Stock Code: 3466

Skardin Industrial Corporation

2023

Annual Report

Published Date: May 25, 2024
Company Website: https://www.skardin.com

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: Liou Yung Shin
   Title: General Manager(Acting)
   Telephone number: (02) 8512-3068
   E-mail address: ys_liu @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. Division 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 2023 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

CONTENT

I. Letter to shareholders

1. 2023 Business Report

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

The consolidated net operating income for the fiscal year 2023 was NT$781,755 thousand, which represents a 32% decrease compared to the consolidated net operating income of NT$1,166,395 thousand in fiscal year 2022.
The company's main markets are in Central and South America and Europe.
The consolidated gross profit margin was 25% in 2023, slightly higher than the 21% in 2022.
The consolidated gross profit was NT$198,983 thousand, and the consolidated operating expenses were NT$425,183 thousand. As for the non-operating revenue and expenses, it mainly included recognized interest revenue , foreign exchange gains and losses, interest expenses, and others.
In summary, the consolidated net loss after tax for the fiscal year 2023 was NT$184,233 thousand.

(2) Budget execution

The Company did not disclose any financial forecast in 2023.

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

Unit: New Taiwan Dollars in thousands

Item / Years ended December 31			2023	2022	Ratio of increase / decrease
Financial revenue and expenditure	Consolidated revenue		781,755	1,166,395	(32.98%)
	Consolidated gross profit		198,983	246,718	(19.35%)
	Consolidated income / loss (net)		(226,200)	(45,722)	(394.73%)
Profitability	Return on assets (%)		(10.22)	0.34	(3,105.88%)
	Return on equity		(19.51)	0.41	(4,858.54%)
	To paid-in capital (%)	Operating income	(36.96)	(7.51)	(392.14%)
		Earnings before taxes	(30.10)	1.22	(2,567.21%)
	Pre-tax net profit to paid-in capital ratio (%)		(23.57)	0.36	(6,647.22%)
	Earnings (loss) per share (NT$)		(3.01)	0.07	(4,400.00%)

(4) Research and development

A. Enhancing the competitiveness of the set-top box product line to high-definition products in simplified USB plug-n-play form, achieving pre-production customer certification.
B. Developing transformational product markets and key technical partners, including 2-in-1 video products with integrated network router functionality.
C. Continuously updating and investing software to enhance the user experience of existing set-top box customers.
D. Completing output of new energy project development and innovative mobile energy storage equipment solutions.

2. 2023 Operation Summaries

(1) Objects to and strategies for management

A. Develop high-growth markets: India, Africa, and South Asia.
B. Operational strategy model: Prioritize products more than assets, and rapid service to meet market demands.
C. Develop network communication products as a second product line beyond existing set-top boxes.

D. Shift the R&D focus from existing decentralized restructuring to actively developing and effectively utilizing resource integration.

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

(3) The policies of products and sales

A. Continuously propose new products to existing customers, maintaining competitiveness and seizing business opportunities.

B. Strengthen business order conditions and payment capabilities in high-risk areas, manage inventory, and shorten turnover.

C. Explore emerging markets in India, South Asia, and Africa, launching new sales channels, introducing high-value products tailored to local preferences.

D. Collaborate with technical partners within the supply chain to leverage their strengths, strengthen the core development team, continue strategic procurement, adapt to regional economic improvements in production outsourcing, comprehensively optimize costs, and improve gross profit margins.

(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 or small 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 2023

(a) Continuously invested in green energy development and have completed the acquisition of public tender solar photovoltaic projects with a capacity of over 2MW.

(b) Invested in aquacultural solar photovoltaic projects with a capacity of over 20MW for in central Taiwan; the project is ongoing.

(c) Planned to be the exclusive distributor for a globally brand of small-scale energy storage and expand into Taiwanese market.

(d)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 2024, 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

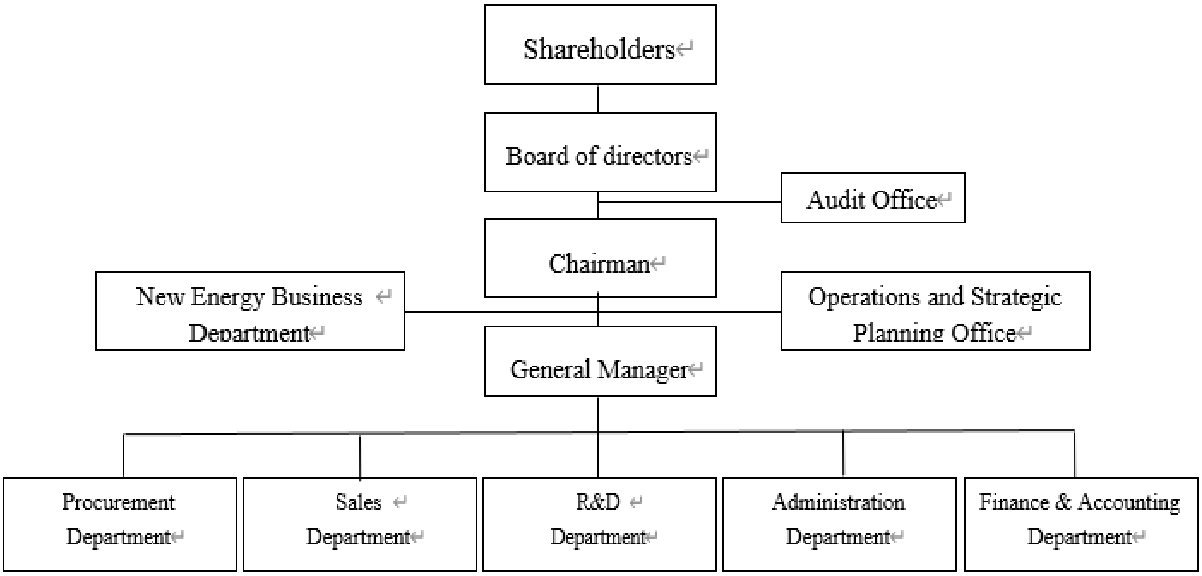
1. Date of incorporation：March 23, 1982
2. Company history

03/1982	Founded Skardin Industrial Ltd., with a capital of NT$1,000 thousand.
08/1997	Changed to a Co., Ltd. by shares.
08/1999	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.
10/2000	At a special shareholders' meeting, the shareholders resolved to merge with Kao Da Enterprise Co. and set up Kaohsiung Branch in the same location.
02/2001	Merged Kao Da Enterprise and increased the capital by NT$14,000 thousand.
09/2003	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.
02/2004	Approved by the Board of Directors and obtained approval from the Investment Commission to invest in Mainland China to set up manufacturing bases.
07/2004	Cash capital increased by NT$43,333 thousand, with paid-in capital of NT$279,333 thousand.
09/2004	Approved by the Financial Supervisory Commission, Executive Yuan for initial public offering of shares.
03/2005	Stock registered in the Emerging Stock Market.
07/2005	Capital increased by earnings and employee bonuses amounting to NT$127,700 thousand, with paid-in capital of NT$407,033 thousand.
07/2005	Cash capital increased by NT$44,000 thousand, with paid-in capital of NT$451,033 thousand.
04/2006	Cash capital increased by NT$52,890 thousand, with paid-in capital of NT$503,923 thousand.
05/2006	Stocks listed on OTC market.
08/2006	Capital increased by earnings and employee bonuses amounting to NT$53,492 thousand, with paid-in capital of NT$557,415 thousand.
08/2007	Capital increased by earnings, capital reserve and employee bonuses amounting to NT$32,371 thousand, with paid-in capital of NT$589,786 thousand
08/2008	Capital increased by earnings and employee bonuses amounting to NT$33,989 thousand, with paid-in capital of NT$623,776 thousand.
10/2013	Invested US$7 million in ED ASIA PTE. LTD., Singapore.
12/2013	Capital reduction of NT$9,900 thousand from treasury stock, and paid-in capital was NT$613,876 thousand after capital reduction.
09/2014	Invested USD 2.5 million in Fujian Sked Electronics Technology Co., Ltd., Zhangpu County Fujian province.
02/2015	Capital reduction of NT$5,000 thousand from treasury stock, and paid-in capital was NT$608,876 thousand after capital reduction.
03/2023	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.
07/2023	The Company has been renamed as Skardin Industrial Corporation.

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
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. Tax payment and filing. 6. Corporate governance

Department	Main functions
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. 5. Coordinate and implement computerized business effectively. 6. Website information update and maintenance. 7. Cyber security planning and management.
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.
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. 4. Tender-related procurement.

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, 2024

Job title	Nationality or place of registration	Name	Gender, Age	Date of election / appointment to current term	Term of office	Commencement date of first term	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	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)
							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.	Yu Chih Ching	Male 50	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 Co. Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.07%	27,712,509	45.07%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Liou Yung Shin	Male 51	2024.01.26	3 years	2024.01.26	0	0%	0	0%	3,000	0.01%	0	0%	Advanced Product Technology and Sales Director at TPV technology Co., Ltd. Deputy General Manager at Pioneer Vintage Co., Ltd.	The Company's Vice President and Chief Strategy Officer.	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Co. Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.07%	27,712,509	45.07%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Lu Yi Chun	Female 39	2022.07.28	3 years	2022.07.28	0	0%	0	0%	0	0%	0	0%	Bachelor of Economics, New York University Managing director of Maxcess Capital Limited	None	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Co. Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.07%	27,712,509	45.07%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Wang Kai Ping	Male 45	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 Co. Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.07%	27,712,509	45.07%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Chen Chia Ju	Male 58	2022.10.26	3 years	2022.10.26	0	0%	0	0%	0	0%	0	0%	Strategic Investment Officer of Masshorn Group Taiwan	The Company's spokesperson	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Co. Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.07%	27,712,509	45.07%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Chen Chien Hong	Male 45	2022.12.30	3 years	2022.12.30	0	0%	0	0%	0	0%	0	0%	Bechelor 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.	Independent Director of Fubon Life Insurance Co., Ltd.	None	None	None	None
Director	R.O.C.	Heng Ying Tai Capital Investment Co. Ltd.	-	2022.07.28	3years	2022.07.28	27,712,509	45.07%	27,712,509	45.07%	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Huang Ting Yang	Male 36	2023.02.24	3 years	2023.02.24	0	0%	0	0%	0	0%	0	0%	Bachelor of Accounting, Soochow University, CPA Independent Director of HD Renewable Energy Co., Ltd.	Independent Director of Texture Maker Enterprise Co., Ltd.	None	None	None	None

Job title	Nationality or place of registration	Name	Gender, Age	Date of election / appointment to current term	Term of office	Commencement date of first term	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	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)
							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 Chi Wen	Male 49	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	Independent Director of Oceanic Beverages Co., Inc. Independent Director of Electric Power Technology Ltd. Independent Director of ACpay Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Kuo Huei Lan	Female 52	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,	Independent Director of J & V Energy Technology Co., Ltd. Representative of Lung Ming Green Energy Technology Engineering Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Chen Mei Lan	Female 61	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.	Supervisor of BigBest Solutions, Inc.	None	None	None	None

Note : 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 Co. Ltd.	Wang Pi Zhen	33.64%
	Yu Chih Ching	66.36%

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

(3) Disclosure of Information Regarding the Professional Qualifications of Directors 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
Liou Yung Shin i	Master of Environmental Engineering, NCTU, currently serves as the deputy general manager and Chief Strategy Officer of the Company and later promoted to acting general manager, with abilities of business judgment, industry knowledge, international market outlook and decision-making.	Deputy general manager and Chief Strategy Officer of the Company	0
Lu Yi Chun	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
Wang 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 Chien 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.	-	1
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.	-	1
Chen Chi 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 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. None of the circumstances stipulated in Paragraph 1 of Article 3 of the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " have occurred, and neither themselves nor their spouses nor relatives within the second degree of kinship have served as directors of the Company or its affiliated enterprises, nor do they hold any shares proportion in the Company (and not held in the name of others).	3
Guo Huei 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 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:

According to Article 20 of the Company's "Corporate Governance Practices Guidelines," the composition of the board of directors should take into account diversity. In addition that the directors concurrently serving as company managers should not exceed one-third of the total number of directors, appropriate diversity policies should be formulated based on the board's own operations, business model, and developmental needs. In response to changes in the Company's development strategy as well as internal and external environment, suitable candidates will continue to be invited to join the board of directors to strength its balance in accordance with the above objectives. For achieving the ideal goals of corporate governance, the members of the Company's board of directors come from the management team, managers from relevant industries, and professionals with financial, operational, and accounting expertise. With diverse fields and work backgrounds, they the board members effectively fulfill their responsibilities which are including establishing and maintaining the Company's vision and values, assisting in promoting corporate governance and strengthening business management, supervising and evaluating the implementation of policies and operational plans by the management team, and enhancing corporate governance standards and enterprise value from the perspective of stakeholders.

Reviewing the list of the Company's directors, it is composed of elites from industry and academia, covering the industrial experience in energy, M&A investments, and information technology fields, etc. and the expertise of operational management, international markets, risk management, accounting and financial analysis, as well as legal and other abilities.

Directors Liu Yong Hsin , Wong Kai Ping , Chen Qi Wen, Chen Mei Lan possess rich industrial knowledge. Directors Lu Yi Jun and Chen Jian Hong have expertise in finance. Directors Chen Chia Ru and Huang Ting Yang have financial accounting experience. Directors Yu Chih Ching and Guo Hui Lan specialize in legal affairs. All 10 current directors of the company are nationals and possess the necessary knowledge, skills, and education to fulfill their duties, and they each have extensive accounting, finance, business or marketing expertise.

(5) Independence of the board of directors:

The independent directors serve consecutive terms not exceeding three terms, aiming to avoid a reduction of their independence due to prolonged tenure, ensuring they can objectively exercise the duties, and none of them have circumstances as specified in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act. 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, 2024

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	%	No. of shares	%	No. of shares	%			Job title	Name	Relationship	
Operations and Strategic Planning Office Deputy General Manager	R.O.C.	Liou Yung Shin	Male	2022.11	0	0	3,000	0	0	0	Advanced Product Technology and Sales Director at TPV technology Co., Ltd. Deputy General Manager at Pioneer Vintage Co., Ltd.	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	Bachelor of Electronic Engineering, Ming Shin University of Science and Technology Product Manager, Energy Department of XUNWEITECH	None	None	None	None	None
Sales Department Assistant General Manager	R.O.C.	Xie Shao Yan	Male	2023.05	0	0	0	0	0	0	Director of Supply Chain Management Division, Top Victory Electronic (Taiwan) Co., Ltd. Manager of Supply Chain Management Department, Philips Taiwan Limited	None	None	None	None	None
Finance & Accounting Department Assistant General Manager	R.O.C.	Chao Hui Ling	Female	2023.09	0	0	0	0	0	0	Graduate School of Business, NTU Senior manager of Taishin Bank	None	None	None	None	None
New Energy Business Department Assistant General 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

Note: The calculation of the shareholding ratio is rounded to the nearest hundredth.

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 deputy general managers

1. Remuneration to Directors (including Independent Directors)

Unit: NT$ thousand

Job titl	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	AMT in cash	AMT in stock	AMT in cash	AMT in stock	The Company	All consolidated entities	
Chairman	Yu Chih Ching	480	480	0	0	0	0	35	35	-0.28%	-0.28%	2,532	2,532	0	0	0	0	0	0	-1.65%	-1.65%	None
Director	Chang Kung Wei	480	480	0	0	0	0	35	35	-0.28%	-0.28%	2,311	2,311	0	0	0	0	0	0	-1.53%	-1.53%	None
Director	Lu Yi Chun	480	480	0	0	0	0	30	30	-0.28%	-0.28%	0	0	0	0	0	0	0	0	-0.28%	-0.28%	None
Director	Wang Kai Ping	480	480	0	0	0	0	30	30	-0.28%	-0.28%	0	0	0	0	0	0	0	0	-0.28%	-0.28%	None
Director	Chen Chia Ju	480	480	0	0	0	0	35	35	-0.28%	-0.28%	957	957	0	0	0	0	0	0	-0.80%	-0.80%	None
Director	Chen Chien Hong	480	480	0	0	0	0	35	35	-0.28%	-0.28%	0	0	0	0	0	0	0	0	-0.28%	-0.28%	None
Director	Huang Ting Yang	480	480	0	0	0	0	35	35	-0.28%	-0.28%	0	0	0	0	0	0	0	0	-0.28%	-0.28%	None
Independent Director	Chen Chi Wen	720	720	0	0	0	0	35	35	-0.41%	-0.41%	0	0	0	0	0	0	0	0	-0.41%	-0.41%	None
Independent Director	Kuo Huei Lan	720	720	0	0	0	0	35	35	-0.41%	-0.41%	0	0	0	0	0	0	0	0	-0.41%	-0.41%	None
Independent Director	Chen Mei Lan	720	720	0	0	0	0	35	35	-0.41%	-0.41%	0	0	0	0	0	0	0	0	-0.41%	-0.41%	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

2. 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	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	2,057	2,057	0	0	254	254	0	0	0	0	-1.25%	-1.25%	None
Deputy General Manager	Ting Yi Han	1,847	1,847	0	0	60	60	0	0	0	0	-1.04%	-1.04%	None
Deputy General Manager	Liou Yung Shin	1,722	1,722	0	0	73	73	0	0	0	0	-0.97%	-0.97%	None

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$1,000,000		
NT$1,000,000 (incl.)～NT$2,000,000	Ting Yi Han, Liou Yung Shin	Ting Yi Han, Liou Yung Shin
NT$2,000,000 (incl.)～NT$3,500,000	Chang Kung Wei	Chang Kung Wei
NT$3,500,000 (incl.)～NT$5,000,000		
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

3. 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	2,057	2,057	0	0	254	254	0	0	0	0	-1.25%	-1.25%	None
Deputy General Manager	Ting Yi Han	1,847	1,847	0	0	60	60	0	0	0	0	-1.04%	-1.04%	None
Deputy General Manager	Liou Yung Shin	1,722	1,722	0	0	73	73	0	0	0	0	-0.97%	-0.97%	None

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

The Company did not distribute any employee profit-sharing compensation to managerial officers in 2023.

(2) 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 2022 and 2023 was 501% and (-9%), 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: 6 (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	Yu Chih Ching	6	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Chang Kung Wei	6	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Lu Yi Chun	6	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Wang Kai Ping	5	1	83%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Chen Chia Ru	6	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Chen Chien Hung	6	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Huang Ting Yang	6	0	100%	None
Independent Director	Chen Chi Wen	6	0	100%	None
Independent Director	Kuo Huei Lan	6	0	100%	None
Independent Director	Chen Mei Lan	6	0	100%	None

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: The Company has established an audit committee and is not subject to the provisions of Article 14-3 of the Securities Exchange Act. For the explanation regarding the matters listed in Article 14-5 of the Securities Exchange Act, please refer to the Operation of the Audit Committee (pages 16-17).

(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 instances of directors' recusal of proposals concerning interests totals: 2:

Meeting date	Director	Content of motion	Cause for recusal	Participation in voting
2023.03.23 2023 6 th meeting of the 15 th session of the board of directors	Yu Chih Ching	Discuss the adjustment of the chairman's remuneration of the Company.	Personal conflict of interest	Refusal to exercise voting in accordance with the law
	Chang Kung Wei	Discuss the adjustment of managers' remuneration of the Company.	Personal conflict of interest	Refusal to exercise voting in accordance with the law
2023.11.29 2023 11th meeting of the 15th session of the board of directors	Chang Kung Wei	Proposed total amount of employee performance bonus and principle of manager performance bonus for the 2023 of the Company.	Personal conflict of interest	Refusal to exercise voting in accordance with the law

3. Information disclosure including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content:

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Evaluation content
Once per year	2023.01.01~2023.12.31	Board of directors	Self-evaluations by board of directors	1. Degree of participation in the operation of the Company 2. Quality enhancement of the Board's decision-making 3. Composition and structure of the Board 4. Election and ongoing education of directors 5. Internal control
Once per year	2023.01.01~2023.12.31	Functional committees.	Self-evaluations by individual functional committees	1. Degree of participation in the operation of the Company 2. Awareness of the duties of the functional committee 3. Enhancement of decision-making quality of the functional committees 4. Makeup of the functional committees and election of its members 5. Internal control
Once per year	2023.01.01~2023.12.31	Individual directors	Self-evaluations by individual directors	1. Mastery of the Company's goals and tasks 2. Awareness of the duties of the director 3. Degree of participation in the operation of the Company 4. Management of internal relationship and communication 5. Professionalism and ongoing education of directors 6. Internal control

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

(1) Establishment of corporate governance regulations: In addition to the powers stipulated in the Company's articles of association, the Company has formulated regulations e.g. as the "Rules and Procedures for Board Meetings", "Internal Major Information Processing Procedures," and "Codes for Corporate Governance Practice," to strengthen the Board operations and corporate governance.

(2) Evaluation of Board performance: For implementing corporate governance and enhancing the functionality of the Board, as well as strengthening the efficiency of board operations by setting performance objectives, the Company has formulated the "Board of Directors Performance Evaluation Methods" in accordance with the Codes of Corporate Governance Practice for Listed and OTC Companies, which is applicable to all board members, functional committees, and individual directors. The internal self-evaluation method of the board of directors and each functional committees involves questionnaires provided to board members by responsible units in December each year, as well as these completed attachments and performance evaluation-related information are issued for reference by board members.

(3) Implementation of functional-committee performance evaluation: Members of the Company's functional committees refer to the latest version of the board performance evaluation method stipulated by the competent authority, conduct self-evaluation based on the evaluation indicators in each December for measuring the performance of the Company's leading strategies as well as supervising the performance of the Company's operations and management aiming to enhance long-term shareholder value.

(2) Operation of the Audit Committee

1. The number of audit committee meetings held in 2023 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 (Convener)	Chen Chi Wen	5	1	83%	None
Independent Director	Kuo Huei Lan	6	0	100%	None
Independent Director	Chen Mei Lan	6	0	100%	None

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 of the Audit Committee	Content of motion	Dissenting opinions, reserved opinions, or significant suggestions by independent directors	Handling of the audit committee's opinions by the Company
2023.03.23 2023 5th meeting of the 2th session	Cause: The Internal Control System Statement for the fiscal year 2022. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Evaluation of the suitability and independence of the CPA and the appointment and remuneration of the CPA. Resolution: Passed as the assessment of the suitability and independence of the CPA. Deferred on the appointment and remuneration of the CPA.	Qualified opinion	Submitted in the most recent meeting
	Cause: The Company's business report, individual financial statements and consolidated financial statements 2022. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Proposal for the Company's deficit appropriation on fiscal year 2022.. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Proposed matters related to the conversion of employee stock options into ordinary shares issued in 2020. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Amendment of "Rules and Procedures for Board Meetings". Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Amendment of "Rules and Procedures for Shareholders' Meeting". Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Amendment to the Articles of Association. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Amendment of the Company's endorsement and guarantee procedure. Resolution: Passed as proposed.	None	Approval by all attending directors
2023.05.11 2023 6th meeting of the 2th session	Cause: Assessment of the appointment and remuneration of the CPA Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: The Company's consolidated financial statements for the first quarter of 2023. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Amendment of "Internal Control Measures and Financial Statement Preparation Process". Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: The appointment of the Company's governance officer. Resolution: Passed as proposed.	None	Approval by all attending directors

Meeting date/session of the Audit Committee	Content of motion	Dissenting opinions, reserved opinions, or significant suggestions by independent directors	Handling of the audit committee's opinions by the Company
2023.08.10 2023 7th meeting of the 2th session	Cause: The Company's consolidated financial statements for the second quarter of 2023. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Proposal to provide endorsement guarantees to the Company's subsidiaries, De Jin Energy Co., Ltd. and Guang Shi Energy Co. Ltd.. Resolution: Passed as proposed.	None	Approval by all attending directors
2023.10.05 2023 8th meeting of the 2th session	Cause: The appointment of the Company's accounting officer.. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Amendment of the approval authority table.. Resolution: Passed as proposed.	None	Approval by all attending directors
2023.11.10 2023 9th meeting of the 2th session	Cause: The Company's consolidated financial statements for the second quarter of 2023. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Withdrawal of providing endorsement guarantees to the subsidiary Guang Shi Energy Co. Ltd.. Resolution: Passed as proposed.	None	Approval by all attending directors
2023.12.29 2023 10th meeting of the 2th session	Cause: The 2024 business plan. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: The 2024 budget propose. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Proposal for the Company's capital loan case. Resolution: Passed as proposed.	None	Approval by all attending directors

(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.)

(1)Communication policy amid independent directors, internal audit manager and CPA: ：

a. Invitation to the CPA to attend the Audit Committee at least twice a year, the CPA reports to the Audit Committee on the review, audit results and internal-control situation of the Company's and subsidiaries' financial reports, and in addition, the internal control audit situation, thorough communication is conducted regarding any major adjustments to entries or significant impacts of legal revisions.

b. Hold communication meetings with the CPA as necessary.

c. The internal audit and independent directors shall hold regular meetings at least quarterly through the Audit Committee to submit reports on the Company's internal audit execution and internal control operations. In case of significant abnormal issues, meetings shall be convened at any time.

(2) Summary of communication between independent directors and CPA for 2023 is as follows:

Meeting date	Content of communication	Suggestion of directors	Execution results
2023.12.29 Individual communication meeting	The CPA explained the scope, methods and findings of the audit for the fiscal year 2023, and communicated and discussed the key audit matters with the Audit Committee.	None	Confirmation of key audit matters in the financial statements for 2023.

(3) Summary of communication between internal audit manager and independent directors for 2023:

Meeting date	Content of communication	Suggestion of directors	Execution results
2023.12.29 Individual communication meeting	Report on the main work results of 2023 and discussion on the audit plan for 2024.	None	The 2024 audit plan is approved by the Audit Committee and be issued for discussion at the board meeting.

(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. (https://www.skardin.com)	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 regularly discloses the final control list of major shareholders in accordance with legal regulations. (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 a periodically.	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? (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 the	 ✓ ✓ ✓	✓	(1) The Company has formulated the "Board Diversity Policy", as well as formulate and implement appropriate diversity policies and specific goals for board members. The "Board Diversity Policy" was approved by the Board of Directors on December 27, 2022 and published on the Company's website. The Company has a board of directors comprising 10 members, including 3 independent directors (accounting for 30%). Independent directors are limited to serving a maximum of three consecutive terms. Furthermore, the company prioritizes gender equality within the board composition, with 3 out of the 10 directors being female. In future director elections, female director candidates will still be given priority to achieve the goal. (2) The Company has established a Remuneration Committee and an Audit Committee, as well as an Employee Welfare Committee and a Labor Pension Reserve Supervision Committee. Other functional committees will be established based on needs evaluation in the future. (3) The Company has established the Rules for Performance Evaluation of Board of Directors and conducts regular performance evaluation of the Board of Directors per year. The Company conducted an internal self-assessment in December 2023 and reported to the Board of Directors on March 15, 2024, which has been disclosed on the Company's website. These assessments results have been disclosed on the company's website. These assessment outcomes serve as references for individual director compensation, nomination for re-election, renewal, so as to continuously improve and optimize the functionality of the board meetings. (4) Before appointing CPAs each year, their	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	
independence of its CPAs?	✓		independence and suitability must be reviewed and resolved by the Audit Committee and the Board of Directors. 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)?	✓		(1) The Board of Directors resolved to establish the position of corporate governance officer on May 11, 2023, responsible for handling matters related to board meetings in accordance with the law, preparing board meeting minutes, assisting directors in their appointment and advanced studies, providing directors with necessary information for business execution, assisting directors in compliance with laws and regulations, and other matters as stipulated in the Company's articles of association or contract, etc.. (2) The Company's current corporate governance officer has more than three years of experience as a financial manager in financial-related institutions and meets the statutory qualifications of a corporate governance officer. (3) Description of the management execution of corporate governance officer in 2023 reads as follows: Conducting the proceedings of the board of directors and related committees, enhancing procedural matters, and avoidance of interests. Providing the necessary information for directors to perform their duties within the statutory deadlines, reminding directors to comply with relevant regulations when executing tasks or making board resolutions; and tracking the follow-up processing and progress of directors' suggestions or opinions after the meeting. In accordance with the latest laws and regulations related to the Company's operational and corporate governance domains, conduct studying and amendments to the Company's important regulations, including revising the Company's articles of association, board of directors' procedures, shareholders' meeting rules, etc. In line with the Company's industrial characteristics, arrangements are made for director training on relevant matters, and regular updates on external training courses are provided to assist directors in adhering to a diversified learning mechanism. Providing directors with necessary company information to facilitate smooth communication and interaction between directors and various business managers, and assisting in arranging communication meetings amid independent directors and internal audit managers, CPAs, etc., to facilitate the execution of independent directors' duties.	Conformity with the regulations of the Corporate Governance Best-Practice Principles
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

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
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 a shareholders' section on its website athttp://www.skardin.com to disclose information 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. For disclosure of the above information, please refer to the Market Observation Post System (MOPS).	Conformity with the regulations of the Corporate Governance Best-Practice Principles
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 proactively 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. 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.	Conformity with the regulations of the Corporate Governance Best-Practice Principles
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. (1) The Company will discuss unresolved matters and follow-up directions for improvement. (2) Priority matters and measures for improvement: Promoting sustainable development.				

(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, 2024

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(Convenor)	Chen Chi Wen	Please refer to the " Disclosure of Information Regarding the Professional Qualifications of Directors and the Independence of Independent Directors " table on page 8.		None
Independent Director	Kuo Huei Lan			None
Independent Director	Chen Mei Lan			None

Operation of the Remuneration Committee

1. The Company's remuneration committee has a total of 3 members, its operations accord with the Company's "Organizational Rules of the Remuneration Committee", and meetings are held at least twice annually.
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	Chen Chi Wen	4	1	80%	None
Independent Director	Kuo Huei Lan	5	0	100%	None
Independent Director	Chen Mei Lan	5	0	100%	None

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 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)		✓	The Company will conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in the future and formulate relevant risk management policies.	The Company will evaluate the 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 proactively 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 a periodically.	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	No significant deviations.

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	
			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 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.	

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	
(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 has formulated the " Sustainable Development Best Practice Principles " and disclosed relevant information on the Company's website.There is no significant difference in implementing employee concept promotion.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: The Company's Board of (1) Environmental protection: Due to considering Energy conservation important, the company actively implements various energy-saving and carbon-reducing measures, including the use of environmentally friendly and energy-saving lamps and active promotion of electronic document to reduce paper usage. (2) Safety and health: The company is dedicated to providing a safe working environment and conducting the physical examination and safety and health training education for employee regularly.				

(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 scope of the preventive measures outlined in Article 6 and Article 7 of the company's Code of Business Integrity has been specifically covered business activities with a higher risk of dishonest behavior as stipulated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies. This is achieved through the establishment of internal regulations and operational procedures, contractual agreements, and linking employee performance appraisal to strengthen relevant preventive measures.	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?	✓		In addition to stipulating operational procedures, behavioral guidelines, and educational training to prevent dishonest behavior, the Company's Code of Business Integrity also regulates that employees must not accept bribes or other improper benefits from the Company, customers, competitors, or suppliers while carrying out their duties. Moreover, employees are prohibited from bribing others in violation of their duties. The Company has also established a whistleblowing system, a punishment system and an appeal process for violations of duties.	No significant abnormal deviations yet.
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?	✓		To avoid trading with parties with dishonest records, the Company examines the timing and credit records of vendors before selecting procurement partners, tracks credit management data and writes in clauses related to integrity in business contracts with regards to sales targets.	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?		✓	A dedicated unit responsible for integrity management has not yet been established, and will be set up based on the evaluation of operating procedures and needs..	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 policy to prevent conflicts of interest has not yet been established. In the event of a conflict of interest, relevant cases can be addressed through statements via the management 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

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	
				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 CPAs to perform the audits?	✓		The Company has established effective accounting and internal control systems, and adheres to them in practice. Internal auditors also regularly check compliance based on their audit plans.	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 conducted internal or external education and training on integrity management.	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 website is equipped with a reporting mailbox to allow both internal and external personnel to report any violations of integrity regulations, 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 established standard operation procedure and investigation mechanisms, as well as keeps confidentiality of the identity and information of relevant persons such as whistleblowers or complainants.	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 the handling of whistle-blowing cases.
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	✓		All the reported cases will be filed as confidential and processed by dedicated personnel to ensure the privacy of interested parties and avoid unfair retaliation or treatment.	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): The Company strictly abides by the Company Law, the Securities and Exchange Law, the Commercial Accounting Law, the listing regulations and other relevant business conduct laws as a guide to implement honest operations.				

(7) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: Please refer to the Company's website https://www.skardin.com

(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.

The participation of the Company’s directors in further training covering corporate governance topics during 2023 is as follows:

Title	Name	Date	Organizer	Name of Course	Hours
Chairman	Yu Chih Ching	2023.11.24	Taiwan Corporate Governance Association	Criminal liability and case analysis for breach of trust by directors, supervisors and managers	3.0
		2023.11.24	Taiwan Corporate Governance Association	Insurance center case analysis in recent years and methods to prevent insider trading	3.0
Director	Chang Kung Wei	2023.12.19	Taiwan Corporate Governance Association	Practical Analysis on Criminal Liability in Securities Illegal Cases	3.0
		2023.07.13	Taiwan Exchange	Publicity meeting on sustainable development action plans for listed companies	3.0
Director	Lu Yi Chun	2023.10.21	Accounting Research & Development Foundation	Legal liability and case analysis related to the company's "competition for management rights"	3.0
		2023.10.17	Accounting Research & Development Foundation	How to correctly understand corporate governance evaluation indicators	3.0
Director	Wang Kai Ping	2023.11.27	Taiwan Insurance Institute	Lecture on corporate governance for directors, supervisors (including independent) and corporate governance supervisors	3.0
		2023.01.12	Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Including Independent) and Corporate Governance Supervisors	3.0
		2023.01.11	Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Including Independent) and Corporate Governance Supervisors	3.0
		2023.01.05	Securities and Futures Institute	Advanced Seminar on the Practice of Directors and Supervisors (Including Independent)	3.0
Director	Chen Chia Ju	2023.11.08	Accounting Research & Development Foundation	Corporate fraud investigation practice and case analysis	6.0
		2023.08.07	Taiwan Exchange	Publicity and briefing session on insider equity of listed companies	3.0
Director	Chen Chien Hong	2023.12.21	Taiwan Academy of Banking & Finance	Corporate Governance Lecture - Requirements for the Board of Directors under laws and regulations related to preventing money laundering and combating terrorist financing	3.0
		2023.10.16	Taiwan Academy of Banking & Finance	Corporate Governance Lecture - Experience Sharing on the Application of AI and New Technology in Financial Security - Public Sector (Entity)	1.5
		2023.10.16	Taiwan Academy of Banking & Finance	Corporate Governance Lecture - Experience Sharing on the Application of AI and New Technology in Financial Security - Private Sector (Entity)	1.5
		2023.10.06	Independent Director Association Taiwan	Industry changes, opportunities and challenges under generative AI	3.0
		2023.10.05	Taiwan Academy of Banking & Finance	Corporate Governance Lecture - Discussing the principle of friendly service and financial exploitation from the principle of fair hospitality	3.0
		2023.10.03	Independent Director Association Taiwan	Key new issues in the principle of fair hospitality-sustainable development of digital finance and consumer protection	3.0
		2023.08.30	Deloitte Taiwan	Director and Senior Executive Information Security Training Course, Fubon Life Insurance, 2023	2.0
		2023.08.16	Taiwan Corporate Governance Association	IFRS17 conformity-key points disclosed in company financial reports, accounting strategies and business strategies of international peers	3.0
		2023.08.16	Taiwan Insurance Institute	Lecture on corporate governance for directors, supervisors (including independent) and corporate governance supervisors	1.5
		2023.07.28	Taiwan Corporate Governance Association	How the audit committee interprets and uses audit quality indicators (AQI)	3.0
Director	Huang Ting Yang	2023.11.27	Taiwan Insurance Institute	Lecture on corporate governance for directors, supervisors (including independent) and corporate governance supervisors	3.0
		2023.10.21	Accounting Research & Development Foundation	Legal liability and case analysis related to the company's "competition for management rights"	3.0
Independent Director	Chen Chi Wen	2023.09.25	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	3.0
		2023.07.18	Accounting Research & Development Foundation	Transformation Finance and Sustainability Disclosure Seminar, 2023	3.0
Independent Director	Kuo Huei Lan	2023.12.26	Accounting Research & Development Foundation	The latest policy development and internal control management practices related to ESG sustainability and self-preparation of financial reports	6.0

Title	Name	Date	Organizer	Name of Course	Hours
Independent Director	Chen Mei Lan	2023.07.20	Taiwan Corporate Governance Association	Seminar on management rights and directors' responsibilities	3.0
		2023.04.11	Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Including Independent) and Corporate Governance	3.0

(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 15, 2024

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, 2023, 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 15, 2024, 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: Liou Yung Shin

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.

The Company's regular shareholders' meeting for 2023 was held on June 12, 2023, at the Sprout Hall, 2nd Fl., No. 82, Zhongzheng Road, Xinzhuang District, New Taipei City. The resolutions and implementation status are as follows:

Material resolutions of the above shareholders meeting:

CASE 1：
Cause : The annual business report and financial statements for 2022. Resolution: After voting, the number of consents exceeds the statutory threshold, and the motion is passed. Execution : The significant information announcement as the important resolutions made at the shareholders' meeting.
CASE 2 ：
Cause : The deficit appropriation case for the 2022. Resolution: After voting, the number of consents exceeds the statutory threshold, and the motion is passed. Execution : The significant information announcement as the important resolutions made at the shareholders' meeting.
CASE 3 ：
Cause : Amendment to the Procedure Rules of the Shareholders’ Meeting. Resolution: After voting, the number of consents exceeds the statutory threshold, and the motion is passed. Execution : Relevant operations will be handled in accordance with the revised management regulations, and the revised provisions will be published on the Company's website.
CASE 4 ：
Cause : Amendment to the Articles of Association. Resolution: After voting, the number of consents exceeds the statutory threshold, and the motion is passed. Execution : In accordance with legal procedures for company registration changes, approval was granted by the Ministry of Economic Affairs in Letter No. 11230120010 on July 11, 2023. The revised articles were disclosed on the Company's website.
CASE 5 ：
Cause : Amendment to endorsement and guarantee operating procedures. Resolution: After voting, the number of consents exceeds the statutory threshold, and the motion is passed. Execution : Relevant operations will be handled in accordance with the revised management regulations, and the revised provisions will be published on the Company's website.

Significant resolutions of the board of directors during the fiscal year 2023 up to the date of publication of the annual report:

2023.03.23(6th meeting of the 15th session)
Cause : Internal Control System Statement for the 2022 of the Company. Resolution: Passed accordingly.

Cause : Evaluation case of the suitability and independence of the CPAs and their appointment and remuneration.
Resolution: Passed accordingly.

Cause : The Company annual business report, individual financial statement and consolidated statement report for the fiscal year 2022.
Resolution: Passed accordingly.

Cause : The deficit appropriation case for the fiscal year 2022.
Resolution: Passed accordingly.

Cause : The Company's directors and employees remuneration case for the fiscal year 2022.
Resolution: Passed accordingly.

Cause : To meet operational funding needs, it is planned to apply for a credit line from Chailease Speciaty Finance Co., Ltd..
Resolution: Passed accordingly.

Cause : To meet operational funding needs, it is planned to apply for a credit line from Changhua Bank Hsi-Sung Branch.
Resolution: Passed accordingly.

Cause : Plan of the matters related to the conversion of employee stock options into ordinary shares issued in 2010.
Resolution: Passed accordingly.

Cause : Amendment of the Board of Directors' Meeting Regulations.
Resolution: Passed accordingly.

Cause : Amendment of the Shareholders' Meeting Rules.
Resolution: Passed accordingly.

Cause : Amendment to the Articles of Association.
Resolution: Passed accordingly.

Cause : Amendment of the Company's endorsement and guarantee procedure..
Resolution: Passed accordingly.

Cause : Setup of the period and place of acceptance of shareholder proposals in accordance with the provisions of Article 172-1 of the Company Law.
Resolution: Passed accordingly.

Cause : The time, location, and agenda of the 2023 annual general meeting of shareholders..
Resolution: Passed accordingly.

Cause : Business authorization for the investment and acquisition of a ground-mounted 3.6 MW solar power plant proposed by the New Energy Business department..
Resolution: Passed accordingly.

Cause : The salary compensation adjustment proposal for the Chairman.
Resolution: Passed accordingly.

Cause : The salary compensation adjustment proposal for the managers.
Resolution: Passed accordingly.

2023.05.11(7th meeting of the 15th session)

Cause : The Company's consolidated financial statements for the first quarter of 2023.
Resolution: Passed accordingly.

Cause : Amendment of "Internal Control Measures and Financial Statement Preparation Process".
Resolution: After modifying the authority and structure of the audit office according to the opinion of independent directors, it will be submitted for discussion by the Audit Committee and the Board of Directors again..

Cause : "OTC Company Financial Reporting Competency Assessment Form" for the first quarter consolidated financial statements for the fiscal year 2023.
Resolution: Passed accordingly.

Cause : The appointment of the Company's governance officer.
Resolution: Passed accordingly.

2023.08.10(8th meeting of the 15th session)

Cause : Amendment of “Internal Control Measures and Financial Statement Preparation Process”.
Resolution: After revising some wording according to the opinion of independent directors, it will be resubmitted for discussion by the Audit Committee and the Board of Directors.

Cause : The Company's consolidated financial statements for the second quarter of 2023..
Resolution: Passed accordingly.

Cause : Proposal to provide endorsement guarantees to the Company’s subsidiaries, De Jin Energy Co., Ltd. and Guang Shi Energy Co. Ltd..
Resolution: Passed accordingly.

Cause : Plan for the Company’s renaming and the new shares issuing.
Resolution: Passed accordingly.

Cause : The change of the Company's governance officer.
Resolution: Passed accordingly.

Cause : The appointment of the deputy general manager also serving as chief strategy officer of the Operations and Strategy Planning Office.
Resolution: Passed accordingly.

Cause : The appointment of the Company's deputy general manager
Resolution: Passed accordingly.

2023.10.05(9th meeting of the 15th session)

Cause : Amendment of “Internal Control Measures and Financial Statement Preparation Process”.
Resolution: Passed accordingly.

Cause : Appointment and compensation proposal for the accounting executive and corporate governance officer.
Resolution: Passed accordingly.

Cause : Amendment of the decision-making authority table.
Resolution: Passed accordingly.

2023.11.10(10th meeting of the 15th session)

Cause : The Company's consolidated financial statements for the third quarter of 2023.
Resolution: Passed accordingly.

Cause : Withdrawal of providing endorsement guarantees to the subsidiary Guang Shi Energy Co. Ltd.
Resolution: Passed accordingly.

2023.12.29(11th meeting of the 15th session)

Cause : The internal audit plan declaration form for the fiscal year 2024.
Resolution: Passed accordingly.

Cause : Proposal for the total amount of employee performance bonuses and the distribution principles for managerial performance bonuses for 2023.
Resolution: Passed accordingly.

Cause : The 2024 business plan.
Resolution: Upon consultation with all attending directors by the Chairman, this matter will be supplemented with explanations and discussed again at the first board meeting of 2024.

Cause : The 2024 budget plan..
Resolution: Upon consultation with all attending directors by the Chairman, this matter will be supplemented with explanations and discussed again at the first board meeting of 2024.

Cause : To meet operational needs, it is planned to apply for a credit line from financial institutions.
Resolution: Passed accordingly.

Cause : Proposal for the Company's capital loan case.
Resolution: Passed accordingly.

2024.01.15(12th meeting of the 15th session)

Cause : The 2024 business plan.
Resolution: Passed accordingly.

Cause : The 2024 budget plan.
Resolution: Passed accordingly.

Cause : Proposal of the "Organizational Regulations of the Sustainable Development Committee".
Resolution: After revising some wording according to the opinion of independent directors, it will be resubmitted for discussion by the Audit Committee and the Board of Directors..

Cause : Regular assessment of the salary and compensation of managers.
Resolution: Passed accordingly.

2024.03.15(13th meeting of the 15th session)

Cause : Proposal of the "Organizational Regulations of the Sustainable Development Committee".
Resolution: Passed accordingly.

Cause : Internal Control System Statement for the 2023 of the Company.
Resolution: Passed accordingly.

Cause : Replacement of the CPA due to compliance with the internal rotation of auditors at the accounting firm.
Resolution: Passed accordingly.

Cause : The Company annual business report, individual financial statement and consolidated financial statement for the fiscal year 2023.
Resolution: Passed accordingly.

Cause : The deficit appropriation case for the fiscal year 2023.
Resolution: Passed accordingly.

Cause : Amendment of "Rules and Procedures for Board Meetings"
Resolution: Passed accordingly.

Cause : Amendment of "Rules and Procedures for Shareholders' Meeting".
Resolution: Passed accordingly.

Cause : Amendment to the Articles of Association.
Resolution: Passed accordingly.

Cause : Setup of the period and place of acceptance of shareholder proposals in accordance with the provisions of Article 172-1 of the Company Law..
Resolution: Passed accordingly.

Cause : The time, location, and agenda of the 2024 annual general meeting of shareholders.
Resolution: Passed accordingly.

Cause : The Company's directors and employees remuneration case for the fiscal year 2023.
Resolution: Passed accordingly.

Cause : The changes of the Company's general manager and acting spokeman.
Resolution: Passed accordingly.

(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) 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, 2024

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
General manager	Chang Kung Wei	2019.11.08	2024.03.08	Resignation
Chief financial/ accounting officer	Fan Chiung Yuan	2022.11.10	2023.09.30	Resignation
Chief governance officer		2023.08.28		Resignation

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	Chang Shu Ying Lian Shu Ling	2023.01.01~2022.12.31	3,670	315	3,985	Non-audited fees include for pricing report and 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: None.

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

<table>
<tr><th rowspan="2">Job title</th><th rowspan="2">Name</th><th colspan="2">2023</th><th colspan="2">As of Apri;7, 2024</th></tr>
<tr><th>Shareholding increase (or decrease)</th><th>Pledged shareholding increase (or decrease)</th><th>Shareholding increase (or decrease)</th><th>Pledged shareholding increase (or decrease)</th></tr>
<tr><td>Chairman</td><td>Yu Chih Ching</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td rowspan="2">Director/ Major shareholder</td><td>Heng Ying Tai Capital Investment Co. Ltd.</td><td rowspan="12">—</td><td rowspan="12">10,988,000
(40,000)</td><td rowspan="12">—</td><td rowspan="12">-</td></tr>
<tr><td>Representative: Chang Kung Wei</td></tr>
<tr><td rowspan="2">Director/ Major shareholder</td><td>Heng Ying Tai Capital Investment Co. Ltd.</td></tr>
<tr><td>Representative: Lu Yi Chun</td></tr>
<tr><td rowspan="2">Director/ Major shareholder</td><td>Heng Ying Tai Capital Investment Co. Ltd.</td></tr>
<tr><td>Representative: Wang Kai Ping</td></tr>
<tr><td rowspan="2">Director/ Major shareholder</td><td>Heng Ying Tai Capital Investment Co. Ltd.</td></tr>
<tr><td>Representative: Chen Chia Ju</td></tr>
<tr><td rowspan="2">Director/ Major shareholder</td><td>Heng Ying Tai Capital Investment Co. Ltd.</td></tr>
<tr><td>Representative: Chen Chien Hung</td></tr>
<tr><td rowspan="2">Director/ Major shareholder</td><td>Heng Ying Tai Capital Investment Co. Ltd.</td></tr>
<tr><td>Representative: Huang Ting Yang (Reappointed and newly appointed on 2023.02.24)</td></tr>
<tr><td>Independent Director</td><td>Chen Chi Wen</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Kuo Huei Lan</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Chen Mei Lan</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>General Manager</td><td>Chang Kung Wei</td><td>100,000
(99,000)</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>General Manager</td><td>Liou Yung Shin</td><td></td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Deputy General Manager</td><td>Liou Yung Shin (Newly appointed on 2023.08.10)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Finance Manager</td><td>Fan Chiung Yuan (Dismissed on 2023.09.30)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Accounting Manager</td><td>Fan Chiung Yuan (Dismissed on 2023.09.30)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Finance Manager</td><td>Chao Hui Ling (Newly appointed on 2023.09.30)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Accounting Manager</td><td>Chao Hui Ling (Newly appointed on 2023.09.30)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
</table>

(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

April 07, 2024

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 Co. Ltd.	27,712,509	45.07%	0	0	0	0	0	0	None
Michael Robert Milne	3,352,994	5.45%	0	0	0	0	0	0	None
Regent Champion Company Limited	2,615,000	4.25%	0	0	0	0	0	0	None
Jiang Xing Hua	2,462,000	4.00%	0	0	0	0	0	0	None
Shun-Man-Ying Co., Ltd.	687,000	1.12%	0	0	0	0	0	0	None
Gao Su Juan	380,191	0.62%	0	0	0	0	0	0	None
Huang Jia Lin	363,656	0.59%	0	0	0	0	0	0	None
Citi custodian investment account of Berkeley Capital Securities Co., Ltd.	326,000	0.53%	0	0	0	0	0	0	None
Chang Xin Long	284,000	0.46%	0	0	0	0	0	0	None
Cheng Yao Ru	254,000	0.41%	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, 2023

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 ELECTRONIC TECHNOLOGY CO., LTD.	0	0%	(Note)	100%	(Note)	100%
8.De Jin Energy Co., Ltd.	8,300	100%	0	0%	8,300	100%
9.Jian Che Energy Co., Ltd.	0	0%	10	100%	10	100%
10.Li Chi Energy Co., Ltd.	0	0%	10	100%	10	100%
11.Ya Fu Energy Co., Ltd.	0	0%	10	100%	10	100%
12.Jyu Cheng Energy Emgineering Co., Ltd.	100	100%	0	0%	100	100%
13.Shiny Digital Corp.	2,000	100%	0	0%	2,000	100%
14.Guang Shi Energy Co., Ltd.	0	0%	(Note)	100%	(Note)	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
08/2004	10	60,000	600,000	27,933	279,333	Cash capital increase 43,333 Retained earnings to increase capitalization 41,000	None	Note 1
08/2005	10	60,000	600,000	40,703	407,033	Retained earnings to increase capitalization 127,700	None	Note 2
09/2005	10	60,000	600,000	45,103	451,033	Cash capital increase 44,000	None	Note 2
05/2006	10	60,000	600,000	50,392	503,923	Cash capital increase 52,890	None	Note 3
08/2006	10	80,000	800,000	55,742	557,415	Retained earnings to increase capitalization 53,492	None	Note 4
08/2007	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
08/2008	10	80,000	800,000	62,378	623,776	Cash capital increase 33,989	None	Note 6
12/2013	10	80,000	800,000	61,388	613,876	Cancellation of treasury shares 9,900	None	Note 7
02/2015	10	80,000	800,000	60,888	608,876	Cancellation of treasury shares 5,000	None	Note 8
03/2023	10	80,000	800,000	61,200	612,006	Employee stock options capital increase 3,130	None	Note 9

Note 1: Approved on August 17, 2004 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(Note)	Unissued shares	Total	
Common stock	61,482	18,518	80,000	As of 2024.04.07

Note: As of April 7, 2024, the Company's outstanding shares were 61,482,073 shares, of which a total of 281,500 shares have not been registered for changes in share capital due to employees exercising employee stock options.

(2) Shareholder structure

April 7, 2024

Shareholder composition / Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	0	3	9	6,458	17	6,487
No. of shares held	0	198,579	31,174,073	25,595,238	4,514,183	61,482,073
Shareholding ratio	0%	0.32%	50.71%	41.63%	7.34%	100.00%

(3) Diffusion of ownership

1.Common shares

April 8, 2024

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1~999	3,494	542,955	0.88%
1,000~5,000	2,225	4,483,568	7.29%
5,001~10,000	340	2,624,457	4.27%
10,001~15,000	115	1,462,391	2.38%
15,001~20,000	72	1,344,179	2.19%
20,001~30,000	81	2,050,608	3.34%
30,001~40,000	45	1,597,859	2.60%
40,001~50,000	26	1,174,234	1.91%
50,001~100,000	50	3,377,027	5.49%
100,001~200,000	26	3,682,445	5.99%
200,001~400,000	8	2,312,847	3.76%
400,001~600,000	0	0	0.00%
600,001~800,000	1	687,000	1.12%
800,001~1,000,000	0	0	0.00%
1,000,001 above	4	36,142,503	58.78%
Total	6,487	61,482,073	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 8, 2024

Shares / Names of major shareholders	Shareholding (shares)	Shareholding (%)
Heng Ying Tai Capital Investment Co. Ltd.	27,712,509	45.07%
Michael Robert Milne	3,352,994	5.45%
Regent Champion Company Limited	2,615,000	4.25%
Jiang Xing Hua	2,462,000	4.00%
Shun-Man-Ying Co., Ltd.	687,000	1.12%
Gao Su Juan	380,191	0.62%
Huang Jia Lin	363,656	0.59%
Citi custodian investment account of Berkeley Capital Securities Co., Ltd.	326,000	0.53%
Chang Xin Long	284,000	0.46%
Cheng Yao Ru	254,000	0.41%

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

Item		Fiscal year	2022	2023	As of March 31, 2024
Market price per share	Highest		35.00	37.40	28.00
	Lowest		15.75	22.50	23.00
	Average		25.11	30.40	26.75
Net worth per share	Before distribution		17.02	13.94	13.71
	After distribution		17.02	undistributed	undistributed
Earnings per share	Weighted average shares		60,888	61,130	61,379
	Earnings per share		0.07	(3.01)	(0.33)
Dividends per share	Cash dividends		0	undistributed	undistributed
	Free distribution of shares	Profit distribution	0	undistributed	undistributed
		Capital reserve distribution	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 loss after tax for 2023 was NT$184,232,623, and after adjusting the remeasurement of the defined benefit plan to include the adjustment to retained earnings of NT$80,063, the loss to be covered was NT$408,525,165. The 2023 loss appropriation statement was as follows:

Skardin Industrial Corporation

2023 Loss Appropriation Statement

Unit: NT$

Losses to be covered, beginning of the period	(224,372,605)
Add: Remeasurement of the defined benefit plan current period adjustments	80,063
Reduce: 2023 Net loss after tax	(184,232,623)
Losses to be covered, end of the period	(408,525,165)

Chairman: Yu Chih Ching General Manager: Liou Yung Shin Chief Accounting Officer: Chao Hui Ling

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

The Company did not propose any free distribution of stock dividend at the shareholders' meeting and did not disclose the 2023 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 loss for 2023 was NT$184,232,623. After adjusting the remeasurement of the defined benefit plan to include the adjustment to retained earnings of NT$80,063, the loss to be covered was NT$408,525,165. 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 15, 2024 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 15, 2024 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 2023.

(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 7, 2024

Type of employee share subscription warrants	The 1st of employee share subscription warrants
Effective registration date and total number of units	2020/06/19 and 2,000 number of units
Issue (handling) date	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	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	594,000 shares
Amount of the shares subscribed through exercise of the warrants (NT$)	NT$7,669,050
Number of unexercised shares	10,000 shares (Excluding employees who have resigned)
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

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

None.

8. Implementation of the company's capital allocation plans

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 mechanical equipment manufacturing
(3) CC01070 Wireless communication mechanical equipment manufacturing
(4) CC01080 Electronics components manufacturing
(5) CC01110 Computer and peripheral equipment manufacturing
(6) D101060 Self-usage power generation equipment utilizing renewable energy industry
(7) D401010 Thermal energy supply
(8) E607010 Solar thermal energy equipment installation engineering
(9) F113070 Wholesale of telecommunication apparatus
(10) F401010 International trade
(11) IG03010 Energy technology services
(12) 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	2022		2023	
	Amount	%	Amount	%
Digital Set-top Box Products and Components	1,166,395	100.00	769,667	98.45
Other electronic products	—	—	5,486	0.70
Renewable Energy	—	—	6,602	0.85

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

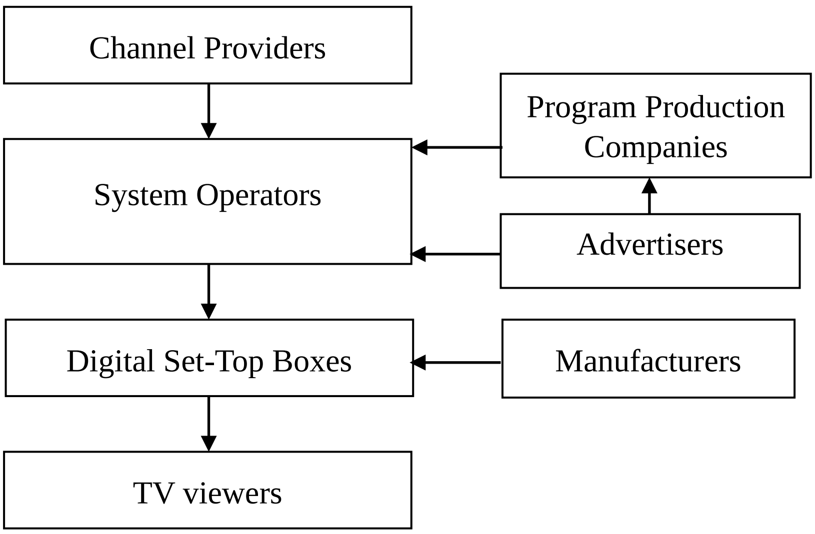
In the past, TV programs were transmitted by analog signals through high-frequency radio waves (UHF and VHF) to the receiving end, however, the analog transmission method is susceptible to interference in the transmission process, with poor performance in terms of screen clarity, noise resistance and 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

The digital set-top box technology has made significant advancements, which from merely supporting one-way video reception and decoding in the past, now it has developed to supported two-way interaction and multimedia network communication. Users can upload controls or data to service providers through the set-top box to achieve two-way interactive services. In the future, set-top boxes will integrate IAD (Integrated Access Device) or RG (Residential Gateway) functions to provide home network services. In addition to connecting to TVs, set-top boxes are often performing information integration via connecting to computer-related equipment and further connecting to other home appliances. Control methods are also becoming increasingly diverse, including infrared remote controllers, wireless keyboards, mice, or direct panel operations. In the future, control and media interaction can also be implemented through using of artificial intelligence with voice.

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The Company has positioned as a professional video SET-TOP-BOX designer and manufacturer with over 20 years of experience in fiercely competitive market. In the market, low-end products face competition from factories in China, while mid-range and high-end products face competition from major manufacturers in Korea, Europe and America. In addition, manufacturers from various industries have invested in this field, and drive fierce competition in this market.

(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	2022	2023
R&D expenses	95,287	95,140
Net operating revenue	1,166,395	781,755
R&D expenses as a percentage of net operating revenue	8%	12%

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)

Item	Products successfully developed
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:

Improve factory production efficiency, reduce production costs, and establish long-term strategic partnership with upstream manufacturers to ensure stable supply sources.

(3) Marketing strategy:

Proactively develop overseas markets in Americas, Europe, Africa and Middle East, and Strengthen the customer service function to respond quickly to customer-related problems.

(4) Operating strategy:

Strengthen talent development plan, optimize the supply chain and continuously reduce costs to increase gross profit.

(5) Financial strategy:

Develop diversified financing channels to promote more flexible use of capital.

2. Long-term development plans

(1) Product strategy:

Close cooperation with major suppliers and key customers to launch new generation products with competitiveness and extend the product development to GPON/5G equipment with incessant cost reduction.

(2) Factory production:

Continuous planning of production line automation to strengthen production efficiency.

(3) Marketing strategy:

Enhance business capabilities, expand customer base, strengthen market penetration in India and Africa, and actively exploit the NetCom business.

(4) Operating strategy:

Provide intelligent management systems via the integration of financial, sales, production, and procurement related systems.

(5) Financial strategy:

Uphold a sound financial strategy, provide sufficient capital support and flexible capital deployment.

(5) New energy business department was established:

The Company established the New Energy Business Department in 2022 to respond to the global energy transformation trend, focus on promoting the green energy development of, and positively achieve energy transformation goals. Since 2023 till now, excellent results have been achieved successively as follows.

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) 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. Development performance of energy business

(1) Solar photovoltaic power station

A. The ongoing 20MW fish farming type solar photovoltaic project in central Taiwan is expected to generate over 27 MWh annually upon completion.

B. The company has completed the acquisition of public-tender solar photovoltaic projects, totaling 2.1MW in capacity, with an annual planned power generation of 2.7 MWh. Compliance with the actual requirements of general public tenders also demonstrates the Skardin Group's determination in expanding its energy portfolio.

(2) Sales, installation, and maintenance of energy products

A. Acquired the Taiwan general agent rights for international brands of small industrial, commercial and residential energy storage. In response to the expected electricity price increases, green power, ESG carbon credits, and other considerations, the Company has introduced high-quality small-scale industrial, commercial and residential energy storage products and expanded local distribution. It is aimed at facilitating future energy expansion efforts, generating additional revenue for Skardin Technology, and contributing to Taiwan's energy trends.

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

(1) Global trends

A. The 28th United Nations Climate Summit (COP28), held on December 2023, has proposed to "transform away from" fossil fuels, accelerate the transformation of renewable energy, and speed up global key development trends of renewable energy..

B. RE100 has more than 400 corporate members worldwide, and participating members must publicly commit to commit to source 100% of their electricity from renewable resources between 2020 and 2050. More than 30 corporates in Taiwan have joined.

(2) Taiwan green energy:

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

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

C. Electricity bills increase, and the cost of electricity for industry, commerce, and people's livelihood has also increased. The demand for corporate ESG, green energy, and carbon rights is increasing, and the demand for integration of light and storage is the main solution.

4. Short-, medium- and long-term business development 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. Marketing expansion for small-scale commercial and residential energy storage, helping distributors to expands their market shares.

(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. Operation and maintenance of small-scale energy storage power station by network management monitoring..

B. 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.

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

Year / Sales area	2022		2023	
	Amount	Percentage	Amount	Percentage
Argentina	457,643	39.23	221,402	28.32
Peru	256,927	22.03	213,540	27.32
Chile	112,407	9.64	157,173	20.11
Columbia	71,870	6.16	44,273	5.66
Other countries	267,548	22.94	145,367	18.59
Total	1,166,395	100.00	781,755	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.

However, 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

The Company has operational bases in the UK, Taiwan, and mainland China. It has established core competitive advantages trough strong R&D design capability and manufacturing control. Its diverse and complete product lines, combined with stable quality performance, have earned high recognition from customers and supports from major IC suppliers. Via working closely with global-leading manufacturers, the Company has formed good partnerships from upstream, to downstream supply chains customers, and thus has prompt response to the latest market trends and customer needs.

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

(1) Positive factors

A. With the advent of the digital broadcasting era, the demand for set-top box products of receiving digital signals is bound to increase significantly, creating opportunities for the Company.
B. The R&D team maintains close cooperation with IC suppliers and customers, it is beneficial to continue to develop new products and grant OEM orders released by international brand clients.
C. In response to the pressure on production cost competition, the establishment of the Company's plant in China grants advantages of low-cost labor force and domestic material resources, as well as proactively collaborates with the supply chain in India to gain cost advantages in the Indo-Asia-Pacific region.
D. A comprehensive range of the Company’s products has been authorized by many well-known CA manufacturers, and can be developed to conditional access solutions meeting the specific requirements of different regions.
D. The Company is positively expanding into emerging markets such as India and Africa, paving the way for new territories aiming to future growth.

(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: Continuously strengthen cooperation with suppliers to develop new products, maintain close relationships with major customers to understand market demand trends. And expand the R&D team for upgrading the development capabilities.

B. Foreign sales revenue is vulnerable to profit performance due to exchange rate fluctuations..
Response: (A) Utilize offsetting foreign currency assets and liabilities to achieve natural hedging.
(B) Prudently evaluate the trend of TWD appreciation or depreciation to determine the timing of foreign exchange settlement.
(C) The market tends towards maturity and saturation with competitors flooding in, which lead and result in the decline of product sales prices.

C. The market tends towards maturity and saturation with competitors flooding in, which lead and result in the decline of product sales prices.
Response: (A) Increased procurement volume to promote the bargaining power of the purchase price.
(B) Integration upon procurement, R&D, production and sales continues to optimize costs and enhance productivity for production cost reductions..
(C) Continuously develop new products with high margins, high added value to enhance profit margins.

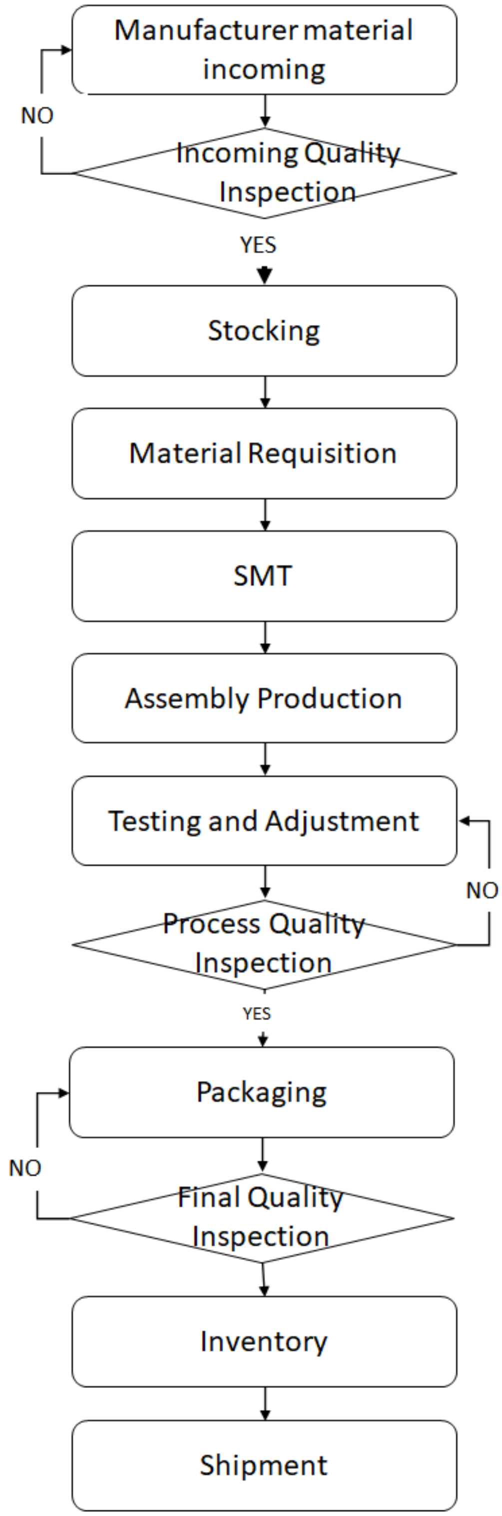
In summary, facing the drastic changes in the set-top box market, the Company is closely monitoring emerging trends such as OTT and 4K. while actively expanding into emerging markets such as India and Africa.Through strategies such as R&D innovation, cost control, and vertical integration of the supply chain, the company aims to maintain its competitive strength in traditional areas while aggressively entering the high-growth emerging markets. With advantages such as product diversity, robust quality as well as a complete supply chain, the Company is confident in continuation of leading in the new era of the set-top box industry.

(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

Year / Item	2022				2023				Up to first quarter of 2024			
	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	105,278	9.03	None	A	116,843	14.95	None	A	5,070	4.39	None
2	B	112,370	9.63	None	B	157,173	20.11	None	B	35,879	31.06	None
3	C	457,643	39.24	None	C	221,402	28.32	None	C	0	0.00	None
4	D	151,649	13.00	None	D	105,336	13.47	None	D	21,563	18.66	None
5	F	39,759	3.41	None	F	38,688	4.95	None	F	19,742	17.09	None
6	G	0	0.00	None	G	0	0.00	None	G	30,518	26.41	None
Others		299,696	25.69	—	Others	142,313	18.20	—	Others	2,763	2.39	—
Net sales		1,166,395	100.00	—	Net sales	781,755	100.00	—	Net sales	115,535	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

Year / Item	2022				2023				Up to first quarter of 2024			
	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	a	76,189	8.04	None	a	61,160	14.70	None	a	0	0.00	None
2	b	160,381	16.94	None	b	58,935	14.17	None	b	5,731	12.12	None
3	c	140,432	14.83	None	c	40,744	9.79	None	c	5	0.01	None
4	d	103,454	10.93	None	d	31,609	7.60	None	d	14,732	31.15	None
Others		466,193	49.26	—	Others	223,956	53.74	—	Others	26,826	56.72	—
Net purchases		946,649	100.00	—	Net purchases	416,404	100.00	—	Net purchases	47,294	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 / Year / Main products (or department)	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Digital set-top box products and components	—	1,591	896,470	—	1,071	627,388

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

Unit: thousand units; NT$ thousand

Year / Main products	2022				2023			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Digital set-top box products and components	—	—	1,640	1,166,395	—	—	1,080	769,667
Other electronic products	—	—	—	—	—	—	—	5,486
Renewable energy	—	—	—	—	—	—	—	6,602

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

Fiscal year		2022	2023	As of March 31, 2024
Number of employees	R&D	40	32	36
	General	131	112	104
	Line	103	43	30
	Total	274	187	170
Average age		38.7	42.5	42.5
Average years of service		4.3	6.8	6.2
Education distribution percentage (%)	Ph.D.	0%	0%	0%
	Master’s degree	3%	6%	7%
	College	25%	33%	34%
	Senior high school	24%	14%	13%
	Below senior high school	48%	47%	46%
	Total	100.00%	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 Administration Department, with an IT supervisor and one professional IT engineer, 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. Colleagues in the Kaohsiung office have applied for individual accounts and passwords of firewall VPN. Their log-ins via VPN to the Company's intranet are needed for accessing the ERP system.
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 Administration Department 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 Administration Department 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.

(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					
		2019	2020	2021	2022	2023	Financial information as of March 31, 2024(Note2)
Current assets		1,456,568	1,223,161	1,105,496	1,297,695	938,339	821,969
Property, Plant and Equipment		366,207	373,648	356,372	363,761	430,332	430,386
Intangible assets		88,001	4,370	2,881	4,990	31,224	29,707
Other assets		61,855	57,634	57,576	161,057	236,535	252,502
Total assets		1,972,631	1,658,813	1,522,325	1,827,503	1,636,430	1,534,564
Current liabilities	Before distribution	650,190	546,049	486,598	686,944	561,115	481,749
	After distribution	680,633	546,049	486,598	686,944	(Note1)	(Note1)
Non-current liabilities		17,891	13,114	14,512	104,029	222,991	211,467
Total liabilities	Before distribution	668,081	559,163	501,110	790,973	784,106	693,216
	After distribution	698,524	559,163	501,110	790,973	(Note1)	(Note1)
Equity attributable to owners of the parent company		1,304,550	1,099,650	1,021,215	1,036,530	852,324	841,348
Share capital		608,876	608,876	608,876	608,876	612,006	614,821
Capital surplus		559,169	528,726	528,726	528,726	529,634	530,450
Retained earnings	Before distribution	223,524	71,910	(7,299)	(849)	(185,002)	(205,416)
	After distribution	223,524	71,910	(7,299)	(849)	(Note1)	(Note1)
Other equity		(87,019)	(109,862)	(109,088)	(100,223)	(104,314)	(98,507)
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	1,304,550	1,099,650	1,021,215	1,036,530	852,324	841,348
	After distribution	1,274,107	1,099,650	1,021,215	1,036,530	(Note1)	(Note1)

Note 1: The 2024 Annual General Meeting of Shareholders has not yet been convened, and the proposal for distribution of earnings for 2023 has not yet been resolved.

Note 2: As of March 31, 2024, 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				
		2019	2020	2021	2022	2023
Current assets		1,173,140	1,093,761	973,256	1,327,450	945,426
Property, Plant and Equipment		38,563	36,385	34,129	34,925	33,181
Intangible assets		6,615	4,240	2,551	4,656	3,166
Other assets		823,577	431,081	373,580	354,491	464,093
Total assets		2,041,895	1,565,467	1,383,516	1,721,522	1,445,866
Current liabilities	Before distribution	721,459	453,282	350,902	680,544	553,520
	After distribution	751,902	453,282	350,902	680,544	(Note)
Non-current liabilities		15,886	12,535	11,399	4,448	40,022
Total liabilities	Before distribution	737,345	465,817	362,301	684,992	593,542
	After distribution	767,788	465,817	362,301	684,992	(Note)
Equity attributable to owners of the parent company		1,304,550	1,099,650	1,021,215	1,036,530	852,324
Share capital		608,876	608,876	608,876	608,876	612,006
Capital surplus		559,168	528,726	528,726	528,726	529,634
Retained earnings	Before distribution	223,524	71,910	(7,299)	(849)	(185,002)
	After distribution	223,524	71,910	(7,299)	(849)	(Note)
Other equity		(87,019)	(109,862)	(109,088)	(100,223)	(104,314)
Treasury shares		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	1,304,550	1,099,650	1,021,215	1,036,530	852,324
	After distribution	1,274,107	1,099,650	1,021,215	1,036,530	(Note)

Note: The 2024 Annual General Meeting of Shareholders has not yet been convened, and the proposal for distribution of earnings for 2023 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					
	2019	2020	2021	2022	2023	Financial information as of March 31, 2024 (Note2)
Operating Revenue	2,160,456	1,013,499	1,040,607	1,166,395	781,755	115,535
Gross Profit	419,712	226,790	209,493	246,718	198,983	22,527
Operating Income (Loss)	59,009	(60,978)	(80,859)	(45,722)	(226,200)	(45,501)
Non-operating income and expenses	5,952	(90,558)	2,043	53,123	41,967	31,271
Profit Before Income Tax	64,961	(151,536)	(78,816)	7,401	(184,233)	(14,230)
Net income for the period from continuing operations	67,040	(151,619)	(79,566)	4,221	(184,233)	(20,414)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the period	67,040	(151,619)	(79,566)	4,221	(184,233)	(20,414)
Other comprehensive income (loss) for the period (net of Income Tax)	(21,309)	(22,838)	1,131	11,094	(4,011)	5,807
Total comprehensive income for the period	45,731	(174,457)	(78,435)	15,315	(188,244)	(14,607)
Net income attributable to owners of parent	67,040	(151,619)	(79,566)	4,221	(184,233)	(20,414)
Net income (loss) attributable to noncontrolling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of parent	45,731	(174,457)	(78,435)	15,315	(188,244)	(14,607)
Total comprehensive income, attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	1.10	(2.49)	(1.31)	0.07	(3.01)	(0.33)

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

Note 2: As of March 31, 2024, 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				
	2019	2020	2021	2022	2023
Operating Revenue	2,103,171	978,240	1,003,473	1,154,882	764,139
Gross Profit	274,968	113,318	110,222	140,730	116,060
Operating Income (Loss)	83,793	(41,121)	(19,135)	(18,653)	(167,470)
Non-operating income and expenses	(18,835)	(110,419)	(59,681)	26,054	(16,763)
Profit Before Income Tax	64,958	(151,540)	(78,816)	7,401	(184,233)
Net income for the period from continuing operations	67,040	(151,619)	(79,566)	4,221	(184,233)
Loss from discontinued operations	0	0	0	0	0
Net income (loss) for the period	67,040	(151,619)	(79,566)	4,221	(184,233)
Other comprehensive income (loss) for the period (net of Income Tax)	(21,309)	(22,838)	1,131	11,094	(4,011)
Total comprehensive income for the period	45,731	(174,457)	(78,435)	15,315	(188,244)
Net income attributable to owners of parent	67,040	(151,619)	(79,566)	4,221	(184,233)
Net income (loss) attributable to noncontrolling interests	0	0	0	0	0
Total comprehensive income attributable to owners of parent	45,731	(174,457)	(78,435)	15,315	(188,244)
Total comprehensive income, attributable to non-controlling interests	0	0	0	0	0
Earnings per share	1.10	(2.49)	(1.31)	0.07	(3.01)

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
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
2023	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					
		2019	2020	2021	2022	2023	Financial information as of March 31, 2024 (Note)
Financial structure (%)	Debt to assets ratio	33.87	33.71	32.92	43.28	47.92	45.17
	Ratio of long-term capital to property, plant and equipment	361.12	297.81	290.63	313.55	249.88	244.62
Solvency (%)	Current ratio	224.02	224.00	227.19	188.91	167.23	170.62
	Quick ratio	199.34	178.71	187.89	150.07	142.15	148.43
	Times interest earned	9.77	(59.42)	(61.90)	4.93	(19.39)	(3.89)
Operating performance	Accounts receivable turnover (times)	3.42	2.13	2.99	3.08	1.80	1.30
	Average collection days	107	171	122	119	203	281
	Inventory turnover (times)	4.82	3.58	3.35	3.40	2.45	2.63
	Accounts payable turnover (times)	4.16	2.99	3.66	3.07	2.24	3.49
	Average days in sales	76	102	109	107	149	139
	Property, plant and equipment turnover (times)	5.65	2.74	2.85	3.24	1.97	1.07
	Total asset turnover (times)	1.03	0.56	0.65	0.70	0.45	0.29
Profitability	Return on total assets (%)	3.49	(8.24)	(4.94)	0.34	(10.22)	(4.56)
	Return on equity (%)	5.23	(12.61)	(7.50)	0.41	(19.51)	(9.64)
	Ratio of income before tax to paid-in capital (%)	10.67	(24.89)	(12.94)	1.22	(30.10)	(29.60)
	Net profit margin (%)	3.10	(14.96)	(7.65)	0.36	(23.57)	(17.67)
	Earnings per share (NT$)	1.10	(2.49)	(1.31)	0.07	(3.01)	(0.33)
Cash flow	Cash flow ratio (%)	61.56	0.00	40.14	0.00	0.00	0.00
	Cash flow adequacy ratio (%)	75.50	80.64	110.15	198.75	189.51	65.37
	Cash reinvestment ratio (%)	30.38	(2.37)	16.93	0.00	0.00	0.00
Leverage	Operating leverage	5.40	(2.32)	(1.66)	(3.81)	(0.65)	(0.32)
	Financial leverage	1.14	0.96	0.98	0.96	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. Ratio of long-term capital to property, plant and equipment: Due to the increase in property and non-current liabilities in 2023, the ratio decreased.
2. Times interest earned: Since there was a pre-tax loss in 2023, the ratio is negative.
3. Accounts receivable turnover & Average collection days: Due to the decrease in net sales in 2023, the ratio dropped and the average cash collection days increased.
4. Inventory turnover & Average days in sales: Due to the decrease in the cost of goods sold in 2023, the ratio dropped and the average sales days increased.
5. Accounts payable turnover: This ratio decreased due to the decrease in cost of goods sold in 2023.
6. Property, plant and equipment turnover: The ratio declined due to the decrease in net sales in 2023.
7. Return on total assets & Return on equity: Due to the after-tax loss in 2023, the ratio is negative.
8. Ratio of income before tax to paid-in capital: Since there was a pre-tax loss in 2023, the ratio is negative.
9. Net profit margin & Earnings per share: Due to the after-tax loss in 2023, the ratio is negative.
10. Operating leverage: Due to the decrease in net operating income in 2023, the ratio decreased.

Note : As of March 31, 2024, the financial data has been audit by the CPA.

(2) Financial analysis - IFRS - Individual Financial Statements

Item	Fiscal year	Financial Analysis for the Most Recent 5 Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	36.11	29.76	26.19	39.79	41.05
	Ratio of long-term capital to property, plant and equipment	3,424.10	3,056.71	3,025.62	2,980.61	2,689.33
Solvency (%)	Current ratio	162.61	241.30	277.36	195.06	170.80
	Quick ratio	162.45	235.52	265.74	192.94	167.84
	Times interest earned	42.75	(108.81)	(89.08)	7.97	(51.47)
Operating performance	Accounts receivable turnover (times)	3.09	1.89	2.72	3.09	1.75
	Average collection days	118	194	134	118	209
	Inventory turnover (times)	127.72	68.51	27.49	41.91	96.83
	Accounts payable turnover (times)	4.11	2.46	5.16	3.46	1.80
	Average days in sales	3	5	13	9	4
	Property, plant and equipment turnover (times)	52.85	26.10	28.46	33.45	22.44
	Total asset turnover (times)	1.06	0.54	0.68	0.74	0.48
Profitability	Return on total assets (%)	3.46	(8.34)	(5.35)	0.33	(11.46)
	Return on equity (%)	5.23	(12.61)	(7.50)	0.41	(19.51)
	Ratio of income before tax to paid-in capital (%)	10.67	(24.89)	(12.94)	1.22	(30.10)
	Net profit margin (%)	3.19	(15.50)	(7.93)	0.37	(24.11)
	Earnings per share (NT$)	1.10	(2.49)	(1.31)	0.07	(3.01)
Cash flow	Cash flow ratio (%)	68.67	0.00	42.89	0.00	11.09
	Cash flow adequacy ratio (%)	397.25	453.84	473.41	801.91	931.44
	Cash reinvestment ratio (%)	36.71	(2.51)	14.06	0.00	7.20
Leverage	Operating leverage	2.09	(0.71)	(1.88)	(3.65)	(0.38)
	Financial leverage	1.02	0.97	0.96	0.95	0.98

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. Times interest earned: Due to the pre-tax loss in 2023, the ratio is negative.
2. Accounts receivable turnover & Average collection days: Due to the decrease in net sales in 2023, the ratio dropped and the average cash collection days increased.
3. Inventory turnover & Average days in sales: Due to the decrease in inventory in 2023, the ratio increased and the average sales days decreased.
4. Accounts payable turnover: This ratio decreased due to the decrease in cost of goods sold in 2023.
5. Property, plant and equipment turnover: The ratio declined due to the decrease in net sales in 2023.
6. Return on total assets & Return on equity: Due to the after-tax loss in 2023, the ratio is negative.
7. Ratio of income before tax to paid-in capital: Since there was a pre-tax loss in 2023, the ratio is negative.
8. Net profit margin & Earnings per share: Due to the after-tax loss in 2023, the ratio is negative.
9. Cash flow ratio: Due to the increase in net cash flow from operating activities in 2023, the ratio increased.
10. Cash flow adequacy ratio: Due to the increase in net cash flow from operating activities in 2023, the ratio increased.
11. Cash reinvestment ratio: The ratio increased due to the increase in net cash flow from operating activities in 2023.
12. Operating leverage: Due to the decrease in net operating income in 2023, the ratio decreased.

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 2023 Financial Statements

The Board of Directors of the Company have sent 2023 Business Report, the Financial Statements, and the Proposal for 2023 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,

2024 Shareholders’ Meeting,
Skardin Industrial Corp.

Chairman of the Audit Committee: Chen Chi Wen

March 15, 2024

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 133.
5. A parent company only financial statement for the most recent fiscal year, certified by a CPA
   Please refer to pages 134 to 193.
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 report.

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, 2023, 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, Chih-Ching

Date: March 15, 2024

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, 2023, and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023, 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(4) 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, making them susceptible to international economic and financial influences. 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(7) Property, Plant and Equipment and 6(8) Right-of-Use Assets in the Consolidated Financial Report.

Explanation of key audit matters:

The carrying amount of the Company's property, plant and equipment, and right-of-use assets accounted for about 35% of the total assets on December 31, 2023, 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 2023, there may be indicators of asset impairment. Thus, we listed asset impairment evaluation as an important item for the audit.

Corresponding audit 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, 2023 and 2022 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. he 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, 2023 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 15, 2024

Skardin Industrial Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022
(In Thousands of New Taiwan Dollars)

		Dec.31, 2023		Dec.31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets				
1100	Cash and cash equivalents (Note 6(1))	$ 343,580	21	322,055	18
1110	Financial assets at fair value through profit or loss- current (Note 6(2))	24,534	1	52,546	3
1172	Accounts receivable (Note 6(4), 6(16))	209,936	13	489,650	28
1200	Other receivables (Note 6(19))	6,255	-	4,564	-
1310	Inventories - Manufacturing (Note 6(5))	127,047	8	258,088	14
1476	Other financial assets - current (Note 8)	177,640	11	149,410	8
1479	Current liabilities - Other	49,347	3	21,382	1
		938,339	57	1,297,695	72
	Non-current Assets				
1536	Financial assets at amortized cost - Non-current (Note6(3) and 8)	62,137	4	-	-
1600	Property, plant and equipment (Note 6(6), (7), 8 and 9)	430,332	26	363,761	20
1755	Right-of-use assets (Note 6(8) and 8)	143,608	9	149,578	8
1780	Intangible assets (Note 6(6))	31,224	2	4,990	-
1840	Deferred income tax assets (Note 6(13))	3,287	-	3,287	-
1980	Other Non-current assets- Non-current (Note 6(6) and 8)	27,503	2	8,192	-
		698,091	43	529,808	28
	Total Assets	**$ 1,636,430**	**100**	**1,827,503**	**100**

Skardin Industrial Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

(In Thousands of New Taiwan Dollars)

		Dec.31, 2023		Dec.31, 2022	
	Liabilities and Equities	**Amount**	**%**	**Amount**	**%**
	Current Liabilities				
2100	Short-term loans (Note 6(9))	$ 248,550	16	149,100	8
2130	Revenue from contracts-current (Note 6(16))	9,400	1	7,800	-
2150	Notes payable	1,745	-	459	-
2170	Accounts payable	138,467	8	379,793	21
2200	Other payables (Note 6(11))	115,401	7	133,567	7
2252	Short-term warranty provision	2,530	-	3,144	-
2280	Lease liabilities-current (Note 6(12))	6,558	-	5,153	-
2322	Long-term loans due within one year or one operating cycle (Note 6(10))	34,280	2	-	-
2399	Other current liabilities - Other	4,184	-	7,928	-
		561,115	34	686,944	36
	Non-current Liabilities				
2540	Long-term loans (Note 6(10))	123,110	8	-	-
2580	Lease liabilities - Non-current (Note 6(12))	99,204	6	103,263	6
2640	Net defined benefit liability - Non-current	677	-	766	-
		222,991	14	104,029	6
	Total Liabilities	784,106	48	790,973	42
	Equity Attributed to Shareholders of the Parent (Note 6(14))				
	Capital stock:				
3110	Common stock:	612,006	37	608,876	34
3200	Capital surplus	529,634	32	528,726	29
	Retained earnings:				
3310	Legal Capital Reserve	191,450	12	191,450	10
3320	Special capital reserve	32,074	2	32,074	2
3350	Unappropriated Retained Earnings	(408,526)	(25)	(224,373)	(12)
3400	Others	(104,314)	(6)	(100,223)	(5)
	Total Equity	852,324	52	1,036,530	58
	Total Liabilities and Equities	**$ 1,636,430**	**100**	**1,827,503**	**100**

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching Manager: Liou, Yung-Hsin Accounting Manager: Chao, Hui-Ling

Skardin Industrial Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

(In Thousands of New Taiwan Dollars)

		Dec.31, 2023		Dec.31, 2022	
		Amount	%	Amount	%
4000	**Revenue (Note 6(16))**	$ 781,755	100	$ 1,166,395	100
5000	**Operating Cost (Note 6(5))**	582,772	75	919,677	79
	Gross Profit	198,983	25	246,718	21
	Operating Expenses (Note6(12) and 7)				
6100	Marketing	122,554	16	139,059	12
6200	General and administrative	75,400	10	55,335	5
6300	Research and development	95,140	12	95,287	8
6450	Expected credit losses(Note 6(4) and 6(19))	132,089	17	2,759	-
	Total Operating Expenses	425,183	55	292,440	25
	Net Operating Losses	(226,200)	(30)	(45,722)	(4)
	Non-operating Income and Expenses (Note 6(12) and 6(18))				
7100	Interest income	14,558	2	4,212	-
7010	Other income	16,767	2	12,095	1
7020	Other gains and losses	19,678	3	38,697	3
7050	Finance costs	(9,036)	(1)	(1,881)	-
	Total non-operating Income and Expenses	41,967	6	53,123	4
7900	**Profits (Losses) Before Income Tax from Continuing Operations**	(184,233)	(24)	7,401	-
7950	**Deduct: Income Tax Expense (Note 6(13))**	-	-	3,180	-
8200	**Net Income (loss)**	(184,233)	(24)	4,221	-
	Other Comprehensive Income				
8310	**Items That Will Not Be Reclassified Subsequently to Profit or Loss:**				
8311	Re-measurement of defined benefit plan	80	-	2,786	-
8349	Less: Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	(557)	-
	Total Items That Will Not Be Reclassified Subsequently to Profit or Loss	80	-	2,229	-
8360	**Items That May Be Reclassified Subsequently to Profit or Loss**				
8361	Exchange differences arising on translation of foreign □ operations	(4,091)	(1)	8,865	1
8399	Less: 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	(4,091)	(1)	8,865	1
	Other Comprehensive Income (Loss), Net of Income Tax	(4,011)	(1)	11,094	1
	Total comprehensive income	**$ (188,244)**	**(25)**	**15,315**	**1**
	Basic Earnings (Loss) per Share (Note 6(15))				
	Basic Earnings (Loss) per Share	$	(3.01)		0.07

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching Manager: Liou, Yung-Hsin Accounting Manager: Chao, Hui-Ling

Skardin Industrial Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributed to Shareholders of the Parent						
			Retained earnings			Others	
	Capital Stock	Capital surplus	Legal Capital Reserve	Special capital reserve	Unappropriated Retained Earnings	Exchange differences arising on translation of foreign operations	Total equity
BALANCE, JANUARY 1,2022	$ 608,876	528,726	191,450	32,074	(230,823)	(109,088)	1,021,215
Net loss	-	-	-	-	4,221	-	4,221
Other comprehensive income	-	-	-	-	2,229	8,865	11,094
Total comprehensive income	-	-	-	-	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
Net loss	-	-	-	-	(184,233)	-	(184,233)
Other comprehensive income	-	-	-	-	80	(4,091)	(4,011)
Total comprehensive income	-	-	-	-	(184,153)	(4,091)	(188,244)
Share-based payment transaction	3,130	908	-	-	-	-	4,038
BALANCE, DECEMBER 31,2023	**$ 612,006**	**529,634**	**191,450**	**32,074**	**(408,526)**	**(104,314)**	**852,324**

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching **Manager: Liou, Yung-Hsin** **Accounting Manager: Chao, Hui-Ling**

Skardin Industrial Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022
(In Thousands of New Taiwan Dollars)

		Dec.31, 2023	Dec.31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income loss before income tax	$	(184,233)	7,401
Adjustments for:			
Income and Expense			
Depreciation expense		28,797	22,564
Amortization expense		2,568	2,671
Expected credit losses		132,089	2,759
Net profit (loss) from financial assets and liabilities at fair value		(7,423)	11,407
Interest expense		9,036	1,881
Interest income		(14,558)	(4,212)
Dividend income		(66)	(58)
Profit on disposal and scrapping of property, plant, and equipment		(57)	-
Profit on lease termination		(100)	-
Provision for warranty of reverse after-sales service		(614)	(1,120)
Subtotal		149,672	35,892
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		149,323	(257,931)
Other receivables		52	(2,768)
Inventories		130,256	(62,853)
Other current assets		(27,743)	(386)
Total changes in operating assets		251,888	(323,938)
Changes in operating liabilities			
Notes payable		1,286	(1,188)
Accounts payable		(240,625)	154,987
Other payables		1,431	(36,335)
Contracts liabilities		1,600	2,659
Other current liabilities		(3,946)	4,874
Net defined benefit liability		(9)	(6,811)
Total changes in operating liabilities		(240,263)	118,186
Total changes in operating assets and liabilities		11,625	(205,752)
Total adjustments		161,297	(169,860)
Cash outflow generated form operation		(22,936)	(162,459)
Interest received		12,770	4,212
Interest paid		(9,036)	(1,881)
Income taxes paid		-	(470)
Net cash outflow generated from operation		(19,202)	(160,598)

Skardin Industrial Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022
(In Thousands of New Taiwan Dollars)

	Dec.31, 2023	Dec.31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(62,137)	-
Disposal of financial assets at fair value through profit or loss	35,435	53,340
Acquisition of subsidiaries (net of cash acquired)	(31,872)	-
Acquisitions of property, plant and equipment	(31,067)	(4,046)
Disposal of property, plant and equipment	1,275	935
Acquisitions of intangible assets	(599)	(4,750)
Increase of other financial assets	(39,142)	(145,102)
Dividends received	66	58
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(128,041)	(99,565)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	100,796	43,915
Proceeds from long-term loans	87,173	-
Decrease in other payables	(19,302)	-
Repayment of the principal portion of lease liabilities	(3,969)	(2,012)
Employee stock options exercised	4,038	-
Net Cash Inflows From Financing Activities	168,736	41,903
Effect of Exchange Rate Changes on Cash and Cash Equivalents	32	7,576
Increase (Decrease) in Cash and Cash Equivalents	21,525	(210,684)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	322,055	532,739
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 343,580**	**322,055**

(Please Refer to Notes to Consolidated Financial Statements)

Chairman: Yu, Chih-Ching Manager: Liou, Yung-Hsin Accounting Manager: Chao, Hui-Ling

Skardin Industrial Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. GENERAL

Skardin Industrial Corporation (the “Company”) , a Republic of China (R.O.C.) corporation (formerly known as "Zhi Zhen Enterprise Co., Ltd." in Chinese), 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 and its subsidiaries mainly engages in manufacturing processing and energy technology service 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). On July 11, 2023, the Chinese name of the Company was officially renamed as "De Jin Technology Co., Ltd.". The composition of the consolidated financial statements as of December 31, 2023 includes the Company and its subsidiaries (hereinafter referred to as the "Company").

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 15, 2024.

III. 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, 2023, did 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 IFRS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.”

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC since May 23, 2023, did not have a significant effect on the Company’s accounting policies.

- Amendments to IAS 12 " International Tax Reform-Pillar Two Model Rules."

2. The Impact of Not Yet Adopting the International Financial Reporting Standards (IFRS) Recognized by the FSC

   The initial application of the amendments to the IFRSs being evaluated by the Company since January 1, 2024, is not expected to have a significant impact on the Company's financial statements.

   - Amendments to IAS 1 "Classification of Liabilities as Current or Non-current."
   - Amendments to IAS 1 "Non-current Liabilities with Covenants."
   - Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements."
   - Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback."

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

   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 IAS 21 "Lack of Exchangeability."

IV. 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 at fair values through profit or loss 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 as the“Subsidiary”) 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. Inter-company 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

Investor Company	Name of the Investor	Nature of Business	Percentage of Ownership Dec.31, 2023	Percentage of Ownership Dec.31, 2022	Note
The Company	ORIENTAL SKY Ltd.	Investment Holding	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	TOP CROWN Ltd.	Investment Holding	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%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	JYU CHENG ENERGY ENGINEERING CO., LTD.	Renewable Energy Engineering	100.00%	- %	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	SHINY DIGITAL CORP.	Information Software Service	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 Holding	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 set-top 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 Technology (Shenzhen) 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.	LI CHI ENERGY CO., LTD.	Renewable Energy Generation	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	YA FU ENERGY CO., LTD.	Renewable Energy Generation	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	JIAN CHE ENERGY CO., LTD.	Renewable Energy Generation	100.00%	100.00%	Subsidiaries in which the Company directly (indirectly) owns more than 50% of the shares
〃	GUANG SHI Energy CO.	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:

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.

5. Classification of Current and Non-current 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 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 Cash Equivalents

Cash includes cash on hand and demand deposits. Cash 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 derecognized, the gain or loss is then listed as profit or loss.

② Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost above or measured at fair value through other comprehensive income (for example, financial assets held for trading and managed and evaluated on a fair value basis for performance), 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.

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 allowance on financial assets at amortized cost are deducted from the carrying amount 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 carrying 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 liability or equity

liability 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 measured at amortized cost, as they are subsequently measured using the effective interest method at amortized cost. Interest expense and exchange gains and losses are recognized as profit or loss, Any gains or losses upon derecognition are also recognized in the 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 derecognized 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. Costs include acquisition, production, or processing costs, as well as other costs incurred to bring assets to their present location and condition, and are calculated using the weighted average method. The cost of finished goods and work in progress inventory includes manufacturing overheads allocated on a normal capacity basis.

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	Building	38～55 years
②	Machinery and equipment	2～10 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) Lessee

The Company recognizes the use right-of-use 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 re-measurement 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 guaranteed 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 guaranteed 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 guaranteed amount, and a change in the option to purchase, extend or terminate, then the carrying amount of the right-of-use asset is adjusted accordingly. And when the carrying 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 carrying 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	Intangible Assets	1～10 years
②	Contract Value	15～20 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. Goodwill is subject to impairment testing on an annual basis.

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 carrying amount.

Impairment loss is immediately recognized in profit and loss and are reduced first by the amount of goodwill amortized on the carrying amount of the cash generating unit and then by the carrying amount of the 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

Revenue 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 Electricity sales revenue

Revenue 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. For electricity sales, the performance obligations are satisfied over time, and revenue is recognized based on the actual electricity usage and tariff rates.

③ 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 Plan

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.

The re-measurement amount of net defined benefit liabilities, including actuarial profit or loss, return on plan assets (excluding interest), and any changes in the asset maximum, is immediately recognized in other comprehensive income and accumulated 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 taxes comprise current and deferred income taxes. Except for items related to business combinations, recognition directly in equity, or other comprehensive income, both current and deferred income taxes should be recognized in the profit or loss.

The Company determines that interest or penalties related to income taxes do not meet the definition of income taxes; therefore, accounting treatment is applied in accordance with IAS 37.

Current income taxes include the estimated provision for income taxes payable or receivable for the current year based on taxable income (loss) calculated for the year, as well as any adjustments to income taxes payable or receivable for prior years. The amounts are measured at the best estimate of the amounts expected to be paid or received based on the legal tax rates or rates substantively enacted as of the reporting date.

Deferred income taxes are recognized for temporary differences between the carrying 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 recognized initially in transactions that do not constitute business combinations, and at the time of the transaction, (i) do not affect accounting profit or taxable income (loss), and (ii) do not generate corresponding taxable or deductible temporary differences;

(2) Temporary differences arising from investments in Subsidiaries, associates, and joint ventures, the controlling Company can determine the timing of reversal of temporary differences and it is probable that they will not reverse 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 taxpayers 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. Business Combinations

The Company adopts the acquisition method for each business combination. Goodwill is measured as the fair value of the consideration transferred at the acquisition date, including any amount attributable to non-controlling interests of the acquired entity, less the net identifiable assets acquired, and liabilities assumed (usually measured at fair value). If the resulting balance is negative, the Company reassesses whether it has correctly identified all assets acquired and all liabilities assumed before recognizing a bargain purchase gain in the profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations are recognized as expenses of the consolidated company when incurred.

19. 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.

20. Segment Information

The operating segments 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 the Company). The operating results of all operating segments are regularly reviewed by the primary operating decision-maker of the Company to allocate resources and evaluate their performance. Each operating segment has separate financial information.

V. 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, related information is as follows:

1. Impairment Assessment 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 (4) for details of relevant assumptions and inputs.

2. Acquisition of Subsidiaries

   The fair value of identifiable intangible assets (including contract value) acquired by the Company through the acquisition of Subsidiaries is provisional, pending completion of the final assessment of these assets. The fair value recognized by the Company is based on its interpretation of the subject contracts. The Company will continue to review these matters throughout the measurement period. If new information related to facts and circumstances existing at the acquisition date is identified within one year from the acquisition date, which leads to identifiable adjustments to the provisional amounts or any additional liability provisions existing at the acquisition date, the accounting treatment of the acquisition will be amended. Please refer to Note 6(6) for further details.

【Evaluation Process】

The accounting policies and disclosures of the Company include the use of fair value measurement for its financial and non-financial assets and liabilities. The Company has established internal control systems for fair value measurement. The finance segment conducts regular reviews of significant unobservable inputs and adjustments. If third-party information (such as broker or pricing service agency) is used for inputs in fair value measurement, evidence supporting these inputs provided by the third party is evaluated to ensure that the valuation and its fair value level classification comply with the requirements of IFRSs. The finance segment also reports significant valuation issues to the Company's Audit Committee.

The Company uses observable inputs to the extent possible when measuring its assets and liabilities. The level of fair value is classified based on the inputs used in the valuation techniques as follows:

1. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2: Inputs for the asset or liability, including quoted prices for similar assets or liabilities in active markets, are directly observable or indirectly observable through derived prices.
3. Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

   In the event of transfers between levels of fair value hierarchy or circumstances related to fair value measurement, the Company recognizes such transfers on the reporting date.
4. For detailed information on the assumptions used in fair value measurements.

   please refer to the Note 6(18), Financial Instruments.

VI. Explanation of Significant Accounting Items

1. Cash and cash equivalents

		Dec.31, 2023	Dec.31, 2022
Cash	$	$347	459
Check deposits		1,990	2,408
Demand deposits		228,672	239,439
Time deposits		112,571	79,749
Cash and equivalent listed in Cash Flow Statements	**$**	**$343,580**	**322,055**

Please refer to Note 6 (19) 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, 2023	Dec.31, 2022
Financial assets that are forced to be measured at fair value through profit or loss			
Listed (counter) company stocks	$	$4,366	863
Domestic fund		20,168	51,683
Total		**$24,534**	**52,546**

(1) Please refer to Note 6 (18) for the amount recognized in fair value through profit or loss.

(2) Please refer to Note 6 (19) for the disclosure of price risk and fair value information of financial assets.

(3) As of December 31, 2023 and 2022, the Company's financial assets were not used as a guarantee for loans or financing lines.

3. Financial assets measured at amortized cost

		Dec.31, 2023	Dec.31, 2022
Unsecured bonds, BAC	$	$36,278	-
Unsecured bonds, HSBC Holding PLC		25,859	-
	$	**$62,137**	**-**

The Company evaluates these assets for classification as held-to-maturity investments, intending to collect contractual cash flows until maturity, with those cash flows solely comprising principal repayment and interest payments on the outstanding principal amount. Therefore, they are reported as financial assets measured at amortized cost.

(1) The Company purchased unsecured bonds issued by foreign financial institutions with face values of USD 1,220,000 and USD 780,000 respectively. The stated interest rates range from 5.87% to 6.25%, and the maturity period is approximately 10 years.

(2) Please refer to Note 6 (19) for credit risk information.

(3) Please refer to Note 8 for details regarding the above financial assets used as collateral for long-term loans and financing facilities.

4. Accounts Receivable

		Dec.31, 2023	Dec.31, 2022
Accounts receivable	$	360,319	507,950
Less: Allowance losses		(150,383)	(18,300)
	$	**209,936**	**489,650**

Since May of 2023, the Company has had outstanding accounts receivable from DIRECTV ARGENTINA S.A. that remained uncollected due to local foreign exchange controls in Argentina. Subsequently, in January 2024, the Company received an insurance claim payment of USD 2,240,000 from an insurance company. In November of the 2023, the Company entered into an agreement with the insurance company to pursue the collection of overdue payments. Due to the outstanding receivables from the aforementioned customer, shipments have been temporarily suspended since July of 2023. Considering the uncertainty surrounding the impact of the Argentine foreign exchange controls on government fiscal policies as of 2023, and the possibility that the insurance company may not be able to promptly recover the outstanding amount, the Company has provisioned the full expected credit loss, except for the amount already received from the insurance company. The analysis of expected credit losses for the accounts receivable from this customer is as follows:

		Dec.31, 2023		
		Accounts receivable carrying amount	**Weighted average expected credit loss rate**	**Provision for lifetime expected credit losses**
Less than 180 days overdue	$	68,705	0.00%	-
181 to 240 days overdue		132,052	100.00%	132,052
	$	**200,757**		**132,052**

The Company adopts a simplified method to estimate expected credit losses for remaining 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 of the Company is as follows:

		Dec.31, 2023		
		Accounts receivable carrying amount	**Weighted average expected credit loss rate**	**Provision for lifetime expected credit losses**
Not overdue	$	141,231	0.00%	-
More than 365 days overdue		18,331	100.00%	18,331
	$	**159,562**		**18,331**

		Dec.31, 2022		
		Accounts receivable carrying amount	**Weighted average expected credit loss rate**	**Provision for lifetime expected credit losses**
Not overdue	$	488,965	0.00%	-
61 to 120 days overdue		685	0.00%	-
More than 365 days overdue		18,300	100.00%	18,300
	$	**507,950**		**18,300**

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

		Dec.31, 2023	**Dec.31, 2022**
Beginning balance	$	18,300	16,486
Impairment loss recognized		132,083	1,814
Ending balance	**$**	**150,383**	**18,300**

As of December 31, 2023 and 2022, the Company's accounts receivable was not used as a guarantee for loans or financing lines.

5. Inventories

		Dec.31, 2023	**Dec.31, 2022**
Raw material	$	107,306	141,436
Work in process		6,080	12,883
Finished goods		13,661	103,769
	$	**127,047**	**258,088**

The breakdown of cost of goods sold for the years ended December 31, 2023 and 2022 is as follows:

		Dec.31, 2023	**Dec.31, 2022**
Inventory sale	$	594,893	886,722
Inventory write-downs and obsolescence losses (gains on reversal)		(27,909)	25,244
Unallocated manufacturing overhead		9,769	7,711
Renewable energy generation cost		6,019	-
	$	**582,772**	**919,677**

As of December 31, 2023, and 2022, the Company's accounts receivable was not used as a pledge guarantee.

6. Business Combinations

The Company entered into a share purchase agreement with a non-related party on June 30, 2023 and acquired 100% ownership of Guang shi Energy Co. on August 4, 2023, thereby gaining control over the company. GUANG SHI Energy CO. is engaged in renewable energy power generation.

From the acquisition date until the end of year 2023 of the ROC, Guang shi Energy Co. contributed revenues and net losses of NT$ 6,602,000 and 429,0000 dollars, respectively. If the acquisition had occurred on January 1, 2023, management estimates that the Company's revenue for the year would have been NT$ 788,446,000, with a net loss of NT$ 118,183,000. When determining these amounts, management assumes that the acquisition took place on January 1, 2023, and that the provisional fair value adjustments made on the acquisition date remain unchanged.

The principal categories of consideration transferred, assets acquired, liabilities assumed, and the amount of goodwill recognized are detailed below:

(1) Acquired identifiable assets and liabilities assumed

Details of the fair value of identifiable assets acquired and liabilities assumed on the acquisition date are as follows:

		June 30, 2023
Acquired identifiable assets		
Cash and cash equivalents	$	3,779
Accounts receivable		1,625
Current liabilities - Other		235
Property, plant and equipment		83,722
Intangible assets - Contract value		25,460
Intangible assets - Computer software		2,166
Other financial assets - Non-current		8,402
		125,389
Liabilities assumed		
Other payables		(20,097)
Long-term loans		(70,217)
		(90,314)
Fair value of identifiable net assets	**$**	**35,075**

The fair value of the acquired identifiable assets is a provisional amount, pending completion of the final assessment of these assets.

The Company will continue to review these matters throughout the measurement period. If new information related to facts and circumstances existing at the acquisition date is identified within one year from the acquisition date, which leads to identifiable adjustments to the provisional amounts or any additional liability provisions existing at the acquisition date, the accounting treatment of the acquisition will be amended.

(2) Goodwill

The recognized goodwill from the acquisition is as follows:

Consideration transferred	$	35,651
Less: Fair value of identifiable assets		(35,075)
Goodwill	**$**	**576**

7. Property, Plant and Equipment

The details of changes in the cost, depreciation, and impairment losses of property, plant, and equipment for the years ended December 31, 2023 and 2022 are as follows:

		Land	Building	Machinery and equipment	Office and Other equipment	Construction in progress	Total
Cost:							
Balance, Jan. 1, 2023	$	22,630	351,068	121,168	42,911	19,488	557,265
Business combinations		-	-	100,665	-	-	100,665
Additions		-	-	1,196	2,353	7,455	11,004
Disposals		-	-	-	(3,194)	-	(3,194)
Effect of exchange rate changes		-	(4,951)	(1,626)	(13)	-	(6,590)
Balance, Dec. 31, 2023	**$**	**22,630**	**346,117**	**221,403**	**42,057**	**26,943**	**659,150**
Balance, Jan. 1, 2022	$	22,630	347,078	119,979	45,142	-	534,829
Additions		-	-	-	4,046	19,488	23,534
Disposals		-	-	-	(6,343)	-	(6,343)
Effect of exchange rate changes		-	3,990	1,189	66	-	5,245
Balance, Dec. 31, 2022	**$**	**22,630**	**351,068**	**121,168**	**42,911**	**19,488**	**557,265**
Depreciation and impairment loss:							
Balance, Jan. 1, 2023		1,860	72,956	80,220	38,468	-	193,504
Business combinations		-	-	16,943	-	-	16,943
Depreciation of the current year		-	11,078	9,748	1,343	-	22,169
Disposals		-	-	-	(1,976)	-	(1,976)
Effect of exchange rate changes		-	(992)	(826)	(4)	-	(1,822)
Balance, Dec. 31, 2023	**$**	**1,860**	**83,042**	**106,085**	**37,831**	**-**	**228,818**
Balance, Jan. 1, 2022		1,860	61,252	73,167	42,178	-	178,457
Depreciation of the current year		-	11,116	6,648	1,646	-	19,410
Disposals		-	-	-	(5,408)	-	(5,408)
Effect of exchange rate changes		-	588	405	52	-	1,045
Balance, Dec. 31, 2022	**$**	**1,860**	**72,956**	**80,220**	**38,468**	**-**	**193,504**
Carrying value:							
Dec.31, 2023	**$**	**20,770**	**263,075**	**115,318**	**4,226**	**26,943**	**430,332**
Jan.1, 2022	**$**	**20,770**	**285,826**	**46,812**	**2,964**	**-**	**356,372**
Dec.31, 2022	**$**	**20,770**	**278,112**	**40,948**	**4,443**	**19,488**	**363,761**

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

8. Right-of-use Assets

The costs, depreciation and impairment losses of the consolidated company's leased property, plant and equipment for the years end December 31, 2023 and 2022 are detailed as follows:

	Land	Building	Transportation Equipment	Total
Cost:				
Balance, Jan. 1, 2023	143,638	11,968	4,688	160,294
Additions	10,715	-	-	10,715
Decrease	(5,512)	(6,367)	-	(11,879)
Effect of exchange rate changes	(828)	(127)	-	(955)
Balance, Dec. 31, 2023	**148,013**	**5,474**	**4,688**	**158,175**
Balance, Jan. 1, 2022	44,850	10,307	-	55,157
Additions	98,199	1,572	4,688	104,459
Effect of exchange rate changes	589	89	-	678
Balance, Dec. 31, 2022	**143,638**	**11,968**	**4,688**	**160,294**
Accumulative depreciation and impairment				
Balance, Jan. 1, 2023	4,196	6,390	130	10,716
Depreciation	3,847	1,218	1,563	6,628
Decrease	(78)	(2,521)	-	(2,599)
Effect of exchange rate changes	(88)	(90)	-	(178)
Balance, Dec. 31, 2023	**7,877**	**4,997**	**1,693**	**14,567**
Balance, Jan. 1, 2022	2,963	4,524	-	7,487
Depreciation	1,195	1,829	130	3,154
Effect of exchange rate changes	38	37	-	75
Balance, Dec. 31, 2022	**4,196**	**6,390**	**130**	**10,716**
Carrying amount				
Balance, Dec. 31, 2023	**140,136**	**477**	**2,995**	**143,608**
Balance, Jan.1, 2022	**41,887**	**5,783**	**-**	**47,670**
Balance Dec.31, 2022	**139,442**	**5,578**	**4,558**	**149,578**

Note: The land leased by the consolidated company for the year end December 31, 2023 was used as the operating place for the constructing renewable energy equipment.

9. Short-term Loans

	Dec.31, 2023	Dec.31, 2022
Secured bank loan	**$ 248,550**	**149,100**
Credit line unused	**$ 245,575**	**233,500**
Interest Rate	**1.65%~3.80%**	**1.41%~3.80%**

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

10. Long-term Loans

Details, conditions, and terms of long-term loans of the Company are as follows:

	Dec.31, 2023				
	Currency	**Interest Rate**	**Maturity Date**		**Amount**
Unsecured bank loan	NTD	0.50%	2026	$	35,000
Secured bank loan	NTD	1.88%	2030		97,157
Other loans	NTD	2.47%	2025		25,233
Less: Portion due within one year					(34,280)
Total				$	**123,110**
Credit line unused				$	-

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

11. Other payables

		Dec.31, 2023	Dec.31, 2022
Royalties payable	$	67,000	79,302
Salaries payable		11,220	12,282
Construction costs payable		10,350	30,413
Other		26,831	11,570
Total	**$**	**115,401**	**133,567**

12. Lease liabilities

The carrying amount of lease liabilities is as follows:

		Dec.31, 2023	Dec.31, 2022
Current	**$**	**6,558**	**5,153**
Non-current	**$**	**99,204**	**103,263**

Please refer to Note 6(18) Financial Instruments for the maturity analysis.

Leases are recognized in the profit or loss in the following amounts:

		Dec.31, 2023	Dec.31, 2022
Interest expense of lease liabilities	**$**	**1,939**	**251**
Short-term and variable lease expenses	**$**	**1,589**	**41**

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

		Dec.31, 2023	Dec.31, 2022
Total cash outflows from leases	**$**	**7,497**	**2,304**

(1) Leases of land and buildings

The buildings are to be leased by the 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 Company leases land for the construction of renewable energy facilities as its operating premises. The lease term ranges from ten years to twenty-two years. Additionally, the lease for certain land is determined based on electricity generation revenue.

(2) Other leases

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

13. Income Tax

(1) Income tax expenses

The breakdown of cost of income tax expenses for the years ended December 31, 2023 and 2022 is as follows:

	Dec.31, 2023	Dec.31, 2022
Current income tax expenses		
Current income tax of prior period adjustment	$ -	470
Deferred tax expenses		
Occurrence and reversal of temporary differences	-	2,710
Income tax expenses	**$ -**	**3,180**

The breakdown of income tax expenses recognized in other comprehensive income for the years end December 31, 2023, and 2022 are as follows:

	Dec.31, 2023	Dec.31, 2022
Items that will not be reclassified subsequently to profit or loss:	$ -	(557)
Re-measurement of defined benefit plan	**$ -**	**(557)**

The reconciliation of the Company's income tax expense and net loss before tax for 2023 and 2022 is as follows:

	Dec.31, 2023	Dec.31, 2022
Net profit (loss) before tax	**$ (184,233)**	**7,401**
Income tax based on the domestic tax rate of the Company's location	$ (36,847)	1,480
Permanent differences	(1,485)	1,631
Tax-free income	(12)	652

Current tax loss of unrecognized deferred tax assets	(1,519)	(12,563)
Changes of unrecognized temporary differences	39,863	11,510
Current income tax of prior period adjustment	-	470
Total	$ -	**3,180**

(2) Deferred tax assets and liabilities

① Unrecognized deferred tax assets

The Company’s unrecognized deferred tax assets are as follows:

	Dec.31, 2023	Dec.31, 2022
Unrealized loss on foreign investments	$ 428,645	378,984
Bad-debt Loss	133,337	-
Tax loss	283,239	228,601
	$ **845,221**	**607,585**
Amount of unrecognized deferred tax asset	$ **167,295**	**121,005**

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.

Tax losses are allowed to be deducted from the current year's net income for tax assessment purposes in accordance with the provisions of the Income Tax Act , subject to the approval of the tax authorities, for the preceding ten years. Subsequently, income tax is reassessed. According to the income tax regulations of subsidiaries in Mainland China, tax losses for the preceding five years, subject to the approval of the tax authorities, are allowed to be deducted from the current year's net income before income tax is reassessed. In accordance with the income tax regulations of subsidiaries in Singapore, losses can be carried forward to offset against future years' net income. 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, 2023, 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	**$ 164,173**	None

As of December 31, 2023, 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 Not Yet Deducted		Last Year for Deduction	
Loss Year	**Taiwan Company**	**Subsidiaries in China**	**Taiwan Company**	**Subsidiaries in China**
2019	$ -	$ 7,041	None	2024
2020	7,062	-	2030	2025
2021	48,471	25,316	2031	2026
2022	-	29,579	None	2027
2023	-	1,597	None	2028
Total	**$ 55,533**	**63,533**	2023	2023

② Recognized deferred tax assets and liabilities

The changes of deferred tax assets and liabilities for the years end December 31, 2023 and 2022 are as follows:

	Defined Benefit Plan	**Recognition of After-sales Service Provision**	**Bad-debt Loss**	**Other**	**Total**
Deferred tax asset					
Balance, Jan. 1, 2023	$ -	629	2,658	-	3,287
Balance, Dec. 31, 2023	**$ -**	**629**	**2,658**	**-**	**3,287**
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	(557)	-	-	-	(557)
Balance, Dec. 31, 2022	**$ -**	**629**	**2,658**	**-**	**3,287**

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 2021. The income tax declaration of foreign subsidiaries has been declared to the local tax agency until 2022.

14. Capital and Other Equity

As of December 31,2023, and 2022, the total authorized capital stock of the Company amounted to NT$ 800,000,000 with a par value of NT$ 10 per share, consisting of NT$ 80,000,000 shares in each case. The aforementioned authorized capital stock consists entirely of common shares, with issued shares totaling 61,201,000 and 60,888,000 shares, respectively. All issued share capital has been fully paid.

(1) Share-based payment

In December 2020, the Company's Board of Directors resolved to issue employee stock warrants. Subsequently, in 2023, upon expiration of the grant period for the stock warrants, 313,000 shares were exercised at a subscription price of NT$ 12.90 per share, totaling NT$

4,038,000. The reference date for this transaction was March 24, 2023. All subscription amounts have been received, and relevant legal procedures have been completed.

As of December 31, 2023 and 2022, the number of outstanding stock warrants and the number exercisable were as follows: 313 thousand shares, 626 thousand shares, zero shares and 313 thousand shares, respectively, for both categories.

(2) Capital surplus

The Company's capital surplus balance is as follows:

	Dec.31, 2023	Dec.31, 2022
Additional paid-in capital in excess of par	$ 515,052	514,144
Treasury stock transaction	14,582	14,582
	$ **529,634**	**528,726**

In accordance with the Company Act, the capital surplus shall first offset the losses, then issue new shares or cash in proportion to the shareholders' original shares using realized capital surplus. The realized capital reserve includes the premium from issuing shares in excess of par value and the donated income. In accordance with the regulations stipulated by the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the accumulated amount that can be transferred to capital surplus each year shall not exceed 10% of the paid-in capital.

(3) Retained earnings

According to the Articles of Incorporation of the Company, if there is a earning 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; however, when the legal capital reserve reach the total paid-in capital pf the Company, this limitation shall not apply. Additionally, special surplus reserves shall be provisioned or reversed according to laws or regulations of the competent authority. If any balance left over, along with the undistributed earnings from the beginning of the period, the Board of Director shall draft a earning 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 inflows, among which cash dividend shall not be less than 10% of total dividend.

① Legal Capital Reserve

The legal capital reserve may be used to offset deficits or be distributed as dividends in cash or shares for the portion exceeding 25% of the paid-in capital when the Company incurs no losses, subject to resolution by the Shareholders' Meeting.

② Special capital reserve

A special capital reserve is recognized at the same amount as the current earnings after tax (EAT) and the prior period’s undistributed earnings in respect of the equity deduction amount of the current year; The same amount of special capital 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 Earning distribution

On June 12, 2023 and May 17, 2022, the Shareholders’ Meeting resolved not to allocate dividends.

(4) Other equity (net income)

		Exchange differences arising on translation of foreign operations
Balance, Jan. 1, 2023	$	(100,223)
Exchange difference arising from translation of foreign operations’ net assets		(4,091)
Balance, Dec. 31, 2023	**$**	**(104,314)**
Balance, Jan. 1, 2022	$	(109,088)
Exchange difference arising from translation of foreign operations’ net assets		8,865
Balance, Dec. 31, 2022	**$**	**(100,223)**

15. Earnings (Losses) per Share

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

(In Thousands of New Taiwan Dollars / thousand shares)

		Dec.31, 2023	Dec.31, 2022
Basic Earnings (Loss) per Share			
Net (loss) attributable to shareholders of the Company's common shares	$	(184,233)	4,221
Weighted average number of common shares outstanding		61,130	60,888
Basic earnings (losses) per share ($)	$	(3.01)	0.07

The Company incurred unappropriated retained earnings for the years ended December 31, 2023 and 2022 , and there were no potential common shares from employee compensation that would have a dilutive effect. Therefore, diluted earnings per share were not disclosed..

16. Revenue from Customer Contracts

(1) Revenue of customer contract

	Dec.31, 2023		
	Taiwan Segment	**Foreign Segment**	**Total**
Main market area			
Argentina	$ 221,402	-	221,402
Peru	105,336	108,204	213,540
Chile	157,173	-	157,173
Venezuela	43,288	-	43,288
Uruguay	38,688	-	38,688
Colombia	44,273	-	44,273
Other countries	63,391	-	63,391
	$ 673,551	**108,204**	**781,755**
Main products/service line			
Set-top box and its components	$ 661,463	108,204	769,667
Other electronic products	5,486	-	5,486
Renewable energy	6,602	-	6,602
Total	**$ 673,551**	**108,204**	**781,755**
Revenue recognition timing			
Goods transferred at a certain point in time	$ 666,949	108,204	775,153
Services transferred over time	6,602	-	6,602
	$ $673,551	**108,204**	**781,755**

	Dec.31, 2022		
	Taiwan Segment	**Foreign Segment**	**Total**
Main market area			
Peru	$ $151,649	105,278	256,927
Argentina	457,643	-	457,643
Uruguay	39,759	-	39,759
Italy	12,766	-	12,766
Chile	112,407	-	112,407
Colombia	71,870	-	71,870
Venezuela	35,711	-	35,711
Other countries	179,312	-	179,312
	$ $1,061,117	**105,278**	**1,166,395**
Main products/service line			
Set-top box and its components	**$ $1,061,117**	**105,278**	**1,166,395**
Revenue recognition timing			
Goods transferred at a certain point in time	**$ $1,061,117**	**105,278**	**1,166,395**

(2) Contract balance

		Dec.31, 2023	Dec.31, 2022	Jan.1, 2022
Accounts receivable	$	360,319	507,950	250,019
Less: Allowance losses		(150,383)	(18,300)	(16,486)
Total	$	**209,936**	**489,650**	**233,533**
Contracts liabilities	$	**9,400**	**7,800**	**5,139**

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

(4) The beginning balance of contract liabilities on January 1, 2023 and 2022 was recognized as revenue for the years end December 31, 2023 and 2023, at NT$ 3,503,000 and NT$ 5,139,000 respectively.

17. Compensation of Employees, Directors and Supervisors

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

The Company incurred unappropriated retained earnings in both years ended December 31,2023 and 2022, therefore, employee and director compensation was not estimated. Relevant information can be found on Market Observation Post System (MOPS)

18. Non-operating Income and Expenses

(1) Interest income

The details of the Company's interest income are as follows:

		Dec.31, 2023	Dec.31, 2022
Interest of bank deposits	$	14,142	4,212
Interest income on financial assets measured at amortized cost		416	-
	$	**14,558**	**4,212**

(2) Other income

The details of the Company's other income are as follows:

		Dec.31, 2023	Dec.31, 2022
Dividend income	$	66	58
Subsidy income		2,292	2,153
Tax refund income on goods		6,341	-
Other income - Other		8,068	9,884
	$	**16,767**	**12,095**

(3) Other gains and losses

The details of the Company's other gains and losses for the years ended December 31, 2023, and 2022 is as follows:

	Dec.31, 2023	Dec.31, 2022
Profits on disposal of property, plant, and equipment	$ 57	-
Profits on lease modification	100	-
Profits on foreign exchange	11,362	50,518
Financial assets gains (losses) at fair value through profit or loss	7,423	(11,407)
Other net income (expenses)	736	(414)
	$ 19,678	**38,697**

(4) Finance costs

The details of the Company's financial costs for the years end December 31, 2023 and 2022 are as follows:

	Dec.31, 2023	Dec.31, 2022
Interest expense	$ 7,097	1,630
Interest expense of lease liabilities	1,939	251
Net amount of finance costs	$ **9,036**	**1,881**

19. Financial Instruments

(1) Credit risk

① Credit risk exposures

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

② 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, 2023 and 2022 should amount to 94% and 95% of the accounts receivable, respectively.

③ Credit risk of accounts receivable

Please refer to Note 6 (4) for information regarding credit risk exposures on notes receivable and accounts receivable.

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

The Company recognized allowance losses of NT$ 6,000 and NT$ 945,000 for other receivables measured based on the expected credit loss rate for the years ended December 31, 2023 and 2022, 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 Amount	Contractual Cash Flows	Within 1 year	1-2 years	2-5 years	Over 5 years
Dec.31, 2023						
Non-derivative financial liabilities						
Floating interest instruments	$ 380,707	396,240	267,672	26,958	36,391	65,219
Fixed interest instruments	25,233	25,650	20,520	5,130	-	-
Non-interest-bearing liabilities	255,613	255,613	255,613	-	-	-
Lease liabilities	105,762	123,201	5,576	7,292	22,757	87,576
	$ 767,315	**800,704**	**549,381**	**39,380**	**59,148**	**152,795**
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	5,730	9,337	24,330	88,756
	$ 771,335	**791,458**	**669,035**	**9,337**	**24,330**	**88,756**

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

(3) Currency risk

① Currency risk exposures

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

	Dec.31, 2023			Dec.31, 2022		
<u>Monetary Items</u>	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial Assets</u>						
US dollar	$ 26,780	30.725	822,816	29,800	30.673	914,055
<u>Financial liabilities</u>						
US dollar	4,855	30.725	149,170	8,133	30.673	249,464

② Sensitivity analysis

The currency risk of the Company's monetary items mainly results from currency translation of cash and cash equivalent, accounts receivable, other receivables, other financial assets (current, loans, accounts payable and other payable), resulting in foreign currency exchange profit and loss. As of December 31, 2023 and 2022, functional currencies depreciated or appreciated by 5% compared to foreign currencies and all other factors remain unchanged, the net profit (loss) before tax for the years ended December 31, 2023 and 2022 would increase or decrease by NT$ 33,682,000 and NT$ 33,230,000, 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 of the Company, 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 years ended December 31, 2023 and 2022, are NT$ 11,362,000 and NT$ 50,518,000 respectively.

④ Interest rate analysis

The interest rate risk of the Company's financial assets and financial liabilities is addressed in the liquidity risk management 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, with all other variables held constant, the Company's net loss before tax for the years ended December 31, 2023, and 2022, would increase or decrease by NT$ 149,000 and NT$ 90,000, respectively. This is primarily due to the 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**	
	Dec.31, 2023	**Dec.31, 2022**
Rise 5%	**$ 1,227**	**2,627**
Fall 5%	**$ (1,227)**	**(2,627)**

(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, 2023				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 24,534	24,534	-	-	24,534

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

② Valuation techniques used in financial instruments' fair value measurement

Non-derivative financial instruments

If a financial instrument has an quoted price on the active market, its fair value shall be the quoted price 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 quoted prices 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.

For financial instruments held by the Company that are traded on active markets (such as listed (OTC) company stocks, beneficiary certificates, etc., which have standard terms and conditions and are traded on active markets), their fair values are determined based on market quotations.

③ Transfer between level 1 and level 2

There was no transfer for the years end December 31, 2023, and 2022.

20. 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 risk

This Note expresses the Company's exposure information for above-mentioned risks, the Company's goals, policies and procedures for measuring and managing risks. For further quantified disclosure, please refer to the respective notes in the consolidated financial statements.

(2) 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. hrough 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 consolidated Company in supervision and conduct periodic and exceptional reviews on risk management procedures and report to the Board.

(3) 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. 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 segment. 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 Guarantee

The policy states that the consolidated Company can only provide financial guarantees to wholly owned Subsidiaries. As of December 31, 2023 and 2022, the Company did not provide any endorsement guarantee.

(4) 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 consolidated Company's reputation.

(5) 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.

① Currency risk

The Company is exposed to currency risk arising from sales, procurement and loan 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 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 price 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.

21. 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 year ended December 31, 2023 is the same as that of the year ended December 31,2022. The debt-to-capital ratio on the reporting date is as follows:

		Dec.31, 2023	Dec.31, 2022
Total Liabilities	$	784,106	790,973
Less: Cash and cash equivalent		(343,580)	(322,055)
Net debt		440,526	468,918
Total equity		852,324	1,036,530
Total capital	**$**	**1,292,850**	**1,505,448**
Debt-to-capital ratio		**34.07%**	**31.15%**

22. Financing activities for non-cash transactions

The adjustments of liabilities from financing activities are as follows:

				Non-cash Change			
		Jan.1, 2023	Cash Flows	Lease Change	Exchange Rate Changes	Acquisition in Consolidation	Dec.31, 2023
Short-term loans	$	149,100	100,796	-	(1,346)	-	248,550
Long-term loans		-	87,173	-	-	70,217	157,390
Lease liabilities (Note)		108,416	(3,969)	1,335	(20)	-	105,762
Total amount of liabilities from financing activities	**$**	**257,516**	**184,000**	**1,335**	**(1,366)**	**70,217**	**511,702**

Note: Lease changes involve the acquisition of right-of-use assets amounting to NT$ 10,715,000, net of lease termination derecognition amounting to NT$ 9,380,000.

				Non-cash Change		
		Jan.1, 2022	Cash Flows	Lease Change	Exchange Rate Changes	Dec.31, 2022
Short-term loans	$	105,029	43,915	-	156	149,100
Lease liabilities (Note)		5,910	(2,012)	104,459	59	108,416
Total amount of liabilities from financing activities	**$**	**110,939**	**41,903**	**104,459**	**215**	**257,516**

Note: Non-cash changes in leases represent the acquisition of right-of-use assets through leasing arrangements. Please refer to Note 6(8) for details.

VII. Related Party Transactions

1. Transactions with key management personnel

The compensation of key management personnel includes:

	Dec.31, 2023	Dec.31, 2022
Short-term employee benefits	27,416	17,506
Post-retirement benefits	438	268
	27,854	**17,774**

VIII. Pledged Assets

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

Assets	Pledge Guarantee Subject	Dec.31, 2023	Dec.31, 2022
Financial assets measured at amortized cost	Bank loan	$ 36,278	-
Other financial assets - current	Bank loan	158,818	129,747
Other financial assets - Non-current	Escrow and bank loans	15,356	4,668
Property, plant and equipment	Short-term loans	273,969	285,449
Right-of-use assets	Short-term loans	39,701	41,437
		$ 524,122	**461,301**

IX. Significant Contingent Liabilities and Unrecognized Commitments

1. 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.

(2) For the years ended December 31, 2023 and 2022, the Company entered into administrative procedure service contracts and intermediary contracts for land development with two non-related companies, respectively, for solar photovoltaic field development matters. The contract amounts were NT$49,700 thousand and NT$2,000 per watt, respectively, with the goal of setting up 20,000 kilowatts of power generation equipment in the form of fishery and electricity symbiosis. As of December 31, 2023, Company had respectively paid NT$26,943,000 and NT$19,488,000 (both recognized under "Property, Plant and Equipment - Construction in Progress").

(3) The Company signed a lease agreement with a non-related party for a duration of 10 to 20 years to operate solar photovoltaic power generation systems. According to the terms of the contract, an annual feedback fee is to be paid based on electricity sales revenue, with the proportion ranging from 3% to 8.8%.

X. Significant Disaster Loss： None.

XI. Significant Subsequent Events: None.

XII. Other

The employee benefits, depreciation, amortization, and amortized expenses is summarized as follows:

Function / Nature	Dec.31, 2023			Dec.31, 2022		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee Benefits						
Salary and bonuses	18,091	99,410	117,501	32,026	83,336	115,362
Labor & health insurance	1,443	6,832	8,275	1,469	6,070	7,539
Pension	2,038	5,636	7,674	2,198	5,262	7,460
Other employee benefit expenses	155	3,334	3,489	177	3,782	3,959
Depreciation expense	12,126	16,671	28,797	12,232	10,332	22,564
Amortization expense	1,224	1,344	2,568	1,548	1,123	2,671

XIII. Additional Disclosures

1. Related Information of Significant Transactions

For the year ended December 31, 2023, the Company is required, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, to disclose additional information regarding significant transactional matters as follows:

(1) LENDING FUND TO OTHER PARTIES

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Transaction Item	Related Party	Maximum Balance for the Period (Note 2)	Ending balance (Note 3)	Amount Actually Drawn	Interest Rate	Nature for Funding (Note 1)	Transaction Amount	Reason for Financing	Allowance for Bad Debts	Collateral		Financing Limits for Each Borrowing Company (Note 4)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
0	The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Short-term loan receivable-Related party	Yes	92,175	92,175	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	ED ASIA PTE. LTD.	Short-term loan receivable-Related party	Yes	30,725	30,725	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	JYU CHENG ENERGY ENGINEERING CO., LTD.	Short-term loan receivable-Related party	Yes	30,000	30,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	LI CHI ENERGY CO., LTD.	Short-term loan receivable-Related party	Yes	10,000	10,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	YA FU ENERGY CO., LTD.	Short-term loan receivable-Related party	Yes	10,000	10,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	JIAN CHE ENERGY CO., LTD.	Short-term loan receivable-Related party	Yes	10,000	10,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930

Note 1:1. Transactions with related parties.
2. In need of short-term financing.
Note 2:Refers to the maximum amount for the current period.
Note 3:Refers to the funding limit approved by the Board of Directors.
Note 4:The limit for intercompany loans shall not exceed 10% of the Subsidiary's net worth, with a total limit not exceeding 40% of the Subsidiary's net worth.
Note 5:The above transactions have been offset in the preparation of the consolidated financial statements.

Skardin Industrial Corporation and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) ENDORSEMENTS/GUARANTEES PROVIDED

(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 Statement	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	DE JIN ENERGY CO., LTD.	4	426,162	28,520	27,862	27,862	-	3.27%	852,324	Y	N	N
0	〃	GUANG SHI Energy CO.	4	426,162	71,460	69,295	69,295	-	8.13%	852,324	Y	N	N

Note 1: 0 represents the issuer.

Note 2: The limits on endorsement/ guarantee amount provided to each guaranteed party of the Company shall not exceed 50% of the current net worth, with a total limit not exceeding 100% of the net worth.

Note 3: There are 7 types of relationships between the endorsement/ guarantee provider and the guaranteed party, indicated as follows:

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 directly and indirectly holding more than 50% of the voting rights in the company.
4. Companies in which the Company directly and indirectly holds more than 90% of the voting shares.

Note 4: The above transactions have been offset in the preparation of the consolidated financial statements.

(3) MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARY, AFFLIATED COMPANY AND JOINT VENTURE INTERESTS)

(In Thousands of New Taiwan Dollars / Shares)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Highest Shareholding or Contribution During the Period	Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
The Company	MACRONIX INTERNATIONAL CO., LTD.	-	Financial assets at fair value through profit or loss - Current	2,321	73	- %	73	- %	
〃	UNITED MICROELECTRONICS CORPORATION	-	〃	14,469	761	- %	761	- %	
〃	WINBOND ELECTRONICS CORP.	-	〃	5,402	164	- %	164	- %	
〃	QUANTA COMPUTER INC.	-	〃	15,000	3,368	- %	3,368	- %	
〃	Allianz Income Growth Multi-Asset Fund Type A (Accumulation)	-	〃	53,324	20,168	- %	20,168	- %	
〃	Unsecured bonds, HSBC Holding PLC	-	Financial assets at amortized cost - Non-current	-	25,859	- %	25,859	- %	
〃	Unsecured bonds, BAC	-	〃	-	36,278	- %	36,278	- %	

(4) MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL: None

(5) ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL: None

(6) DISPOSAL OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL: None

Skardin Industrial Corporation and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(7) TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	Purchases	639,135	100%	Depending on the financial situation	-	Depending on the financial situation	(182,903)	(66)%	
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Parent Company	(Sales)	(639,135)	(100)%	Depending on the financial situation	-	Depending on the financial situation	182,903	100%	

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

(8) RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	221,729 (Note 2)	- %	-	-	-	-
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Parent Company	182,903 (Note 1)	2.96%	-	-	-	-

Note 1:Accounts receivable from sales.
Note 2:Other receivables generated from consignment purchases.
Note 3:The above transactions have been offset in the preparation of the consolidated financial statements.

(9) Engaged in derivative transaction: 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	The Company	SKARDIN INDUSTRIAL (UK) Ltd.	1	Research and technology service fees	20,931	There are no other comparable transaction parties.	3%
0	〃	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	1	Purchases	639,135	〃	82%
0	〃	〃	1	Accounts payable	182,903	Depending on the financial situation	11%
0	〃	〃	1	Other receivables	221,729	〃	14%
0	〃	ED ASIA PTE. LTD.	1	Sales	97,417	There are no other comparable transaction parties.	12%
0	〃	〃	1	Accounts receivable	10,508	Depending on the financial situation	1%

Note 1:The numbering format is as follows:
1. 0 represents the parent company.
2. For subsidiaries, numbering starts with the Arabic numeral 1 in sequential order according to the company's classification.

Note 2:The nature of the relationship with the counterparty is indicated as follows:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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 offset in the preparation of the consolidated financial statements.

2. NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA):

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China) for the years ended December 31, 2023 is as follows:

(In Thousands of New Taiwan Dollars / Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Highest Shareholding or Contribution During the Period	Net Profit (Losses) of the Investee Company	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount				
The Company	ORIENTAL SKY Ltd.	SAMOA	Investment Holding	49,475	49,475	200,000	100.00%	(4,682)	100.00%	(45,259)	(45,259)	
〃	TOP CROWN Ltd.	〃	Investment Holding	642,756	642,756	20,717,516	100.00%	282,212	100.00%	1,118	1,118	
〃	DE JIN ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	83,000	3,000	8,300,000	100.00%	73,686	100.00%	(8,567)	(8,567)	
〃	SKARDIN INDUSTRIAL (UK) Ltd.	The U.K.	Electronic Products Design	23,044	23,044	399,999	100.00%	9,101	100.00%	(1,429)	(1,429)	
〃	JYU CHENG ENERGY ENGINEERING CO., LTD.	Taiwan	Renewable Energy Engineering	1,000	-	100,000	100.00%	37	100.00%	(963)	(963)	
〃	SHINY DIGITAL CORP.	Taiwan	Information Software Service	20,000	-	2,000,000	100.00%	16,376	100.00%	(3,624)	(3,624)	
ORIENTAL SKY Ltd.	ED ASIA PTE. LTD.	Singapore	Electronic Products Sales	319,040	319,040	5,360,100	100.00%	(29,178)	100.00%	(46,042)	(46,042)	
TOP CROWN Ltd.	S&T INDUSTRIAL (H.K.) Co., Ltd.	Hongkong	Investment Holding	92,174	92,174	20,000,000	100.00%	201	100.00%	673	2,738	Note 1
DE JIN ENERGY CO., LTD.	LI CHI ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	100	10,000	100.00%	26	100.00%	(72)	(72)	
〃	YA FU ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	100	10,000	100.00%	26	100.00%	(72)	(72)	
〃	JIAN CHE ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	100	10,000	100.00%	26	100.00%	(72)	(72)	
〃	GUANG SHI Energy CO.	Taiwan	Renewable Energy Generation	55,651	-	-	100.00%	55,222	100.00%	(405)	(429)	Note 2

Note 1: The difference is primarily unrealized gains from the sale of fixed assets in the previous year.
Note 2: The difference is primarily due to acquisitions during the current period.
Note 3: The above transactions have been offset in the preparation of the consolidated financial statements.

3. INFORMATION ON INVESTMENT IN MAINLAND CHINA:

(1) Information related to investment in mainland China:

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Profit (Losses) of the Investee Company	Percentage of Ownership	Highest Shareholding or Contribution During the Period	Share of Profits/Losses (Note 2)	Carrying Amount of Balance as of December 31,2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow							
S&T Technology (Shenzhen) Co., Ltd.	Electronic Products Design	75,436	(3)	52,857	-	-	52,857	710	100.00%	100.00%	710	2,534	-
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Production and sales of set-top boxes and remote controls business	381,284	(3)	381,284	-	-	381,284	(1,597)	100.00%	100.00%	(1,597)	279,471	-

(2) Restrictions on reinvestment in mainland China:

Name	Accumulated Outflow of Investment from Taiwan to mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Investment Limits in Mainland China as Regulated by the Investment Commission, MOEA (Note 4)
The Company	434,141	521,987	511,394

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 investment limit is based on 60% of the net worth.
Note 5: The above transactions have been offset in the preparation of the consolidated financial statements.

(3) Significant Transactions:

For the significant transactions directly or indirectly between the Company and the investee companies in mainland China for the years ended December 31, 2023 (have been offset when preparing the consolidated financial statements), please refer to the "Related information of significant transactions" for details.

4. INFORMATION ON MAJOR SHAREHOLDERS:

Shares Shareholders	Total Shares Owned	Ownership Percentage
HENG YING TAI CAPITAL INVESTMENT CO., LTD.	27,712,509	45.28%
MILNE MICHAEL	3,352,994	5.47%

XIV. SEGMENT INFORMATION

1. General Information

The Company comprises two reporting segments: the Satellite TV Department and the Renewable Energy Department. The Satellite TV Department is engaged in the research, development, manufacturing, processing, and sales of satellite TV reception systems. The Renewable Energy Department focuses on the development of renewable energy projects, project management for plant development, and electricity sales.

The reportable departments of the 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 Segmental Profit and Loss, Assets, Liabilities, and Their Measurement Basis and Adjustments Should Be Reported

The Company uses the segmental profit or loss before tax (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 Company has not apportioned income tax expenses (profits) and non-recurring profit and loss to reportable segments. 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 segments are recognized and measured on the basis of cash payment to pension plan, the accounting policies of the operating segments are the same as those described in Note 4 "Summary of Significant Accounting Policies".

The Company regards sales and transfers between departments as transactions with third parties, which are measured at current market prices. The operating segment information and adjustments of the Company are as follows:

Dec.31, 2023		Satellite TV Department	Renewable Energy Department	Adjustments and Write-offs	Total
Income					
Income from external clients	$	775,153	6,602	-	781,755
Interest income		14,365	193	-	14,558
Total Income	**$**	**789,518**	**6,795**	**-**	**796,313**
Interest expense	$	5,960	3,076	-	9,036
Depreciation and amortization		24,554	6,811	-	31,365
Profit or loss of reportable segment	**$**	**(175,666)**	**(8,567)**	**-**	**(184,233)**
Assets of reportable segment	**$**	**1,344,361**	**292,069**	**-**	**1,636,430**
Liabilities of reportable segment	**$**	**582,156**	**201,950**	**-**	**784,106**

Dec.31, 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 expense	$	1,881	-	-	1,881
Depreciation and amortization		24,990	245	-	25,235
Profit or loss of reportable segment		**8,147**	**(746)**	**-**	**7,401**
Assets of reportable segment	$	**1,704,616**	**122,887**	**-**	**1,827,503**
Liabilities of reportable segment	$	**670,350**	**120,623**	**-**	**790,973**

3. Product and Service Information

Please refer to Note 6 (16) for information on the income of the Company from external clients.

4. Regional Information

The income of the 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:

Regional Categories		**Dec.31, 2023**	**Dec.31, 2022**
Non-current Assets			
Taiwan	$	267,750	164,192
Mainland China		326,961	343,424
Other countries		10,453	10,713
Total	**$**	**605,164**	**518,329**

Non-current assets include property, plant and equipment, intangible assets and other assets, but exclude non-current assets of financial instruments, deferred tax assets.

5. Main Client Information (Clients whose revenue exceeds 10% of consolidated revenue)

		Dec.31, 2023	**Dec.31, 2022**
Client A	$	566,872	882,089
Client B		108,204	105,278
	$	**675,076**	**987,367**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
Skardin Industrial Corporation

Opinion

We have audited financial statements of Skardin Industrial Corporation (the "Company", which comprise the balance sheets as of December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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 matters for the Company's consolidated financial statements for the year ended December 31, 2023are stated as follows:

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(4) 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, making them susceptible to international economic and financial influences. 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 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 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) of the Company 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. he 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, 2023 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 15, 2024

Skardin Industial Corporation
PANRENT COMPANY ONLY BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

		Dec.31, 2023		Dec.31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets				
1100	Cash and cash equivalents (Note 6(1))	$ 283,457	21	292,976	17
1110	Financial assets at fair value through profit or loss- current (Note 6(2))	24,534	2	52,546	3
1172	Accounts receivable (Note 6(4), 6(13) & 7)	220,351	16	486,689	28
1200	Other receivables (Note 6(16))	4,389	-	2,587	-
1212	Other receivables from related parties (Note 7)	222,418	15	342,214	20
1310	Inventories (Note 6(5))	4,721	-	8,665	1
1476	Other financial assets-current (Note 8)	160,484	11	131,287	8
1479	Current liabilities - Other	25,072	2	10,486	1
		945,426	67	1,327,450	78
	Non-current Assets				
1535	Financial assets at amortized cost - Non-current (Note6(3) and 8)	62,137	4	-	-
1550	Investments accounted for using equity method (Note 6(6))	381,412	26	338,544	20
1600	Property, plant and equipment (Note 6(7) and 8)	33,181	2	34,925	2
1755	Right-of-use assets	1,834	-	5,352	-
1780	Intangible Assets	3,166	-	4,656	-
1840	Deferred tax asset (Note 6(10))	3,287	-	3,287	-
1980	Other financial assets - Non-current (Note 8)	15,423	1	7,308	-
		500,440	33	394,072	22
	Total Assets	**$ 1,445,866**	**100**	**1,721,522**	**100**

Skardin Industrial Corporation
PARENT COMPANY ONLY BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

		Dec.31, 2023		Dec.31, 2022	
	Liabilities and Equities	**Amount**	**%**	**Amount**	**%**
	Current Liabilities				
2100	Short-term loans (Note 6(8))	$ 162,150	11	131,500	8
2130	Contracts liabilities - current (Note 6(13))	9,382	1	7,781	-
2150	Notes payable	1,745	-	459	-
2170	Accounts payable	89,934	6	196,150	11
2180	Accounts payable from related parties (Note 7)	182,903	13	249,478	15
2200	Other payables	75,937	5	89,049	5
2252	Short-term warranty provision	2,530	-	3,144	-
2280	Lease liabilities - current	-	-	1,696	-
2320	Long-term loans due within one year (Note 6(9))	27,415	2	-	-
2399	Other current liabilities - Other	1,524	-	1,287	-
		553,520	38	680,544	39
	Non-current Liabilities				
2540	Long-term loans (Note 6(9))	32,817	2	-	-
2580	Lease liabilities - non-current	1,846	-	3,682	-
2640	Net defined benefit liability - Non-current	677	-	766	-
2650	Investments accounted for using equity method (Note 6(6))	4,682	-	-	-
		40,022	2	4,448	-
	Total Liabilities	593,542	40	684,992	39
	Equity (Note 6(11))				
3110	Common stock:	612,006	42	608,876	35
3200	Capital surplus	529,634	38	528,726	32
	Retained earnings:				
3310	Legal Capital Reserve	191,450	13	191,450	11
3320	Special capital reserve	32,074	2	32,074	2
3350	Unappropriated Retained Earnings	(408,526)	(28)	(224,373)	(13)
3400	Others	(104,314)	(7)	(100,223)	(6)
	Total Equity	852,324	60	1,036,530	61
	Total Liabilities and Equities	$ 1,445,866	100	1,721,522	100

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

Chairman: Yu, Chih-Ching **Manager: Liou, Yung-Hsin** **Accounting Manager: Chao, Hui-Ling**

Skardin Industrial Corporation
Parent Company Only Statements of Comprehensive Income
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		DECEMBER.31, 2023			DECEMBER.31, 2022	
			Amount	%	Amount	%
4000	**Revenue (Note 6(13) & 7)**	$	764,139	100	1,154,882	100
5000	**Operating Cost (Note 6(5) & 7)**		648,079	85	1,014,152	88
	Gross profit (loss) from operations		116,060	15	140,730	12
	Operating Expenses (Note6(4) 6(16) & 7)					
6100	Marketing		73,945	10	89,203	8
6200	General and administrative		38,624	5	23,873	2
6300	Research and development		38,872	5	43,548	4
6450	Expected credit losses		132,089	16	2,759	-
	Total Operating Expenses		283,530	36	159,383	14
	Net Operating Losses		(167,470)	(21)	(18,653)	(2)
	Non-operating Income and Expenses (Note 6(15) & 7)					
7100	Interest income		13,749	2	4,595	-
7010	Other income		15,174	2	7,232	1
7020	Other gains and losses		16,548	2	52,419	5
7050	Finance costs		(3,511)	-	(1,062)	-
7375	Share of profit (loss) of subsidiaries accounted for using equity method		(58,723)	(8)	(37,130)	(3)
	Total non-operating Income and Expenses		(16,763)	(2)	26,054	3
7900	**Profits (Losses) Before Income Tax from Continuing Operations**		(184,233)	(23)	7,401	1
7950	**Less: Income Tax Expense (Note 6(10))**		-	-	3,180	-
8200	**Net profit (loss)**		(184,233)	(23)	4,221	1
	Other Comprehensive Income					
8310	**Items That Will Not Be Reclassified Subsequently to Profit or Loss:**					
8311	Re-measurement of defined benefit plan		80	-	2,786	-
8349	Less: Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 6(10))		-	-	(557)	-
	Total Items That Will Not Be Reclassified Subsequently to Profit or Loss		80	-	2,229	-
8360	**Items That May Be Reclassified Subsequently to Profit or Loss**					
8361	Exchange differences arising on translation of foreign operating entity		(4,091)	(1)	8,865	1
8399	Less: 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		(4,091)	(1)	8,865	1
	Other Comprehensive Income (Loss), Net of Income Tax		(4,011)	(1)	11,094	1
	Total comprehensive income	$	188,244	(24)	15,315	2
	Basic Earnings (Loss) per Share (Note 6(12))					
	Basic Earnings (Loss) per Share	$		3.01		0.07

(Please Refer to Notes to Parent Only Financial Statements)

Chairman: Yu, Chih-Ching **Manager: Liou, Yung-Hsin** **Accounting Manager: Chao, Hui-Ling**

Skardin Industrial Corporation

Parent Company Only Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

			Retained Earnings			Others	
	Capital Stock	Capital surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Retained Earnings	Exchange differences arising on translation of foreign operating entity	Total equity
BALANCE, JANUARY 1,2022	$ 608,876	528,726	191,450	32,074	(230,823)	(109,088)	1,021,215
Net profit	-	-	-	-	4,221	-	4,221
Other comprehensive income	-	-	-	-	2,229	8,865	11,094
Total comprehensive income	-	-	-	-	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
Net loss	-	-	-	-	(184,233)	-	(184,233)
Other comprehensive income	-	-	-	-	80	(4,091)	(4,011)
Total comprehensive income	-	-	-	-	(184,153)	(4,091)	(188,244)
Share-based payment transaction	3,130	908	-	-	-	-	4,038
BALANCE, DECEMBER 31,2023	**$ 612,006**	**529,634**	**191,450**	**32,074**	**(408,526)**	**(104,314)**	**852,324**

(Please Refer to Notes to Parent Only Financial Statements)

Chairman: Yu, Chih-Ching **Manager: Liou, Yung-Hsin** **Accounting Manager: Chao, Hui-Ling**

Skardin Industrial Corporation

Parent Company Only Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	DECEMBER.31, 2023	DECEMBER.31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax for the years ended Dec. 31, 2023	$ 184,233	7,401
Adjustments for:		
Income and Expense		
Depreciation expense	2,082	2,586
Amortization expense	2,089	2,646
Expected credit losses	132,089	2,759
Net profit (loss) from financial assets and liabilities at fair value	(7,423)	11,407
Interest expense	3,511	1,062
Interest income	(13,749)	(4,595)
Dividend income	(66)	(58)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	58,723	37,130
Profit on disposal and scrapping of property, plant, and equipment	(31)	-
Profit on lease termination	(26)	-
Provision for warranty of reverse after-sales service	(614)	(1,120)
Subtotal	176,585	51,817
Changes in operating assets and liabilities		
Changes in operating assets		
Accounts receivable	134,255	(263,214)
Other receivables	119,776	(220,853)
Inventories	3,944	31,068
Other current assets	(14,586)	(6,550)
Total changes in operating assets	243,389	(459,549)
Changes in operating liabilities		
Notes payable	1,286	(1,188)
Accounts payable	(172,791)	307,401
Other payables	(13,112)	(18,272)
Contracts liabilities	1,601	2,658
Other current liabilities	237	(352)
Net defined benefit liability	(9)	(6,811)
Total changes in operating liabilities	(182,788)	283,436
Total changes in operating assets and liabilities	60,601	(176,113)
Total adjustments	237,186	(124,296)
Cash inflow (outflow) generated form operation	52,953	(116,895)
Interest received	11,961	4,595
Interest paid	(3,511)	(1,062)
Income taxes paid	-	(470)
Net cash inflow (outflow) generated from operation	61,403	(113,832)

Skardin Industrial Corporation

PARENT COMPANY ONLY STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	DECEMBER.31, 2023	DECEMBER.31 , 2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(62,137)	-
Disposal of financial assets at fair value through profit or loss	35,435	53,340
Acquisition of investments accounted for using equity method	(101,000)	(3,000)
Acquisitions of property, plant and equipment	(448)	(3,533)
Disposal of property, plant and equipment	1,220	935
Other receivables from decrease of related parties	-	82,994
Acquisitions of intangible assets	(599)	(4,751)
Increase of other financial assets	(37,312)	(130,156)
Dividends received	66	58
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(164,775)	(4,113)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	30,650	39,500
Proceeds from long-term loans	60,232	-
Repayment of the principal portion of lease liabilities	(1,067)	(781)
Employee stock options exercised	4,038	-
Net Cash Inflows From Financing Activities	93,853	38,719
Net decrease in cash and cash equivalents	(9,519)	(79,226)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	292,976	372,202
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 283,457	292,976

(Please Refer to Notes to Parent Only Financial Statements)

Chairman: Yu, Chih-Ching **Manager: Liou, Yung-Hsin** **Accounting Manager: Chao, Hui-Ling**

Skardin Industrial Corporation
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. 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's mainly engages in manufacturing and processing of satellite television reception system and trading business. On May 17th, 2006, the company was listed and traded on the Taipei Exchange. On July 11, 2023, the Company was officially renamed.

II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 15, 2024.

III. 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, 2023, did 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 IFRS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction."

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC since May 23, 2023, did not have a significant effect on the Company's accounting policies.

- Amendments to IAS 12 " International Tax Reform-Pillar Two Model Rules."

2. The Impact of Not Yet Adopting the International Financial Reporting Standards (IFRSs) Recognized by the FSC.

The initial application of the amendments to the IFRSs being evaluated by the Company since January 1, 2024, is not expected to have a significant impact on the Company's financial statements.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current."
- Amendments to IAS 1 "Non-current Liabilities with Covenants."
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements."
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback."

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

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 IAS 21 “ Lack of Exchangeability.”

IV. 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 at fair values through profit or loss 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

(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:

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.

4. Classification of Current and Non-current 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.

5. Cash and cash Equivalents

Cash includes cash on hand and demand deposits. Cash 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.

(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 derecognized, the gain or loss is then listed as profit or loss.

② Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost above or measured at fair value through other comprehensive income 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.

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 allowance on financial assets at amortized cost are deducted from the carrying amount 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 carrying 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 liability or equity

liability 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 measured at amortized cost, as they are subsequently measured using the effective interest method at amortized cost. Interest expense and exchange gains and losses are recognized as profit or loss, Any gains or losses upon derecognition are also recognized in the profit or loss.

④ Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, canceled 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 derecognized 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. Costs include acquisition, production, or processing costs, as well as other costs incurred to bring assets to their present location and condition, and are calculated using the weighted average method. The cost of finished goods and work in progress inventory includes manufacturing overheads allocated on a normal capacity basis.

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

8. Investment in Subsidiaries

In preparing the parent company only financial statements, the Company adopts the equity method to evaluate investments in subsidiaries over which it has control. Under the equity method, the current profit or loss and other comprehensive income in the parent company only financial statements are the same as those in the consolidated financial statements, and the equity attributable to the owners of the parent company in the parent company only financial statements is the same as that in the consolidated financial statements.

Changes in ownership interests in subsidiaries that do not result in loss of control are accounted for as transactions with owners.

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)Building	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) Lessee

The Company recognizes the use right-of-use 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 re-measurement 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 carrying amount of the right-of-use asset is adjusted accordingly. And when the carrying 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 carrying 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 equipment 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.

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. Goodwill is subject to impairment testing on an annual basis.

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 carrying amount.

Impairment loss is immediately recognized in profit and loss and are reduced first by the amount of goodwill amortized on the carrying amount of the cash generating unit and then by the carrying amount of the 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

Revenue 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 Plan

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.

The re-measurement amount of net defined benefit liabilities, including actuarial profit or loss, return on plan assets (excluding interest), and any changes in the asset maximum, is immediately recognized in other comprehensive income and accumulated 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 taxes comprise current and deferred income taxes. Except for items related to business combinations, recognition directly in equity, or other comprehensive income, both current and deferred income taxes should be recognized in the profit or loss.

The Company determines that interest or penalties related to income taxes do not meet the definition of income taxes; therefore, accounting treatment is applied in accordance with IAS 37.

Current income taxes include the estimated provision for income taxes payable or receivable for the current year based on taxable income (loss) calculated for the year, as well as any adjustments to income taxes payable or receivable for prior years. The amounts are measured at the best estimate of the amounts expected to be paid or received based on the legal tax rates or rates substantively enacted as of the reporting date.

Deferred income taxes are recognized for temporary differences between the carrying 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 recognized initially in transactions that do not constitute business combinations, and at the time of the transaction, (i) do not affect accounting profit or taxable income (loss), and (ii) do not generate corresponding taxable or deductible temporary differences;

(2) Temporary differences arising from investments in Subsidiaries, associates, and joint ventures, the controlling Company can determine the timing of reversal of temporary differences, and it is probable that they will not reverse 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. Segment Information

The Company has already disclosed segment information in the consolidated financial statements; therefore, segment information is not disclosed in the parent company only financial statements.

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

In preparing this parent company only financial reports in accordance with the Regulations 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 consolidated 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 Assessment 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 inputs.

【Evaluation Process】

The accounting policies and disclosures of the Company include the use of fair value measurement for its financial and non-financial assets and liabilities. The Company has established internal control systems for fair value measurement. The finance segment conducts regular reviews of significant unobservable inputs and adjustments. If third-party information (such as broker or pricing service agency) is used for inputs in fair value measurement, evidence supporting these inputs provided by the third party is evaluated to ensure that the valuation and its fair value level classification comply with the requirements of IFRSs. The finance segment also reports significant valuation issues to the Company's Audit Committee.

The Company uses observable inputs to the extent possible when measuring its assets and liabilities. The level of fair value is classified based on the inputs used in the valuation techniques as follows:

1. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2: Inputs for the asset or liability, including quoted prices for similar assets or liabilities in active markets, are directly observable or indirectly observable through derived prices.
3. Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs). In the event of transfers between levels of fair value hierarchy or circumstances related to fair value measurement, the Company recognizes such transfers on the reporting date.

For detailed information on the assumptions used in fair value measurements.

1. Please refer to the Note 6(16), Financial Instruments.

VI. EXPLANATION OF SIGNIFICANT ACCOUNTING ITEMS

1. Cash and Cash Equivalents

	Dec.31, 2023	Dec.31, 2022
Cash	$ 313	258
Check deposits	1,716	-
Demand deposits	170,524	212,969
Time deposits	110,904	79,749
Cash and equivalent listed in Cash Flow Statements	**$ 283,457**	**292,976**

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, 2023	Dec.31, 2022
Financial assets that are forced to be measured at fair value through profit or loss			
Listed (counter) company stocks	$	4,366	863
Domestic fund		20,168	51,683
Total	$	24,534	52,546

(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, 2023 and 2022, the Company's financial assets were not used as a guarantee for loans or financing lines.

3. Financial Assets Measured at Amortized Cost

		Dec.31, 2023	Dec.31, 2022
Unsecured bonds, BAC	$	36,278	-
Unsecured bonds, HSBC Holding PLC		25,859	-
Total	$	62,137	-

The Company evaluates these assets for classification as held-to-maturity investments, intending to collect contractual cash flows until maturity, with those cash flows solely comprising principal repayment and interest payments on the outstanding principal amount. Therefore, they are reported as financial assets measured at amortized cost.

(1) The Company purchased unsecured bonds issued by foreign financial institutions with face values of USD 1,220,000 and USD 780,000, respectively. The stated interest rates range from 5.87% to 6.25%, and the maturity period is approximately 10 years.

(2) Please refer to Note 6 (16) for credit risk information.

(3) Please refer to Note 8 for details regarding the above financial assets used as collateral for long-term loans and financing facilities.

4. Accounts Receivable

		Dec.31, 2023	Dec.31, 2022
Accounts receivable from related parties	$	370,734	504,989
Less: Allowance losses		(150,383)	(18,300)
	$	220,351	486,689

Since May of 2023, the Company has had outstanding accounts receivable from DIRECTV ARGENTINA S.A. that remained uncollected due to local foreign exchange controls in Argentina. Subsequently, in January 2024, the Company received an insurance claim payment of USD 2,240,000 from an insurance company. In November of the 2023, the

Company entered into an agreement with the insurance company to pursue the collection of overdue payments. Due to the outstanding receivables from the aforementioned customer, shipments have been temporarily suspended since July of 2023. Considering the uncertainty surrounding the impact of the Argentine foreign exchange controls on government policies as of 2023, and the possibility that the insurance company may not be able to promptly recover the outstanding amount, the Company has provisioned the full expected credit loss, except for the amount already received from the insurance company. The analysis of expected credit losses for the accounts receivable from this customer is as follows:

	Dec.31, 2023		
	Accounts receivable carrying amount	**Weighted average expected credit loss rate**	**Provision for lifetime expected credit losses**
Less than 180 days overdue	$ 68,705	0.00%	-
181 to 240 days overdue	132,052	100.00%	132,052
	$ 200,757		**132,052**

The Company adopts a simplified method to estimate expected credit losses for remaining 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 of the Company is as follows:

	Dec.31, 2023		
	Accounts receivable carrying amount	**Weighted average expected credit loss rate**	**Provision for lifetime expected credit losses**
Not overdue	$ 151,646	0.00%	-
More than 365 days overdue	18,331	100.00%	18,331
	$ 169,977		**18,331**

Note:

	Dec.31, 2022		
	Accounts receivable carrying amount	**Weighted average expected credit loss rate**	**Provision for lifetime expected credit losses**
Not overdue	$ 486,689	0.00%	-
More than 365 days overdue	18,300	100.00%	18,300
	$ 504,989		**18,300**

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

	Dec.31, 2023	Dec.31, 2022
Beginning balance	$ 18,300	16,486
Recognized impairment loss (impairment loss reversal)	132,083	1,814
Ending balance	**$ 150,383**	**18,300**

As of December 31, 2023 and 2022, the Company's accounts receivable was not used as a guarantee for loans or financing lines.

5. Inventories

	Dec.31, 2023	Dec.31, 2022
Goods	**$ 4,721**	**8,665**

(1) Inventory costs recognized as cost of goods sold and expenses for the year end December 31, 2023 and 2022 were NT$ 648,079,000 and NT$ 1,014,152,000 respectively.

(2) As of December 31, 2023 and 2022, the Company's accounts receivable was not used as a pledge guarantee.

6. Investments Accounted for Using Equity Method / Credit Balance off Investments Accounted for Using Equity Method

	Dec.31, 2023	Dec.31, 2022
Investments accounted for using equity method-Subsidiary	**$ 381,412**	**338,544**
Credit balance of investments accounted for using equity method - Subsidiary	**$ (4,682)**	**-**

(1) For details on subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2023

(2) None of the above investments accounted for using the equity method have been pledged or provided as collateral.

7. Property, Plant and Equipment

The details of changes in the cost, depreciation, and impairment losses of property, plant, and equipment for the years ended December 31, 2023 and 2022 are as follows:

		Land	Building	Machinery and equipment	Office and Other equipment	Total
Cost:						
Balance, Jan. 1, 2023	$	22,630	19,620	6,306	33,465	82,021
Additions		-	-	-	448	448
Disposals		-	-	-	(2,617)	(2,617)
Balance, Dec. 31, 2023	**$**	**22,630**	**19,620**	**6,306**	**31,296**	**79,852**
Balance, Jan. 1, 2022	$	22,630	19,620	6,306	36,065	84,621
Additions		-	-	-	3,533	3,533
Disposals		-	-	-	(6,133)	(6,133)
Balance, Dec. 31, 2022	**$**	**22,630**	**19,620**	**6,306**	**33,465**	**82,021**
Depreciation and impairment loss						
Balance, Jan. 1, 2023	$	1,860	8,645	6,306	30,285	47,096
Depreciation of the current year		-	394	-	609	1,003
Disposals		-	-	-	(1,428)	(1,428)
Balance, Dec. 31, 2023	**$**	**1,860**	**9,039**	**6,306**	**29,466**	**46,671**
Balance, Jan. 1, 2022	$	1,860	8,251	6,059	34,322	50,492
Depreciation of the current year		-	394	247	1,161	1,802
Disposals		-	-	-	(5,198)	(5,198)
Balance, Dec. 31, 2022	**$**	**1,860**	**8,645**	**6,306**	**30,285**	**47,096**
Carrying value:						
Dec.31, 2023	**$**	**20,770**	**10,581**	**-**	**1,830**	**33,181**
Jan.1, 2022	**$**	**20,770**	**11,369**	**247**	**1,743**	**34,129**
Dec.31, 2022	**$**	**20,770**	**10,975**	**-**	**3,180**	**34,925**

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

8. Short-term Loans

	Dec.31, 2023	Dec.31, 2022
Secured bank loan	$ 162,150	131,500
Credit line unused	$ 245,575	233,500
Interest Rate	1.60%~2.00%	1.41%~1.93%

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

9. Long-term Loans

Details, conditions, and terms of long-term loans of the Company are as follows:

	Dec.31, 2023			
	Currency	Interest Rate	Maturity Date	Amount
Unsecured bank loan	NTD	0.50%	2026	$ 35,000
Other loans	NTD	2.47%	2025	25,232
Less: Portion due within one year				(27,415)
Total				$ 32,817
Credit line unused				$ -

(1) Collateral for bank loan

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

10. Income Tax

(1) Income tax expenses

The breakdown of cost of income tax expenses for the years ended December 31, 2023, and 2022 is as follows:

	Dec.31, 2023	Dec.31, 2022
Current income tax expenses		
Current income tax of prior period adjustment	$ -	470
Deferred tax expenses		
Occurrence and reversal of temporary differences	-	2,710
Income tax expenses	$ -	3,180

The breakdown of income tax expenses recognized in other comprehensive income for the years end December 31, 2023, and 2022 are as follows:

	Dec.31, 2023	Dec.31, 2022
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit plan	$ -	(557)

The reconciliation of the Company's income tax expense and net loss before tax for 2023 and 2022 is as follows:

	Dec.31, 2023	Dec.31, 2022
Net profit (loss) before tax	**$ 184,233**	**7,401**
Income tax based on the domestic tax rate of the Company’s location	$ (36,847)	1,480
Permanent differences	(1,485)	1,631
Tax-free income	(12)	652
Recognition of previously unrecognized deferred tax losses	(1,519)	(12,563)
Changes of unrecognized temporary differences	39,863	11,510
Current income tax of prior period adjustment	-	470
Total	**$ -**	**3,180**

(2) Deferred tax assets and liabilities

① Unrecognized deferred tax assets

The Company’s unrecognized deferred tax assets are as follows:

	Dec.31, 2023	Dec.31, 2022
Unrealized loss on foreign investments	$ 428,645	378,984
Bad-debt Loss	133,337	-
Tax loss	55,533	46,392
	$ 617,515	**425,376**
Amount of unrecognized deferred tax asset	**$ 123,503**	**85,075**

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.

Tax losses are deductible from the current year's income, as stipulated by Income Tax Act, based on losses incurred in the previous ten years as approved by the tax authorities, before assessing income tax again. 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, 2023 the Company has not recognized deferred tax assets for tax losses. The expiration periods for deduction are as follows:

Loss Year	Loss Not Yet Deducted	Last Year for Deduction
2020	$ 7,062	2030
2021	$ 48,471	2031
Total	$ 55,533	

② Recognized deferred tax assets and liabilities

The changes of deferred tax assets and liabilities for the years end December 31, 2023, and 2022 are as follows:

	Defined Benefit Plan	Recognition of After-sales Service Provision	Bad-debt Loss	Other	Total
Deferred tax asset					
Balance, Jan. 1, 2023	$ -	629	2,658	-	3,287
Balance, Dec. 31, 2023	**$ -**	**629**	**2,658**	**-**	**3,287**
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	(557)	-	-	-	(557)
Balance, Dec. 31, 2022	**$ -**	**629**	**2,658**	**-**	**3,287**

The settlement declaration of the Company's profit-seeking enterprise income tax has been approved by the tax authority until 2021.

11. Capital and Other Equity

As of December 31,2023 and 2022, the total authorized capital stock of the Company amounted to NT$ 800,000,000 with a par value of NT$ 10 per share, consisting of NT$ 80,000,000 shares in each case. The aforementioned authorized capital stock consists entirely of common shares, with issued shares totaling 61,201,000 and 60,888,000 shares, respectively. All issued share capital has been fully paid.

(1) Share-based payment

In December 2020, the Company's Board of Directors resolved to issue employee stock warrants. Subsequently, in 2023, upon expiration of the grant period for the stock warrants, 313,000 shares were exercised at a subscription price of NT$ 12.90 per share, totaling NT$ 4,038,000. The reference date for this transaction was March 24, 2023. All subscription amounts have been received, and relevant legal procedures have been completed.

As of December 31, 2023 and 2022, the number of outstanding stock warrants and the number exercisable were as follows: 313 thousand shares, 626 thousand shares, zero shares and 313 thousand shares, respectively, for both categories.

(2) Capital surplus

The Company's capital surplus balance is as follows:

	Dec.31, 2023	Dec.31, 2022
Additional paid-in capital in excess of par	$ 515,052	514,144
Treasury stock transaction	14,582	14,582
	$ 529,634	**528,726**

In accordance with the Company Act, the capital surplus shall first offset the losses, then issue new shares or cash in proportion to the shareholders' original shares using realized capital surplus. The realized capital reserve includes the premium from issuing shares in excess of par value and the donated income. In accordance with the regulations stipulated by the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the accumulated amount that can be transferred to capital surplus each year shall not exceed 10% of the paid-in capital.

(3) Retained earnings

According to the Articles of Incorporation of the Company, if there is a earning 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; however, when the legal capital reserve reach the total paid-in capital pf the Company, this limitation shall not apply. Additionally, special surplus reserves shall be provisioned or reversed according to laws or regulations of the competent authority. If any balance left over, along with the undistributed earnings from the beginning of the period, the Board of Director shall draft a earning 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 inflows, among which cash dividend shall not be less than 10% of total dividend.

① Legal Capital Reserve

The legal capital reserve may be used to offset deficits or be distributed as dividends in cash or shares for the portion exceeding 25% of the paid-in capital when the Company incurs no losses, subject to resolution by the Shareholders' Meeting.

② Special capital reserve

A special capital reserve is recognized at the same amount as the current earnings after tax (EAT) and the prior period's undistributed earnings in respect of the equity deduction amount of the current year; The same amount of special capital 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 Earning distribution

On June 12, 2023 and May 17, 2022, the Shareholders' Meeting resolved not to allocate dividends.

(4) Other equity (net income)

	Exchange differences arising on translation of foreign operations
Balance, Jan. 1, 2023	$ 100,223
Exchange difference arising from translation of foreign operations' net assets	(4,091)
Balance, Dec. 31, 2023	**$ 104,314**
Balance, Jan. 1, 2022	$ 109,088
Exchange difference arising from translation of foreign operations' net assets	8,865
Balance, Dec. 31, 2022	**$ 100,223**

12. Earnings (Losses) per Share

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

	Dec.31, 2023	Dec.31, 2022
Basic Earnings (Loss) per Share		
Net (loss) attributable to shareholders of the Company's common shares	**$ 184,233**	**4,221**
Weighted average number of common shares outstanding(thousand shares)	**61,130**	**60,888**
Basic earnings (losses) per share ($)	**$ 3.01**	**0.07**

The Company incurred unappropriated retained earnings for the years ended December 31, 2023 and 2022 , and there were no potential common shares from employee compensation that would have a dilutive effect. Therefore, diluted earnings per share were not disclosed.

13. Revenue from Customer Contracts

(1) Revenue of customer contract

		Dec.31, 2023	Dec.31, 2022
Main market area			
Singapore	$	97,417	83,778
Peru		105,336	151,649
Argentina		221,402	457,643
Chile		157,173	112,370
Italy		29,376	12,766
Other countries		153,435	336,676
	$	**764,139**	**1,154,882**
Main products/service line			
Set-top box and its components	$	758,653	1,154,882
Other electronic products		5,486	-
	$	**764,139**	**1,154,882**

(2) Contract balance

		Dec.31, 2023	Dec.31, 2022	Jan.1, 2022
Accounts receivable	$	370,734	504,989	241,775
Less: Allowance losses		(150,383)	(18,300)	(16,486)
Total	**$**	**220,351**	**486,689**	**225,289**
Contracts liabilities	**$**	**9,382**	**7,781**	**5,123**

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

(4) The beginning balance of contract liabilities on January 1, 2023 and 2022 was recognized as revenue for the years end December 31, 2023 and 2022, at NT$ 3,503,000 and NT$ 5,123,000 respectively.

14. Compensation of Employees, Directors and Supervisors

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

The Company incurred unappropriated retained earnings in both years ended December 31,2023 and 2022, therefore, employee and director compensation was not estimated. Relevant information can be found on Market Observation Post System (MOPS)

15. Non-operating income and expenses

(1) Interest income

	Dec.31, 2023	Dec.31, 2022
Interest of bank deposits	$ 12,859	3,816
Other interest income	474	779
Interest income on financial assets measured at amortized cost	416	-
	$ 13,749	4,595

(2) Other income

	Dec.31, 2023	Dec.31, 2022
Dividend income	$ 66	58
Subsidy income	2,292	2,137
Tax refund income on goods	6,341	-
Other income - Other	6,475	5,037
	$ 15,174	7,232

(3) Other gains and losses

	Dec.31, 2023	Dec.31, 2022
Profits on disposal of property, plant, and equipment	$ 31	-
Profit on lease termination	26	-
Profits on foreign exchange	9,332	63,826
Financial assets gains (losses) at fair value through profit or loss	7,423	(11,407)
Other net	(264)	-
	$ 16,548	52,419

(4) Finance costs

	Dec.31, 2023	Dec.31, 2022
Interest expense	$ 3,477	1,037
Interest expense of lease liabilities	34	25
	$ 3,511	1,062

16. Financial instruments

(1) Credit risk

① Credit risk exposures

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

② 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, 2023 and 2022 should amount to 89% and 83% of the accounts receivable, respectively.

③ Credit risk of accounts receivable

Please refer to Note 6 (4) for information regarding credit risk exposures on notes receivable and accounts receivable.

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

The Company's other receivables recognized based on the expected credit loss rate for the year end December 31, 2023 and 2022 are NT$ 6,000 and NT$ 945,000 respectively. Please refer to Note 4 (6) 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 Amount	Contractual Cash Flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December.31, 2023						
Non-derivative financial liabilities						
Floating interest instruments	$ 197,150	199,237	171,045	17,912	10,280	-
Fixed interest instruments	25,232	25,650	20,520	5,130	-	-
Non-interest bearing liabilities	350,519	350,519	350,519	-	-	-
Lease liabilities	1,846	1,869	975	894	-	-
	$ 574,747	**577,275**	**543,059**	**23,936**	**10,280**	**-**
December.31, 2022						
Non-derivative financial liabilities						
Floating interest instruments	$ 131,500	131,727	131,727	-	-	-
Non-interest bearing liabilities	535,136	535,136	535,136	-	-	-
Lease liabilities	5,378	5,484	1,730	1,729	2,025	-
	$ 672,014	**672,347**	**668,593**	**1,729**	**2,025**	**-**

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

(3) Currency risk

① Currency risk exposures

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

	Dec.31, 2023			Dec.31, 2022		
Monetary Items	**Foreign Currency**	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial Assets						
US Dollars	$ 34,198	30.725	1,050,734	40,939	30.673	1,255,722
Financial liabilities						
US Dollars	10,808	30.725	332,076	17,613	30.673	540,244

② Sensitivity analysis

The currency risk of the Company's monetary items mainly results from currency translation of cash and cash equivalent, accounts receivable, other receivables, other financial assets (current, loans, accounts payable and other payable), resulting in foreign currency exchange profit and loss. As of December 31, 2023 and 2022, functional currencies depreciated or appreciated by 5% compared to foreign currencies and all other factors remain unchanged, the net profit (loss) before tax for the years ended December 31, 2023 and 2022 would increase or decrease by NT$ 35,933,000 and NT$ 35,774,000 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 of the Company, 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 years ended December 31, 2023, and 2022, are NT$ 9,332,000 and NT$ 63,826,000 respectively.

④ Interest rate analysis

The interest rate risk of the Company's financial assets and financial liabilities is addressed in the liquidity risk management 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, with all other variables held constant, the Company's net loss before tax for the years ended December 31, 2023 and 2022, would increase or decrease by NT$ 27,000 and net profit before tax would increase or decrease by NT$ 81,000, respectively. This is primarily due to the 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 Dec.31, 2023	Profit and loss after tax Dec.31, 2022
Rise 5%	$ 1,227	2,627
Fall 5%	$ (1,227)	(2,627)

(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, 2023				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	$ 24,534	24,534	-	-	24,534

	Dec.31, 2022				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	$ 52,546	52,546	-	-	52,546

② Valuation techniques used in financial instruments' fair value measurement

Non-derivative financial instruments

If a financial instrument has an quoted price on the active market, its fair value shall be the quoted price 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 quoted prices 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.

For financial instruments held by the Company that are traded on active markets (such as listed (OTC) company stocks, beneficiary certificates, etc., which have standard terms and conditions and are traded on active markets), their fair values are determined based on market quotations.

③ Transfer between level 1 and level 2

There was no transfer for the years end December 31, 2023 and 2022.

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 risk.

This Note expresses the Company's exposure information for above-mentioned risks, the Company's goals, policies and procedures for measuring and managing risks. For further quantified disclosure, please refer to the respective notes in the parent company only financial statements.

(1) 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. hrough 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 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 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. 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 segment. 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 Guarantee

The policy states that the consolidated Company can only provide financial guarantees to wholly owned Subsidiaries. As of December 31, 2023 and 2022, the Company did not provide any endorsement guarantee.

(3) 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 consolidated Company's reputation.

(4) 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.

① Currency risk

The Company is exposed to currency risk arising from sales, procurement and loan 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 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 price 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 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 year ended December 31, 2023 is the same as that of the year ended December 31,2022. The debt-to-capital ratio on the reporting date is as follows:

		Dec.31, 2023	Dec.31, 2022
Total Liabilities	$	593,542	684,992
Less: Cash and cash equivalent		(283,457)	(292,976)
Net debt		310,085	392,016
Total equity		852,324	1,036,530
Total capital	$	1,162,409	1,428,546
Debt-to-capital ratio		26.68%	27.44%

19. Financing Activities for Non-cash Transactions

The Company's major non-cash transaction financing activities for the year end December 31, 2023 and 2022: None.

VII. 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	Relationship with the Company
ED ASIA PTE. LTD.	The 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 revenue

The Company's significant sales to related parties are as follows:

	Dec.31, 2023	Dec.31, 2022
Subsidiary-ED ASIA PTE. LTD.	$ 97,417	83,778

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) Purchases

The purchase amount from related parties is as follows:

	Dec.31, 2023	Dec.31, 2022
Subsidiary-FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	$ 639,135	990,458

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, 2023	Dec.31, 2022
Accounts receivable	Subsidiary-ED ASIA PTE. LTD.	$ 10,508	3,865
Other receivables	Subsidiary-ED ASIA PTE. LTD.(Note)	$ 669	73,006
	Subsidiary-FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.(Note)	221,729	269,202
	Subsidiary-DE JIN ENERGY CO., LTD.	-	6
		$ 222,398	**342,214**

Refers to receivables of materials purchased on behalf of related parties.

(4) Amounts payable from related parties

The details of payable from related parties are as follows:

Item	Related party categories	Dec.31, 2023	Dec.31, 2022
Accounts payable	Subsidiary-FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	**$ 182,903**	**249,478**

(5) Other

The Company has entered into a technical services contract with its subsidiary, SKARDIN INDUSTRIAL (UK) Ltd., entrusting it to provide product technology and research and development, as well as product interface integration. The technical service fees recognized for the year end December 31, 2023 and 2022 were NT$ 20,931,000 and NT$ 19,995,000 respectively.

(6) Loans to related parties

The interest rates on loans to subsidiaries for the years ended December 31, 2023 and 2022 were 1.73% to 1.85% and 0.95%, respectively. The interest income generated amounted to NT$474,000 and NT$779,000, respectively.

3. Transactions with Key Management Personnel

The compensation of key management personnel includes:

	Dec.31, 2023	Dec.31, 2022
Short-term employee benefits	$ 15,663	9,651
Post-retirement benefits	108	108
	$ 15,771	**9,759**

VIII. Pledged Assets

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

Assets	Pledge Guarantee Subject	Dec.31, 2023	Dec.31, 2022
Financial assets measured at amortized cost	Bank loan	$ 36,278	-
Property, Plant and Equipment	Bank loan	31,351	28,289
Other financial assets - current	Bank loan	160,484	129,747
Other financial assets - Non-current	Bank loan and escrow	12,668	4,668
		$ 240,781	162,704

IX. Significant Contingent Liabilities and Unrecognized Commitments

1. 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.

X. Significant Disaster Loss： None.

XI. Significant Subsequent Events: None.

XII. OTHER

1. The Employee Benefits, Depreciation, Amortization, and Amortized Expenses Is Summarized as Follows:

Function / Nature	Dec.31, 2023			Dec.31, 2022		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee Benefits						
Salary and bonuses	-	42,373	42,373	-	32,181	32,181
Labor & health insurance	-	3,660	3,660	-	3,177	3,177
Pension	-	2,147	2,147	-	1,738	1,738
Director's compensation	-	5,860	5,860	-	5,266	5,266
Other employee benefit expenses	-	1,616	1,616	-	1,672	1,672
Depreciation expense	-	2,082	2,082	-	2,586	2,586
Amortization expense	227	1,862	2,089	1,548	1,098	2,646

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2023 and 2022 is as follows:

	Dec.31, 2023	Dec.31, 2022
The number of employees	52	52
The number of non-employee directors	8	8
Expenses on average employee benefits cost	$ 1,132	881
Expenses on average salary and bonuses	$ 963	731
The adjustments of expenses on average salary and bonus	31.74%	(3.18)%

The Company's salary policy (including employees, directorsand 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.

XIII. Additional Disclosures

1. Related Information of Significant Transactions

For the year ended December 31, 2023, the Company is required, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, to disclose additional information regarding significant transactional matters as follows:

(1) LENDING FUND TO OTHER PARTIES

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Transaction Item	Related Party	Maximum Balance for the Period (Note 2)	Ending balance (Note 3)	Amount Actually Drawn	Interest Rate	Nature for Funding (Note 1)	Transaction Amount	Reason for Financing	Allowance for Bad Debts	Collateral		Financing Limits for Each Borrowing Company (Note 4)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
0	The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Short-term loan receivable-Related party	Yes	92,175	92,175	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	ED ASIA PTE. LTD.	Short-term loan receivable-Related party	Yes	30,725	30,725	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	JYU CHENG ENERGY ENGINEERING CO., LTD.	Short-term loan receivable-Related party	Yes	30,000	30,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	LI CHI ENERGY CO., LTD.	Short-term loan receivable-Related party	Yes	10,000	10,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	YA FU ENERGY CO., LTD.	Short-term loan receivable-Related party	Yes	10,000	10,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930
0	The Company	JIAN CHE ENERGY CO., LTD.	Short-term loan receivable-Related party	Yes	10,000	10,000	-	-	2	-	Operating capital	-	None	-	85,232	340,930

Note 1: 1. Transactions with related parties.
2. In need of short-term financing.

Note 2: Refers to the maximum amount for the current period.

Note 3: Refers to the funding limit approved by the Board of Directors.

Note 4: The limit for intercompany loans shall not exceed 10% of the Subsidiary's net worth, with a total limit not exceeding 40% of the Subsidiary's net worth.

(2) ENDORSEMENTS/GUARANTEES PROVIDED

(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party: Name	Guaranteed Party: Nature of Relationship	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 Statement	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
0	The Company	DE JIN ENERGY CO., LTD.	4	426,162	28,520	27,862	27,862	-	3.27%	852,324	Y	N	N
0	〃	GUANG SHI Energy CO.	4	426,162	71,460	69,295	69,295	-	8.13%	852,324	Y	N	N

Note 1:0 represents the issuer.

Note 2:The limits on endorsement/ guarantee amount provided to each guaranteed party of the Company shall not exceed 50% of the current net worth, with a total limit not exceeding 100% of the net worth.

Note 3:There are 7 types of relationships between the endorsement/ guarantee provider and the guaranteed party, indicated as follows:

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 directly and indirectly holding more than 50% of the voting rights in the company.
4.Companies in which the Company directly and indirectly holds more than 90% of the voting shares.

(3) MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARY, AFFLIATED COMPANY AND JOINT VENTURE INTERESTS)

(In Thousands of New Taiwan Dollars / Shares)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023 Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
The Company	MACRONIX INTERNATIONAL CO., LTD.	-	Financial assets at fair value through profit or loss - Current	2,321	73	- %	73	
〃	UNITED MICROELECTRONICS CORPORATION	-	〃	14,469	761	- %	761	
〃	WINBOND ELECTRONICS CORP.	-	〃	5,402	164	- %	164	
〃	QUANTA COMPUTER INC.	-	〃	15,000	3,368	- %	3,368	
〃	Allianz Income Growth Multi-Asset Fund Type A (Accumulation)	-	〃	53,324	20,168	- %	20,168	
〃	Unsecured bonds, HSBC Holding PLC	-	Financial assets at amortized cost - Non-current	-	25,859	- %	25,859	
〃	Unsecured bonds, BAC	-	〃	-	36,278	- %	36,278	

(4) MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL: None

(5) ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL: None

(6) DISPOSAL OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL: None

(7) TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	Purchases	639,135	100%	Depending on the financial situation	-	Depending on the financial situation	(182,903)	(66)%	
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Parent Company	(Sales)	(639,135)	(100)%	Depending on the financial situation	-	Depending on the financial situation	182,903	100%	

(8) RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
			Ending balance (Note 1)		Amount	Action Taken		
The Company	FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary	221,729 (Note 2)	- %	-	-	-	-
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	The Company	Parent Company	182,903 (Note 1)	2.96%	-	-	-	-

Note 1:Accounts receivable from sales.

Note 2:Other receivables generated from consignment purchases.

(9) Engaged in derivative transaction: None.

2. NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA):

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China) for the years ended December 31, 2023 is as follows:

(In Thousands of New Taiwan Dollars / Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Profit (Losses) of the Investee Company	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount			
The Company	ORIENTAL SKY Ltd.	SAMOA	Investment Holding	49,475	49,475	200,000	100.00%	(4,682)	(45,258)	(45,258)	
〃	TOP CROWN Ltd.	〃	Investment Holding	642,756	642,756	20,717,516	100.00%	282,212	1,118	1,118	
〃	DE JIN ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	83,000	3,000	8,300,000	100.00%	73,686	(8,567)	(8,567)	
〃	SKARDIN INDUSTRIAL (UK) Ltd.	The U.K.	Electronic Products Design	23,044	23,044	399,999	100.00%	9,101	(1,429)	(1,429)	
〃	JYU CHENG ENERGY ENGINEERING CO., LTD.	Taiwan	Renewable Energy Engineering	1,000	-	100,000	100.00%	37	(963)	(963)	
〃	SHINY DIGITAL CORP.	Taiwan	Information Software Service	20,000	-	2,000,000	100.00%	16,376	(3,624)	(3,624)	
ORIENTAL SKY Ltd.	ED ASIA PTE. LTD.	Singapore	Electronic Products Sales	319,040	319,040	5,360,100	100.00%	(29,178)	(46,042)	(46,042)	
TOP CROWN Ltd.	S&T INDUSTRIAL (H.K.) Co., Ltd.	Hongkong	Investment Holding	92,174	92,174	20,000,000	100.00%	201	673	2,738	Note 1
DE JIN ENERGY CO., LTD.	LI CHI ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	100	10,000	100.00%	26	(72)	(72)	
〃	YA FU ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	100	10,000	100.00%	26	(72)	(72)	
〃	JIAN CHE ENERGY CO., LTD.	Taiwan	Renewable Energy Generation	100	100	10,000	100.00%	26	(72)	(72)	
〃	GUANG SHI Energy CO.	Taiwan	Renewable Energy Generation	55,651	-	-	100.00%	55,222	(405)	(429)	Note 2

Note 1:The difference is primarily unrealized gains from the sale of fixed assets in the previous year.
Note 2:The difference is primarily due to acquisitions during the current period.

3. INFORMATION ON INVESTMENT IN MAINLAND CHINA:

(1) Information related to investment in mainland China:

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Profit (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount of Balance as of December 31,2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
S&T Technology (Shenzhen) Co., Ltd.	Electronic Products Design	75,436	(3)	52,857	-	-	52,857	710	100.00%	710	2,534	-
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	Production and sales of set-top boxes and remote controls business	381,284	(3)	381,284	-	-	381,284	(1,597)	100.00%	(1,597)	279,471	-

(2) Restrictions on reinvestment in mainland China:

Accumulated Outflow of Investment from Taiwan to mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Investment Limits in Mainland China as Regulated by the Investment Commission, MOEA (Note 4)
434,141	521,987	551,010

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 investment limit is based on 60% of the net worth.

(3) Significant Transactions:

For the significant transactions directly or indirectly between the Company and the investee companies in mainland China for the years ended December 31, 2023. Please refer to the "Related information of significant transactions" for details.

4. INFORMATION ON MAJOR SHAREHOLDERS:

Shares Shareholders	Total Shares Owned	Ownership Percentage
HENG YING TAI CAPITAL INVESTMENT CO., LTD.	27,712,509	45.51%
MILNE MICHAEL	3,352,994	5.50%

XIV. SEGMENT INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2023

Skardin Industrial Corporation

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31,2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash		$ 313
Checking accounts in New Taiwan Dollar		1,716
Demand deposits in New Taiwan Dollar		48,287
Demand deposits in foreign currency	USD3,960,000 @30.725 GBP1,000 @39.145 EUR1,000 @34.039 HKD108,000 @3.932 CNY386,000 @4.320	122,237
Time deposits	Deposits in foreign currency USD3,610,000 @30.725	110,904
Total		**$ 283,457**

Skardin Industrial Corporation

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31,2023

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Non-related Party			
D021-AR	Payment for goods	$ 200,757	
D021-CL	〃	60,272	
D021-PE	〃	34,585	
D021-CO	〃	22,298	
Other	〃	42,314	The amount of a single client does not exceed 5%
Subtotal		360,226	
Related Party			
ED ASIA PTE. LTD.	〃	10,508	
Subtotal		10,508	
Total		370,734	
Less: Allowance loss		(150,383)	
Net amount		**$ 220,351**	

STATEMENT OF OTHER RECEIVABLE

Please refer to Note 7.

STATEMENT OF OTHER FINANCIAL ASSETS-CURRENT

Please refer to Note 8.

Skardin Industrial Corporation

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEARS ENDED DECEMBER 31,2023

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1,2023		Addition in Investment		Decrease in Investment		Balance, December 31, 2023			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership Percentage	Amount	Unit Price	Total Amount		
ORIENTAL SKY Ltd.	200,000	$ 39,934	-	-	-	44,616	200,000	100.00%	(4,682)	(23.41)	(4,682)	″	
SKARDIN INDUSTRIAL (UK) Ltd.	399,999	9,970	-	-	-	869	399,999	100.00%	9,101	22.75	9,101	None	
TOP CROWN Ltd.	20,717,516	286,387	-	-	-	4,175	20,717,516	100.00%	282,212	13.62	282,212	″	
DE JIN ENERGY CO., LTD.	300,000	2,253	8,000,000	80,000	-	8,567	8,300,000	100.00%	73,686	8.88	73,686	″	
JYU CHENG ENERGY ENGINEERING CO., LTD.	-	-	100,000	1,000	-	963	100,000	100.00%	37	0.37	37	″	
SHINY DIGITAL CORP.	-	-	2,000,000	20,000	-	3,624	2,000,000	100.00%	16,376	8.19	16,376	″	
		298,610		101,000		18,198			381,412				
		$ 338,544		**101,000**		**62,814**			**376,730**				

Note 1: The increase in this period is attributable to a capital injection into a subsidiary company amounting to NT$101,000,000

Note 2: The decrease in this period is attributed to the recognition of investment losses under the equity method totaling NT$58,723,000 along with the translation differences in financial statements of foreign operating entities, amounting to NT$4,091,000.

Skardin Industrial Corporation

STATEMENT OF SHORT-TERM LOAN

DECEMBER 31,2023

(In Thousands of New Taiwan Dollars)

Loan Type	Explanation	Balance, December 31, 2023	Contract Period	Interest Rate	Financing Line	Mortgage or Collateral	Note
Secured bank loan	Bank A	$ 27,000	2023/12/07-2024/03/07	1.66%	27,000	Time deposits and real estate	
〃	Bank B	79,800	2023/11/16-2024/06/25	1.65%~1.96%	220,725	Time deposits and real estate	
〃	Bank C	28,350	2023/11/24-2024/02/23	1.66%	60,000	Time deposits	
〃	Bank D	27,000	2023/12/07-2024/03/07	2.00%	100,000	Bonds	
Total		**$ 162,150**			**$ 407,725**		

Skardin Industrial Corporation

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31,2023

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Related Party			
FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.		$ 182,903	
Non-related Party			
1022	Payment for goods	8,183	
3622	〃	11,786	
E028	〃	59,414	
H022	〃	7,890	
Other	〃	2,661	The amount of a single client does not exceed 5%
Subtotal		89,934	
Total		**$ 272,837**	

STATEMENT OF OTHER PAYABLE

Item	Description	Amount
Other payables	Royalty payment	$ 55,922
	Salary and annual bonuses	4,432
	Other (the amount of a single client does not exceed 5%)	15,583
Total		**$ 75,937**

Skardin Industrial Corporation

STATEMENT OF NET REVENUE

FOR THE YEARS ENDED DECEMBER 31,2023 **(In Thousands of New Taiwan Dollars)**

Item	Number	Amount	Note
SET TOP BOX	1,080,000 SETS	$ 732,239	
PARTS	12,941,000 PCS	26,414	
Other		5,486	
		$ 764,139	

STATEMENT OF COST OF REVENUE

Item	Amount
Cost of goods sold	
Balance, beginning of year	$ 8,665
Add: Purchases for the period	644,522
Balance, end of year	(4,721)
Subtotal of cost of goods sold	648,466
Others	(387)
Total	**$ 648,079**

Skardin Industrial Corporation

STATEMENT OF SELLING EXPENSES

FOR THE YEARS ENDED DECEMBER 31,2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Royalty payment		$ 50,229	
Salary Expenses		11,432	
Other		12,284	The amount of a single client does not exceed 5%
Total		**$ 73,945**	

STATEMENT OF ADMINISTRATIVE EXPENSES

Item	Description	Amount	Note
Salary expenses		$ 25,450	
Service fee		3,173	
Other		10,001	The amount of a single client does not exceed 5%
Total		**$ 38,624**	

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

Item	Description	Amount	Note
Fee for technology service		$ 20,931	
Salary expenses		11,360	
Other		6,581	The amount of a single client does not exceed 5%
Total		**$ 38,872**	

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：Revenue in the year 2023 decreased compared to the year 2022, leading to a reduction in accounts receivable and inventory, resulting in a decrease in current assets.

(2) Current liabilities：Purchases in the year 2023 decreased, leading to a reduction in accounts payable compared to the previous year, resulting in a decrease 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

Item	2023	2022	Amount of increase or decrease	Change ratio
Operating revenues	781,755	1,166,395	(384,640)	(32.98%)
Operating income (loss)	(226,200)	(45,722)	(180,478)	(394.73%)
Net income (loss) before tax	(184,233)	7,401	(191,634)	(2,589.30%)

(1) Description of changes：

1.Operating income (loss) & Net income (loss) before tax: Due to the increase in expected credit impairment losses in the year 2023, the operating net loss / net loss before tax in 2023 increased compared to 2022.

(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
322,055	(19,202)	21,525	343,580	－	－

1. Analysis of change in cash flow in the current year：

(1) Operating activities：Mainly due to the decrease in accounts payable, which resulted in cash outflow during the period.

(2) Investment activities：Mainly financial assets measured at cost after amortization acquired, which resulted in cash outflow during the period.

(3) Financing activities：Mainly due to the increase in borrowings 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：

Item	2023	2022	Increase (decrease) ratio
Cash flow ratio	0.00	0.00	—
Cash flow adequacy ratio	189.51	198.75	(4.65%)
Cash reinvestment ratio	0.00	0.00	—

Analysis of change in increase (decrease) ratio：

A. Cash flow ratio：Because the net cash flow from operating activities in 2023 is negative, the ratio resulted zero.

B. Cash flow adequacy ratio：Due to the increase in capital expenditures in 2023, the ratio decreased.

C. Cash reinvestment ratio：Due to net cash flow from operating activities in 2023 was negative and no cash dividends were distributed, the ratio resulted zero.
3. Liquidity analysis for the coming year：Not applicable.

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	2023 (NT$ thousand; %)
Net interest revenue (expense)	5,522
Net exchange (loss) gain	11,362
Net interest revenue (expense) to net operating revenue %	0.71%
Net interest revenue (expense) to net income before tax %	(3.00%)
Net exchange (loss) gain to net operating revenue %	1.45%
Net exchange (loss) gain to net income before tax %	(6.17%)

1. Interest rate：

As of December 31, 2023, the Company had short-term loans of NT$ 248,550 thousands, and interest expenses for 2023 were NT$ 9,036 thousands. The interest rate changes impacted little on the profits and losses. At the end of 2023, bank deposits were NT$ 341,243 thousand approximately, interest income was NT$ 14,558 thousand, and thus the interest income will add NT$ 3,412 thousand in case of market interest rate increasing by 1%. In response to the future, the Company will appropriately adjust the allocation of various capital depending on 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	2022	2023
R&D expenses	95,287	95,140
Net operating revenues	1,166,395	781,755
R&D expenses as a percentage of net operating revenues	8%	12%

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 appears mildly higher. 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：None.

(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). 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.

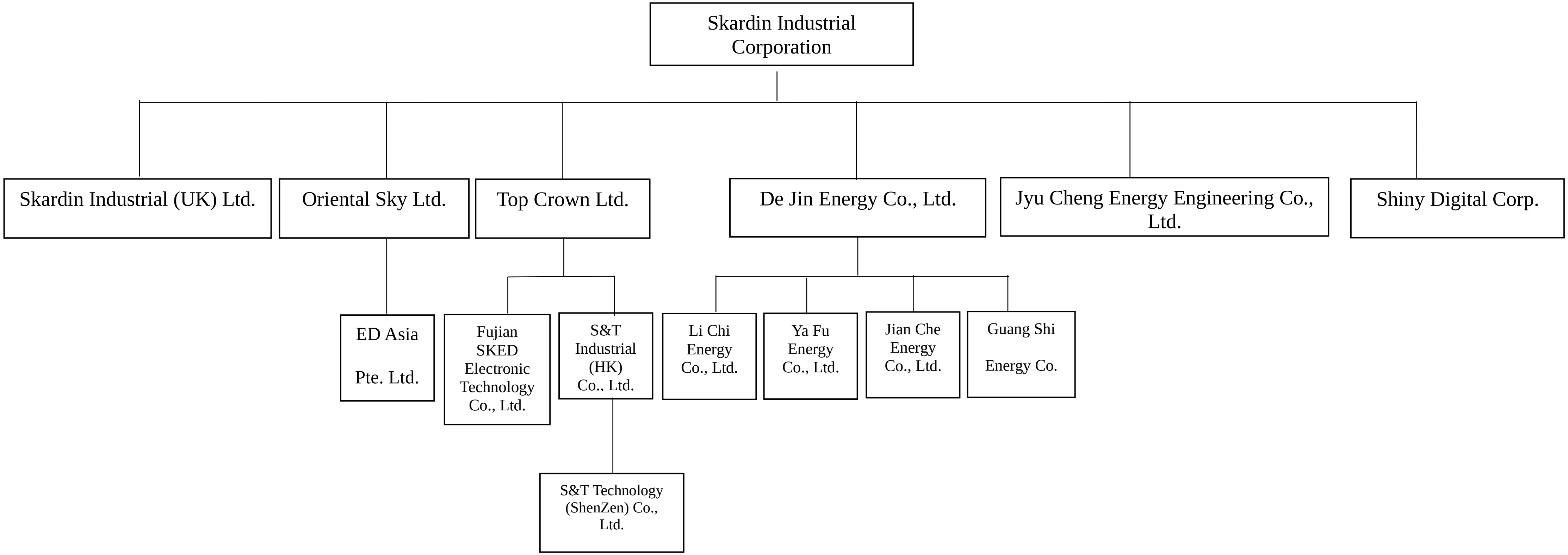
(2) Methods and assumptions in determining fair value of the financial instruments：

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.	1999.07.31	76, OLD FARLEIGH ROAD SOUTH CROYDON CR2 8PF England	GBP400 thousand	Electronic product design and trading
2. Oriental Sky Ltd.	2003.11.18	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD200 thousand	Electronic product trading
3. Top Crown Ltd.	2004.01.28	P.O. Box 217, Apia, Samoa	NTD642,756 thousand	Investment holdings
4. S&T Industrial (HK) Co., Ltd.	2001.05.16	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.	2002.07.02	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 Electronic 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	NTD83,000 thousand	Renewable energy power generation
9. Ya Fu Energy Co., Ltd.	2022.12.13	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD100 thousand	Renewable energy power generation
10. Li Chi Energy Co., Ltd.	2022.12.13	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD100 thousand	Renewable energy power generation
11. Jian Che Energy Co., Ltd.	2022.12.13	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD100 thousand	Renewable energy power generation
12. Jyu Cheng Energy Engineering Co., Ltd.	2023.01.11	8F, No. 123-3 Hsing De RD. Sanchung District, New Taipei City	NTD1,000 thousand	Renewable energy power generation
13. Shiny Digital Corp.	2023.03.20	27F, No. 9, Song Gao Rd., Xinyi Dist., Taipei City	NTD20,000 thousand	Software Design Services
14. Guang Shi Energy Co.	2018.07.25	8F, No. 123-3 Hsing De RD. Sanchung District, New Taipei City	NTD30,000 thousand	Renewable energy power generation

(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 Ltd. is mainly engaged in the trading of electronic products.
3. Top Crown Ltd. is mainly engaged in the re-investment.
4. S&T Industrial (HK) Co., Ltd. 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 Electronic Technology Co., Ltd. is mainly engaged in the production of set-top boxes and other products.
8. De Jin Energy Co., Ltd. is mainly engaged in the development of power stations for solar energy, energy storage and other types of energy.
9. 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.
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. 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.
12. Jyu 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. Shiny Digital Corp. is mainly engaged in third party payment and information software services.
14. Guang Shi 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.

(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 Ltd.	Responsible person	Yu Chih Ching	—	—
3. Top Crown Ltd.	Responsible person	Yu Chih Ching	—	—
4. S&T Industrial (HK) Co., Ltd.	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 Electronic Technology Co., Ltd.	Responsible person	Yu Chih Ching	—	—
8. De Jin 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 Ju	—	—
11. Jian Che Energy Co., Ltd.	Responsible person	Wu Chia Yuan	—	—
12. Jyu Cheng Energy Engineering Co., Ltd.	Responsible person	Lee Ming Chong	—	—
13. Shiny Digital Corp.	Responsible person	Yu Chih Ching	—	—
14. Guang Shi Energy Co.	Responsible person	Zhan Yong Xiang	—	—

(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	13,995	4,894	9,101	20,874	(1,762)	(1,429)	－
2. Oriental Sky Ltd.	49,475	(4,683)	0	(4,683)	0	(35)	(45,259)	－
3. Top Crown Ltd.	642,756	282,212	0	282,212	0	(34)	1,118	－
4. S&T Industrial (HK) Co., Ltd.	83,899	6,172	0	6,172	0	(77)	673	－
5. S&T Technology (ShenZhen) Co., Ltd.	75,436	4,143	1,609	2,534	10,753	733	711	－
6. ED Asia Pte. Ltd.	319,040	3,080	32,258	(29,178)	116,843	(49,892)	(46,042)	－
7. Fujian SKED Electronic Technology Co., Ltd.	381,285	648,169	368,698	279,471	632,603	(4,086)	(1,597)	－
8. De Jin Energy Co., Ltd.	83,000	205,388	131,702	73,686	0	(5,661)	(8,567)	－
9. Ya Fu Energy Co., Ltd.	100	59	32	27	0	(72)	(72)	－
10. Li Chi Energy Co., Ltd.	100	59	32	27	0	(72)	(72)	－
11. Jian Che Energy Co., Ltd.	100	59	32	27	0	(72)	(72)	－
12. Jyu Cheng Energy Engineering Co., Ltd.	1,000	95	57	38	0	(966)	(963)	－
13. Shiny Digital Corp.	20,000	16,516	140	16,376	0	(3,706)	(3,624)	－
14. Guang Shi Energy Co.	30,000	99,188	70,002	29,186	6,602	463	(429)	－

(7) Consolidated Financial Statements of Affiliated Enterprises

The companies required to be included in the Company’s 2023 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 Yu Chih Ching

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