCOME (LOSS):				
8310	**ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:**				
8311	Remeasurement of defined benefit obligation	2,786	-	446	-
8349	Deduct: Income tax relating to items that will not be reclassified subsequently to profit or loss (Note6(10))	(557)	-	(89)	-
	OTHER COMPREHENSIVE INCOME (LOSS):	2,229	-	357	-
8360	**ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:**				
8361	Exchange differences arising on translation of foreign operations	8,865	1	774	-
8399	Deduct: Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	TOTAL ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	8,865	1	774	-
	Other comprehensive income (loss), net of income tax	11,094	1	1,131	-
	TOTAL COMPREHENSIVE INCOME	$ 15,315	1	(78,435)	(8)
	BASIC/DILLUTED EARNINGS PER SHARE(Note 6(12))				
	BASIC/DILLUTED EARNINGS PER SHARE	$	0.07		(1.31)

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching　Manager: Chang, Kung-Wei　Accounting Manager: Fan, Chiung-Yuan

Skardian Industrial Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Equity Attributed to Shareholders of the Parent						
			Retained Earnings			Others	
	Shares	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Financial Statements Foreign Currency Translation Reserve	Total
BALANCE, JANUARY 1, 2021	$ 608,876	528,726	191,450	32,074	(151,614)	(109,862)	1,099,650
Net Loss	–	–	–	–	(79,566)	–	(79,566)
Other comprehensive income (loss)	–	–	–	–	357	774	1,131
Total comprehensive income (loss)	–	–	–	–	(79,209)	774	(78,435)
BALANCE, December 31, 2021	608,876	528,726	191,450	32,074	(230,823)	(109,088)	1,021,215
Net Income	–	–	–	–	4,221	–	4,221
Other comprehensive income (loss)	–	–	–	–	2,229	8,865	11,094
Total comprehensive income (loss)	–	–	–	–	6,450	8,865	15,315
Balance at December 31, 2022	**$ 608,876**	**528,726**	**191,450**	**32,074**	**(224,373)**	**(100,223)**	**1,036,530**

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching Manager: Chang, Kung-Wei Accounting Manager: Fan, Chiung-Yuan

Skardian Industrial Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 7,401	(78,816)
Adjustments for:		
Income and Expense		
Depreciation expense	22,564	22,455
Amortization expense	2,671	1,541
Expected credit losses	2,759	164
Net loss (profit) from financial assets and liabilities at fair value	11,407	(2,286)
Finance costs	1,881	1,253
Interest income	(4,212)	(2,265)
Share-based compensation	(58)	(28)
Loss (gain) on disposal or retirement of property, plant and equipment	–	(107)
Impairment loss on intangible assets	–	1,148
Provision for warranty of reverse after-sales service	(1,120)	(3,624)
Subtotal	35,892	18,251
Changes in operating assets and liabilities:		
Changes in operating assets		
Financial assets and at fair value through profit and loss	53,340	(83,988)
Accounts receivable	(257,931)	195,351
Another receivable	(2,768)	(1,246)
Inventories	(62,853)	57,138
Other current assets	(386)	1,316
Other financial assets	–	74
Total changes in operating assets	(270,598)	168,645
Changes in operating liabilities		
Notes payable	(1,188)	(947)
Accounts payable	154,987	(15,510)
Other payables	(36,335)	48,940
Contracts liabilities	2,659	(29,188)
Other noncurrent liabilities	4,874	(1,251)
Net defined benefit liability	(6,811)	(9)
Total changes in operating liabilities	118,186	2,035
Total changes in operating assets and liabilities	(152,412)	170,680
Total adjustments	(116,520)	188,931
Cash inflow (outflow) generated from operation	(109,119)	110,115
Interest received	4,212	2,481

Interest paid	(1,881)	(1,246)
Income taxes paid	(470)	(35)
Net cash generated by operating activities	(107,258)	111,315
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of investments received accounted for using equity method	(4,046)	(823)
Proceeds from acquisitions of property, plant and equipment	935	113
Proceeds from disposal or redemption of property, plant and equipment	(4,750)	(1,201)
Other receivables-decrease in related parties	(145,102)	25
Acquisitions of intangible assets	58	28
Increase of other financial assets	(152,905)	(1,858)
Dividends receive		
Net cash used in investing activities	43,915	(57,945)
CASH FLOWS FROM FINANCING ACTIVITIES	(2,012)	(1,521)
Increase (decrease) in short-term loans	41,903	(59,466)
Repayment of the principal portion of lease liabilities	7,576	(1,293)
Net cash used in financing activities	(210,684)	48,698
NET INCREASE IN CASH AND CASH EQUIVALENTS	532,739	484,041
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	$ 322,055	532,739

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching Manager: Chang, Kung-Wei Accounting Manager: Fan, Chiung-Yuan

Notes to Consolidated Financial Statements of Skardin Industrial Corporation and its Subsidiaries

Skardin Industrial Corporation and Subsidiaries
NOTES TO COMSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Skardin Industrial Corporation (the "Company") , a Republic of China (R.O.C.) corporation, was incorporated on March, 1982, and it was changed to a stock limited company in August 1997. It was merged with Well Reach Energy Saving Technology Co., Ltd. and became a surviving company on October 20, 2000. The Company mainly engages in manufacturing processing of satellite television reception system and trading business. On March 2, 2005, the Company's shares were officially listed for trading at Hing Counter and on May 17, 2006 at Taipei Exchange Foundation (TPEx). The composition of the consolidated financial statements as of December 31, 2022 includes the Company and its subsidiaries (hereinafter referred to as the "consolidated companies").

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 23, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) The impact of newly issued and revised standards and interpretations approved by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC since January 1, 2022, did not have a significant effect on the Company's accounting policies.

·Amendments to IFRS 16 "Property, Plant and Equipment-the Price Before Reaching the Condition for Intended Use"

·Amendments to IFRS 37 "Onerous Contracts - Costs of Performing Contracts"

·Annual improvements to IFRS 2018-2020

·Amendments to IFRS 3 "References to Conceptual Frameworks"

(2) The impact of not yet adopting the International Financial Reporting Standards (IFRS) recognized by the FSC.

The Company evaluated that the application of the below amendments to the IFRSs endorsed and issued into effect by the FSC since January 1, 2023, will not have a significant effect on the Company's accounting policies.

·Amendments to IAS 1 "Disclosure of Accounting Policies"

·Amendments to IAS 8 "Definition of Accounting Estimates"

·Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

Notes to Consolidated Financial Statements of Skardin Industrial Corporation and its Subsidiaries

(3) The revised standards and interpretations not yet issued and endorsed and issued into effect by the FSC

The standards and interpretations that have been issued and revised by the IASB but have not yet been approved by the FSC may relate to the Company as follows:

, Revised Standards and Interpretation	Main Revisions	tive Date Issued by Board of Director
Amendments to IAS 1 "Classification of Liabilities as Current or Non current"	urrent IAS 1 stipulates that liabilities of n enterprise without an unconditional ight to defer their maturity to at least 12 nonths after the reporting period shall e classified as current liabilities. The mendments remove the requirement hat the right should be unconditional nd instead requires that the right must xist and be substantial on the end of the eporting period. mendment clarifies how an enterprise hall classify liabilities paid for by ssuing its own equity instruments (such s convertible bonds).	ry 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	reconsidering some aspects of the 2020 AS1 amendment, the new amendment larifies that only contractual terms ollowed on or before the reporting date ffect the classification of liabilities as urrent or non-current. ontractual terms to which the business s subject after the reporting date (i.e., uture terms) do not affect the lassification of liabilities at that date. However, when non-current liabilities re subject to the terms of future ontracts, disclosure is required to help inancial users understand the risk that uch liabilities may be repaid within 12 nonths of the reporting date.	ry 1, 2024

The Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

The Company expects that below newly issued and revised standards will not have a significant effect on the Company's accounting policies.

·Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

·Amendments to IFRS 17 "Insurance Contract"

·Amendments to IFRS 16 "Regulation of Sale-leaseback Transaction"

Notes to Consolidated Financial Statements of Skardin Industrial Corporation and its Subsidiaries

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in this parent company only financial report is as follows. The following accounting policies have been applied consistently to all periods presented in this parent company only financial report.

(1) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2) Preparation basis.

1. Measurement Basis

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial assets that are measured at fair values and net defined benefit liabilities,.

2. Functional Currency and Expression Currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The accompanying parent only financial report is expressed in New Taiwan dollars, the Company's functional currency. All financial information is expressed in thousands of New Taiwan dollars.

(3) Basis of Consolidation

1. The basis for the consolidated financial statements

The preparation entity of the consolidated financial statements includes the Company and its controlled entities (referred to collectively as the "consolidated companies"). The Company controls an entity when it is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

From the date of obtaining control over a subsidiary, its financial statements are included in the consolidated financial statements until the date when control is lost. Intercompany transactions, balances, and any unrealized gains and losses among the consolidated companies are eliminated in full when preparing the consolidated financial statements. The comprehensive income of the subsidiary is allocated to both the Company's owners and non-controlling interests, even if the non-controlling interests result in a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

2. The subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021	Note
The Company	ORIENTAL SKY Ltd.	Investment	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	TOP CROWN Ltd.	Investment	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	SKARDIN INDUSTRIAL (UK) Ltd.	Electronic Products Design	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	DE JIN ENERGY CO., LTD.	Renewable Energy Generation	100.00%	- %	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
ORIENTAL SKY Ltd.	ED ASIA PTE. LTD.	Electronic Products Sales	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
TOP CROWN Ltd.	S&T INDUSTRIAL (H.K.) Co., Ltd.	Investment	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Production and sales of machinery case boxes and remote controls	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
S&T INDUSTRIAL (H.K.) Co., Ltd.	S&T ELECTRONIC TECHNOLOGY CO., LTD.	Electronic Products Design	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
DE JIN ENERGY CO., LTD.	LIXI ENERGY CO., LTD.	Renewable Energy Generation	100.00%	- %	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	YAFU ENERGY CO., LTD.	Renewable Energy Generation	100.00%	- %	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	JIANCE ENERGY CO., LTD.	Renewable Energy Generation	100.00%	- %	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares

3. Subsidiaries not listed in consolidated financial statements: None.

(4) Foreign Currency

1. Foreign currency transaction

Foreign currency transactions are converted into the functional currency at the exchange rate on the transaction date. On the end day of each subsequent reporting period (reporting date), monetary items are converted into functional currency at the exchange rate on that day. Non-monetary items measured at fair value are converted into functional currency at the exchange rate on the day when the fair value is measured, and non-monetary items measured at historical cost are converted at the exchange rate on the transaction date.

The variance resulted from foreign currency conversion is normally recognized as profit or loss, except that the following circumstances are recognized as other comprehensive income or loss:

(1) Designated as equity instruments measured at fair value through other comprehensive income and losses;

(2) The financial liabilities designated as the net investment hedging of foreign operating institutions are within the effective scope of hedging; or

(3) Qualified cash flow hedging within the effective range of hedging.

2. Foreign operations

The assets and liabilities including goodwill and fair value adjustments arising from acquisitions of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

When the disposal of foreign operations results in loss of control, joint control or significant impact, the accumulated exchange differences related to the foreign operations shall be reclassified as profit or loss in full. When the partial disposal includes subsidiaries with foreign operations, the relevant accumulated exchange differences are re-attributed to the non-controlling interests in proportion. When partially disposing of investment involves affiliated enterprises or joint ventures with foreign operations, the relevant accumulated exchange differences are reclassified to profit or loss in proportion.

For the monetary receivable or payable items of foreign operations, if there is no settlement plan and it is impossible to pay off in the foreseeable future, the profits and losses arising from foreign currency exchange shall be regarded as part of the net investment in the foreign operations, thus should be recognized in other comprehensive income or loss.

(5) Classification of Current and Noncurrent Assets and Liabilities

Assets that meet one of the following conditions are classified as current assets, while all the other assets are classified as non-current assets:

1. Expects to realize the asset in its normal business cycle, or intends to sell or consume it;
2. The asset is held mainly for trading purposes;
3. Expects to realize the asset within twelve months from the reporting period; or
4. Assets are cash or cash equivalents, except that there are other restrictions on exchanging the asset or using it to settle liabilities at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, while all the other liabilities are classified as non-current liabilities:

1. Expects to settle the liability in its normal business cycle;
2. The liability is held mainly for trading purposes;
3. Expects to settle the liability within twelve months from the reporting period; or
4. Liabilities without unconditional right to defer settlement at least twelve months after the reporting period. The terms of the liability, at the option of the counterparty, may result in its settlement through issuing equity instruments do not affect its classification.

(6) Cash **and Equivalents**

Cash includes cash on hand and time deposits. Equivalents refer to short-term and highly liquid investments that can be converted into fixed cash at any time with little risk of variation in value. Time deposits that meet the above definition and are held for short-term cash commitments rather than investment or other purposes are reported as cash and equivalents.

(7) Financial **Instruments**

Accounts receivable shall be initially recognized when incurred. All the financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets (except for accounts receivable that do not contain a significant financial component) and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Accounts receivable that does not contain a significant financial component are initially measured at transaction prices.

1. Financial Assets

For the purchase or sale of financial assets conforms to customary transactions, the Company shall consistently adopt the accounting treatment on the transaction date for all purchases and sales of financial assets classified in the same manner.

The financial assets are initially classified as financial assets measured at amortized cost or financial assets measured at fair value through profit or loss. Only when the Company changes its management mode of managing financial assets, it will reclassify all affected financial assets from the first day of the next reporting period.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost when it meets both the following conditions and is not specified as being measured at fair value through profit or loss:

· The financial assets are held in a business mode for the purpose of collecting contracted cash flows.

· The cash flows on a specific date generated by the financial assets' contract terms are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Interest income and profit or loss of foreign currency exchange are recognized as profit or loss. When excluded, the gain or loss is then listed as profit or loss.

(2) Financial assets at FVTOCI

Financial assets that are not measured at amortized cost above or measured at fair value through other comprehensive income and loss are measured at fair value through profit and loss, including derivative financial assets. Accounts receivable that the Company intends to sell immediately or in the near future are measured at fair value through profit or loss but are included in accounts receivable In order to eliminate or materially reduce accounting inappropriateness at the time of initial recognition, the Company may irrevocably specify as financial assets that meet the criteria for measuring at fair value through amortized cost or other comprehensive income and loss.

Such assets are subsequently measured at fair value, and the net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

(3) Impairment of financial assets

The Company recognizes allowance losses for expected credit losses on financial assets measured at amortized cost (including cash and equivalent cash, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, deposits deposited, other financial assets, etc.) and contract assets.

For the financial assets, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. While the loss allowance for others is measured at an amount equal to lifetime expected credit losses:

· The debt securities are judged to have low credit risk at the reporting date; and

· The credit risk of other debt securities and bank deposits (i.e., the risk of default during the intended life of financial instruments) has not increased significantly since the initial recognition.

Allowance losses for accounts receivable and contract assets are measured by the amount of lifetime expected credit losses.

In determining whether credit risk has increased significantly since the initial recognition, the Company considers reasonable and corroborative information (available without excessive cost or input) including qualitative and quantitative information, and analysis based on the Company's historical experience, credit evaluation and forward-looking information.

If the contract payment is more than 180 days overdue, the Company assumes that there has been a significant increase in credit risk.

If the contract payment is more than one year overdue, the Company assumes that there has been a significant increase in credit risk, or the borrower is unlikely to fulfill its credit obligations to pay the full amount to the Company, the Company will regard the financial asset as default. Lifetime expected credit losses refers to the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

12-month expected credit loss refers to the expected credit loss of a financial instrument arising within 12 months from reporting a possible default (or a shorter period if the expected life of the financial instrument is shorter than 12 months).

The longest period during which expected credit losses are measured is the longest contractual period during which the Company is exposed to credit risk.

Lifetime expected credit loss is a weighted estimate of the probability of credit loss. Credit losses are measured as the present value of all cash shortfalls, i.e., the difference between the cash flow that the Company can receive under the contract and the cash flow that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

On each report, the Company evaluates whether there are credit impairments on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income and loss. The financial asset’s credit is impaired when one or more events have occurred that adversely affect the estimated future cash flow of the financial asset. Evidence of credit impairment of financial assets includes the following observable information:

· Significant financial difficulties of the borrower or issuer;

· Breach of contract, such as delay or overdue of more than one year;

· The Company grants concessions to the borrower that would not otherwise be considered for economic or contractual reasons related to the borrower's financial difficulties;

· The borrower is likely to file for bankruptcy or other financial restructuring; or

· The active market for the financial asset disappears due to financial difficulties.

Losses on financial assets measured at amortized cost are deducted from the carrying value of the asset.

When the Company cannot reasonably expect to recover the financial assets in whole or in part, it shall directly deduct the total book amount of its financial assets. For corporate accounts, the Company will analyze the date and written-down amount individually on the basis of whether it is reasonably expected to be recoverable. The Company does not expect a significant reversal of the written-down amount. However, the written-down financial assets are still enforceable in order to comply with the Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

In the transaction for the transfer of financial assets, if the Company maintains all or nearly all of the risks and rewards of the ownership of the transferred assets, it will continue to be recognized on the Balance Sheets.

2.Financial Liabilities and Equity Instruments

(1) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) 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. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(3) Financial liabilities

Financial liabilities are classified as amortized costs, they are subsequently measured either at amortized cost using effective interest method or at FVTPL. Interest expense and exchange gains and losses are recognized as profit or loss, with any profit or loss excluded is also recognized as profit or loss.

(4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. When the terms of financial liabilities are revised and the cash flows of the revised liabilities are materially different, the initial financial liabilities will be excluded and the new financial liabilities will be recognized at fair value based on the revised terms.

The difference between the carrying amount of the financial liability derecognized and the consideration paid (includes any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offset of financial assets and liabilities

The Company shall offset financial assets and financial liabilities, which should be expressed in net amount on the Balance Sheets, only when it can currently enforce its legal right to offset or has the intention to deliver on a net basis or simultaneously realize assets and settle liabilities.

(8) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period.

Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(9) Property, Plant and Equipment

1.Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and accumulated impairment.

Property, plant and equipment shall be treated as a separate item (major component) if the major component has different useful lives.

The disposal of property, plant and equipment is recognized as profit or loss.

2.Subsequent expenses

Subsequent expenses are capitalized only when their future economic benefits are likely to flow into the Company.

3.Depreciation

Depreciation is calculated on the basis of assets less their residual value and is recognized as profit or loss over the estimated useful lives of each component using the straight-line method.

Land is not depreciated.

The estimated useful lives for the current period and comparison period are as follows:

(1)Buildings	38-55 years
(2)Machinery and equipment	2 years
(3)Office equipment	3-6 years
(4)Other equipment	2-10 years

The Company reviews its depreciation method, estimated useful lives and residual value on each reporting date and makes appropriate adjustments if necessary.

(10) Leases

The Company assesses whether a contract contains a lease component on establishment date. The contract shall be regarded as containing a lease component if the contract transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. The Company as lessee

The Company recognizes the use right assets and lease liabilities at the commencement date of the lease. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimated cost of needed to dismantle, remove, and restore the location or the underlying assets, and the deduction of any leasing incentive received.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. In addition, the Company regularly assesses whether the right-of-use asset is impaired and deals with any impairment loss that has occurred, and adjusts the right-of-use asset in coordination with the remeasurement of the lease liability.

Lease liabilities are initially measured at the present value of the unpaid lease payments at the commencement date of the lease. If the implied lease rate is easy to determine, the discount rate will be that rate, if not, the Company's incremental borrowing rate will be the discount rate. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including substantial fixed payments;

(2) The lease payment depends on a change in an index or rate, and the index or rate on the lease commencement date is used as the initial measurement;

(3) The residual guarantee amount expected to be paid; and

(4) The exercise price or penalty payable when it is reasonably certain that the purchase option or lease termination option will be exercised.

Interest on lease liabilities will be accrued by the effective interest method and will be re-measured when:

(1) Changes in the index or rate used to determine lease payments lead to changes in future lease payments;

(2) Changes in the residual guarantee amount expected to be paid;

(3) Changes in the valuation of the underlying asset purchase option;

(4) Changes in the estimation of whether to exercise the extension or termination option, which result in changes in evaluation of the lease period;

(5) Revision of the lease object, scope or other terms. When a lease liability is re-measured due to the above-mentioned change in the index or rate used to determine the lease payment, a change in the residual guarantee amount, and a change in the option to purchase, extend or terminate, then the book amount of the right-of-use asset is adjusted accordingly. And when the book amount of the right-of-use asset is reduced to zero, the remaining re-measured amount is recognized as profit or loss.

For a lease revision that reduces the scope of the lease, the book amount of the right-of-use asset is reduced to reflect the partial or total termination of the lease, and the difference between the amount and the re-measurement of the lease liability is recognized as profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment property as single-line items in Balance Sheets.

When an agreement contains lease and non-lease components, the Company amortizes the consideration in the contract to the individual lease components on a relative stand-alone price basis. However, only when leasing land and buildings, the Company chooses not to distinguish between non-lease components but treats lease components and non-lease components as a single lease component.

For short-term leases and leases of low-value underlying assets, the Company will not recognize the right-of-use assets and lease liabilities, but recognize the relevant lease payments as expenses during the lease period on a straight-line basis.

(11) Intangible **Assets**

1. Recognition and measurement

The goodwill arising from the acquisition of subsidiaries is carried as costs less accumulative impairment losses.

Other intangible assets with limited life acquired by the Company shall be measured by the amount of cost less cumulative amortization and cumulative impairment. Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of specific assets concerned. All other expenses are recognized as profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated on the basis of the cost of the asset less the estimated residual value, and is recognized as profit or loss over the estimated useful lives of the intangible asset using the straight-line method from the time it is available for use.

The estimated useful lives for the current period and comparison period are as follows:

(1)	Other intangible assets	1-2 years
(2)	Core Technology	6 years

The Company reviews its amortized method, estimated useful lives and residual value on each reporting date and makes appropriate adjustments if necessary.

(12) Non-Financial Assets Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets (except for inventories, contract assets, and deferred tax assets), to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is conducted impairment test every year. For the purposes of impairment test, a group of cash inflow assets that is mostly independent of other individual assets or groups of assets is considered as the minimum identifiable group of assets. The goodwill acquired by the business combination is apportioned to the cash generating units or groups of cash generating units that are expected to benefit from the combination.

The recoverable amount is the higher of the fair value less disposal cost or use value of an individual asset or cash generating unit. When evaluating the value for use, the estimated future cash flows are converted to present value at a pre-tax discount rate that reflects the current market’s evaluation to the time value of money and the specific risks associated with the asset or cash generating unit.

The impairment loss shall be recognized if the recoverable amount of an individual asset or cash generating unit is lower than the book amount.

Impairment loss is immediately recognized in profit and loss and are reduced first by the amount of goodwill amortized on the carrying value of the cash generating unit and then by the amount of the books of each asset in proportion to the amount of other assets within the unit.

Any impairment loss for goodwill is not reversed. Non-financial assets other than goodwill are reversed only when the asset's carrying amount (less depreciation or amortization) would have been determined if the asset had no impairment loss been recognized in prior years.

(13) Liabilities Provision

The recognition of liabilities provision is a present obligation arising from past events, which makes it likely that the Company will need to generate economic resources to satisfy such obligation in the future, and the amount of such obligation can be reliably estimated. The liabilities provision is discounted at the pre-tax discount rate that reflects the current market’s evaluation of the time value of money and the specific risk of liabilities, and the amortization of the discount is recognized as interest expenses.

The reserve for warranty provision is recognized at the time of selling goods or services and is weighted according to the probability associated with historical warranty information and all possible outcomes.

(14) Revenue Recognition

1. Revenue from customer contracts

Income is measured by the consideration gained for the goods or services transferred. The Company recognizes revenue when control of goods or services is transferred to the customer and performance obligations are thus met. The Company's main income items are described as follows:

(1) Products for sale-electronic components and consumer electronics

The Company develops and purchases electronic components and exports them to assembly plants, which also manufactures and sells consumer electronic products to the market. The Company recognizes revenue when control of the product is transferred. The control transfer of the products means that the products have been delivered to the customer, and the Customer has complete control over the distribution channels and prices of the products, and there are no outstanding obligations affecting the customer's acceptance of the products. Delivery occurs when the product has been shipped to a specific location, while the risk of obsolescence and loss has been transferred to the customer, in the meantime, the customer has accepted the product in accordance with the sales contract, or the acceptance terms have expired, or the Company holds objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when the goods are delivered as the Company has right to receive unconditional consideration at that time.

The Company provides a standard warranty for the consumer electronic products sold in accordance with the agreed specifications and is ready to recognize a warranty provision for such obligation.

(2) Financial component

The Company expects that the interval between the transfer of goods or services to the customer under all customer contracts and the time that the customer pays for the goods or services to be no more than one year. Therefore, the Company does not adjust the money time value of the transaction prices.

(15) Government Subsidy

The Company recognizes government subsidies as other income when receiving the subsidy without conditions. For subsidy related to other assets, the Company will recognize deferred income at fair value with reasonably confident conditions attached to the subsidy received, and the deferred income will be recognized as other income on a systematic basis over the life of the assets. The government subsidy to compensate the expenses or losses incurred by the Company is recognized in profit and loss on a systematic basis with the related expenses at the same time.

(16) Employee Benefits

1. Defined contribution plans

The contribution obligation to the benefit plan is recognized as an expense when the employees have rendered service.

2. Defined benefit plans

The Company's net obligation to the defined benefit plan is calculated on the basis of the present value of the future benefit earned by the employee for service in the current or previous periods of each benefit plan respectively, less the fair value of the plan assets.

The benefit obligation is determined annually by a qualified actuary in accordance with the estimated unit benefit method. To the extent that the results of the calculation are likely to be advantageous to the Company, the assets are recognized to the present value of any economic benefits available in the form of refunds of withdrawals from the Plan or reductions in future withdrawals from the Plan. In calculating the present value of economic benefits, any minimum provision requirements are taken into account.

Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), and any change in the impact of the asset maximum (excluding interest) is recognized in other comprehensive income in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings. The Company determines net interest expense (income) for net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rates determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized as profit or loss.

Any change in benefits associated with the cost of prior period's services or the reduction of benefits or losses arising from the revision or reduction of the program is immediately recognized as profit or loss. The Company recognizes the liquidation profit or loss of the benefit plan when the liquidation occurs.

3. Short-term employee benefits

Short-term employee benefits are recognized as expense when the service is rendered. If the Company has a current statutory or constructive obligation to pay due to the services rendered by the employee in the past, and, the obligation can be reliably estimated, then the amount shall be recognized as a liability.

(17) **Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax currently payable and deferred tax shall be recognized in profit or loss, except for those related to business combination, directly recognized in equity or other items related to comprehensive income. The Company determines that the interest or penalty related to income tax does not meet the definition of income tax and thus is subject to accounting treatment under IAS 37.

Tax current payable includes estimated income tax payable or refunds receivable based on current year's income (loss) tax and any adjustment of income tax payable or refunds receivable for previous years. The amount is the best estimate of the amount expected to be paid or received as measured by the legal tax rate or tax rate of substantive legislation at the reporting date.

The deferred tax measures and recognizes temporary differences between the book amounts of assets and liabilities for financial reporting purposes and their tax bases. Temporary differences arising from the following circumstances shall not be recognized as deferred tax:

1. Assets or liabilities that are not initially recognized as part of a business combination transaction and do not affect accounting profit and taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, affiliates and joint venture interests that the Company can control over the time point of reversal of the temporary differences, and it is highly likely that temporary differences will not be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

To the extent that future taxable income is likely to be available for use, unused taxable losses and unused income tax credits are recognized as deferred income tax assets when they are carried forward, as well as deductible temporary differences. It will be reassessed at each reporting date and reduced to the extent that the relevant income tax benefit is not likely to be realized; Or reverse the reduced amount to the extent that it becomes likely to be sufficient taxable income.

The deferred tax is measured by the tax rate of the expected reversal of temporary differences, based on the legal tax rate or the tax rate of substantive legislative at the reporting date.

Deferred tax assets and deferred tax liabilities will be offset against each other only when:

1. There is legal enforcement power to offset tax current payable assets and current tax liabilities; and
2. Deferred tax assets and deferred tax liabilities relate to one of the following tax payers whose income tax is levied by the same taxpayer:

(1) Same taxpayer; or
(2) Different taxpayer. Only when each entity intends to settle current tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in every future period in which significant amounts of deferred tax assets and liabilities are expected to be recovered and settled.

(18) Earnings Per Share

The Company demonstrates basic and diluted earnings per share attributable to shareholders of the Company's common equity. The Company's basic earnings per share is calculated by dividing the profit and loss attributable to the shareholders of the Company's common equity by the weighted average number of common shares outstanding in the period. Diluted earnings per share is the profit and loss attributable to shareholders of the Company's common equity and the weighted average number of common shares outstanding, adjusted accordingly by the impact of all potentially diluted common shares.

(19) Departmental Information

The operating departments are integral components of the consolidated companies and engage in revenue-generating activities and the incurring of expenses (including income and expenses related to transactions with other components within the consolidated companies). The operating results of all operating departments are regularly reviewed by the primary operating decision-maker of the consolidated companies to allocate resources and evaluate their performance. Each operating department has separate financial information.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In preparing this parent company only financial reports in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, the management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from estimates.

Estimates and underlying assumptions are continuously reviewed by management and changes in accounting estimates are recognized during the change period and affected future period.

Accounting policies that involve significant judgment and the information that has a significant impact on the amounts recognized in the parent company only financial reports: None.

The following assumptions and uncertainties in the estimates have a significant risk of causing significant adjustments in the book amounts of assets and liabilities in the next financial year and reflect the impact of the COVID-19 pandemic, related information is as follows:

(1) Impairment of accounts receivable

The allowance losses of the Company's accounts receivable is estimated based on the assumptions of default risk and expected loss rate. The Company considers historical experience, current market conditions and forward-looking estimates on each reporting date to determine the assumptions used and the input values selected when calculating the impairment. Please refer to Note 6 (3) for details of relevant assumptions and input values.

6. EXPLANATION OF SIGNIFICANT ACCOUNTING ITEMS

(1) Cash and equivalent

	Dec. 31, 2022	Dec. 31, 2021
Cash	$ 459	421
Check deposit	2,408	789
Demand deposit	239,439	419,349
Time deposits	79,749	112,180
Cash and equivalent listed in Cash Flow Statements	$ 322,055	532,739

Please refer to Note 6 (16) for the disclosure of interest rate risk and sensitivity analysis of the

Company's financial assets and liabilities.

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

	Dec. 31, 2022	Dec. 31, 2021
Financial assets that are forced to be measured at fair value through profit or loss		
Listed (counter) company stocks	$ 863	1,378
Domestic fund	51,683	115,915
Total	$ 52,546	117,293

1. Please refer to Note 6 (15) for the amount recognized in fair value through profit or loss.
2. Please refer to Note 6 (16) for the disclosure of price risk and fair value information of financial assets.
3. As of December 31, 2022 and 2021, the Company's financial assets were not used as a guarantee for loans or financing lines.

(3) Accounts receivable

	Dec. 31, 2022	Dec. 31, 2021
Accounts receivable(including related person)	$ 507,950	250,019
Less: allowance losses	(18,300)	(16,486)
	$ 489,650	233,533

The Company adopts a simplified method to estimate expected credit losses for all accounts receivable using expected credit losses over the expected useful lives. For this purpose, accounts receivable is grouped according to the common credit risk feature of the customer's ability to pay all amounts due under the contract terms and are contained into forward-looking information, including general economic and industry information. The expected credit loss analysis of accounts receivable is as follows:

	Dec. 31, 2022		
	Carrying number of accounts receivable	**Weighted average expected rate of credit loss**	**Expected credit loss during allowance period**
Not overdue	$ 488,965	0.00%	-
61-120 days overdue	685	0.00%	-
Over 365 days overdue	18,300	100.00%	18,300
	$ 507,950		18,300

	Dec. 31, 2021			
		Carrying number of accounts receivable	Weighted average expected rate of credit loss	Expected credit loss during allowance period
Not overdue	$	227,090	0.00%	-
61-120 days overdue		1,613	0.00%	-
121-180 days overdue		4,810	0.00%	-
301~365 days overdue		81	75.00%	61
Over 365 days overdue		16,425	100.00%	16,425
	$	250,019		16,486

The change of accounts receivable's allowance losses is listed as follows:

		2022	2021
Beginning balance	$	16,486	17,441
Impairment loss recognized (reversal of impairment loss)		1,814	(955)
Ending balance	$	18,300	16,486

As of December 31, 2022 and 2021, the Company's accounts receivable was not used as a guarantee for loans or financing lines.

(4) Inventories

		Dec. 31, 2022	Dec. 31, 2021
Raw material	$	141,436	97,754
Work in process		12,883	17,659
Finished goods		103,769	74,303
	$	258,088	189,716

The composition of the cost of goods sold for the years end December 31, 2022 and 2021 is as follows:

		2022	2021
Inventory sale transfer	$	886,722	832,402
Inventory write-down (gain on reversal)		25,244	(6,875)
Unallocated Manufacturing Overhead		7,711	5,587
	$	919,677	831,114

As of December 31, 2022 and 2021, the Company's accounts receivable was not used as a pledge guarantee.

(5) Property, plant, and equipment

The costs, depreciation and impairment losses of the property, plant and equipment for the years end December 31, 2022 and 2021 are detailed as follows:

	Land	Building	Machinery and equipment	Office and other equipment	Total	Land
Costs:						
Balance, Jan. 1, 2022	$ 22,630	347,078	119,979	45,142	-	534,829
Additions	-	-	-	4,046	19,488	23,534
Disposals or retirements	-	-	-	(6,343)	-	(6,343)
Impact on interest rate change	-	3,990	1,189	66	-	5,245
Balance, Dec. 31, 2022	**$ 22,630**	**351,068**	**121,168**	**42,911**	**19,488**	**557,265**
Balance, Jan. 1, 2021	$ 22,630	345,660	122,586	44,600	84	535,560
Additions	-	-	65	758	-	823
Disposals or retirements	-	-	84	-	(84)	-
Balance, Jan. 1, 2021	-	-	(3,254)	(201)	-	(3,455)
Impact on interest rate change	-	1,418	498	(15)	-	1,901
Balance, Dec. 31, 2021	**$ 22,630**	**347,078**	**119,979**	**45,142**	**-**	**534,829**
Depreciation and impairment loss:						
Balance, Jan. 1, 2022	$ 1,860	61,252	73,167	42,178	-	178,457
Depreciation of current year	-	11,116	6,648	1,646	-	19,410
Disposals or retirements	-	-	-	(5,408)	-	(5,408)
Impact on interest rate change	-	588	405	52	-	1,045
Balance, Dec. 31, 2022	**$ 1,860**	**72,956**	**80,220**	**38,468**	**-**	**193,504**
Balance, Jan. 1, 2021	$ 1,860	50,142	69,317	40,593	-	161,912
Depreciation of current year	-	10,936	6,949	1,794	-	19,679
Disposals or retirements	-	-	(3,254)	(195)	-	(3,449)
Impact on interest rate change	-	174	155	(14)	-	315
Balance, Dec. 31, 2021	**$ 1,860**	**61,252**	**73,167**	**42,178**	**-**	**178,457**
Carrying value						
Dec. 31, 2022	**$ 20,770**	**278,112**	**40,948**	**4,443**	**19,488**	**363,761**
Jan. 1, 2021	**$ 20,770**	**295,518**	**53,269**	**4,007**	**84**	**373,648**
Dec. 31, 2021	**$ 20,770**	**285,826**	**46,812**	**2,964**	**-**	**356,372**

Please refer to Note 8 for the guarantee condition of the property, plant, and equipment guarantee for loans or financing lines.

(6) The right-of-use asset

The costs, depreciation and impairment losses of the consolidated company's leased property, plant and equipment for the years end December 31, 2022 and 2021 are detailed as follows:

		Land	Building	Transformation	Total
Costs:					
Balance, Jan. 1, 2022	$	44,850	10,307	-	55,157
Additions (Note)		98,199	1,572	4,688	104,459
Impact on interest rate change		589	89	-	678
Balance, Dec. 31, 20212	$	**143,638**	**11,968**	**4,688**	**160,294**
Balance, Jan. 1, 2021	$	44,592	6,962	-	51,554
Additions		-	3,309	-	3,309
Impact on interest rate change		258	36	-	294
Balance, Dec. 31, 2021	$	**44,850**	**10,307**	**-**	**55,157**
Depreciation and impairment loss:					
Balance, Jan. 1, 2022	$	2,963	4,524	-	7,487
Depreciation recognized		1,195	1,829	130	3,154
Impact on interest rate change		38	37	-	75
Balance, Dec. 31, 2022	$	**4,196**	**6,390**	**130**	**10,716**
Balance, Jan. 1, 2021	$	1,964	2,716	-	4,680
Depreciation recognized		983	1,793	-	2,776
Impact on interest rate change		16	15	-	31
Balance, Dec. 31, 2021	$	**2,963**	**4,524**	**-**	**7,487**
Carrying amount:					
Balance, Dec. 31, 2022	$	**139,442**	**5,578**	**4,558**	**149,578**
Balance, Jan. 1, 2021	$	**42,628**	**4,246**	**-**	**46,874**
Balance, Dec. 31, 2021	$	**41,887**	**5,783**	**-**	**47,670**

Note: The land leased by the consolidated company for the year end December 31, 2022 was used as the operating place for the constructing renewable energy equipment.

Please refer to Note 8 for the guarantee condition for right-of-use assets for loans or financing lines.

(7) Short-term loan

	Dec. 31, 2022	Dec. 31, 2021
Guaranteed bank loan	$ 149,100	105,029
Credit line unused	$ 233,500	271,831
Interest rate interval	1.41%~3.80%	0.91%~3.80%

Please refer to Note 8 for guarantee condition of collateral assets for bank loans.

(8) Lease liabilities

The carrying amount of lease liabilities is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Current	$ 5,153	1,761
Noncurrent	$ 103,263	4,149

Please refer to Note 6(16) Financial Instruments for the maturity analysis.

Leases are recognized in the cash flow statement in the following amounts:

	2022	2021
Interest expense of lease liabilities	$ 251	53
Expense of short-term loan	$ 41	36

Leases are recognized in the cash flow statement in the following amounts:

	2022	2021
Total cash outflows from leases	$ 2,304	1,610

1. Leases of land and buildings

The buildings are to be leased by the consolidated company as office place for a period of one to two years with the option to extend for the same period as the original contract at the end of the term.

The combined company leases the land as the office place for the construction of renewable energy equipment for a period of 20 years.

2. Other leases

The consolidated Company leases office and other equipment for a period of one year. Such leases are low-value leases, and the consolidated Company adopts the exemption from recognition regulation rather than recognizes its relevant use-right-assets and lease liabilities.

(9) Employee benefits

1. Defined benefit plans

The adjustments for the present value of the benefits obligation and the fair value of the plan assets are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Present value of defined benefit obligations	$ 10,169	22,739
Fair value of plan assets	(9,403)	(12,376)
Net defined benefits liabilities	$ 766	10,363

The Company's defined benefit plans are contributed to the labor pension fund account of the Bank of Taiwan. The employees' pension benefits in accordance with the R.O.C. Labor Standards Law are based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

(1) Composition of plan assets

The pension funds distributed by the Company in accordance with the Labor Standards Law is managed by the Bureau of Labor Fund, Ministry of Labor (referred to as the Bureau of Labor Fund). The minimum income distributed shall not be lower than the income calculated according to the local bank's two-year time deposit interest rate.

As of the reporting date, the balance of the Company's labor pension funds at the Bank of Taiwan are NT$ 9,403 thousand. For the information on the use of labor pension funds including fund yield and fund asset allocation, please refer to the information published on the website of the Bureau of Labor Fund.

(2) Change of present value of defined benefit obligations:

The change of present value of defined benefit obligations for the years end December 31, 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligations on January 1	$ 22,739	22,777
Service costs and interest of current period	286	226
Re-measurement on the net defined benefit liability		
-Actuarial loss arising from experience adjustments	(1,999)	225
-Actuarial gain arising from changes in financial assumptions	174	(489)
Benefits of planned payment	(11,031)	-
Defined benefit obligations on December 31	**$ 10,169**	**22,739**

(3) The change of the fair value of the defined benefit plans

The change of the fair value of the defined benefit plans for the years end December 31, 2022 and 2021 are detailed as follows:

	2022	2021
Fair value of plan assets on January 1	$ 12,376	11,959
Interest income	73	37
Re-measurement on the net defined benefit liability (asset)		
-Return on plan assets (excluding current interest)	961	183
Amount distributed to the plan	7,024	197
Benefits of plan payment	(11,031)	-
Fair value of plan assets on December 31	**$ 9,403**	**12,376**

(4) Expenses recognized as profit or loss

The expenses for the years end December 31, 2022 and 2021 are detailed as follows

		2022	2021
Current service cost	$	152	155
Net interest of net defined benefit liabilities (assets)		61	34
	$	213	189
Marketing expenses	$	71	63
Administrative expenses		71	63
Research and development expenses		71	63
	$	213	189

(5) Actuarial assumptions

The Company's significant actuarial assumptions for determining the present value of its benefit obligations at the closure of reporting date are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate	1.39%	0.59%
Future salary increases	2.00%	1.00%

The Company expects to pay NT$106 thousand to the defined benefit plan within one year after 2022's reporting date.

The weighted average useful lives of the defined benefit plans are 12 years.

(6) Sensitivity analysis

The impact of changes in the significant actuarial assumptions adopted for the years end December 31, 2022 and 2021 (please note below) on the present value of benefit obligations is as follows:

	Impact of the defined benefit obligations	
	Increase 0.50%	Decrease 0.50%
Dec. 31, 2022		
Discount rate	(417)	774
Future salary increases	766	(417)
Dec. 31, 2021		
Discount rate	(305)	896
Future salary increases	887	(305)

The above sensitivity analysis is based on single analysis of the changes effect when other hypotheses remain unchanged. In practice, many assumptions may change in tandem. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities of the Balance Sheets.

The methods and assumptions used in the preparation of sensitivity analysis in this period are the same as in the previous period.

2. Defined distribution plan

The consolidated Company has made monthly contributions equal to 6% of each employee's monthly salary to the labor pension fund account of the Labor Insurance Bureau in accordance with labor pension regulations to employees' pension accounts.

The retirement benefit expenses under the Defined Benefit Retirement Plan for the consolidated companies were NT$1,525 thousand for the fiscal year 2022 and NT$1,388 thousand for the fiscal year 2021. These amounts have been accrued and allocated to the Labor Insurance Bureau.

The foreign subsidiaries' pension expenses for the years end December 31, 2022 and 2021 under the defined retirement pension measures were NT$4,868 thousand and NT$5,332 thousand respectively, which have been distributed to the Labor Insurance Bureau.

(10) Income tax

The consolidated Company's profit-seeking enterprise income tax is calculated based on each subsidiary entity and cannot be merged. Therefore, the profit-seeking enterprise income tax is calculated according to the applicable tax rate of each company's location.

1. Income tax expenses

The details of income tax expenses for the years end December 31, 2022 and 2021 are as follows:

	2022	2021
Current income tax expenses		
Current income tax of prior period adjustment	$ 470	-
Deferred income tax expenses		
Occurrence and reversal of temporary differences	2,710	750
Income tax expenses	$ 3,180	750

The income tax expenses recognized in other comprehensive income and profit for the years end December 31, 2022 and 2021 are as follows:

	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit obligation	$ (557)	(89)

The reconciliation of the Company's income tax expense and net loss before tax for 2022 and 2021 is as follows:

	2022	2021
Net profit (loss) before tax	$ 7,401	(78,816)
Income tax based on the domestic tax rate of the Company's location	$ 1,480	(15,763)
Permanent differences	1,631	(5,406)
Tax-free income	652	92
Current tax loss of unrecognized deferred tax assets	(12,563)	10,324
Changes of unrecognized temporary differences	11,510	11,503
Current income tax of prior period adjustment	470	-
Total	$ 3,180	750

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The consolidated Company's unrecognized deferred tax assets are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Deductible temporary differences	$ 378,984	351,466
Tax loss	228,601	224,646
	$ 607,585	**576,112**
Amount of unrecognized deferred tax asset	**$ 121,005**	**113,571**

Deductible temporary differences refer to the time point when temporary differences related to the investment subsidiary is reserved due to merging company's control, and it is likely that they will not be reversed in the foreseeable future. Therefore, deferred tax assets are not recognized.

In accordance with the provisions of the Income Tax Law, the taxable loss shall be deducted from the net profit of the year in which the loss of ten years prior to the approval by the tax authority, and then subject to the verification of income tax. Such items are not recognized as deferred tax assets because it is unlikely that the Company will have sufficient tax grounds to cover such temporary differences in the future.

As of December 31, 2022, the uneducated tax loss of the subsidiary ED ASIA PTE. LTD. is as follows:

Loss year	Loss not yet deducted	Last year for deduction
2015-2022	$ 120,273	None

As of December 31, 2022, the deduction deadline for tax loss that has not been recognized as deferred tax assets of Taiwan Company and subsidiaries in Mainland China is as follows:

Loss year	Loss not yet deducted: Taiwan Company	Loss not yet deducted: Subsidiaries in China	Last year for deduction: Taiwan Company	Last year for deduction: Subsidiaries in China
2019	$ -	$ 7,041	None	2024
2021	46,392	25,316	2031	2026
2022	-	29,579	None	2027
Total	**$ 46,392**	**61,936**	2023	2023

(2) Recognized deferred tax assets and liabilities

The changes of deferred tax assets and liabilities for the years end December 31, 2022 and 2021 are as follows:

		Defined benefit plans	Recognition of after-sales service provision	Bad-debt loss	Other	Total
Deferred tax assets						
Balance, Jan. 1, 2022	$	2,073	853	3,378	250	6,554
(Debit) Credit to income statement		(1,516)	(224)	(720)	(250)	(2,710)
(Debit) Credit to other comprehensive income or loss		(557)	-	-	-	(557)
Balance, Dec. 31, 2022	**$**	**-**	**629**	**2,658**	**-**	**3,287**
Balance, Jan. 1, 2021	$	2,165	1,578	3,400	250	7,393
(Debit) Credit to income statement		(3)	(725)	(22)	-	(750)
(Debit) Credit to other comprehensive income or loss		(89)	-	-	-	(89)
Balance, Dec. 31, 2021	**$**	**2,073**	**853**	**3,378**	**250**	**6,554**

3. Approval condition of income tax

The settlement declaration of the Company's profit-seeking enterprise income tax has been approved by the tax authority until 2020. The income tax declaration of foreign subsidiaries has been declared to the local tax agency until 2021.

(11) Capital and other equity

On December 31, 2022 and 2021, the total capital stock of the Company was NT$800,000 thousand with par value of $10 for 80,000 thousand shares. The aforesaid total capital stock is common stock with 60,888 thousand shares issued, all shares issued have been paid.

1. Capital reserve

The Company's capital reserve balance is as follows:

		Dec. 31, 2022	Dec. 31, 2021
Additional paid-in capital	$	514,144	514,144
Treasury stock transaction		14,582	14,582
	$	**528,726**	**528,726**

According to the Company Act, the capital reserve shall first offset the losses, then issue new shares or cash in proportion to the shareholders' original shares using realized capital reserve. The realized capital reserve includes the premium from issuing shares in excess of par value and the donated income. According to the guidelines for the treatment of issuers' offering and issuance of marketable securities, the total amount of the capital reserve set aside each year shall not exceed 10 percent of the paid-in capital.

2. Retained earnings

According to the Corporate Charter, if there is a surplus in General Financial Statements, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings (until the accumulated legal capital reserve equals the Company's paid-in capital), then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. If any balance left over, together with the opening undistributed earnings, the Board shall draft a surplus distribution proposal and submit it to the Shareholders' meeting for resolution on the distribution of shareholder dividends and bonuses.

The Company may set aside more than 30% of its earnings to shareholders considering the Company's environment and growth stage, future capital needs and long-term financial planning, and shareholders' demand for cash inflow, among which cash dividend shall not be less than 10% of total dividend.

(1) Legal capital surplus

The legal capital reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(2) Special capital surplus

A special surplus reserve is recognized at the same amount as the current after-tax reserve and the prior period's undistributed reverse in respect of the equity deduction amount of the current year; The same amount of special reserve shall not be distributed from the prior period's undistributed earnings for the prior period's other equity deduction accumulated. If there is a subsequent reversal of equity amount, the reversal portion of the reserve may be distributed.

(3) Profit distribution

On May 17, 2022 and August 12, 2021, the Shareholders' meeting resolved not to allocate dividends.

3. Other equity (net of tax)

	Exchange difference arising from translation of foreign operations' Financial Statements
Balance, January 1, 2022	$ (109,088)
Exchange difference arising from translation of foreign operations' net assets	8,865
Balance, December 31, 2022	**$ (100,223)**
Balance, January 1, 2021	$ (109,862)
Exchange difference arising from translation of foreign operations' net assets	774
Balance, December 31, 2021	**$ (109,088)**

(12) Earnings (losses) per share

The calculation of the earnings (losses) per share is as follows:

	2022	2021
Basic earnings (losses) per share		
Net profit (loss) attributable to the Company's common shareholders	$ 4,221	(79,566)
Weighted average number of common shares outstanding (thousand shares)	60,888	60,888
Basic earnings (losses) per share ($)	$ 0.07	(1.31)

The years of 2022 and 2021 are unappropriated retained earnings, not having the diluted effect caused by employee salary's common shares, thus the Company did not disclose diluted earnings per share.

(13) Revenue of customer contract

1. Details for income

	2022		
	Taiwan Department	**Foreign Department**	**Total**
Main market area:			
Singapore	$ 151,649	105,278	256,927
Peru	457,643	-	457,643
Argentina	112,407	-	112,407
Chile	12,766	-	12,766
Italy	326,652	-	326,652
Other countries	$ 1,061,117	105,278	1,166,395
Main products/service line:			
Set-top box and its components.	$ 1,061,117	105,278	1,166,395

	2021		
	Taiwan Department	**Foreign Department**	**Total**
Main market area:			
Singapore	$ 85,636	253,286	338,922
Peru	173,390	-	173,390
Argentina	162,964	-	162,964
Chile	150,186	-	150,186
Italy	215,145	-	215,145
Other countries	$ 787,321	253,286	1,040,607
Main products/service line:			
Set-top box and its components.	$ 787,321	253,286	1,040,607

2. Contract balance

	Dec. 31, 2022	**Dec. 31, 2021**	**Jan. 1, 2021**
Accounts receivable	$ 507,950	250,019	445,636
Less: allowance losses	(18,300)	(16,486)	(17,441)
Total	$ 489,650	233,533	428,195
Contract liabilities	$ 7,800	5,139	34,327

4. Please refer to Note 6 (3) for the disclosure of accounts receivable and their impairment.

5.The opening balance of contract liabilities on January 1, 2022 and 2021 was recognized as revenue for the years end December 31, 2022 and 2021, at 5,139 thousand and 29,544 thousand respectively.

(14) Salary of employees, directors, and supervisors

According to the Corporate Charter, any profit for the year should be set aside no less than 3% as employee salary, while no more than 3% should be set aside as director and supervisor salary. However, if there are any accumulated losses, the Company shall reserve the salary amount in advance. The recipient of the stock or cash includes affiliated companies' employees who meet certain conditions.

The company's losses in 2022 and 2021 were to be made up, so the remuneration of employees and directors was not estimated. Relevant information can be found at the Public Information Observatory.

(15) Non-operating income and expenses

1. Interest income

The Company's interest income is as follows:

	2022	2021
Interest of bank deposits	$ 4,212	2,265

2. Other income

The consolidated Company's other income is as follows:

	2022	2021
Dividend income	$ 58	28
Subsidy income	2,153	1,651
Other income-other	9,884	5,378
Total other income	$ 12,095	7,057

3. Other profit and loss

The details of the consolidated Company's other profit and loss for the years end December 31, 2022 and 2021 are as follows:

	2022	2021
Profits on disposal of property, plant, and equipment	$ -	107
Profit (loss) on foreign currency exchange	50,518	(6,803)
Financial assets at fair value through profit or loss	(11,407)	2,286
Impairment loss of intangible assets	-	(1,148)
Other expenses	(414)	(468)
Net amount of other profit and loss	$ 38,697	(6,026)

4. Financial costs

The Company's financial costs for the years end December 31, 2022 and 2021 are as follows:

	2022	2021
Interest expenses	$ 1,630	1,200
Interest expenses of lease liabilities	251	53
Net amount of financial costs	$ 1,881	1,253

(16) Financial instruments

1. Credit risk

(1) Credit risk exposures

The carrying value of financial assets represents the maximum amount of credit exposures.

(2) Concentration of credit risk

In the case that the consolidated Company's sales target is significantly concentrated in a small number of customers, the same group's accounts receivable at December 31, 2022 and 2021 should amount to 95% and 74% of the accounts receivable, respectively.

(3) Credit risk of accounts receivable

Please refer to Note 6 (3) for information regarding credit risk exposures on notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables and other financial assets.

The consolidated Company's other receivables recognized based on the expected credit loss rate for the years end December 31, 2022 and 2021 are $945 thousand and $1,119 thousand respectively. Please refer to Note 4 (7) for the explanation about how the Company determines credit risk.

2. Liquidity risk

The following table shows contract maturities of financial liabilities, including estimated interest but excluding the effect of net amount agreements.

	Carrying value	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Dec. 31, 2022							
Non-derivative financial liabilities							
Floating interest instruments	$ 149,100	149,486	149,486	-	-	-	-
Non-interest-bearing liabilities	513,819	513,819	513,819	-	-	-	-
Lease liabilities	108,416	128,153	2,739	2,991	9,337	24,330	88,756
	$ 771,335	**791,458**	**666,044**	**2,991**	**9,337**	**24,330**	**88,756**
Dec. 31, 2021							
Non-derivative financial liabilities							
Floating interest instruments	$ 105,029	105,247	105,247	-	-	-	-
	367,480	367,480	367,480	-	-	-	-
Non-interest-bearing liabilities							
Lease liabilities	5,910	6,150	936	937	1,872	2,405	-
	$ 478,419	**478,877**	**473,663**	**937**	**1,872**	**2,405**	**-**

The consolidated Company does not expect that the cash flow of maturity analysis will be significantly earlier, or the actual amount will be significantly different.

3. Interest rate risk

(1) Interest rate risk exposures

The financial assets and liabilities of the consolidated Company exposed to significant foreign currency exchange rate risk are as follows:

	Dec. 31, 2022			Dec. 31, 2021		
Monetary items	**Foreign currency**	**Exchange rate**	**New Taiwan dollar**	**Foreign currency**	**Exchange rate**	**New Taiwan dollar**
Financial assets						
US dollar	$ 29,800	30.673	914,055	20,438	27.665	565,429
Financial liabilities						
US dollar	8,133	30.673	249,464	4,270	27.665	118,127

(2) Sensitivity analysis

The exchange rate risk of the consolidated Company's monetary items mainly results from currency translation of cash and equivalent, accounts receivable, other receivables, other financial assets (current, borrowings, accounts payable and other payable), resulting in foreign currency exchange profit and loss. On December 31, 2022 and 2021, functional currencies depreciated or appreciated by 5% compared to foreign currencies and all other factors remain unchanged, the net profit before tax for 2022 and 2021 would increase or decrease by $33,230 thousand and $22,365 thousand, respectively. The same basis was used in the two-period analysis.

(3) Exchange profit and loss of monetary items

Due to the wide variety of functional currencies, the exchange profit and loss of monetary items is disclosed through consolidation. On 2022 and 2021, The profit (loss) from foreign currency exchange (including realized and unrealized) for the years end December 31, 2022 and 2021 are $50,518 thousand and ($6,803) thousand respectively.

(4) Interest rate analysis

The interest rate risk of the consolidated Company's financial assets and financial liabilities are described in this Note.

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments on the reporting date. To analyze floating rate liabilities, it is assumed that liabilities outstanding amount on the reporting date is circulating for the whole year. The change used internally when reporting interest rate to the key management is 1% basic points increase or decrease of interest rate, which also represents management's evaluation toward the range of reasonable changes in interest rates.

If the interest rate increases or decreases by 0.1% basis points. On 2022 and 2021, the consolidated Company's net profit and loss before tax will increase or decrease by NT$90 thousand and increase or decrease by NT$314 thousand, with all other variables unchanged. It is mainly because of the consolidated Company's variable rate loans and deposits.

(5) Other price risks

If there is a change in the price of securities on the reporting date (the two-period analysis uses the same basis and assumes that other factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

Security prices at the reporting date	Profit and loss after tax 2022	Profit and loss after tax 2021
Rise 5%	$ 2,627	5,865
Fall 5%	$ (2,627)	(5,865)

4. Fair value information

(1) Categories and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amounts and fair values (including level information on fair values) of various categories of financial assets and liabilities are listed below, but lease liabilities and carrying amount of financial instruments not at fair value with reasonable approximation of fair value are not required to be disclosed according to regulations.

	Dec 31, 2022				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	$ 52,546	52,546	-	-	52,546

	Dec 31, 2021				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	$ 117,293	117,293	-	-	117,293

(2) Valuation techniques used in financial instruments' fair value measurement

Non-derivative financial instruments

If a financial instrument has an open quotation on the active market, its fair value shall be the open quotation on the active market. The market prices announced by the major exchanges and the Central Government Bond Counter trading Center judged to be popular bonds are the basis for fair value of listed equity and debt instruments quoted in active markets.

The financial instruments have open quotation in active market if public quotations of financial instruments can be obtained timely and frequently from exchanges, brokers, underwriters, industry organizations, pricing service agencies or competent authorities, and the prices represent real and frequently occurring fair market transactions. If the above conditions are not met, the market is considered as inactive. Generally speaking, a large bid-ask spread, a significant increase in such spread, or a small trading amount are indicators of an inactive market.

If the financial instruments have an active market (stocks of listed (counter) companies and beneficiary certificates have standard terms and conditions and are traded in an active market), their fair values are determined according to market quotations.

(3) Transfer between level 1 and level 2

There was no transfer for the years end December 31, 2022 and 2021.

(17) Financial risk management

1. Summary

The Company is exposed to following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market

This Note expresses the consolidated Company's exposure information for above-mentioned risks, the consolidated Company's goals, policies and procedures for measuring and managing risks. Please refer to the Notes of parent company only financial reports for further quantitative disclosure.

1. Risk management structure

The Board of Directors is responsible for managing and taking control of the consolidated Company's the risk management policy.

The risk management policy is designed to identify and analyze the risks that the consolidated Company is encountering. The risk management policy is regularly reviewed to reflect market conditions and changes in the operations. Through training, management guidelines and procedures, the consolidated Company develops a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal auditors assist the consolidated Company in supervision and conduct periodic and exceptional reviews on risk management procedures and report to the Board.

2. Credit risk

Credit risk is the financial loss risk arising from the failure of a customer or financial instrument's counter party to perform its contractual obligations, mainly from customers' accounts receivable and securities investments.

(1) Accounts receivable and other receivable

The consolidated Company has set up a credit policy for analyzing the credit rating of each new customer before granting the standard payment and shipping terms and conditions. The calculation method of credit line varies according to the difference between the old and the new customers. The business and finance department discuss about the new customers according to the size of their basic information, and the finance department decides whether to conduct the customer credit investigation and obtain the credit investigation report based on the information's completeness, and then decides customer's credit line. Finally, it will be processed after approval of the chairman. Old customers are evaluated on the basis of the average transaction turnover over past three months at the time of renewing credit line.

When monitoring customers' credit risk, customers are grouped according to their credit features, including location, age of account, maturity date and existing financial difficulties. The consolidated Company's accounts receivable and other receivables are mainly to companies within the same group.

The consolidated Company also evaluates historical sales and future customer orders on an annual basis, and takes out an insurance to reduce the credit risk of accounts receivable.

The consolidated Company maintains an allowance account for bad debt to reflect the estimated losses incurred on accounts receivable and other receivables and investments. The major components of the allowance account include specific loss components related to major risk exposures and combined loss components established for incurred but not yet recognized losses of similar asset groups. The combined loss allowance account is determined by historical payment statistics for similar financial assets.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the consolidated Company's finance department. There is no major doubt for performing contract since the consolidated Company's counter parties are banks with good credit and financial institutions with investment grade, therefore, there is no major credit risk.

(3) Assurance

The policy states that the consolidated Company can only provide financial guarantees to wholly owned subsidiaries. On December 31, 2022 and 2021, the Company did not provide any endorsement guarantee.

3. Liquidity risk

Liquidity risk is the risk that the consolidated Company cannot deliver cash or other financial assets to settle financial liabilities and cannot fulfill related obligations. The consolidated Company manages its liquidity by ensuring, as far as possible, that it has sufficient liquidity to solve its matured liabilities under stressful circumstances without enduring the risk of unacceptable loss or damage that harms the consolidated Company's reputation.

4. Market risk

Market risk refers to the risk that the consolidated Company's earnings or the value of its financial instruments may be affected by changes in market prices, such as changes in exchange rates, interest rates and the equity instruments' prices. The objective of market risk management is to control the degree of market risk within an acceptable range and to optimize the return on investment.

(1) Exchange rate risk

The consolidated Company is exposed to exchange rate risks arising from sales, procurement and borrowing transactions not denominated using each Group's functional currencies. The functional currencies of the Group are mainly New Taiwan dollar, US dollar, RMB and British pound. These transactions are denominated mainly in New Taiwan dollar and US dollar.

(2) Interest rate risk

The consolidated Company's bank loans are loans under floating interest rate, thus changes in market interest rates will cause changes in its effective interest rate, which cause fluctuations in its future cash flow.

(3) Other market risk

The management allocates portfolio ratios based on market indexes. The main purpose of the investment strategy is to maximize returns on investment. According to this investment strategy, certain investments are designated as fair value through profit and loss as their performance is actively monitored and managed on a fair value basis.

(18) Capital management

The capital management goal is to protect its ability to continue as a going concern, so as to provide shareholders and related parties returns and benefits and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the consolidated Company may adjust dividends paid to shareholders, reduce return to shareholders, and issue new shares or sell assets to settle liabilities.

The consolidated Company controls capital on a debt-to-capital ratio basis like other competitors.

The ratio is calculated by dividing net debt by total capital. Net debt is the total liabilities shown on the Balance Sheets less cash and equivalent. Total capital is the total equity add net debt.

The consolidated Company's capital management strategy for the 2022 year is the same as that of the 2021 year. The debt-to-capital ratio on the reporting date is as follows:

	Dec.31, 2022	Dec.31, 2021
Total liabilities	$ 790,973	501,110
Less: cash and equivalent	(322,055)	(532,739)
Net of liabilities	468,918	(31,629)
Total equity	1,036,530	1,021,215
Total capital	$ 1,505,448	989,586
Debt-to-capital ratio	31.15%	- %

The increase in the debt-to-capital ratio on December 31, 2022 was mainly due to the increase in purchase to subsidiaries and raw materials to manufacturers after continued purchase during the second half of the year, as a result, the payable increased compared with last year. It was also due to an increase in lease liabilities arising from the leased land which was used as the office place for the construction of renewable energy equipment in the fourth quarter of 2022.

(19) Financing activities for non-cash transactions

The consolidated Company's major non-cash transaction financing activities for the years end December 31, 2022 and 2021: None.

The adjustments of liabilities from financing activities are as follows:

			Non-cash change		
	Jan. 1, 2022	Cash flow	Leases change	Interest rate change	111.12.31
Short-term loan	$ 105,029	43,915	-	156	149,100
Lease liabilities (Note)	5,910	(2,012)	104,459	59	108,416
Total lease liabilities from financing activities	$ 110,939	41,903	104,459	215	257,516

			Change of non-cash		
	Jan. 1, 2021	Cash flow	Leases change	Interest rate change	110.12.31
Short-term loan	$ 162,862	(57,945)	-	112	105,029
Lease liabilities (Note)	4,102	(1,521)	3,309	20	5,910
Total lease liabilities from financing activities	$ 166,964	(59,466)	3,309	132	110,939

Note: The non-cash charge of the lease change is the right-of-use asset acquired through lease, please refer to Note 6 (6) for details.

7. RELATED PARTY TRANSACTIONS

(1) Transactions with key management personnel

The remuneration of key management personnel includes:

	2022	2021
Short-term employee benefits	$ 17,506	17,155
Post-retirement benefits	268	108
	$ 17,774	17,263

8. PLEDGED ASSETS

The details of pledged assets' carrying value are as follows:

Assets	Pledge guarantee subject	Dec. 31, 2022	Dec. 31, 2021
Property, plant and equipment	Short-term loan	$ 285,449	292,380
Other financial assets - current	Bank loans and credit letters	129,747	6,916
Other financial assets - noncurrent	Bank performance bond	4,668	-
Right-of-use assets	Short-term loan	41,437	41,887
		$ 461,301	341,183

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Significant contingent liabilities and unrecognized commitments

1. The consolidated Company signed a software use right with a non-related party for research and development and product use. The Company must pay the agreed royalty based on sales volume in accordance with contract terms. Currently, the amount payable is estimated by sales volume and other payable is listed in the account. They will be adjusted according to the actual amount incurred once the contract manufacturer confirms the sales volume.
2. In 2022, the consolidated Company signed a intermediary contract with non-related party for the land development of solar photovoltaic projects, with the goal of setting up 20,000 watts of power generation equipment in the form of fishery and electricity symbiosis. The contract amount is priced at NT$2,000 per watt. As of December 31, 2022, the first installment of NT$19,488 thousand has been paid (under the account of property, plant and equipment - work in process).

10. SIGNIFICANT DISASTER LOSS: NONE

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE

12. OTHER

(1) The labor costs, depreciation, and amortization expenses are summarized as follows:

Function / Nature	2022			2021		
	Classified as cost of revenue	Classified as operating expenses	Total	Classified as cost of revenue	Classified as operating expenses	Total
Labor costs						
Salary and bonuses	32, 026	83, 336	115, 362	29, 311	79, 269	108, 580
Labor & health insurance	1, 469	6, 070	7, 539	1, 433	5, 477	6, 910
Pension	2, 198	5, 262	7, 460	2, 100	4, 809	6, 909
Other employee benefit expenses	177	3, 782	3, 959	179	3, 645	3, 824
Depreciation expenses	12, 232	10, 332	22, 564	12, 007	10, 448	22, 455
Amortization expenses	1, 548	1, 123	2, 671	98	1, 443	1, 541

13. ADDITIONAL DISCLOSURES

(1) Related information of significant transactions

The additional disclosures required by the Securities and Futures Bureau for the consolidated Company for the year end December 31, 2022 are as follows:

1. Financing and others

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Transaction Account	Is Related Party Or Not	Maximum Balance For the Period (Note 2)	Ending Balance (Note 3)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reason for Short-term Financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company (Note 4)	Financing Company's Total Financing Amount Limits (Note 4)
													Name	Value		
0	The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Loan receivable-related party	Yes	92,019	92,019	-	-	2	-	Operating capital	-	NA	-	103,653	414,612
0	The Company	ED ASIA PTE. LTD.	Loan receivable-related party	Yes	30,673	30,673	-	-	2	-	Operating capital	-	NA	-	103,653	414,612
0	The Company	DE JIN ENERGY CO., LTD.	Loan receivable-related party	Yes	90,000	90,000	-	1.725%	2	-	Operating capital	-	NA	-	103,653	414,612

Note 1: 1. Companies with business transaction.
2. There is a need for short-term financing.
Note 2: The maximum balance for the period.
Note 3: Financing amount limits approved by the Board of Directors.
Note 4: The amount limits available for lending to the Company's subsidiaries shall not exceed 10% of the Company's net worth, and the aggregate amount should not exceed 40% of the Company's net worth.
Note 5: The above transactions have been reversed when preparing the consolidated financial statements.

2. Endorsement for others:

(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	LIXI ENERGY CO., LTD.	4	310,959	30,000	30,000	-	-	2.89%	518,265	Y	N	N
0	〃	YAFU ENERGY CO., LTD.	4	310,959	30,000	30,000	-	-	2.89%	518,265	Y	N	N
0	〃	JIANCE ENERGY CO., LTD.	4	310,959	30,000	30,000	-	-	2.89%	518,265	Y	N	N

Note 1: 0 represents the issuer.
Note 2: The maximum amount of the endorsement/guarantee provided by the Company to its subsidiaries shall not exceed 30% of the Company's net worth, and the total amount shall not exceed 50% of the Company's net worth.
Note 3：There are 7 relationships between guarantee provider and guaranteed party
1. Companies with business transaction.
2. A company in which the
Company directly and indirectly holds more than 50% of the voting shares.
3. Companies that directly and indirectly hold more than 50% of the Company's voting shares.
4. Companies in which the Company directly and indirectly holds more than 90% of the voting shares.
5. Based on the needs of contracting projects, companies in the same industry are mutually insured according to the contract.
6. A company that is endorsed and guaranteed by all shareholders in accordance with their percentage of ownership due to a joint investment relationship.
7. Joint and several guarantees for performance guarantees of pre-sale housing sales contracts among peers in accordance with the Consumer Protection Act.
Note 4: The above transactions have been reversed when preparing the consolidated financial statements.

3. Securities held at the end of the period (excluding investment in Subsidiary, affiliated companies and joint venture interests):

(In Thousands of New Taiwan Dollars/Share)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Dec 31, 2022				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
The Company	MACRONIX INTERNATIONAL CO., LTD.	-	Financial assets at fair value through other comprehensive income-current	2,321	78	- %	78	
〃	UNITED MICROELECTRONICS CORPORATION	-	〃	14,469	589	- %	589	
〃	WINBOND ELECTRONICS CORP.	-	〃	10,000	196	- %	196	
〃	Allianz Income Growth Multi-Asset Fund Type A (Accumulation)	-	〃	157,325	51,683	- %	51,683	

4. The accumulative purchase or sales of the same securities amount to NT$300 million or more than 20% of the paid-in capital: None.
5. The acquisition of property amounts to NT$300 million or more than 20% of the paid-in capital: None.
6. The disposal of property amounts to NT$300 million or more than 20% of the paid-in capital: None.
7. The purchase and sales with related parties' amount to NT$100 million or more than 20% of the paid-in capital: None.

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature Of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	Purchase	990,458	100%	Depends on capital status	-	Depends on capital status	(249,478)	(56)%	
FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	Skardin Industrial Corporation	Parent company	Sales	(990,458)	(100)%	Depends on capital status	-	Depends on capital status	249,478	100%	

Note: The above transactions have been offset in the preparation of the consolidated financial statements.

8. The receivables from related parties amount to NT$100 million or more than 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature Of Relationship	Ending Balance (Note 1)	Turnover	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
The Company	FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	269,196(Note 2)	- %	-	-	7,219	-
ED ASIA PTE. LTD.	FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	Same parent company	112,184(Note 2)	- %	-	-	33,137	-
FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Subsidiary	249,478(Note 1)	51.00%	-	-	49,280	-

Note 1: Accounts receivable from sales
Note 2: Other receivables from material purchase on behalf of others
Note 3: The above transactions have been reversed when preparing the consolidated financial statements.

9. Engagement in derivatives transactions: None.

10. Intercompany relationships and significant intercompany transactions:

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	Skardin Industrial Corporation	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	1	Purchase	990,458	There is no other counterparty for comparison	85%
0	〃	〃	1	Accounts receivable	249,478	Depends on capital condition	14%
0	〃	〃	1	Another receivable	269,196	〃	15%
0	〃	ED ASIA PTE. LTD.	1	Another receivable	73,006	〃	4%
0	〃	〃	1	Sales	83,778	There is no other counterparty for comparison	7%
1	ED ASIA PTE. LTD.	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	3	Another receivable	112,184	Depends on capital condition	6%

Note 1: Number should be filled in as follows:

1.0 represents the parent company.

2. subsidiaries are numbered in sequence starting with 1 according to the Company name.

Note 2: The type of relationship with the trader is indicated below:

1. Parent company to subsidiary company
2. Subsidiary company to parent company
3. Subsidiary company to subsidiary company

Note 3: The ratio of transaction amounts to consolidated revenues or assets shall be calculated as a percentage of consolidated revenues. For balance sheet items, the ratio is calculated by consolidated assets, for profit and loss items, the ratio is calculated by consolidated revenues.

Note 4: The above transactions have been reversed when preparing the consolidated financial statements.

(2) Related information of investees over which the Company exercises significant influence:

Related information of investees over which the Company exercises significant influence for the year ended December 31, 2022 (excluding information on investment in mainland China)

(In Thousands of New Taiwan Dollars/Share)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Profits/Losses on Investment For current period	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value				
The Company	ORIENTAL SKY Ltd.	SAMOA	Investment	49,475	49,475	200,000	100.00%	39,934	100.00%	(10,673)	(10,673)	
〃	TOP CROWN Ltd.	〃	Investment	642,756	642,756	20,717,516	100.00%	286,387	100.00%	(26,801)	(24,735)	Note 1
〃	DE JIN ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	3,000	-	300,000	100.00%	2,253	100.00%	(747)	(747)	
〃	SKARDIN INDUSTRIAL (UK) Ltd	United Kingdom	Electronic Products Design	23,044	23,044	399,999	100.00%	9,970	100.00%	(975)	(975)	
ORIENTAL SKY Ltd.	ED ASIA PTE. LTD.	Singapore	Electronic Products Sales	319,040	319,040	5,360,100	100.00%	16,252	100.00%	(25,001)	(25,001)	
TOP CROWN Ltd.	S&T INDUSTRIAL (H.K.) Co., Ltd	Hong Kong	Investment	92,174	92,174	20,000,000	100.00%	(1,921)	100.00%	736	2,801	Note 1
DE JIN ENERGY CO., LTD.	LIXI ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	-	10,000	100.00%	98	100.00%	(2)	(2)	
〃	YAFU ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	-	10,000	100.00%	98	100.00%	(2)	(2)	
〃	JIANCE ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	-	10,000	100.00%	98	100.00%	(2)	(2)	

Note 1: The difference is mainly due to the unrealized benefits from fixed assets sales in the previous year and the realized gross profit from sales in the current period.

Note 2: The above transactions have been reversed when preparing the consolidated financial statements.

(3) Information on investment in Mainland China

1. Information related to investments in the Mainland China region::

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Direct or indirect investments of the company. Percentage of Ownership	Highest shareholding or investment during the interim period.	Share of Profits/Losses (Note 2)	Carrying Amount as of Balance as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					Outflow	Inflow							
S&T ELECTRONIC TECHNOLOGY (SHENZHEN) CO., LTD.	Electronic Products Design	75,436	(3)	52,857	－	－	52,857	488	100.00%	100.00%	488	1,867	－
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Production and sales of machinery case boxes and remote controls	381,284	(3)	381,284	－	－	381,284	(29,579)	100.00%	100.00%	(29,579)	286,249	－

2. Restrictions on reinvestment in Mainland China.

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 4)
434,141	521,104	621,918

Note 1: There are four types of investment:

1. Investment in mainland companies through remittance from the third region.
2. Reinvest in mainland companies through the establishment of companies in the third region.
3. Reinvest in mainland companies by reinvesting in existing companies in the third region.
4. Other ways such as entrusted investment.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: The exchange rate at the reporting date is converted into New Taiwan dollars.

Note 4: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

3. Significant transactions

For the significant transactions directly or indirectly between the Company and the investee companies in the Chinese mainland for the years ended December 31, 2022 (have been reversed when preparing the consolidated financial statements), please refer to the "Related information of significant transactions" for details.

(4) Major shareholders

Share / Name of major shareholder	Number of shareholdings	Percentage of ownership
HENGYINGTAI CAPITAL INVESTMENT CO., LTD.	27,712,509	45.51%
MILNE MICHAEL	3,352,994	5.50%

14. DEPARTMENTAL INFORMATION

(1) General information

In 2021, The consolidated Company was a single operating department mainly engaged in the operation of satellite TV boxes. The departmental profit and loss, assets, and liabilities information are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and profit and loss statement.

The consolidated Company should report to satellite TV department and the renewable energy department since 2022. The satellite TV department is engaged in the research and development, manufacturing, processing and sales of satellite TV receiving systems; the renewable energy department is engaged in renewable energy plant development, engineering management and electricity sales of plants.

The reportable departments of the consolidated Company are strategic business units that provide different products and services. The business units should be managed separately since each strategic business unit requires different technologies and marketing strategies. Most of the business units were acquired separately, and the management team at the time of acquisition was remained.

(2) Information on departmental profit and loss, assets, liabilities, and their measurement basis and adjustments should be reported

The consolidated Company uses the departmental pre-tax profit and loss (excluding non-recurring profit and loss) reviewed by the operating decision-maker as the basis for management resource allocation and performance evaluation. Since income tax and non-recurring profit and loss are managed on a group basis, the consolidated Company has not apportioned income tax expenses (benefits) and non-recurring profit and loss to reportable departments. In addition, not all reportable profit or loss includes significant non-cash items other than depreciation and amortization. The reported amounts are consistent with the reports used by the operating decision maker.

Except that the pension expenses of each operating department are recognized and measured on the basis of cash payment to pension plan, the accounting policies of the operating departments are the same as those described in Note 4 "Summary of Significant Accounting Policies".

The consolidated Company regards sales and transfers between departments as transactions with third parties, which are measured at current market prices.

The operating department information and adjustments of the consolidated Company are as follows:

2022		Satellite TV Department	renewable energy department	Adjustments and Write-offs	Total
Income:					
Income from external clients	$	1,166,395	-	-	1,166,395
Interest income		4,212	-	-	4,212
Total income:	**$**	**1,170,607**	**-**	**-**	**1,170,607**
Interest expenses	$	1,881	-	-	1,881
Depreciation and amortization		24,990	245	-	25,235
Reportable profit and loss	**$**	**8,147**	**(746)**	**-**	**7,401**
Assets of reportable department	**$**	**1,704,616**	**122,887**	**-**	**1,827,503**
Liabilities of reportable department	**$**	**670,350**	**120,623**	**-**	**790,973**

(3) Product and Service Information

Please refer to Note 6 (13) for information on the revenue of the consolidated Company from external clients.

(4) Regional information

The revenue of the consolidated Company's regional information is classified based on the region of the client. Please refer to Note 6 (13) for details of the revenue by region. Non-current assets are classified according to region as follows:

Region Categories		Dec 31, 2022	Dec 31, 2021
Noncurrent Assets			
Taiwan	$	164,192	38,374
China mainland		343,424	357,422
Other countries		10,713	11,127
Total	**$**	**518,329**	**406,923**

Non-current assets include property, plant and equipment, intangible assets and other assets, but exclude non-current assets of financial instruments, deferred tax assets, post-employment benefits and rights arising from insurance contracts.

(5) Main client information (Clients whose net revenue exceeds 10% of consolidated net revenue)

		2022	**2021**
A Client	$	882,089	509,991
B Client		105,278	253,286

C Client	12,766	162,928
	$ 1,000,133	**926,205**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
Skardin Industrial Corporation

Opinion

We have audited financial statements of Skardin Industrial Corporation, which comprise the balance sheets as of December 31, 2022 and 2021, and the comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with 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 Skardin Industrial Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the parent company only financial statements for the year ended December 31, 2022. 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, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

2. Impairment evaluation of accounts receivable

Please refer to note 4(6) to the parent company only financial statements, financial instruments for accounting policies related to the evaluation of accounts receivable. Please refer to Note 5(1) to the parent company only financial statements for an explanation of accounting estimates and assumptions regarding the evaluation of accounts receivable. Please refer to Note 6(3) to the parent company only financial statements for an explanation of significant accounting items in accounts receivable.

Explanation of key audit matters:

Most of customers of Skardin Industrial Corporation are foreign customers, thus it takes a long time to collect cash. The management's evaluation of receivable impairment will involve some assumptions and estimates, which are highly uncertain and subjective, and should be highly paid attention to by our accountants during the audits of financial statements.

Corresponding audit procedures:

Our accountant's main audit procedures for the above-mentioned key audit matters include estimating the provision loss based on the assumption of the expected loss rate, reviewing historical collection records in previous years, industry economic conditions and other information. To evaluate whether the valuation method and assumptions are correct, and if the disclosure of relevant matters in the financial report is appropriate for the current period.

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 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 Company's ability to continue as a going concern, 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and 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 the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

Accountants:

Approved-certified : No.:Jin-Guan-Certificate No. 0940100754

March 23, 2023

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

Skardian Industrial Corporation

PARENT COMPANY ONLY BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		Dec.31, 2022			Dec.31, 2021	
	Asset		**Amount**	**%**	**Amount**	**%**
	Current Assets:					
1100	Cash and cash equivalents (Note 6(1))	$	292,976	17	372,202	27
1110	Financial assets at fair value through profit or loss-current (Note 6(2))		52,546	3	117,293	8
1172	Account receivables (Note 6(3), 6(12), and 7)		486,689	28	225,289	17
1200	Other receivables		2,587	-	2,347	-
1212	Receivables from related parties (Note 7)		342,214	20	205,540	15
1310	Inventories (Note 6 (4))		8,665	1	39,733	3
1476	Other financial assets-current (Note 8)		131,287	8	6,916	-
1479	Other current assets-other		10,486	1	3,936	-
			1,327,450	78	973,256	70
	Non-current Assets					
1550	Investments accounted for using equity method (Note 6(5))		338,544	20	363,809	26
1600	Property, plant and equipment (Note 6(6) and 8)		34,925	2	34,129	3
1755	Right-of-use assets		5,352	-	1,694	-
1780	Intangible assets		4,656	-	2,551	-
1840	Deferred income tax assets (Note 6(9))		3,287	-	6,554	1
1980	Other noncurrent assets-noncurrent (Note 8)		7,308	-	1,523	-
			394,072	22	410,260	30
	Total Assets	$	1,721,522	100	1,383,516	100

Skardian Industrial Corporation

PARENT COMPANY ONLY BALANCE SHEETS

Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	Liabilities and Equities	Dec.31, 2022 Amount	%	Dec.31, 2021 Amount	%
	Current liabilities				
2100	Short-term loans (Note 6(7))	$ 131,500	8	92,000	7
2130	Revenue from contracts-current (Note 6(12))	7,781	-	5,123	-
2150	Notes payable	459	-	1,647	-
2170	Accounts payable	196,150	11	69,858	5
2180	Payables to related parties (Note 7)	249,478	15	68,369	5
2200	Other payables	89,048	5	107,320	8
2252	Short-term warranty provision	3,144	-	4,264	-
2280	Lease liabilities-current	1,696	-	681	-
2399	Other current liabilities-other	1,288	-	1,640	-
		680,544	39	350,902	25
	Non-current liabilities				
2580	Lease liabilities-noncurrent	3,682	-	1,036	-
2640	Net defined benefit liability (Note 6(8))	766	-	10,363	1
		4,448	-	11,399	1
	Total liabilities	684,992	39	362,301	26
	Equity: (Note 6(10))				
3110	Capital stock	608,876	35	608,876	44
3200	Capital surplus	528,726	32	528,726	38
	Retained earnings:				
3310	Appropriated as legal capital reserve	191,450	11	191,450	14
3320	Appropriated as special capital reserve	32,074	2	32,074	2
3350	Unappropriated retained earnings	(224,373)	(13)	(230,823)	(16)
3400	Others	(100,223)	(6)	(109,088)	(8)
	Total Equity	1,036,530	61	1,021,215	74
	Total	**$ 1,721,522**	**100**	**1,383,516**	**100**

(Please Refer to Notes to Parent Company Only Financial Statements)

Chairman: Yu, Chih-Ching   Manager: Chang, Kung-Wei   Accounting Manager: Fan, Chiung-Yuan

Skardin Industrial Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		2022		2021	
		Amount	%	Amount	%
4000	**REVENUE (Note 6(12) and 7)**	$ 1,154,882	100	1,003,473	100
5000	**COST OF REVENUE(Note 6(4), 6(8) and 7)**	1,014,152	88	893,251	89
	GROSS PROFIT	140,730	12	110,222	11
	OPERATING EXPENSES(Note6(8) and 7)：				
6100	Marketing	89,203	8	86,040	9
6200	General and administrative	23,873	2	17,491	2
6300	Research and development	43,548	4	25,662	2
6450	Expected Credit Losses(Note 6(3))	2,759	-	164	-
	Total operating expenses	159,383	14	129,357	13
	NET OPERATING LOSSES	(18,653)	(2)	(19,135)	(2)
	NON-OPERATING INCOME AND EXPENSES (Note6(14) and 7)				
7100	Interest income	4,595	-	2,966	-
7010	Other income	7,232	1	1,585	-
7020	Other gains and losses	52,419	5	(6,599)	(1)
7050	Finance costs	(1,062)	-	(875)	-
7375	Share of losses recognized for subsidiary accounted for using the equity method. (Note 13)	(37,130)	(3)	(56,758)	(6)
	Total non-operating income and expenses	26,054	3	(59,681)	(7)
7900	**OPERATING INCOME (LOSS) BEFORE INCOME TAX**	7,401	1	(78,816)	(9)
7950	**DEDUCT: INCOME TAX EXPENSE (Note6(9))**	3,180	-	750	-
8200	**NET INCOME (LOSS)**	4,221	1	(79,566)	(9)
	OTHER COMPREHENSIVE INCOME (LOSS):				
8310	**ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:**				
8311	Remeasurement of defined benefit obligation	2,786	-	446	-
8349	Deduct: Income tax relating to items that will not be reclassified subsequently to profit or loss (Note6(9))	(557)	-	(89)	-
	TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	2,229	-	357	-
8360	**ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS**				
8361	Exchange differences arising on translation of foreign operations	8,865	1	774	-
8399	Deduct: Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	TOTAL ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	8,865	1	774	-
	Other comprehensive income (loss), net of income tax	11,094	1	1,131	-
	TOTAL COMPREHENSIVE INCOME	**$ 15,315**	**2**	**(78,435)**	**(9)**
	BASIC/DILLUTED EARNINGS PER SHARE(Note 6(11))				
	BASIC/DILLUTED EARNINGS PER SHARE	**$**	**0.07**		**(1.31)**

(Please Refer to Notes to Parent Company Only Financial Statements)

Chairman: Yu, Chih-Ching　Manager: Chang, Kung-Wei　Accounting Manager: Fan, Chiung-Yuan

Skardin Industrial Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

			Retained Earnings			Others	
	Shares	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Financial Statements Foreign Currency Translation Reserve	Total
BALANCE, JANUARY 1, 2021	$ 608,876	528,726	191,450	32,074	(151,614)	(109,862)	1,099,650
Net Loss	-	-	-	-	(79,566)	-	(79,566)
Other comprehensive income (loss)	-	-	-	-	357	774	1,131
Total comprehensive income (loss)	-	-	-	-	(79,209)	774	(78,435)
BALANCE, December 31, 2021	608,876	528,726	191,450	32,074	(230,823)	(109,088)	1,021,215
Net Income	-	-	-	-	4,221	-	4,221
Other comprehensive income (loss)	-	-	-	-	2,229	8,865	11,094
Total comprehensive income (loss)	-	-	-	-	6,450	8,865	15,315
BALANCE, December 31, 2022	**$ 608,876**	**528,726**	**191,450**	**32,074**	**(224,373)**	**(100,223)**	**1,036,530**

(Please Refer to Notes to Parent Company Only Financial Statements)

Chairman: Yu, Chih-Ching **Manager: Chang, Kung-Wei** **Accounting Manager: Fan, Chiung-Yuan**

Skardin Industrial Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	$	7,401	(78,816)
Adjustments for:			
Income and Expense			
Depreciation expense		2,586	3,049
Amortization expense		2,646	1,463
Expected credit losses		2,759	164
Net loss (profit) from financial assets and liabilities at fair value		11,407	(2,286)
Finance costs		1,062	875
Interest income		(4,595)	(2,966)
Share-based compensation		(58)	(28)
Share of profits of subsidiaries and associates		37,130	56,758
Impairment loss on intangible assets		-	1,148
Provision for warranty of reverse after-sales service		(1,120)	(3,624)
Subtotal		51,817	54,553
Changes in operating assets and liabilities:			
Changes in operating assets			
Financial assets and at fair value through profit and loss		53,340	(83,988)
Accounts receivable		(263,214)	254,554
Another receivable		(220,853)	(816)
Inventories		31,068	(14,483)
Other current assets		(6,550)	(95)
Other financial assets		-	108
Total changes in operating assets		(406,209)	155,280
Changes in operating liabilities			
Notes payable		(1,188)	(947)
Accounts payable		307,401	(65,624)
Other payables		(18,272)	30,545
Contracts liabilities		2,658	(29,187)
Other noncurrent liabilities		(352)	(1,551)
Net defined benefit liability		(6,811)	(9)
Total changes in operating liabilities		283,436	(66,773)
Total changes in operating assets and liabilities		(122,773)	88,507
Total adjustments		(70,956)	143,060
Cash inflow (outflow) generated from operation		(63,555)	64,244
Interest received		4,595	3,182
Interest paid		(1,062)	(875)
Income taxes paid		(470)	(35)
Net cash used in operating activities		(60,492)	66,516
		2022	**2021**

CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of investments received accounted for using equity method	(3,000)	-
Proceeds from acquisitions of property, plant and equipment	(3,533)	(115)
Proceeds from disposal or redemption of property, plant and equipment	935	-
Other receivables-decrease in related parties	82,994	30,350
Acquisitions of intangible assets	(4,751)	(922)
Increase of other financial assets	(130,156)	-
Dividends receive	58	28
Net cash used in investing activities	(57,453)	29,341
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	39,500	(32,000)
Repayment of the principal portion of lease liabilities	(781)	(673)
Net cash used in financing activities	38,719	(32,673)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(79,226)	63,184
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	372,202	309,018
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 292,976**	**372,202**

(Please Refer to Notes to Parent Company Only Financial Statements)

Chairman: Yu, Chih-Ching   Manager: Chang, Kung-Wei   Accounting Manager: Fan, Chiung-Yuan

Skardin Industrial Corporation
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

5. GENERAL

Skardin Industrial Corporation (the "Company") , a Republic of China (R.O.C.) corporation, was incorporated on March, 1982, and it was changed to a stock limited company in August 1997.

It was merged with Well Reach Energy Saving Technology Co., Ltd. and became a surviving company on October 20, 2000. The Company mainly engages in manufacturing processing of satellite television reception system and trading business. On March 2, 1994, the Company's shares were officially listed for trading at Hing Counter and on May 17, 1995 at Taipei Exchange Foundation(TPEx).

6. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 23, 2023.

7. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) The impact of newly issued and revised standards and interpretations approved by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC since January 1, 2022, did not have a significant effect on the Company's accounting policies.

·Amendments to IFRS 16 "Property, Plant and Equipment-the Price Before Reaching the Condition for Intended Use"

·Amendments to IFRS 37 "Onerous Contracts - Costs of Performing Contracts"

·Annual improvements to IFRS 2018-2020

·Amendments to IFRS 3 "References to Conceptual Frameworks"

(2) The impact of not yet adopting the International Financial Reporting Standards (IFRS) recognized by the FSC.

The Company evaluated that the application of the below amendments to the IFRSs endorsed and issued into effect by the FSC since January 1, 2023, will not have a significant effect on the Company's accounting policies.

·Amendments to IAS 1 "Disclosure of Accounting Policies"

·Amendments to IAS 8 "Definition of Accounting Estimates"

·Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(3) The revised standards and interpretations not yet issued and endorsed and issued into effect by the FSC

The standards and interpretations that have been issued and revised by the IASB but have not yet been approved by the FSC may relate to the Company as follows:

New, Revised Standards and Interpretation	Main Revisions	Effective Date Issued by Board of Director
Amendments to IAS 1 "Classification of Liabilities as Current or Non current"	The current IAS 1 stipulates that liabilities of an enterprise without an unconditional right to defer their maturity to at least 12 months after the reporting period shall be classified as current liabilities. The amendments remove the requirement that the right should be unconditional and instead requires that the right must exist and be substantial on the end of the reporting period. The amendment clarifies how an enterprise shall classify liabilities paid for by issuing its own equity instruments (such as convertible bonds).	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering some aspects of the 2020 IAS1 amendment, the new amendment clarifies that only contractual terms followed on or before the reporting date affect the classification of liabilities as current or non-current. The contractual terms to which the business is subject after the reporting date (i.e., future terms) do not affect the classification of liabilities at that date. However, when non-current liabilities are subject to the terms of future contracts, disclosure is required to help financial users understand the risk that such liabilities may be repaid within 12 months of the reporting date.	January 1, 2024

The Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

The Company expects that below newly issued and revised standards will not have a significant effect on the Company's accounting policies.

·Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

·Amendments to IFRS 17 "Insurance Contract"

·Amendments to IFRS 16 "Regulation of Sale-leaseback Transaction"

Notes to Parent Company Only Financial Statements of Skardin Industrial Corporation

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in this parent company only financial report is as follows. The following accounting policies have been applied consistently to all periods presented in this parent company only financial report.

(1) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2) Preparation basis.

1. Measurement Basis

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial assets that are measured at fair values and net defined benefit liabilities,.

2. Functional Currency and Expression Currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The accompanying parent only financial report is expressed in New Taiwan dollars, the Company's functional currency. All financial information is expressed in thousands of New Taiwan dollars.

(3) Foreign Currency

2. Foreign currency transaction

Foreign currency transactions are converted into the functional currency at the exchange rate on the transaction date. On the end day of each subsequent reporting period (reporting date), monetary items are converted into functional currency at the exchange rate on that day.

Non-monetary items measured at fair value are converted into functional currency at the exchange rate on the day when the fair value is measured, and non-monetary items measured at historical cost are converted at the exchange rate on the transaction date.

The variance resulted from foreign currency conversion is normally recognized as profit or loss, except that the following circumstances are recognized as other comprehensive income or loss:

(1) Designated as equity instruments measured at fair value through other comprehensive income and losses;

(2) The financial liabilities designated as the net investment hedging of foreign operating institutions are within the effective scope of hedging; or

(3) Qualified cash flow hedging within the effective range of hedging.

2. Foreign operations

The assets and liabilities including goodwill and fair value adjustments arising from acquisitions of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

When the disposal of foreign operations results in loss of control, joint control or significant impact, the accumulated exchange differences related to the foreign operations shall be reclassified as profit or loss in full. When the partial disposal includes subsidiaries with foreign operations, the relevant accumulated exchange differences are re-attributed to the non-controlling interests in proportion. When partially disposing of investment involves affiliated enterprises or joint ventures with foreign operations, the relevant accumulated exchange differences are reclassified to profit or loss in proportion.

For the monetary receivable or payable items of foreign operations, if there is no settlement plan and it is impossible to pay off in the foreseeable future, the profits and losses arising from foreign currency exchange shall be regarded as part of the net investment in the foreign operations, thus should be recognized in other comprehensive income or loss.

(4) Classification of Current and Noncurrent Assets and Liabilities

Assets that meet one of the following conditions are classified as current assets, while all the other assets are classified as non-current assets:

5. Expects to realize the asset in its normal business cycle, or intends to sell or consume it;
6. The asset is held mainly for trading purposes;
7. Expects to realize the asset within twelve months from the reporting period; or
8. Assets are cash or cash equivalents, except that there are other restrictions on exchanging the asset or using it to settle liabilities at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, while all the other liabilities are classified as non-current liabilities:

2. Expects to settle the liability in its normal business cycle;
2. The liability is held mainly for trading purposes;
3. Expects to settle the liability within twelve months from the reporting period; or
4. Liabilities without unconditional right to defer settlement at least twelve months after the reporting period. The terms of the liability, at the option of the counterparty, may result in its settlement through issuing equity instruments do not affect its classification.

(5) Cash and Equivalents

Cash includes cash on hand and time deposits. Equivalents refer to short-term and highly liquid investments that can be converted into fixed cash at any time with little risk of variation in value. Time deposits that meet the above definition and are held for short-term cash commitments rather than investment or other purposes are reported as cash and equivalents.

(6) Financial Instruments

Accounts receivable shall be initially recognized when incurred. All the financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets (except for accounts receivable that do not contain a significant financial component) and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Accounts receivable that does not contain a significant financial component are initially measured at transaction prices.

2. Financial Assets

For the purchase or sale of financial assets conforms to customary transactions, the Company shall consistently adopt the accounting treatment on the transaction date for all purchases and sales of financial assets classified in the same manner. The financial assets are initially classified as financial assets measured at amortized cost or financial assets measured at fair value through profit or loss. Only when the Company changes its management mode of managing financial assets, it will reclassify all affected financial assets from the first day of the next reporting period.

(5) Financial assets measured at amortized cost

A financial asset is measured at amortized cost when it meets both the following conditions and is not specified as being measured at fair value through profit or loss:

· The financial assets are held in a business mode for the purpose of collecting contracted cash flows.

· The cash flows on a specific date generated by the financial assets' contract terms are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Interest income and profit or loss of foreign currency exchange are recognized as profit or loss. When excluded, the gain or loss is then listed as profit or loss.

(6) Financial assets at FVTOCI

Financial assets that are not measured at amortized cost above or measured at fair value through other comprehensive income and loss are measured at fair value through profit and loss, including derivative financial assets. Accounts receivable that the Company intends to sell immediately or in the near future are measured at fair value through profit or loss but are included in accounts receivable In order to eliminate or materially reduce accounting inappropriateness at the time of initial recognition, the Company may irrevocably specify as financial assets that meet the criteria for measuring at fair value through amortized cost or other comprehensive income and loss.

Such assets are subsequently measured at fair value, and the net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

(7) Impairment of financial assets

The Company recognizes allowance losses for expected credit losses on financial assets measured at amortized cost (including cash and equivalent cash, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, deposits deposited, other financial assets, etc.) and contract assets.

For the financial assets, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. While the loss allowance for others is measured at an amount equal to lifetime expected credit losses.

· The debt securities are judged to have low credit risk at the reporting date; and

· The credit risk of other debt securities and bank deposits (i.e., the risk of default during the intended life of financial instruments) has not increased significantly since the initial recognition.

Allowance losses for accounts receivable and contract assets are measured by the amount of lifetime expected credit losses .

In determining whether credit risk has increased significantly since the initial recognition, the Company considers reasonable and corroborative information (available without excessive cost or input) including qualitative and quantitative information, and analysis based on the Company's historical experience, credit evaluation and forward-looking information.

If the contract payment is more than 180 days overdue, the Company assumes that there has been a significant increase in credit risk.

If the contract payment is more than one year overdue, the Company assumes that there has been a significant increase in credit risk, or the borrower is unlikely to fulfill its credit obligations to pay the full amount to the Company, the Company will regard the financial asset as default.

Lifetime expected credit losses refers to the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

12-month expected credit loss refers to the expected credit loss of a financial instrument arising within 12 months from reporting a possible default (or a shorter period if the expected life of the financial instrument is shorter than 12 months).

The longest period during which expected credit losses are measured is the longest contractual period during which the Company is exposed to credit risk.

Lifetime expected credit loss is a weighted estimate of the probability of credit loss. Credit losses are measured as the present value of all cash shortfalls, i.e., the difference between the cash flow that the Company can receive under the contract and the cash flow that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

On each report, the Company evaluates whether there are credit impairments on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income and loss. The financial asset’s credit is impaired when one or more events have occurred that adversely affect the estimated future cash flow of the financial asset. Evidence of credit impairment of financial assets includes the following observable information:

· Significant financial difficulties of the borrower or issuer;

· Breach of contract, such as delay or overdue of more than one year;

· The Company grants concessions to the borrower that would not otherwise be considered for economic or contractual reasons related to the borrower's financial difficulties;

· The borrower is likely to file for bankruptcy or other financial restructuring; or

· The active market for the financial asset disappears due to financial difficulties.

Losses on financial assets measured at amortized cost are deducted from the carrying value of the asset.

When the Company cannot reasonably expect to recover the financial assets in whole or in part, it shall directly deduct the total book amount of its financial assets. For corporate accounts, the Company will analyze the date and written-down amount individually on the basis of whether it is reasonably expected to be recoverable. The Company does not expect a significant reversal of the written-down amount. However, the written-down financial assets are still enforceable in order to comply with the Company's procedures for recovering overdue amounts.

(8) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

In the transaction for the transfer of financial assets, if the Company maintains all or nearly all of the risks and rewards of the ownership of the transferred assets, it will continue to be recognized on the Balance Sheets.

3. Financial Liabilities and Equity Instruments

(1) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) 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. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(3) Financial liabilities

Financial liabilities are classified as amortized costs, they are subsequently measured either at amortized cost using effective interest method or at FVTPL. Interest expense and exchange gains and losses are recognized as profit or loss, with any profit or loss excluded is also recognized as profit or loss.

(4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When the terms of financial liabilities are revised and the cash flows of the revised liabilities are materially different, the initial financial liabilities will be excluded and the new financial liabilities will be recognized at fair value based on the revised terms.

The difference between the carrying amount of the financial liability derecognized and the consideration paid (includes any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offset of financial assets and liabilities

The Company shall offset financial assets and financial liabilities, which should be expressed in net amount on the Balance Sheets, only when it can currently enforce its legal right to offset or has the intention to deliver on a net basis or simultaneously realize assets and settle liabilities.

(7) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period.

Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(8) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and accumulated impairment.

Property, plant and equipment shall be treated as a separate item (major component) if the major component has different useful lives.

The disposal of property, plant and equipment is recognized as profit or loss.

2. Subsequent expenses

Subsequent expenses are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated on the basis of assets less their residual value and is recognized as profit or loss over the estimated useful lives of each component using the straight-line method. Land is not depreciated.

The estimated useful lives for the current period and comparison period are as follows:

(1) Buildings 38-55 years
(2) Machinery and equipment 2 years
(3) Office equipment 3-6 years
(4) Other equipment 2-10 years

The Company reviews its depreciation method, estimated useful lives and residual value on each reporting date and makes appropriate adjustments if necessary.

(9) Leases

The Company assesses whether a contract contains a lease component on establishment date. The contract shall be regarded as containing a lease component if the contract transfers control over the use of an identified asset for a period of time in exchange for consideration.

2. The Company as lessee

The Company recognizes the use right assets and lease liabilities at the commencement date of the lease. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimated cost of needed to dismantle, remove, and restore the location or the underlying assets, and the deduction of any leasing incentive received.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. In addition, the Company regularly assesses whether the right-of-use asset is impaired and deals with any impairment loss that has occurred, and adjusts the right-of-use asset in coordination with the remeasurement of the lease liability.

Lease liabilities are initially measured at the present value of the unpaid lease payments at the commencement date of the lease. If the implied lease rate is easy to determine, the discount rate will be that rate, if not, the Company's incremental borrowing rate will be the discount rate. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(5) Fixed payments, including substantial fixed payments;
(6) The lease payment depends on a change in an index or rate, and the index or rate on the lease commencement date is used as the initial measurement;
(7) The residual guarantee amount expected to be paid; and
(8) The exercise price or penalty payable when it is reasonably certain that the purchase option or lease termination option will be exercised.

Interest on lease liabilities will be accrued by the effective interest method and will be re-measured when:

(6) Changes in the index or rate used to determine lease payments lead to changes in future lease payments;
(7) Changes in the residual guarantee amount expected to be paid;
(8) Changes in the valuation of the underlying asset purchase option;
(9) Changes in the estimation of whether to exercise the extension or termination option, which result in changes in evaluation of the lease period;
(10) Revision of the lease object, scope or other terms.

When a lease liability is re-measured due to the above-mentioned change in the index or rate used to determine the lease payment, a change in the residual guarantee amount, and a change in the option to purchase, extend or terminate, then the book amount of the right-of-use asset is adjusted accordingly. And when the book amount of the right-of-use asset is reduced to zero, the remaining re-measured amount is recognized as profit or loss.

For a lease revision that reduces the scope of the lease, the book amount of the right-of-use asset is reduced to reflect the partial or total termination of the lease, and the difference between the amount and the re-measurement of the lease liability is recognized as profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment property as single-line items in Balance Sheets.

When an agreement contains lease and non-lease components, the Company amortizes the consideration in the contract to the individual lease components on a relative stand-alone price basis. However, only when leasing land and buildings, the Company chooses not to distinguish between non-lease components but treats lease components and non-lease components as a single lease component.

For short-term leases and leases of low-value underlying assets, the Company will not recognize the right-of-use assets and lease liabilities, but recognize the relevant lease payments as expenses during the lease period on a straight-line basis.

(10) Intangible Assets

4. Recognition and measurement

The goodwill arising from the acquisition of subsidiaries is carried as costs less accumulative impairment losses.

Other intangible assets with limited life acquired by the Company shall be measured by the amount of cost less cumulative amortization and cumulative impairment. Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

5. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of specific assets concerned. All other expenses are recognized as profit or loss as incurred, including internally developed goodwill and brands.

6. Amortization

Except for goodwill, amortization is calculated on the basis of the cost of the asset less the estimated residual value, and is recognized as profit or loss over the estimated useful lives of the intangible asset using the straight-line method from the time it is available for use.

The estimated useful lives for the current period and comparison period are as follows:

(3)	Other intangible assets	1-2 years

The Company reviews its amortized method, estimated useful lives and residual value on each reporting date and makes appropriate adjustments if necessary.

(11) Non-Financial Assets Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets (except for inventories, contract assets, and deferred tax assets), to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is conducted impairment test every year.

For the purposes of impairment test, a group of cash inflow assets that is mostly independent of other individual assets or groups of assets is considered as the minimum identifiable group of assets. The goodwill acquired by the business combination is apportioned to the cash generating units or groups of cash generating units that are expected to benefit from the combination.

The recoverable amount is the higher of the fair value less disposal cost or use value of an individual asset or cash generating unit. When evaluating the value for use, the estimated future cash flows are converted to present value at a pre-tax discount rate that reflects the current market’s evaluation to the time value of money and the specific risks associated with the asset or cash generating unit.

The impairment loss shall be recognized if the recoverable amount of an individual asset or cash generating unit is lower than the book amount.

Impairment loss is immediately recognized in profit and loss and are reduced first by the amount of goodwill amortized on the carrying value of the cash generating unit and then by the amount of the books of each asset in proportion to the amount of other assets within the unit.

Any impairment loss for goodwill is not reversed. Non-financial assets other than goodwill are reversed only when the asset's carrying amount (less depreciation or amortization) would have been determined if the asset had no impairment loss been recognized in prior years.

(12) Liabilities Provision

The recognition of liabilities provision is a present obligation arising from past events, which makes it likely that the Company will need to generate economic resources to satisfy such obligation in the future, and the amount of such obligation can be reliably estimated. The liabilities provision is discounted at the pre-tax discount rate that reflects the current market’s evaluation of the time value of money and the specific risk of liabilities, and the amortization of the discount is recognized as interest expenses.

The reserve for warranty provision is recognized at the time of selling goods or services and is weighted according to the probability associated with historical warranty information and all possible outcomes.

(13) Revenue Recognition

2. Revenue from customer contracts

Income is measured by the consideration gained for the goods or services transferred. The Company recognizes revenue when control of goods or services is transferred to the customer and performance obligations are thus met. The Company's main income items are described as follows:

(3) Products for sale-electronic components and consumer electronics

The Company develops and purchases electronic components and exports them to assembly plants, which also manufactures and sells consumer electronic products to the market. The Company recognizes revenue when control of the product is transferred. The control transfer of the products means that the products have been delivered to the customer, and the Customer has complete control over the distribution channels and prices of the products, and there are no outstanding obligations affecting the customer's acceptance of the products. Delivery occurs when the product has been shipped to a specific location, while the risk of obsolescence and loss has been transferred to the customer, in the meantime, the customer has accepted the product in accordance with the sales contract, or the acceptance terms have expired, or the Company holds objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when the goods are delivered as the Company has right to receive unconditional consideration at that time.

The Company provides a standard warranty for the consumer electronic products sold in accordance with the agreed specifications and is ready to recognize a warranty provision for such obligation.

(4) Financial component

The Company expects that the interval between the transfer of goods or services to the customer under all customer contracts and the time that the customer pays for the goods or services to be no more than one year. Therefore, the Company does not adjust the money time value of the transaction prices.

(14) **Government Subsidy**

The Company recognizes government subsidies as other income when receiving the subsidy without conditions. For subsidy related to other assets, the Company will recognize deferred income at fair value with reasonably confident conditions attached to the subsidy received, and the deferred income will be recognized as other income on a systematic basis over the life of the assets. The government subsidy to compensate the expenses or losses incurred by the Company is recognized in profit and loss on a systematic basis with the related expenses at the same time.

(15) **Employee Benefits**

4. Defined contribution plans

The contribution obligation to the benefit plan is recognized as an expense when the employees have rendered service.

5. Defined benefit plans

The Company's net obligation to the defined benefit plan is calculated on the basis of the present value of the future benefit earned by the employee for service in the current or previous periods of each benefit plan respectively, less the fair value of the plan assets.

The benefit obligation is determined annually by a qualified actuary in accordance with the estimated unit benefit method. To the extent that the results of the calculation are likely to be advantageous to the Company, the assets are recognized to the present value of any economic benefits available in the form of refunds of withdrawals from the Plan or reductions in future withdrawals from the Plan. In calculating the present value of economic benefits, any minimum provision requirements are taken into account.

Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), and any change in the impact of the asset maximum (excluding interest) is recognized in other comprehensive income in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings. The Company determines net interest expense (income) for net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and discount rates determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized as profit or loss.

Any change in benefits associated with the cost of prior period’s services or the reduction of benefits or losses arising from the revision or reduction of the program is immediately recognized as profit or loss. The Company recognizes the liquidation profit or loss of the benefit plan when the liquidation occurs.

6. Short-term employee benefits

Short-term employee benefits are recognized as expense when the service is rendered. If the Company has a current statutory or constructive obligation to pay due to the services rendered by the employee in the past, and, the obligation can be reliably estimated, then the amount shall be recognized as a liability.

(16) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax currently payable and deferred tax shall be recognized in profit or loss, except for those related to business combination, directly recognized in equity or other items related to comprehensive income.

The Company determines that the interest or penalty related to income tax does not meet the definition of income tax and thus is subject to accounting treatment under IAS 37.

Tax current payable includes estimated income tax payable or refunds receivable based on current year's income (loss) tax and any adjustment of income tax payable or refunds receivable for previous years. The amount is the best estimate of the amount expected to be paid or received as measured by the legal tax rate or tax rate of substantive legislation at the reporting date.

The deferred tax measures and recognizes temporary differences between the book amounts of assets and liabilities for financial reporting purposes and their tax bases. Temporary differences arising from the following circumstances shall not be recognized as deferred tax:

1. Assets or liabilities that are not initially recognized as part of a business combination transaction and do not affect accounting profit and taxable income (loss) at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, affiliates and joint venture interests that the Company can control over the time point of reversal of the temporary differences, and it is highly likely that temporary differences will not be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

To the extent that future taxable income is likely to be available for use, unused taxable losses and unused income tax credits are recognized as deferred income tax assets when they are carried forward, as well as deductible temporary differences. It will be reassessed at each reporting date and reduced to the extent that the relevant income tax benefit is not likely to be realized; Or reverse the reduced amount to the extent that it becomes likely to be sufficient taxable income.

The deferred tax is measured by the tax rate of the expected reversal of temporary differences, based on the legal tax rate or the tax rate of substantive legislative at the reporting date.

Deferred tax assets and deferred tax liabilities will be offset against each other only when:

1. There is legal enforcement power to offset tax current payable assets and current tax liabilities; and
2. Deferred tax assets and deferred tax liabilities relate to one of the following tax payers whose income tax is levied by the same taxpayer:
   (1) Same taxpayer; or
   (2) Different taxpayer. Only when each entity intends to settle current tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in every future period in which significant amounts of deferred tax assets and liabilities are expected to be recovered and settled.

(17) Earnings Per Share

The Company demonstrates basic and diluted earnings per share attributable to shareholders of the Company's common equity. The Company's basic earnings per share is calculated by dividing the profit and loss attributable to the shareholders of the Company's common equity by the weighted average number of common shares outstanding in the period. Diluted earnings per share is the profit and loss attributable to shareholders of the Company's common equity and the weighted average number of common shares outstanding, adjusted accordingly by the impact of all potentially diluted common shares.

(18) Departmental Information

The Company has disclosed departmental information in the consolidated financial report; therefore, the accompanying parent company only financial report does not disclose departmental information.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In preparing this parent company only financial reports in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, the management must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from estimates.

Estimates and underlying assumptions are continuously reviewed by management and changes in accounting estimates are recognized during the change period and affected future period.

Accounting policies that involve significant judgment and the information that has a significant impact on the amounts recognized in the parent company only financial reports: None.

The following assumptions and uncertainties in the estimates have a significant risk of causing significant adjustments in the book amounts of assets and liabilities in the next financial year and reflect the impact of the COVID-19 pandemic, related information is as follows:

(7) Impairment of accounts receivable

The allowance losses of the Company's accounts receivable is estimated based on the assumptions of default risk and expected loss rate. The Company considers historical experience, current market conditions and forward-looking estimates on each reporting date to determine the assumptions used and the input values selected when calculating the impairment. Please refer to Note 6 (3) for details of relevant assumptions and input values.

6. EXPLANATION OF SIGNIFICANT ACCOUNTING ITEMS

(1) Cash and equivalent

	Dec. 31, 2022	Dec. 31, 2021
Cash	$ 258	260
Check deposit	-	92
Demand deposit	212,969	259,670
Time deposits	79,749	112,180
Cash and equivalent listed in Cash Flow Statements	**$ 292,976**	**372,202**

Please refer to Note 6 (15) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

	Dec. 31, 2022	Dec. 31, 2021
Financial assets that are forced to be measured at fair value through profit or loss		
Listed (counter) company stocks	$ 863	1,378
Domestic fund	51,683	115,915
Total	**$ 52,546**	**117,293**

1. Please refer to Note 6 (14) for the amount recognized in fair value through profit or loss.
2. Please refer to Note 6 (15) for the disclosure of price risk and fair value information of financial assets.
3. As of December 31, 2022 and 2021, the Company's financial assets were not used as a guarantee for loans or financing lines.

(9) **Accounts receivable**

		Dec. 31, 2022	Dec. 31, 2021
Accounts receivable(including related person)	$	504,989	241,775
Deduct: allowance losses		(18,300)	(16,486)
	$	486,689	225,289

The Company adopts a simplified method to estimate expected credit losses for all accounts receivable using expected credit losses over the expected useful lives. For this purpose, accounts receivable is grouped according to the common credit risk feature of the customer's ability to pay all amounts due under the contract terms and are contained into forward-looking information, including general economic and industry information. The expected credit loss analysis of accounts receivable is as follows:

	Dec. 31, 2022		
	Carrying number of accounts receivable	Weighted average expected rate of credit loss	Expected credit loss during allowance period
Not overdue	$ 486,689	0.00%	-
Over 365 days overdue	18,300	100.00%	18,300
	$ 504,989		18,300

	Dec. 31, 2021		
	Carrying number of accounts receivable	Weighted average expected rate of credit loss	Expected credit loss during allowance period
Not overdue	$ 218,846	0.00%	-
61-120 days overdue	1,613	0.00%	-
121-180 days overdue	4,810	0.00%	-
301~365 days overdue	81	75.00%	61
Over 365 days overdue	16,425	100.00%	16,425
	$ 241,775		16,486

The change of accounts receivable’s allowance losses is listed as follows:

		2022	2021
Beginning balance	$	16,486	17,441
Impairment loss recognized (reversal of impairment loss)		1,814	(955)
Ending balance	$	18,300	16,486

As of December 31, 2022 and 2021, the Company's accounts receivable was not used as a guarantee for loans or financing lines.

(10) Inventories

		Dec. 31, 2022	Dec. 31, 2021
Goods	$	8,665	39,733

1. Inventory costs recognized as cost of goods sold and expenses for the year end December 31, 2022 and 2021 were NT$ 1,014,152 thousand and NT$ 893,251 thousand respectively.

2. As of December 31, 2022 and 2021, the Company's inventories were not used as a pledge guarantee.

(5) Investments adopting the equity method

	Dec. 31, 2022	Dec. 31, 2021
Subsidiary	$ 338,544	363,809

1. For subsidiaries, please refer to the consolidated financial reports of the 2022 year.
2. The above-mentioned investments using equity method were not used as a guarantee for pledge.

(6) Property, plant, and equipment

The costs, depreciation and impairment losses of the property, plant and equipment for the year end December 31, 2022 and 2021 are detailed as follows:

	Land	Building	Machinery and equipment	Office and other equipment	Total
Costs:					
Balance, Jan. 1, 2022	$ 22,63	19,620	6,306	36,065	84,621
Additions	-	-	-	3,533	3,533
Disposals or retirements	-	-	-	(6,133)	(6,133)
Balance, Dec. 31, 2022	$ 22,63	19,620	6,306	33,465	82,021
Balance, Jan. 1, 2021	$ 22,63	19,620	9,560	36,023	87,833
Additions	-	-	-	115	115
Disposals or retirements	-	-	(3,254)	(73)	(3,327)
Balance, Dec. 31, 2021	$ 22,63	19,620	6,306	36,065	84,621
Depreciation and impairment loss:					
Balance, Jan. 1, 2022	$ 1,86	8,251	6,059	34,322	50,492
Depreciation of current year	-	394	247	1,161	1,802
Disposals or retirements	-	-	-	(5,198)	(5,198)
Balance, Dec. 31, 2022	$ 1,86	8,645	6,306	30,285	47,096
Balance, Jan. 1, 2021	$ 1,86	7,857	8,598	33,133	51,448
Depreciation of current year	-	394	715	1,262	2,371
Disposals or retirements	-	-	(3,254)	(73)	(3,327)
Balance, Dec. 31, 2021	$ 1,86	8,251	6,059	34,322	50,492
Carrying value					
Dec. 31, 2022	$ 20,77	10,975	-	3,180	34,925
Jan. 1, 2021	$ 20,77	11,763	962	2,890	36,385
Dec. 31, 2021	$ 20,77	11,369	247	1,743	34,129

Please refer to Note 8 for the guarantee condition of the property, plant, and equipment guarantee for loans or financing lines.

(7) Short-term loan

	Dec. 31, 2022	Dec. 31, 2021
Guaranteed bank loan	$ 131,500	92,000
Credit line unused	$ 233,500	198,000
Interest rate interval	1.41%~1.93%	0.91%~1.25%

Please refer to Note 8 for guarantee condition of collateral assets for bank loans.

(8) Employee benefits

3. Defined benefit plans

The adjustments for the present value of the benefits obligation and the fair value of the plan assets are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Present value of defined benefit obligations	$ 10,169	22,739
Fair value of plan assets	(9,403)	(12,376)
Net defined benefits liabilities	$ 766	10,363

The Company's defined benefit plans are contributed to the labor pension fund account of the Bank of Taiwan. The employees' pension benefits in accordance with the R.O.C. Labor Standards Law are based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

(4) Composition of plan assets

The pension funds distributed by the Company in accordance with the Labor Standards Law is managed by the Bureau of Labor Fund, Ministry of Labor (referred to as the Bureau of Labor Fund). The minimum income distributed shall not be lower than the income calculated according to the local bank's two-year time deposit interest rate.

As of the reporting date, the balance of the Company's labor pension funds at the Bank of Taiwan are NT$ 9,403 thousand. For the information on the use of labor pension funds including fund yield and fund asset allocation, please refer to the information published on the website of the Bureau of Labor Fund.

(5) Change of present value of defined benefit obligations:

The change of present value of defined benefit obligations for the year end December 31, 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligations on January 1	$ 22,739	22,777
Service costs and interest of current period	286	226
Re-measurement on the net defined benefit liability		
-Actuarial loss arising from experience adjustments	(1,999)	225
-Actuarial gain arising from changes in financial assumptions	174	(489)
Benefits of planned payment	(11,031)	-
Defined benefit obligations on December 31	$ 10,169	22,739

(6) The change of the fair value of the defined benefit plans

The change of the fair value of the defined benefit plans for the year end December 31, 2022 and 2021 are detailed as follows:

		2022	2021
Fair value of plan assets on January 1	$	12,376	11,959
Interest income		73	37
Re-measurement on the net defined benefit liability (asset)			
-Return on plan assets (excluding current interest)		961	183
Amount distributed to the plan		7,024	197
Benefits of plan payment		(11,031)	-
Fair value of plan assets on December 31	**$**	**9,403**	**12,376**

(7) Expenses recognized as profit or loss

The expenses for the year end December 31, 2022 and 2021 are detailed as follows

		2022	2021
Current service cost	$	152	155
Net interest of net defined benefit liabilities (assets)		61	34
	$	**213**	**189**

Marketing expenses	$	71	63
Administrative expenses		71	63
Research and development expenses		71	63
	$	**213**	**189**

(8) Actuarial assumptions

The Company's significant actuarial assumptions for determining the present value of its benefit obligations at the closure of reporting date are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate	1.39%	0.59%
Future salary increases	2.00%	1.00%

The Company expects to pay NT$106 thousand to the defined benefit plan within one year after 2022’s reporting date.

The weighted average useful lives of the defined benefit plans are 12 years.

(9) Sensitivity analysis

The impact of changes in the significant actuarial assumptions adopted for the year end December 31, 2022 and 2021 (please note below) on the present value of benefit obligations is as follows:

	Impact of the defined benefit obligations	
	Increase 0.50%	**Decrease 0.50%**
Dec. 31, 2022		
Discount rate	(417)	774
Future salary increases	766	(417)
Dec. 31, 2021		
Discount rate	(305)	896
Future salary increases	887	(305)

The above sensitivity analysis is based on single analysis of the changes effect when other hypotheses remain unchanged. In practice, many assumptions may change in tandem. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities of the Balance Sheets.

The methods and assumptions used in the preparation of sensitivity analysis in this period are the same as in the previous period.

4. Defined distribution plan

The Company has made monthly contributions equal to 6% of each employee's monthly salary to the labor pension fund account of the Labor Insurance Bureau in accordance with labor pension regulations to employees' pension accounts.

The Company's pension expenses for the year end December 31, 2022 and 2021 under the defined retirement pension measures were NT$1,525 thousand and NT$1,388 thousand respectively, which have been distributed to the Labor Insurance Bureau.

(9) Income tax

The Company's profit-seeking enterprise income tax is calculated based on each company entity and cannot be merged. Therefore, the profit-seeking enterprise income tax is calculated according to the applicable tax rate of each company's location.

4. Income tax expenses

The details of the Company's income tax expenses for the year end December 31, 2022 and 2021 are as follows:

	2022	**2021**
Current income tax expenses		
Current income tax of prior period adjustment	$ 470	-
Deferred income tax expenses		
Occurrence and reversal of temporary differences	2,710	750
Income tax expenses	**$ 3,180**	**750**

The income tax expenses recognized in other comprehensive income and profit for the year end December 31, 2022 and 2021 are as follows:

	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit obligation	$ (557)	(89)

The reconciliation of the Company's income tax expense and net loss before tax for 2022 and 2021 is as follows:

	2022	2021
Net profit (loss) before tax	$ 7,401	(78,816)
Income tax based on the domestic tax rate of the Company’s location	$ 1,480	(15,763)
Permanent differences	1,631	(5,406)
Tax-free income	652	92
Current tax loss of unrecognized deferred tax assets	(12,563)	10,324
Changes of unrecognized temporary differences	11,510	11,503
Current income tax of prior period adjustment	470	-
Total	$ 3,180	750

5. Deferred tax assets and liabilities

(3) Unrecognized deferred tax assets

The Company’s unrecognized deferred tax assets are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Deductible temporary differences	$ 378,984	351,466
Tax loss	46,392	111,276
	$ 425,376	462,742
Amount of unrecognized deferred tax asset	$ 85,075	92,548

Deductible temporary differences refer to the time point when temporary differences related to the investment subsidiary is reserved due to merging company’s control, and it is likely that they will not be reversed in the foreseeable future. Therefore, deferred tax assets are not recognized.

In accordance with the provisions of the Income Tax Law, the taxable loss shall be deducted from the net profit of the year in which the loss of ten years prior to the approval by the tax authority, and then subject to the verification of income tax. Such items are not recognized as deferred tax assets because it is unlikely that the Company will have sufficient tax grounds to cover such temporary differences in the future.

As of December 31, 2022, the deduction deadline for tax loss that has not been recognized as deferred tax assets is as follows:

Loss year	Loss not yet deducted	Last year for deduction
2021	$ 46,392	2031

(4) Recognized deferred tax assets and liabilities

The changes of deferred tax assets and liabilities for the year end December 31, 2022 and 2021 are as follows:

	Defined benefit plans	Recognition of after-sales service provision	Bad-debt loss	Other	Total
Deferred tax assets					
Balance, Jan. 1, 2022	$ 2,073	853	3,378	250	6,554
(Debit) Credit to income statement	(1,516)	(224)	(720)	(250)	(2,710)
(Debit) Credit to other comprehensive income or loss	(557)	-	-	-	(557)
Balance, Dec. 31, 2022	$ -	629	2,658	-	3,287
Balance, Jan. 1, 2021	$ 2,165	1,578	3,400	250	7,393
(Debit) Credit to income statement	(3)	(725)	(22)	-	(750)
(Debit) Credit to other comprehensive income or loss	(89)	-	-	-	(89)
Balance, Dec. 31, 2021	$ 2,073	853	3,378	250	6,554

6. The settlement declaration of profit-seeking enterprise income tax has been approved by the tax authority until 2020.

(10) Capital and other equity

On December 31, 2022 and 2021, the total capital stock of the Company was NT$800,000 thousand with par value of $10 for 80,000 thousand shares. The aforesaid total capital stock is common stock with 60,888 thousand shares issued, all shares issued have been paid.

4. Capital reserve

The Company's capital reserve balance is as follows:

	Dec. 31, 2022	Dec. 31, 2021
Additional paid-in capital	$ 514,144	514,144
Treasury stock transaction	14,582	14,582
	$ 528,726	528,726

According to the Company Act, the capital reserve shall first offset the losses, then issue new shares or cash in proportion to the shareholders' original shares using realized capital reserve. The realized capital reserve includes the premium from issuing shares in excess of par value and the donated income. According to the guidelines for the treatment of issuers' offering and issuance of marketable securities, the total amount of the capital reserve set aside each year shall not exceed 10 percent of the paid-in capital.

5. Retained earnings

According to the Corporate Charter, if there is a surplus in General Financial Statements, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings (until the accumulated legal capital reserve equals the Company’s paid-in capital), then set aside a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. If any balance left over, together with the opening undistributed earnings, the Board shall draft a surplus distribution proposal and submit it to the Shareholders' meeting for resolution on the distribution of shareholder dividends and bonuses.

The Company may set aside more than 30% of its earnings to shareholders considering the Company's environment and growth stage, future capital needs and long-term financial planning, and shareholders' demand for cash inflow, among which cash dividend shall not be less than 10% of total dividend.

(6) Legal capital surplus

The legal capital reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(7) Special capital surplus

A special surplus reserve is recognized at the same amount as the current after-tax reserve and the prior period's undistributed reverse in respect of the equity deduction amount of the current year; The same amount of special reserve shall not be distributed from the prior period's undistributed earnings for the prior period's other equity deduction accumulated. If there is a subsequent reversal of equity amount, the reversal portion of the reserve may be distributed.

(8) Profit distribution

On May 17, 2022 and August 12, 2021, the Shareholders' meeting resolved not to allocate dividends.

6. Other equity (net of tax)

	Exchange difference arising from translation of foreign operations' Financial Statements	
Balance, January 1, 2022	$	(109,088)
Exchange difference arising from translation of foreign operations' net assets		8,865
Balance, December 31, 2022	**$**	**(100,223)**
Balance, January 1, 2021	$	(109,862)
Exchange difference arising from translation of foreign operations' net assets		774
Balance, December 31, 2021	**$**	**(109,088)**

(11) Earnings (losses) per share

The calculation of the earnings (losses) per share is as follows:

		2022	2021
Basic earnings (losses) per share			
Net profit (loss) attributable to the Company's common shareholders	**$**	**4,221**	**(79,566)**
Weighted average number of common shares outstanding (thousand shares)		**60,888**	**60,888**
Basic earnings (losses) per share ($)	**$**	**0.07**	**(1.31)**

The years of 2022 and 2021 are unappropriated retained earnings, not having the diluted effect caused by employee salary's common shares, thus the Company did not disclose diluted earnings per share.

(12) Revenue of customer contract

5. Details for income

		2022	2021
Main market area:			
Singapore	$	83,778	217,793
Peru		151,649	85,636
Argentina		457,643	150,186
Chile		112,370	173,390
Italy		12,766	162,964
Other countries		336,676	213,504
	$	1,154,882	1,003,473
Main products/service line:			
Machine case and its components	$	1,154,882	1,003,473

6. Contract balance

		Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Accounts receivable	$	504,989	241,775	496,329
Deduct: allowance losses		(18,300)	(16,486)	(17,441)
Total	$	486,689	225,289	478,888
Contract liabilities	$	7,781	5,123	34,310

7. Please refer to Note 6 (3) for the disclosure of accounts receivable and their impairment.
8. The opening balance of contract liabilities on January 1, 2022 and 2021 was recognized as revenue for the year end December 31, 2022 and 2021, at RMB 5,123 thousand and RMB 29,543 thousand respectively.

(13) Salary of employees, directors, and supervisors

According to the Corporate Charter, any profit for the year should be set aside no less than 3% as employee salary, while no more than 3% should be set aside as director and supervisor salary. However, if there are any accumulated losses, the Company shall reserve the salary amount in advance. The recipient of the stock or cash includes affiliated companies' employees who meet certain conditions.

The Company's losses in 2011 and 2010 were to be made up, so the remuneration of employees and directors was not estimated. Relevant information can be found at the Public Information Observatory.

(14) Non-operating income and expenses

1. Interest income

The Company's interest income is as follows:

		2022	2021
Interest of bank deposits	$	3,816	1,979
Other interest income		779	987
	$	4,595	2,966

2.Other income

The Company's other income is as follows:

		2022	2021
Dividend income	$	58	28
Subsidy income		2,137	-
Other income-other		5,037	1,557
Total other income	$	7,232	1,585

3.Other profit and loss

The details of the Company's other profit and loss for the year end December 31, 2022 and 2021 are as follows:

		2022	2021
Profit (loss) on foreign currency exchange		63,826	(7,737)
Financial assets at fair value through profit or loss		(11,407)	2,286
Impairment loss of intangible assets		-	(1,148)
Net amount of other profit and loss	$	52,419	(6,599)

4.Financial costs

The Company's financial costs for the year end December 31, 2022 and 2021 are as follows:

		2022	2021
Interest expenses	$	1,062	875

(1) Financial instruments

4. Credit risk

(4) Credit risk exposures

The carrying value of financial assets represents the maximum amount of credit exposures.

(5) Concentration of credit risk

In the case that the Company's sales target is significantly concentrated in a small number of customers, the same group's accounts receivable at December 31, 2022 and 2021 should amount to 83% and 62% of the accounts receivable, respectively.

(6) Credit risk of accounts receivable

Please refer to Note 6 (3) for information regarding credit risk exposures on notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables and other financial assets.

The Company's other receivables recognized based on the expected credit loss rate for the year end December 31, 2022 and 2021 are $945 thousand and $1,119 thousand respectively. Please refer to Note 4 (6) for the explanation about how the Company determines credit risk.

5. Liquidity risk

The following table shows contract maturities of financial liabilities, including estimated interest but excluding the effect of net amount agreements.

	Carrying value	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Dec. 31, 2022							
Non-derivative financial liabilities							
Floating interest instruments	$ 131,500	131,727	131,727	-	-	-	-
Non-interest-bearing liabilities	535,135	535,135	535,135	-	-	-	-
Lease liabilities	5,378	5,484	865	865	1,729	2,025	-
	$ 672,013	**672,346**	**667,727**	**865**	**1,729**	**2,025**	**-**
Dec. 31, 2021							
Non-derivative financial liabilities							
Floating interest instruments	$ 92,000	92,095	92,095	-	-	-	-
Non-interest-bearing liabilities	247,194	247,194	247,194	-	-	-	-
Lease liabilities	1,717	1,743	349	348	697	349	-
	$ 340,911	**341,032**	**339,638**	**348**	**697**	**349**	**-**

The Company does not expect that the cash flow of maturity analysis will be significantly earlier, or the actual amount will be significantly different.

6. Interest rate risk

(4) Interest rate risk exposures

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risk are as follows:

	Dec. 31, 2022			Dec. 31, 2021		
Monetary items	**Foreign currency**	**Exchange rate**	**New Taiwan dollar**	**Foreign currency**	**Exchange rate**	**New Taiwan dollar**
Financial assets						
US dollar	$ 40,939	30.673	1,255,722	29,284	27.665	810,138
Financial liabilities						
US dollar	17,613	30.673	540,244	6,897	27.665	190,824

(5) Sensitivity analysis

The exchange rate risk of the Company's monetary items mainly results from currency translation of cash and equivalent, accounts receivable, other receivables, other financial assets (current, borrowings, accounts payable and other payable), resulting in foreign currency exchange profit and loss. On December 31, 2022 and 2021, functional currencies depreciated or appreciated by 5% compared to foreign currencies and all other factors remain unchanged, the net profit before tax for 2022 and 2021 would increase or decrease by $35,774 thousand and $30,966 thousand, respectively. The same basis was used in the two-period analysis.

(6) Exchange profit and loss of monetary items

Due to the wide variety of functional currencies, the exchange profit and loss of monetary items is disclosed through consolidation. The profit (loss) from foreign currency exchange (including realized and unrealized) for the year end December 31, 2022 and 2021 are $63,826 thousand and $7,737 thousand respectively.

(7) Interest rate analysis

The interest rate risk of the Company's financial assets and financial liabilities are described in this Note.

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments on the reporting date. To analyze floating rate liabilities, it is assumed that liabilities outstanding amount on the reporting date is circulating for the whole year. The change used internally when reporting interest rate to the key management is 1% basic points increase or decrease of interest rate, which also represents management's evaluation toward the range of reasonable changes in interest rates.

If the interest rate increases or decreases by 0.1% basis points, the Company's net profit and loss before tax will increase or decrease by NT$81 thousand and increase or decrease by NT$168 thousand, with all other variables unchanged. It is mainly because of the Company's variable rate loans and deposits.

(8) Other price risks

If there is a change in the price of securities on the reporting date (the two-period analysis uses the same basis and assumes that other factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

Security prices at the reporting date	Profit and loss after tax 2022	Profit and loss after tax 2021
Rise 5%	$ 2,627	5,865
Fall 5%	$ (2,627)	(5,865)

4. Fair value information

(1) Categories and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amounts and fair values (including level information on fair values) of various categories of financial assets and liabilities are listed below, but lease liabilities and carrying number of financial instruments not at fair value with reasonable approximation of fair value are not required to be disclosed according to regulations.

	Dec 31, 2022				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	$ 52,546	52,546	-	-	52,546

	Dec 31, 2021				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	$ 117,293	117,293	-	-	117,293

(2) Valuation techniques used in financial instruments’ fair value measurement

Non-derivative financial instruments

If a financial instrument has an open quotation on the active market, its fair value shall be the open quotation on the active market. The market prices announced by the major exchanges and the Central Government Bond Counter trading Center judged to be popular bonds are the basis for fair value of listed equity and debt instruments quoted in active markets.

The financial instruments have open quotation in active market if public quotations of financial instruments can be obtained timely and frequently from exchanges, brokers, underwriters, industry organizations, pricing service agencies or competent authorities, and the prices represent real and frequently occurring fair market transactions. If the above conditions are not met, the market is considered as inactive. Generally speaking, a large bid-ask spread, a significant increase in such spread, or a small trading amount are indicators of an inactive market.

If the financial instruments have an active market (stocks of listed (counter) companies and beneficiary certificates have standard terms and conditions and are traded in an active market), their fair values are determined according to market quotations.

(3) Transfer between level 1 and level 2

There was no transfer for the year end December 31, 2022 and 2021.

(2) Financial risk management

1. Summary

The Company is exposed to following risks due to the use of financial instruments:

(4) Credit risk

(5) Liquidity risk

(6) Market

This Note expresses the Company's exposure information for above-mentioned risks, the Company's goals, policies and procedures for measuring and managing risks. Please refer to the Notes of parent company only financial reports for further quantitative disclosure.

5. Risk management structure

The Board of Directors is responsible for managing and taking control of the Company’s the risk management policy.

The risk management policy is designed to identify and analyze the risks that the Company is encountering. The risk management policy is regularly reviewed to reflect market conditions and changes in the operations. Through training, management guidelines and procedures, the Company develops a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal auditors assist the Company in supervision and conduct periodic and exceptional reviews on risk management procedures and report to the Board.

6. Credit risk

Credit risk is the financial loss risk arising from the failure of a customer or financial instrument’s counter party to perform its contractual obligations, mainly from customers’ accounts receivable and securities investments.

(1)Accounts receivable and other receivable

The Company has set up a credit policy for analyzing the credit rating of each new customer before granting the standard payment and shipping terms and conditions. The calculation method of credit line varies according to the difference between the old and the new customers. The business and finance department discuss about the new customers according to the size of their basic information, and the finance department decides whether to conduct the customer credit investigation and obtain the credit investigation report based on the information’s completeness, and then decides customer’s credit line. Finally it will be processed after approval of the chairman. Old customers are evaluated on the basis of the average transaction turnover over past three months at the time of renewing credit line.

When monitoring customers' credit risk, customers are grouped according to their credit features, including location, age of account, maturity date and existing financial difficulties. The Company's accounts receivable and other receivables are mainly to companies within the same group.

The Company also evaluates historical sales and future customer orders on an annual basis, and takes out an insurance to reduce the credit risk of accounts receivable.

The Company maintains an allowance account for bad debt to reflect the estimated losses incurred on accounts receivable and other receivables and investments. The major components of the allowance account include specific loss components related to major risk exposures and combined loss components established for incurred but not yet recognized losses of similar asset groups. The combined loss allowance account is determined by historical payment statistics for similar financial assets.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's finance department. There is no major doubt for performing contract since the Company's counter parties are banks with good credit and financial institutions with investment grade, therefore, there is no major credit risk.

(3) Assurance

The policy states that the Company can only provide financial guarantees to wholly owned subsidiaries. On December 31, 2022 and 2021, the Company did not provide any endorsement guarantee.

7. Liquidity risk

Liquidity risk is the risk that the Company cannot deliver cash or other financial assets to settle financial liabilities and cannot fulfill related obligations. The Company manages its liquidity by ensuring, as far as possible, that it has sufficient liquidity to solve its matured liabilities under stressful circumstances without enduring the risk of unacceptable loss or damage that harms the Company's reputation.

8. Market risk

Market risk refers to the risk that the Company's earnings or the value of its financial instruments may be affected by changes in market prices, such as changes in exchange rates, interest rates and the equity instruments' prices. The objective of market risk management is to control the degree of market risk within an acceptable range and to optimize the return on investment.

(4) Exchange rate risk

The Company is exposed to exchange rate risks arising from sales, procurement and borrowing transactions not denominated using each Group's functional currencies. The functional currencies of the Group are mainly New Taiwan dollar, US dollar, RMB and British pound. These transactions are denominated mainly in New Taiwan dollar and US dollar.

(5) Interest rate risk

The Company's bank loans are loans under floating interest rate, thus changes in market interest rates will cause changes in its effective interest rate, which cause fluctuations in its future cash flow.

(6) Other market risk

The management allocates portfolio ratios based on market indexes. The main purpose of the investment strategy is to maximize returns on investment. According to this investment strategy, certain investments are designated as fair value through profit and loss as their performance is actively monitored and managed on a fair value basis.

(17) Capital management

The capital management goal is to protect its ability to continue as a going concern, so as to provide shareholders and related parties returns and benefits and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Company may adjust dividends paid to shareholders, reduce return to shareholders, and issue new shares or sell assets to settle liabilities.

The Company controls capital on a debt-to-capital ratio basis like other competitors. The ratio is calculated by dividing net debt by total capital. Net debt is the total liabilities shown on the Balance Sheets less cash and equivalent. Total capital is the total equity add net debt.

The Company's capital management strategy for the 2022 year is the same as that of the 2021 year. The debt-to-capital ratio on the reporting date is as follows:

	Dec.31, 2022	Dec.31, 2021
Total liabilities	$ 684,992	362,301
Deduct: cash and equivalent	(292,976)	(372,202)
Net of liabilities	392,016	(9,901)
Total equity	1,036,530	1,021,215
Total capital	$ 1,428,546	1,011,314
Debt-to-capital ratio	27.44%	- %

The increase in the debt-to-capital ratio on December 31, 2022 was mainly due to the increase in purchase to subsidiaries and raw materials to manufacturers after continued purchase during the second half of the year, as a result, the payable increased compared with last year.

(18) Financing activities for non-cash transactions

The Company's major non-cash transaction financing activities for the year end December 31, 2022 and 2021: None.

7. RELATED PARTY TRANSACTIONS

(1) Name and relation of related party

The related parties that had transactions with the Company during the period covered by this parent company only financial report are as follows:

Name of related party	Relation with the Company
ED ASIA PTE. LTD.	Company’s subsidiary
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	〃
SKARDIN INDUSTRIAL (UK) LTD.	〃
DE JIN ENERGY CO., LTD.	〃

(2) Significant transactions with related parties

1. Operating income

The Company's significant sales to related parties are as follows:

	2022	2021
Subsidiary-ED ASIA PTE. LTD.	$ 83,778	214,801

There is no significant difference between the selling price to subsidiaries and general selling price. The collection period is approximately 150 days after shipment. There is no collateral in receivables from related parties and no bad debt charges are required after evaluation.

2. Purchase

The purchase amount from related parties is as follows:

	2022	2021
Subsidiary-FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	$ 990,458	909,582

The Company calculates purchase price by adding cost on price. The payment term is about 30 days mostly, depending on the Group's funding situation, and it cannot be compared with general manufacturers.

3. Amounts receivable from related parties

The details of receivables from related parties are as follows:

Item	Related party categories	Dec. 31, 2022	Dec. 31, 2022
Accounts receivable	Subsidiary-ED ASIA PTE. LTD.	$ 3,865	39,439
Another receivable	Subsidiary-ED ASIA PTE. LTD. (Note1)	$ 73,006	9,851
	Subsidiary-FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD. (Note1)	269,202	112,688
	Subsidiary-FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD. (Note2)	-	83,001
	Subsidiary-DE JIN ENERGY CO., LTD.	6	-
		$ 342,214	205,540

Note 1: Refers to receivables of materials purchased on behalf of related parties.

Note 2: Refers to receivables of financing and interest from related parties.

4. Amounts payable from related parties

The details of payable from related parties are as follows:

Item	Type of related party	Dec. 31, 2022	Dec. 31, 2022
Accounts receivable	Subsidiary-FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	$ 249,478	68,369

5. Other

SKARDIN INDUSTRIAL (UK) Ltd. signed a technical service contract to entrust services on product technology, research and development, and product interface integration. The technical service fees recognized for the year end December 31, 2022 and 2021 were NT$19,995 thousand and NT$2,033 thousand respectively.

6. Lending to related parties

The financing and the actual expenses from related parties are as follows:

		Dec. 31, 2022	Dec. 31, 2021
Subsidiary-FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	$	-	82,994

The interest rate of financing and subsidiary is 0.95% for the year end December 31, 2022 and 2021, with interest income of NT$779 thousand and NT$987 thousand respectively. As of December 31, 2022 and 2021, the interest income payable was NT$0 and NT$7, 000 respectively.

(3) Key management personnel transactions

Compensation of key management personnel includes:

		2022	2021
Short-term employee benefits	$	9,651	9,255
Post-employment benefits		108	108
	$	9,759	9,363

8. PLEDGED ASSETS

The details of pledged assets' carrying value are as follows:

Assets	Pledge guarantee subject		Dec. 31, 2022	Dec. 31, 2021
Property, plant and equipment	Short-term loan	$	28,289	28,633
Other financial assets - current	Bank loans and credit letters		129,747	6,916
Other financial assets - noncurrent	Bank performance bond		4,668	-
		$	162,704	35,549

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(2) Significant contingent liabilities and unrecognized commitments

1. The Company signed a software use right with a non-related party for research and development and product use. The Company must pay the agreed royalty based on sales volume in accordance with contract terms. Currently, the amount payable is estimated by sales volume and other payable is listed in the account. They will be adjusted according to the actual amount incurred once the contract manufacturer confirms the sales volume.

10. SIGNIFICANT DISASTER LOSS: NONE

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE

15. OTHER

(2) The labor costs, depreciation, and amortization expenses are summarized as follows:

Function	2022			2021		
Nature	**Classified as cost of revenue**	**Classified as operating expenses**	**Total**	**Classified as cost of revenue**	**Classified as operating expenses**	**Total**
Labor costs						
Salary and bonuses	-	32,181	32,181	-	27,937	27,937
Labor & health insurance	-	3,177	3,177	-	2,854	2,854
Pension	-	1,738	1,738	-	1,577	1,577
Board compensation	-	5,266	5,266	-	5,168	5,168
Other	-	1,672	1,672	-	1,559	1,559
Depreciation expenses	-	2,586	2,586	-	3,049	3,049
Amortization expenses	1,548	1,098	2,646	98	1,365	1,463

The additional information regarding the number of employees and employee benefits expenses for the year end December 31, 2022 and 2021 is as follows:

	2022	2021
The number of employees	52	43
The number of non-employee directors	8	6
Expenses on average labor cost	$ 881	917
Expenses on average salary and bonus	$ 731	755
The adjustments of expenses on average salary and bonus	(3.18)%	

The Company's salary policy (including employees, directors, supervisors and managers) information is as follows:

1. Salary: The salary policy is based on the salary level of the position in the same industry market and the position’s power and responsibility in the Company, besides, individual performance and contribution to the Company is taken into consideration.
2. Board compensation is determined in accordance with the Corporate Charter, considering the participation in business operations and the value contributed. Travel fees shall be paid according to according to directors and supervisors’ attendance at the Shareholders’ meetings.
3. Manager: The compensation of the general manager and deputy general manager includes salary, bonus, employee bonus, etc., which are implemented based on positions held and responsibilities assumed and in accordance with the salary management measure resolved by Board.

The compensation of directors, supervisors and general manager has fully considered the operating performance and future operating risks of the Company.

16. ADDITIONAL DISCLOSURES

(5) Related information of significant transactions

The additional disclosures required by the Securities and Futures Bureau for the Company for the year end December 31, 2022 are as follows:

11. Financing and others

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Transaction Account	Is Related Party Or Not	Maximum Balance For the Period (Note 2)	Ending Balance (Note 3)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reason for Short-term Financing	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company (Note 4)	Financing Company's Total Financing Amount Limits (Note 4)
													Name	Value		
0	The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Loan receivable-related party	Yes	92,019	92,019	-	-	2	-	Operating capital	-	NA	-	103,653	414,612
0	The Company	ED ASIA PTE. LTD.	Loan receivable-related party	Yes	30,673	30,673	-	-	2	-	Operating capital	-	NA	-	103,653	414,612
0	The Company	DE JIN ENERGY CO., LTD.	Loan receivable-related party	Yes	90,000	90,000	-	1.725%	2	-	Operating capital	-	NA	-	103,653	414,612

Note1: 1. Companies with business transaction.
2. There is a need for short-term financing.

Note2: The maximum balance for the period.

Note3: Financing amount limits approved by the Board of Directors.

Note4: The amount limits available for lending to the Company's subsidiaries shall not exceed 10% of the Company's net worth, and the aggregate amount should not exceed 40% of the Company's net worth.

12. Endorsement for others:

(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	The Company	LIXI ENERGY CO., LTD.	4	310,959	30,000	30,000	-	-	2.89%	518,265	Y	N	N
0	〃	YAFU ENERGY CO., LTD.	4	310,959	30,000	30,000	-	-	2.89%	518,265	Y	N	N
0	〃	JIANCE ENERGY CO., LTD.	4	310,959	30,000	30,000	-	-	2.89%	518,265	Y	N	N

Note 1: 0 represents the issuer.

Note 2: The maximum amount of the endorsement/guarantee provided by the Company to its subsidiaries shall not exceed 30% of the Company's net worth, and the total amount shall not exceed 50% of the Company's net worth.

Note 3：There are 7 relationships between guarantee provider and guaranteed party

3. Companies with business transaction.

2. A company in which the
Company directly and indirectly holds more than 50% of the voting shares.

3. Companies that directly and indirectly hold more than 50% of the Company's voting shares.

4. Companies in which the Company directly and indirectly holds more than 90% of the voting shares.

5. Based on the needs of contracting projects, companies in the same industry are mutually insured according to the contract.

6. A company that is endorsed and guaranteed by all shareholders in accordance with their percentage of ownership due to a joint investment relationship.

7. Joint and several guarantees for performance guarantees of pre-sale housing sales contracts among peers in accordance with the Consumer Protection Act.

Note 4: The above transactions have been reversed when preparing the consolidated financial statements.

13. Securities held at the end of the period (excluding investment in Subsidiary, affiliated companies and joint venture interests):

(In Thousands of New Taiwan Dollars/Share)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Dec 31, 2022				Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	
The Company	MACRONIX INTERNATIONAL CO., LTD.	-	Financial assets at fair value through other comprehensive income-current	2,321	78	- %	78	
〃	UNITED MICROELECTRONICS CORPORATION	-	〃	14,469	589	- %	589	
〃	WINBOND ELECTRONICS CORP.	-	〃	10,000	196	- %	196	
〃	Allianz Income Growth Multi-Asset Fund Type A (Accumulation)	-	〃	157,325	51,683	- %	51,683	

14. The accumulative purchase or sales of the same securities amount to NT$300 million or more than 20% of the paid-in capital: None.
15. The acquisition of property amounts to NT$300 million or more than 20% of the paid-in capital: None.
16. The disposal of property amounts to NT$300 million or more than 20% of the paid-in capital: None.
17. The purchase and sales with related parties' amount to NT$100 million or more than 20% of the paid-in capital: None.

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature Of Relation ship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	Purchase	990,458	100%	Depends on capital status	-	Depends on capital status	(249,478)	(56)%	
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Skardin Industrial Corporation	Parent company	Sales	(990,458)	(100)%	Depends on capital status	-	Depends on capital status	249,478	100%	

18. The receivables from related parties amount to NT$100 million or more than 20% of the paid-in capital: None.

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature Of Relationship	Ending Balance (Note 1)	Turnover	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
The Company	FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	269,196(Note 2)	- %	-	-	7,219	-
ED ASIA PTE. LTD.	FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	Same parent company	112,184(Note2)	- %	-	-	33,137	-
FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Subsidiary	249,478(Note 1)	51.00%	-	-	49,280	-

Note 1: Accounts receivable from sales
Note 2: Other receivables from material purchase on behalf of others

19. Engagement in derivatives transactions: None.

(6) Related information of investees

The related information of investees for the year end December 31, 2022 is as follows (excluding investees in China):

(In Thousands of New Taiwan Dollars/Share)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2022	Original Investment Amount December 31, 2021	Balance as of December 31, 2022 Shares	Balance as of December 31, 2022 Percentage of Ownership	Balance as of December 31, 2022 Carrying Value	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
The Company	ORIENTAL SKY Ltd.	SAMOA	Investment	49,475	49,475	200,000	100.00%	39,934	(10,673)	(10,673)	
〃	TOP CROWN Ltd.	〃	Investment	642,756	642,756	20,717,516	100.00%	286,387	(26,801)	(24,735)	Note
〃	DE JIN ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	3,000	-	300,000	100.00%	2,253	(747)	(747)	
〃	SKARDIN INDUSTRIAL (UK) Ltd	United Kingdom	Electronic Products Design	23,044	23,044	399,999	100.00%	9,970	(975)	(975)	
ORIENTAL SKY Ltd.	ED ASIA PTE. LTD.	Electronic Products Design	Electronic Products Sales	319,040	319,040	5,360,100	100.00%	16,252	(25,001)	(25,001)	
TOP CROWN Ltd.	S&T INDUSTRIAL (H.K.) Co., Ltd	Hong Kong	Investment	92,174	92,174	20,000,000	100.00%	(1,921)	736	2,801	Note
DE JIN ENERGY CO., LTD.	LIXI ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	-	10,000	100.00%	98	(2)	(2)	
〃	YAFU ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	-	10,000	100.00%	98	(2)	(2)	
〃	JIANCE ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	-	10,000	100.00%	98	(2)	(2)	

Note: The difference is mainly due to the unrealized benefits from fixed assets sales in the previous year and the realized gross profit from sales in the current period.

(7) Information on investment in Mainland China

4. Information related to investments in the Mainland China region::

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows Outflow	Investment Flows Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Direct or indirect investments of the company. Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of Balance as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
S&T Electronics Technology Co.,Ltd.	Electronic Products Design		(3)									
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Production and sales of machinery case boxes and remote controls		(3)									

5. Restrictions on reinvestment in Mainland China.

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 4)
434,141	521,104	621,918

Note 1: There are four types of investment:

1. Investment in mainland companies through remittance from the third region.
2. Reinvest in mainland companies through the establishment of companies in the third region.

3. Reinvest in mainland companies by reinvesting in existing companies in the third region.
4. Other ways such as entrusted investment.

Note 2: Amount was recognized based on the audited financial statements.
Note 3: The exchange rate at the reporting date is converted into New Taiwan dollars.
Note 4: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

6. Significant transactions

For the significant transactions directly or indirectly between the Company and the investee companies in the Chinese mainland for the year ended December 31, 2022, please refer to the "Related information of significant transactions" for details.

(4) Major shareholders

Share Name of major shareholder	Number of shareholdings	Percentage of ownership
HENGYINGTAI CAPITAL INVESTMENT CO., LTD.	27,712,509	45.51%
MILNE MICHAEL	3,352,994	5.50%

17. DEPARTMENTAL INFORMATION

Please refer to the consolidated financial statements of 2022.

Skardin Industrial Corporation
STATEMENT OF CASH AND CASH EQUIVALENTS
December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Abstract	Amount
Cash		$ 258
Demand Deposits in New Taiwan Dollar		18,243
Demand Deposits in Foreign Currency	USD6,247 thousand dollars Exchange rate 30.673 GBP2 thousand dollars Exchange rate 37.001 EUR72 thousand dollars Exchange rate 32.713 HKD118 thousand dollars Exchange rate 3.934 CNY30 thousand dollars Exchange rate 4.400	194,726
Time Deposits	Deposits in foreign currency USD2,600 thousand dollars Exchange rate 30.673	79,749
Total		**$ 292,976**

STATEMENT OF ACCOUNTS RECEIVABLE

Client Name	Abstract	Amount	Note
Non-related party:			
D021-AR	Payment	$ 281,452	
G021	〃	60,448	
D021-CO	〃	41,287	
D021-PE	〃	35,504	
Other	〃	82,433	The amount of a single client does not exceed 5%
Subtotal		501,124	
Related party:			
ED ASIA PTE. LTD.	〃	3,865	
Subtotal		3,865	
Total		504,989	
Deduct: Allowance loss		(18,300)	
Net amount		**$ 486,689**	

Skardin Industrial Corporation
STATEMENT OF OTHER RECEIVABLE
December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Abstract	Amount	Note
Non-related party			
Another receivable	Amounts receivable for maintenance and replacement materials	$ 6,349	
Deduct: Allowance loss		(3,762)	
	Subtotal	2,587	
Related party			
ED ASIA PTE. LTD.	Purchase raw materials	73,006	
FUJIAN ZHIYI ELECTRONIC TECHNOLOGY CO., LTD.	Payment for purchase on new materials	269,202	
Other		6	
	Subtotal	342,214	
Total		**$ 344,801**	

STATEMENT OF OTHER FINANCIAL ASSETS-CURRENT

Item	Abstract	Amount
Time deposits	Bank loan guarantee	$ 129,747
Time deposits	The deposit period exceeds three months	1,540
Total		**$ 131,287**

Skardin Industrial Corporation
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
January 1, 2022-December 31, 2022

(In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Balance, December 31, 2022			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price	Total Amount		
SKARDIN INDUSTRIAL (UK) Ltd.	399,999	$ 11,046	-	-	-	1,076	399,999	100.00%	9,970	24.93	9,970	None	
ORIENTAL SKY Ltd.	200,000	45,895	-	-	-	5,961	200,000	100.00%	39,934	199.67	39,934	〃	
TOP CROWN Ltd.	20,717,516	306,868	-	-	-	20,481	20,717,516	100.00%	286,387	13.82	286,387	〃	
JINDE ENERGY TECHNOLOGY CO., LTD.	-	-	300,000	3,000	-	747	300,000	100.00%	2,253	7.51	2,253	〃	
		$ 363,809		3,000		28,265			338,544		338,544		

Note 1: The increase in this period is capital increase of NT$3,000 thousand in subsidiaries.

Note 2: The decrease in the current period is net of the investment loss of $37,130 thousand accounted for using the equity method and the exchange difference of $8,865 thousand from the foreign operations' financial statements.

Skardin Industrial Corporation
STATEMENT OF SHORT-TERM LOAN
December 31, 2022

(In Thousands of New Taiwan Dollars)

Loan Type	Explanation	Ending Balance	Contract Period	Interest Rate	Financing Line	Mortgage or Guarantee	Note
Guaranteed bank loan	A Bank	$ 94,500	2022/10/13-2023/02/03	1.41%~1.60%	250,000	Time deposits and office	
〃	B Bank	15,000	2022/12/08-2023/03/29	1.925%	35,000	Office	
〃	C Bank	22,000	2022/11/25-2023/02/18	1.525%	80,000	Time deposits	
Total		$ 131,500					

Skardin Industrial Corporation
STATEMENT OF ACCOUNTS PAYABLE
December 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Abstract	Amount	Note
Related party:			
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.		$ 249,478	
Non-related party:			
1022	Payment	57,696	
3622	〃	52,788	
E028	〃	32,247	
3305	〃	28,793	
M035	〃	21,155	
Other	〃	3,471	The amount of a single client does not exceed 5
Total		**$ 445,628**	

STATEMENT OF OTHER PAYABLE

Item	Abstract	Amount
Other payable	Royalty payment	$ 65,453
	Other(The amount of a single item does not exceed 5%)	23,595
Total		**$ 89,048**

Skardin Industrial Corporation
STATEMENT OF NET REVENUE
January 1, 2022-December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Number	Amount	Note
SET TOP BOX	1,640 thousand SETS	$ 1,044,380	
PARTS	56,665 thousand PCS	110,502	
		$ 1,154,882	

STATEMENT OF COST OF REVENUE

Item	Amount
Cost of goods sold	
Balance, beginning of year	$ 39,733
Add: Materials purchased	984,335
Deduct: Equipment transferred	(1,679)
Balance, end of year	(8,665)
Subtotal of cost of goods sold	1,013,724
Others	428
Total	**$ 1,014,152**

Skardin Industrial Corporation
STATEMENT OF SELLING EXPENSES
January 1, 2022-December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Abstract	Amount	Note
Royalty payment		$ 71,411	
Salary expenses		6,906	
Other		10,886	The single amount does not exceed 5%
Total		**$ 89,203**	

STATEMENT OF ADMINISTRATIVE EXPENSES

Item	Abstract	Amount	Note
Salary expenses		$ 16,273	
Incidental expenses		1,709	
Service fee		1,347	
Insurance expenses		1,326	
Other		3,218	The single amount does not exceed 5%
Total		**$ 23,873**	

Skardin Industrial Corporation
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
January 1, 2022-December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Abstract	Amount	Note
Fee for technical services		$ 19,995	
Salary expenses		14,268	
Other		9,285	The single amount does not exceed 5%
Total		**$ 43,548**	

VII. Review and analysis of financial position and financial performance, and a listing of risks

1. Financial position

Main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof. Where the effect is of material significance, shall describe the measures to be taken in response.

(1) Current assets: Operating revenues increased in 2022 compared to 2021, and accounts receivable and inventories increased, resulting in an increase in current assets.

(2) Current liabilities: Purchases increased in 2022 and accounts payable increased compared to the previous year, resulting in an increase in current liabilities.

2. Financial performance

Main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years, sales volume forecast and the basis therefor, effect upon the company's financial operations as well as measures to be taken in response.

Unit: NT$ thousand

Year	2022	2021	Amount of increase or decrease	Change ratio
Operating revenues	1,166,395	1,040,607	125,788	12.09%
Operating income (loss)	(45,722)	(80,859)	35,137	43.45%
Net income (loss) before tax	7,401	(78,816)	86,217	109.39%

(1) Description of changes:

1. Operating Revenues: Operating revenues increased in 2022 compared to 2021 due to mitigating impact of the pandemic.
2. Operating income: Net operating loss decreased in 2022 compared to 2021 due to lower marketing and research and development expenses.
3. Net income before tax: Net income before tax for the year was mainly due to the significant increase in foreign currency exchange gain.

(2) Sales volume forecast and the basis therefor: Not applicable.

3. Cash flow

Unit: NT$ thousand

Cash, beginning of year	Net cash flow from operating activities	Cash inflow (Outflow)	Cash surplus (deficit), end of year	Corrective measures to be taken in response to illiquidity	
				Investment plan	Financing plan
532,739	(107,258)	(210,684)	322,055	－	－

1. Analysis of change in cash flow in the current year:

(1) Operating activities: Mainly due to the increase in accounts receivable, which resulted in cash outflow during the period.

(2) Investment activities: Mainly due to the increase in other financial assets, which resulted in cash outflow during the period.

(3) Financing activities: Mainly due to the increase in short-term loans during the period, which resulted in cash inflow.

2.Corrective measures to be taken in response to illiquidity, and liquidity analysis:

(1) Corrective measures to be taken in response to illiquidity: None.

(2) Liquidity analysis:

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Item	2022	2021	Increase (decrease) ratio
Cash flow ratio	0.00	40.14	(100.00%)
Cash flow adequacy ratio	200.41	110.15	81.94%
Cash reinvestment ratio	0.00	16.93	(100.00%)

Analysis of change in increase (decrease) ratio：

A. Cash flow ratio: Due to net cash flow from operating activities in 2022 was negative.

B. Cash flow adequacy ratio: Due to the increase in capital expenditures in 2022, which resulted in a higher rate.

C. Cash reinvestment ratio: Due to net cash flow from operating activities in 2022 was negative and no cash dividends were distributed.

3. Liquidity analysis for the coming year:

Unit: NT$ thousand

Cash, beginning of year	Estimated net cash flow from operating activities	Estimated cash outflow	Estimated cash surplus (deficit), end of year	Corrective measures to be taken in response to illiquidity	
				Investment plan	Financing plan
322,055	(55,226)	3,474	325,529	–	–

4. Effect upon financial operations of any major capital expenditures during the most recent fiscal year

(1) Financial operations of any major capital expenditures and sources of capital: None.

(2) Possible resulting effects: None.

5. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

None.

6. Risk analysis and assessment

(1) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate during the most recent fiscal year, and response measures to be taken in the future.

Item	2022 (NT$ thousand; %)
Net interest revenue (expense)	2,331
Net exchange (loss) gain	50,518
Net interest revenue (expense) to net operating revenue %	0.20%
Net interest revenue (expense) to net income before tax %	31.50%
Net exchange (loss) gain to net operating revenue %	4.33%
Net exchange (loss) gain to net income before tax %	682.58%

1. Interest rate:

The Company had short-term loans of NT$149,100 thousand as of December 31, 2022, and interest expense of NT$1,881 thousand for the year ended December 31, 2022, which had minimal effect on the Company's profit and loss. The Company's bank deposits amounted to NT$321,596 thousand and interest income amounted to NT$4,212 thousand at the end of 2022. If the market interest rate rises by 1%, the interest income will increase by NT$3,216 thousand. In response to the future, the Company will adjust the allocation of various capital appropriately according to the changes in interest rates.

2.Exchange rate:

The Company's exported products and purchased raw materials are mainly quoted in USD. Although the offsetting effect of import and export can be achieved, the Company's net assets are mainly in USD, and most of the receipts are deposited in USD, so changes in exchange rates will affect the Company's profitability. The Company implements the following measures to reduce the risk of exchange rate fluctuations:

(1) Offset foreign currency assets and foreign currency liabilities to generate a natural hedging effect.

(2) Exports are settled at the right time by judging the trend of appreciation or depreciation of the NTD, analyzing the exchange gain or loss, and deciding the timing of export settlement, and converting USD to NTD or NTD to USD in a timely manner.

(3) In addition to choosing the timing of exchange, the Company also places a portion of USD in fixed deposits to earn a higher interest income.

3.Inflation:

Under the government's policy of stabilizing the financial order and maintaining stable prices, inflation should not have a significant effect on the Company's profit or loss. The Company will closely monitor the inflation situation in the future to adjust the selling price of products and the inventory of raw materials appropriately, and keep track of the price changes of upstream raw materials and key components in order to reduce the effect of cost changes on the Company's profit and loss.

(2) High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions during the most recent fiscal year; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company does not engage in high-risk, highly leveraged investments or loans to other parties. In addition, the Company's provision of endorsement guarantees and loans to subsidiaries are based on the subsidiaries' operating needs and in accordance with the Company's relevant regulations and approved by the board of directors, and are fully disclosed in the financial statements.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

Unit: NT$ thousand

Item \ Year	2021	2022
R&D expenses	97,288	95,287
Net operating revenues	1,040,607	1,166,395
R&D expenses as a percentage of net operating revenues	9.35%	8.17%

The Company invested approximately 8% of its revenue in R&D in 2022. With new development projects underway, the amount of investment in 2023 is expected to be the same as the previous year.

(4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company has not experienced any important policies and legal changes at home or abroad that would have an effect on the Company's financial operations in the recent year. The Company's products sales are mainly in Europe, Central and South America, which are developed countries with relatively stable legal and important policies, so the Company should not have any unfavorable effects due to important policies and legal changes both at home and abroad in the future.

(5) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

With the emerging of digital TV, the Company has also invested in the R&D of digital products, and the results are obvious. The Company also continues to develop new products in response to changes in the market.

(6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company is dedicated to maintaining its corporate image, and there is no situation that has the effect of affecting its corporate image.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: Not applicable.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

With respect to the risk of concentration of sales, the Company's sales concentration is indeed high. The Company will proactively explore new markets and new customers in order to reduce the risk of concentration of sales.

(10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.

(12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

(13) Other important risks, and mitigation measures being or to be taken: None.

7. Other important matters

(1) Asset and liability valuation accounts evaluation basis and base

	Asset and liability valuation account	Basis of Evaluation	Evaluation Base
1	Allowance for doubtful accounts	Aging analysis	Based on the actual occurrence of doubtful accounts in the past two years, the Company evaluates the level of credit risk based on the aging analysis and carryover status of customers and classifies them into categories (0-60 days past due, 60-120 days past due, 120-180 days past due, 180-240 days past due, 240-300 days past due, 300-365 days past due, and over 365 days past due) and classifies customers into Indian and non-Indian regions as a reference for the allowance for doubtful accounts. In addition to classifying the allowance for doubtful accounts based on the aging analysis and carryover status of customers, and then setting the allowance for doubtful accounts based on the historical incidence of doubtful accounts, the allowance for doubtful accounts should be assessed from the perspective of the previous period, and therefore the allowance for doubtful accounts should be adjusted by adding reasonable and verifiable information related to the forecast of future economic conditions. The allowance for doubtful accounts is calculated based on the rolling rate for 0-60 days past due, 60-120 days past due, and 120-180 days past due; 25% for 180-240 days past due, 50% for 240-300 days past due, 75% for 300-365 days past due, and 100% for over 365 days past due. After taking into account the Company's business model and the geographical areas in which the customers operate, the GDP of the sales customer's region for the current year + the next two years is forecasted as the comparison period, and the GDP of the region for the previous year is the base period for comparison. If the GDP of the comparison period is less than the base period GDP, it indicates that the economic strength of the region is declining, and the credit risk of the customers in that region is likely to increase, therefore, the decrease in GDP of the region should be used as a forward-looking adjustment ratio, and the adjustment ratio should be added to the allowance for doubtful accounts ratio.
2	Allowance for inventory valuation and obsolescence loss	Inventory aging analysis	The lower of cost or net realizable value is used for evaluation, and no allowance for doubtful loss is made for those with orders. 1. No obsolescence loss for aging within 6 months.

			2. 50% of loss allowance for aging between 6 months and 1 year. 3. 100% of loss allowance for aging over 1 year.

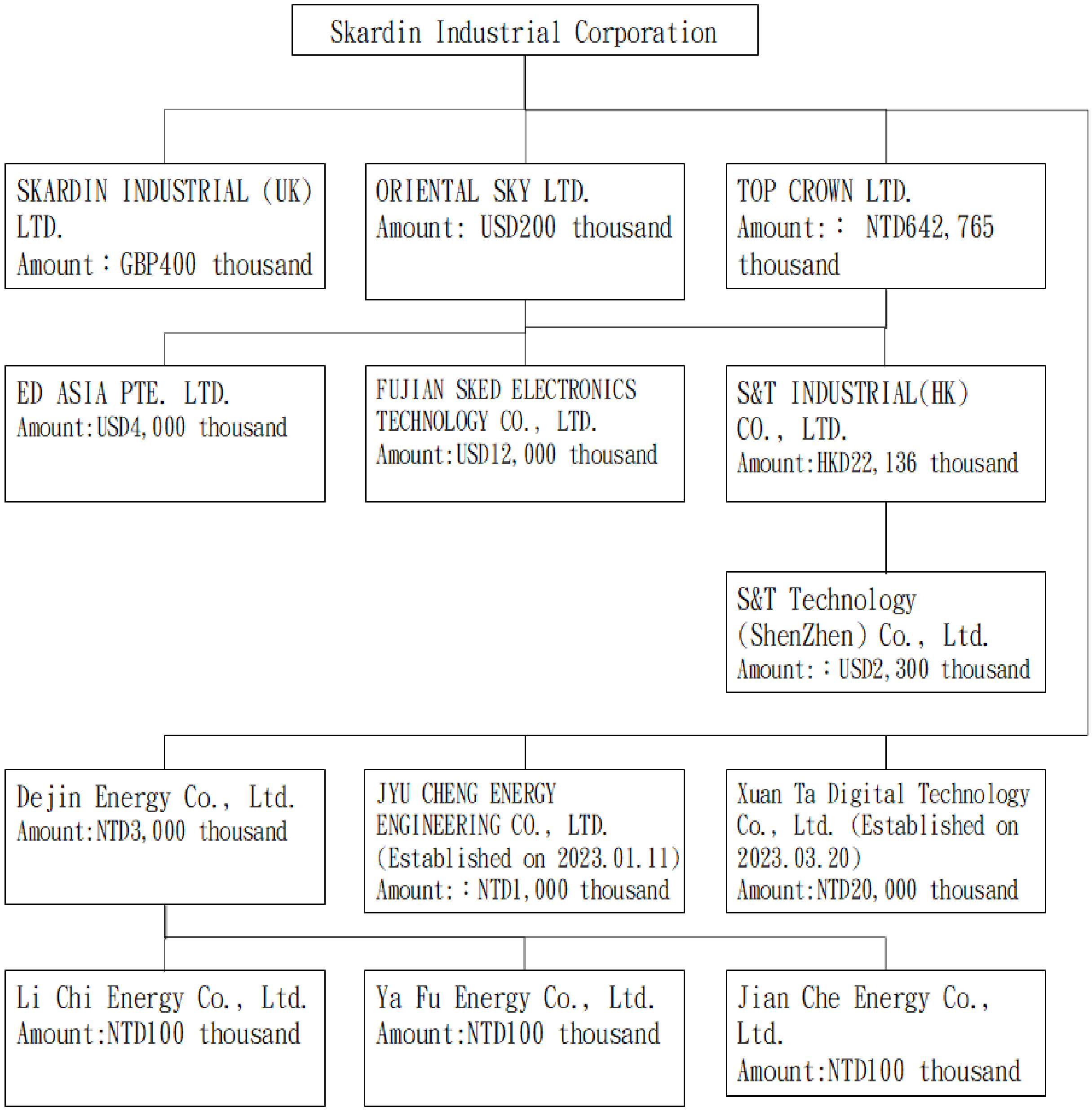
(2) Methods and assumptions in determining fair value of the financial instruments:

1. Short-term financial instruments are measured at their carrying amounts on the balance sheet to determine their fair values because of the short maturities of these instruments and their carrying amounts are a reasonable basis to estimate fair values. This method is applied to cash, notes receivable, accounts receivable, other financial assets, notes payable, accounts payable, accrued expenses and other payables.
2. If a financial asset is publicly traded in an active market, the market price is used as the fair value. If market prices are not available, they are estimated using valuation techniques. The estimates and assumptions used are consistent with those used by market participants in pricing financial instruments.
3. Deposits and refundable deposits are financial instruments that are necessary to guarantee the Company's continued operation. It is not possible to estimate the fair market value of these financial instruments because it is not possible to predict the timing of asset exchanges.
4. Long-term loans bear interest at floating market rates, so their carrying value is approximately equal to the fair market value.

VIII. Special items to be included

1. Overview of the affiliates

(1) Organizational chart of the affiliates:



Note: The above affiliates do not hold shares of the Company.

(2) Name, incorporation date, address, paid-in capital, and main business items of each affiliate

Name	Incorporation date	Address	Paid-in capital	Main business items
1.SKARDIN INDUSTRIAL (UK) LTD.	1999.7.31	76, OLD FARLEIGH ROAD SOUTH CROYDON CR2 8PF England	GBP400 thousand	Electronic product design and trading
2.ORIENTAL SKY LIMITED	2003.11.18	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD200 thousand	Electronic product trading
3.TOP CROWN LIMITED	2004.1.28	P.O. Box 217, Apia, Samoa	NTD642,756 thousand	Investment holdings
4.S&T INDUSTRIAL (HONG KONG) COMPANY LIMITED	2001.5.16	Unit 18, 6 F, Kowloon Bay Industrial Centre, 15 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong	HKD20,000 thousand	Investment holdings
5. S&T Technology (ShenZhen）Co., Ltd.	2002.7.2	A-01 East, 2 F, Podium, Software Industry Base, Nanshan District, Shenzhen	USD2,300 thousand	Electronic product design
6.ED ASIA PTE. LTD.	2011.01.04	36 ROBINSON ROAD #13-01 CITY HOUSE SINGAPORE (068877)	SGD5,360 thousand	Electronic product trading
7. FUJIAN SKED ELECTRONICS TECHNOLOGY CO., LTD.	2014.07.14	Sui’an Industrial Park Sui’an Industrial Development Zone, Zhangpu Fujian, China	USD12,000 thousand	Digital set-top box and remote-control production and sales
8. De jin Energy Co., Ltd.	2022.11.18	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD3,000 thousand	Energy Equipment Installation
9. Ya Fu Energy Co., Ltd.	2022.12.13	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD100 thousand	Energy Equipment Installation
10. Li Chi Energy Co., Ltd.	2022.12.13	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD100 thousand	Energy Equipment Installation
11. Jian Che Energy Co., Ltd.	2022.12.13	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD100 thousand	Energy Equipment Installation
12. JYU CHENG ENERGY ENGINEERING CO., LTD.	2023.01.11	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD1,000 thousand	Energy Equipment Installation
13. Xuan Ta Digital Technology Co., Ltd.	2023.03.20	27F, No. 9, Songren Rd., Xinyi Dist., Taipei City	NTD20,000 thousand	Software Design Services

(3) Presumed to have a relationship of control and subordination: None.

(4) The industries covered by the business operated by the affiliates overall

1.SKARDIN INDUSTRIAL (UK) LTD. is mainly a development, customer service and product R&D center of the Company.

2.ORIENTAL SKY LIMITED is mainly engaged in the trading of electronic products.

3.TOP CROWN LIMITED is mainly engaged in the re-investment.

4.S&T INDUSTRIAL (HONG KONG) COMPANY LIMITED is mainly engaged in the trading of electronic products and materials.

5. S&T Technology (ShenZhen）Co., Ltd. is mainly engaged in the design of set-top box products.

6. ED Asia Pte. Ltd. mainly engages in trading of electronic products.

7. Fujian Sked Electronics Technology Co., Ltd. is mainly engaged in the production of set-top boxes and other products.

8. Dejin Energy Co., Ltd. is mainly engaged in the development of power stations for solar energy, energy storage and other types of energy.

9. Jian Che Energy Co., Ltd. is mainly engaged in the projects of solar photovoltaic station, mainly for holding and operating solar fish farming type solar photovoltaic station.

10. Li Chi Energy Co., Ltd. is mainly engaged in the projects of solar photovoltaic station, mainly for holding and operating solar fish farming type solar photovoltaic station.

11. Ya Fu Energy Co., Ltd. is mainly engaged in the projects of solar photovoltaic station, mainly for holding and operating solar fish farming type solar photovoltaic station.
12. YU CHENG ENERGY ENGINEERING CO., LTD. is mainly engaged in the projects of solar energy, energy storage and other types of energy power station construction, management, design and planning.
13. Xuan Ta Digital Technology Co., Ltd. is mainly engaged in third party payment and information software services.

(5) Names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate.

Unit: share, %

Company name	Title	Name or representative	Share held	
			Share	Shareholding ratio
1.SKARDIN INDUSTRIAL (UK) LTD.	Responsible person	Anthony Robert Patrick Esdaile	–	–
2.ORIENTAL SKY LIMITED	Responsible person	Yu Chih Ching	–	–
3.TOP CROWN LIMITED	Responsible person	Yu Chih Ching	–	–
4.S&T INDUSTRIAL (HONG KONG) COMPANY LIMITED	Chairman	Yu Chih Ching	–	–
5. S&T Technology (ShenZhen） Co., Ltd.	Responsible person	Chen Chia Ju	–	–
6.ED ASIA PTE. LTD.	Responsible person	Yu Chih Ching	–	–
7. FUJIAN SKED ELECTRONICS TECHNOLOGY CO., LTD.	Responsible person	Yu Chih Ching	–	–
8. Dejin Energy Co., Ltd.	Responsible person	Chen Chia Ju	–	–
9. Ya Fu Energy Co., Ltd.	Responsible person	Ting Yi Han	–	–
10. Li Chi Energy Co., Ltd.	Responsible person	Chen Chia Ru	–	–
11. Jian Che Energy Co., Ltd.	Responsible person	Wu Chia Yuan	–	–
12. JYU CHENG ENERGY ENGINEERING CO., LTD.	Responsible person	Yu Chih Ching	–	–
13. Xuan Ta Digital Technology Co., Ltd.	Responsible person	Yu Chih Ching	–	–

(6) Overview of the operations of the affiliates

Unit: NT$ thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating Income	Gain (loss) after tax for the period	Earnings per share (after tax)
1.SKARDIN INDUSTRIAL (UK) LTD.	23,044	14,776	4,805	9,971	19,837	(894)	(975)	－
2.ORIENTAL SKY LIMITED	49,475	39,933	0	39,933	0	14,155	(10,673)	－
3.TOP CROWN LIMITED	642,756	286,387	0	286,387	0	(54)	(26,801)	－
4.S&T INDUSTRIAL (HONG KONG) COMPANY LIMITED	83,899	5,611	0	5,611	0	(70)	736	－
5. S&T Technology (ShenZhen）Co., Ltd.	75,436	6,090	4,222	1,868	11,536	547	488	－
6.ED ASIA PTE. LTD.	319,040	124,691	108,439	16,252	105,278	(44,223)	(25,001)	－
7. FUJIAN SKED ELECTRONICS TECHNOLOGY CO., LTD.	381,285	861,875	575,626	286,249	985,333	(18,207)	(29,579)	－
8. Dejin Energy Co., Ltd.	3,000	122,881	120,629	2,252	0	(598)	(748)	－
9. Jian Che Energy Co., Ltd.	100	100	2	98	0	(2)	(2)	－
10. Li Chi Energy Co., Ltd.	100	100	2	98	0	(2)	(2)	－
11. Ya Fu Energy Co., Ltd.	100	100	2	98	0	(2)	(2)	－

(7) Consolidated Financial Statements of Affiliated Enterprises

The companies required to be included in the Company’s 2022 consolidated financial statements of affiliates under “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 Financial Accounting Criteria Gazette No. 7, 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, shall not be required to prepare separate consolidated financial statements of affiliates.

(8) Affiliation report: In accordance with Article 369-12 of the Company Act, the Company is not a subordinate company of a public company and is therefore not required to prepare an affiliation report.

2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

None.

3. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

None.

4. Other matters that require additional description

None.

IX. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one.

None.

Skardin Industrial Corporation

Chairman　Kevin Yu

Published Date: May 18 2023

SKARDIN

INDUSTRIAL CORPORATION

致振企業股份有限公司

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