

Stock Code: 3466

# Skardin Industrial Corporation

2024

## Annual Report

Published Date: April 23, 2025

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.**

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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](http://www.skardin.com.tw)

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## I. Letter to shareholders

### 1. 2024 Business Report

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

The consolidated net operating income for the fiscal year 2024 was NT\$278,731 thousand, which represents a 64% decrease compared to the consolidated net operating income of NT\$781,755 thousand in fiscal year 2023.

The company's main markets are in Central and South America and Europe.

The consolidated gross profit margin was 11% in 2024, lower than the 25% in 2023.

The consolidated gross profit was NT\$30,219 thousand, and the consolidated operating expenses were NT\$237,249 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 2024 was NT\$157,539 thousand.

#### (2) Budget execution

The Company did not disclose any financial forecast in 2024.

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

Unit: New Taiwan Dollars in thousands

Item		Years ended December 31			
		2024	2023	Ratio of increase / decrease	
Financial revenue and expenditure	Consolidated revenue	278,731	781,755	(64.35%)	
	Consolidated gross profit	30,291	198,983	(84.78%)	
	Consolidated income / loss (net)	(206,958)	(226,200)	(8.51%)	
Profitability	Return on assets (%)	(10.04)	(10.22)	(1.76%)	
	Return on equity	(18.96)	(19.51)	(2.82%)	
	To paid-in capital (%)	Operating income	(33.66)	(36.96)	(8.93)
		Earnings before taxes	(24.59)	(30.10)	(18.31%)
	Pre-tax net profit to paid-in capital ratio (%)	(54.26)	(23.57)	(130.21%)	
	Earnings (loss) per share (NT\$)	(2.56)	(3.01)	(14.95%)	

#### (4) Research and development

A. Completed customer certification for the simplified USB CI+ high-definition set-top box product and initiated market promotion.

B. Developed hybrid set-top boxes (OTT hybrid) and highly customized interface Android interactive video products.

C. Designed commercialized solutions for edge computing artificial intelligence (edge-AI) platforms and consumer personal cloud backup products.

### 2. 2024 Operation Summaries

#### (1) Objects to and strategies for management

A. Business Restructuring: Integrate green energy investments, reallocate global resources for set-top boxes, optimize production bases with flexibility, and optimize resource allocation to respond to globalization and shifting geopolitical risks.

B. Focus on Local Market Development and Customer Retention: Led by an international sales team, expand into new markets in Brazil, Latin America, and Africa, while continuously monitoring opportunities in the Indian market.

C. Operational strategy model: Maintain a resilient supply chain and mitigate customer geopolitical risks; develop new customer-oriented applications—transitioning from solely hardware provision to building integrated services that combine software, AI, cybersecurity, and customer-oriented differentiated value.

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

(3) The policies of products and sales

- A. Align new product development with the introduction of new chipsets and penetrate new markets.
- B. Continue to strengthen business order conditions and payment capabilities in high-risk areas, manage inventory, and shorten turnover.
- C. In response to regional tariffs and manufacturing technology requirements, shift from centralized production to a distributed outsourced management model, adopting flexible CKD/SKD shipping, while ensuring stable and excellent quality transfer.

(4) Establish AI Business

With the rapid advancement of AI technologies such as deep learning, natural language processing, and generative AI (e.g., ChatGPT), there is a growing demand worldwide for high-performance AI servers to support model training and inference processes.

AI technologies are penetrating various industries: cloud service providers are expanding AI services, financial sectors are applying AI in risk analysis and investment modeling, healthcare is using AI to assist diagnosis and drug development—all requiring high-performance AI servers, further driving market demand.

According to market research organizations such as Global Market Insights (GMI), the AI server market has maintained a double-digit annual growth rate over the past few years and is expected to continue growing. Additionally, global tech giants like NVIDIA, AMD, and Intel are continuously launching AI-optimized hardware, becoming key growth drivers for the market.

Taiwan, as a major player in the global technology industry, particularly in semiconductors and hardware manufacturing, provides a solid foundation for the development of AI data centers. The continuous expansion of Taiwan's domestic cloud service and data center markets is also a significant driver of demand.

Moreover, Taiwan's strategic location in the Asia-Pacific region facilitates servicing East and Southeast Asia markets, supported by a rapid and stable fiber-optic network, ensuring efficient data transmission for IDC facilities.

With Taiwan's ongoing investment in AI technologies and applications, coupled with the collaborative efforts of international and local enterprises, the demand for AI server data centers is expected to maintain steady growth. The Company established the AI Computing Power Center Division in November 2024, dedicated to the construction and leasing of computing power centers, aiming to secure stable leasing revenues.

B. Computing Power Center Planning

We plan to build Taiwan's first and only AI data center capable of hosting NVIDIA DGX B200 and Supermicro or other brand HGX B200 servers, with a total power capacity of 3.5 MW.

An Internet Data Center (IDC) offers services such as server colocation, network management and monitoring, firewall security, server acceleration and caching, network traffic analysis, facility management, antivirus, and anti-hacking protections.

The computing power center IDC will provide companies with highly secure and stable power supply and environmental control, ensuring smooth IT operations while offering high-performance computing resources.

In response to industry trends, we plan to establish an IDC that focuses on server colocation and managed operations, designed to accommodate 200 air-cooled B200 AI servers.

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. Corporate governance report

### 1. 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	14,836,509	24.13	-	-	-	-	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	-	-	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	3 years	2022.07.28	27,712,509	45.07	14,836,509	24.13	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Chen Han-Chuan	Male 80	2024.05.10	3 years	2022.05.10	0	0	2,000	0	0	0	0	0	Chairman of Inmax Holding Co., Ltd. Chairman of Long Life Nutraceutical Int'l 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	14,836,509	24.13	-	-	-	-	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	14,836,509	24.13	-	-	-	-	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 Years 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	14,836,509	24.13	-	-	-	-	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	14,836,509	24.13	-	-	-	-	None	None	None	None	None	None
	R.O.C.	Representative: Wang Wei-Kun	Male 64	2024.05.10	3 years	2022.05.10	0	0	0	0	0	0	0	0	Beachelor of Economics, Taipei College of Law and Business, National Chung Hsing University Director of Securities and Futures Institute	Independent Director of Fubon Life Insurance 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

## (1) Major Shareholders of Corporate Shareholders

March 18, 2024

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)	Shareholding ratio
Heng Ying Tai Capital Investment Co. Ltd.	Gao Shan Investment Co., Ltd.	100%
Representative of the Preparatory Office of Silver Oak Capital CO., LTD., Yu Chih Ching		

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

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Gao Shan Investment Co., Ltd.	Wang Pi Zhen	33.64%
	Yu Chih Ching	66.36%

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

Name	Qualification	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 Han-Chuan		Currently serves as an executive of a listed company and holds multiple positions as chairman of industry associations, , 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.		0
Wang Wei-Kun		Bachelor's degree in Economics from the Taipei College of Law and Business, National Chung Hsing University; EMBA from Bloomsburg University, Pennsylvania, USA. Former Director of the Securities and Futures Institute, with ability to perform accounting and financial analysis, ability to conduct management administration, an international market perspective, ability to make policy decisions.		0
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.	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.	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).	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

(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 Han Chuan have expertise in finance. Directors Chen Chia Ru and Wang Wei Kun 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. The Company's current board diversity policy and its implementation are as follows:

Core Diversity Name	Basic Composition										Industry Experience						
	Nationality	Gender	Age					Independent Director Years of Service		Management Administration	Accounting and Financial Analysis	Crisis Management	Knowledge of the Industry	International Market Perspective	Lead and Decision-Making	Operational Judgments	
			31-40 years old	41-50 years old	51-60 years old	61-70 years old	71 years old	Over 3 years	Over 6 years								
Chairman Yu Chih Ching	R O C	Male		V							V		V			V	

Core Diversity Name	Basic Composition								Industry Experience							
	Nationality	Gender	Age					Independent Director Years of Service		Management Administration	Accounting and Financial Analysis	Crisis Management	Knowledge of the Industry	International Market Perspective	Lead and Decision-Making	Operational Judgments
			31-40 years old	41-50 years old	51-60 years old	61-70 years old	71+ years old	Over 3 years	3-6 years							
Director Representative of Heng Ying Tai Capital Co. Ltd.: Liou Yung Shin	R O C	Male			V											
Director Representative of Heng Ying Tai Capital Co. Ltd.: Lu Yi Chun	R O C	Female	V							V						
Director Representative of Heng Ying Tai Capital Co. Ltd.: Wang Kai Ping	R O C	Male		V									V			
Director Representative of Heng Ying Tai Capital Co. Ltd.: Chen Chia Ju	R O C	Male			V					V						

Core Diversity Name	Nationality	Gender	Basic Composition						Industry Experience							
			Age					Independent Director Years of Service		Management Administration	Accounting and Financial Analysis	Crisis Management	Knowledge of the Industry	International Market Perspective	Lead and Decision- Making	Operational Judgments
			31-40 years old	41-50 years old	51-60 years old	61-70 years old	71-80 years old	Over 3 years	Over 3-6 years							
Director Representative of Heng Ying Tai Capital Co. Ltd.: Chen Han Chuan	R O C	Male						V							V	V
Director Representative of Heng Ying Tai Capital Co. Ltd.: Wang Wei Kun	R O C	Male				V					V			V		
Independent Director Chen Chi Wen	R O C	Male		V					V					V		
Independent Director Kuo Huei Lan	R O C	Female			V				V						V	
Independent Director Chen Mei Lan	R O C	Female				V			V					V		

(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, 2025

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	0	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
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.	Huang Chun-Hsiung	Male	2024.08	0	0	0	0	0	0	Department of Accounting, Fu Jen Catholic University Deputy General Manager, Luo Lih-Fen Holding Co., Ltd.	None	None	None	None	None

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

2. 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 title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company		
		Base compensation (A)		Retirement pays and pension (B)		Director profit-sharing Compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pays and pension (F)		Employee profit-sharing compensation (G)								
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities					
Chairman	Yu Chih Ching	480	480	0	0	0	0	55	55	-0.36%	-0.36%	2,710	2,710	0	0	0	0	0	0	0	0	-2.18%	-2.19%	None
Director	Chang Kung Wei	40	40	0	0	0	0	0	0	-0.03%	-0.03%	486	485	0	0	0	0	0	0	0	0	-0.35%	-0.36%	None
Director	Liou Yung Shin	440	440	0	0	0	0	55	55	-0.33%	-0.33%	2,065	2,064	0	0	0	0	0	0	0	0	-1.72%	-1.73%	
Director	Lu Yi Chun	480	480	0	0	0	0	35	35	-0.35%	-0.35%	0	0	0	0	0	0	0	0	0	0	-0.35%	-0.35%	None
Director	Wang Kai Ping	480	480	0	0	0	0	45	45	-0.35%	-0.35%	0	0	0	0	0	0	0	0	0	0	-0.35%	-0.35%	None
Director	Chen Chia Ju	480	480	0	0	0	0	45	45	-0.35%	-0.35%	1,091	1,091	0	0	0	0	0	0	0	0	-1.09%	-1.09%	None
Director	Chen Chien Hong	173	173	0	0	0	0	20	20	-0.13%	-0.13%	0	0	0	0	0	0	0	0	0	0	-0.13%	-0.13%	None
Director	Huang Ting Yang	173	173	0	0	0	0	20	20	-0.13%	-0.13%	0	0	0	0	0	0	0	0	0	0	-0.13%	-0.13%	None
Director	Chen Han Chuan	309	309	0	0	0	0	35	35	-0.23%	-0.23%	0	0	0	0	0	0	0	0	0	0	-0.23%	-0.23%	
Director	Wang Wei Kun	309	309	0	0	0	0	35	35	-0.23%	-0.23%	0	0	0	0	0	0	0	0	0	0	-0.23%	-0.23%	
Independent Director	Chen Chi Wen	720	720	0	0	0	0	55	55	-0.52%	-0.52%	0	0	0	0	0	0	0	0	0	0	-0.52%	-0.52%	None
Independent Director	Kuo Huei Lan	720	720	0	0	0	0	55	55	-0.52%	-0.52%	0	0	0	0	0	0	0	0	0	0	-0.52%	-0.52%	None
Independent Director	Chen Mei Lan	720	720	0	0	0	0	35	35	-0.51%	-0.51%	0	0	0	0	0	0	0	0	0	0	-0.51%	-0.51%	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

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	Chang Kung Wei, Lu Yi Chun, Wang Kai Ping, Chen Chia Ju, Huang Ting Yang, Wang Wei Kun, Chen Han Chuan, Chen Chi Wen, Kuo Huei Lan, Chen Mei Lan	Chang Kung Wei, Lu Yi Chun, Wang Kai Ping, Chen Chia Ju, Huang Ting Yang, Wang Wei Kun, Chen Han Chuan, Chen Chi Wen, Kuo Huei Lan, Chen Mei Lan
NT\$1,000,000 (incl.)~NT\$2,000,000	Chen Chia Ju	Chen Chia Ju
NT\$2,000,000 (incl.)~NT\$3,500,000	Yu Chih Ching, Liou Yung Shin	Yu Chih Ching, 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	—	—

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	397	397	0	0	88	88	0	0	0	0	-0.40%	-0.40%	None
General Manager	Liou Yung Shin	1,916	1,916	0	0	148	148	0	0	0	0	-1.39%	-1.40%	None
Deputy General Manager	Ting Yi Han	1,408	1,408	0	0	156	156	0	0	0	0	-1.05%	-1.06%	None
Deputy General Manager	Chou Ta-Tung	1,157	1,157	0	0	88	88	0	0	0	0	-0.84%	-0.84%	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	Chang Kung Wei	Chang Kung Wei
NT\$1,000,000 (incl.)~NT\$2,000,000	Ting Yi Han, Chou Ta-Tung	Ting Yi Han, Chou Ta-Tung
NT\$2,000,000 (incl.)~NT\$3,500,000	Liou Yung Shin	Liou Yung Shin
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	4	4

### 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	Liou Yung Shin	1,916	1,916	0	0	148	148	0	0	0	0	-1.39%	-1.40%	None
Deputy General Manager	Ting Yi Han	1,408	1,408	0	0	156	156	0	0	0	0	-1.05%	-1.06%	None
Deputy General Manager	Chou Ta-Tung	1,157	1,157	0	0	88	88	0	0	0	0	-0.84%	-0.84%	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 2024.

(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 2023 and 2024 was -9% and (3.3%), 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. °

### 3. 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: 10 (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	10	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Liou Yung Shin	10	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Lu Yi Chun	6	2	60%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Wang Kai Ping	8	2	80%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Chen Chia Ru	8	2	80%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Chen Chien Hung Reassigned to Wang Wei Kun on May 10, 2024.	10	0	100%	None
Director	Heng Ying Tai Capital Investment Co., Ltd.: Huang Ting Yang Reassigned to Chen Han Chuan on May 10, 2024.	10	0	100%	None
Independent Director	Chen Chi Wen	10	0	100%	None
Independent Director	Kuo Huei Lan	8	2	80%	None
Independent Director	Chen Mei Lan	10	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 16-18).
- (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
2024.01.25 2024 12th meeting of the 15 th session of the board of directors	Chang Kung Wei	The Company regularly evaluates the compensation packages of its managers.	Personal conflict of interest	Refusal to exercise voting in accordance with the law
2024.12.26 2024 21st meeting of the 15th session of the board of directors	Liou Yung Shin Chen Chia Ru	Proposed total amount of employee performance bonus and principle of manager performance bonus for the 2024 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	2024.01.01~2024.12.31	Board of directors	Self-evaluations by board of directors	<ol style="list-style-type: none"> <li>1. Degree of participation in the operation of the Company</li> <li>2. Quality enhancement of the Board's decision-making</li> <li>3. Composition and structure of the Board</li> <li>4. Election and ongoing education of directors</li> <li>5. Internal control</li> </ol>
Once per year	2024.01.01~2024.12.31	Functional committees.	Self-evaluations by individual functional committees	<ol style="list-style-type: none"> <li>1. Degree of participation in the operation of the Company</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Enhancement of decision-making quality of the functional committees</li> <li>4. Makeup of the functional committees and election of its members</li> <li>5. Internal control</li> </ol>
Once per year	2024.01.01~2024.12.31	Individual directors	Self-evaluations by individual directors	<ol style="list-style-type: none"> <li>1. Mastery of the Company's goals and tasks</li> <li>2. Awareness of the duties of the director</li> <li>3. Degree of participation in the operation of the Company</li> <li>4. Management of internal relationship and communication</li> <li>5. Professionalism and ongoing education of directors</li> <li>6. Internal control</li> </ol>

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 2024 was: 10 (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	10	0	100%	None
Independent Director	Kuo Huei Lan	8	2	80%	None
Independent Director	Chen Mei Lan	10	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
2024.01.25 2024 11 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: Establishment of the Company's "Sustainable Development Committee Charter" Resolution: Passed as proposed.	None	Approval by all attending members
2024.03.15 2024 12 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: The Internal Control System Statement for the fiscal year 2023. Resolution: Passed as proposed.	None	Approval by all attending members
	Cause: Replacement of the Company's Signing Certified Public Accountant in Line with the CPA Firm's Internal Rotation Policy. Resolution: Passed as proposed.	Qualified opinion	Approval by all attending members
	Cause: The Company's business report, individual financial statements and consolidated financial statements 2023. Resolution: Passed as proposed.	None	Approval by all attending members
	Cause: Proposal for the Company's deficit appropriation on fiscal year 2023. Resolution: Passed as proposed.	None	Approval by all attending members
	Cause: Amendment of "Rules and Procedures for Board Meetings". Resolution: Passed as proposed.		Approval by all attending members
	Cause: Amendment of "Rules and Procedures for Board Meetings". Resolution: Passed as proposed.	None	Approval by all attending members
	Cause: Amendment of "Rules and Procedures for Shareholders' Meeting". Resolution: Passed as proposed.	None	Approval by all attending members
	Cause: Amendment to the Articles of Association. Resolution: Passed as proposed.	None	Approval by all attending members
2024.04.29 2024 13 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: Amendment to the Articles of Association. Resolution: Passed as proposed.	None	Approval by all attending members
2024.05.09 2024 14 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: The Company's consolidated financial statements for the first quarter of 2024. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Application for Credit Lines from Financial Institutions to Meet Operational Needs Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Adjustment of Lending Limits for the Company's Funds Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Cancellation of the Proposal to Establish a	None	Approval by all

	Joint Venture Subsidiary for the Energy Storage Project Resolution: Passed as proposed.		attending directors
	Cause: Acquisition of Properties (12F, No. 121 and No. 123, Xingde Road, and Six Parking Spaces in the Basement) from ELOFA TECHNOLOGY CO., LTD. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Solution for the US\$6,500,000 Accounts Receivable from DirecTV (Argentina) Resolution: To be evaluated after obtaining an export credit insurance policy or an external legal opinion.	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
2024.08.08 2024 15 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: Sale of Equity Interests During the Development Period of the 20MW Changhua Aquaculture-Solar Symbiosis Solar Project Resolution: Passed as proposed.	None	Approval by all attending directors
2024.08.08 2024 16 <sup>th</sup> meeting of the 2 <sup>th</sup> session	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: Amendments to the Internal Control Operating Procedures – "Approval Authority Table" Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: The Company's consolidated financial statements for the second quarter of 2024. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Appointment and Remuneration of the Company's Chief Accounting Officer and Chief Corporate Governance Officer Resolution: Passed as proposed.	None	Approval by all attending directors
2024.09.04 2024 17 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: Application for Credit Lines from Financial Institutions for Office Acquisition Needs Resolution: Passed as proposed.	None	Approval by all attending directors
2024.11.13 2024 18 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: Application for Credit Lines from Union Bank of Taiwan, Nanjing East Road Branch, for Working Capital Needs Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Renewal of Financing Facilities with First Commercial Bank Due on January 8, 2025 Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Application by Subsidiary, Fujian Zhiyi Electronic Technology Co., Ltd., for Financing Loans from Union Bank of Taiwan for Working Capital Needs Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Provision of Endorsements and Guarantees for Subsidiary Fujian Zhiyi Electronic Technology Co., Ltd. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Establishment of a New Business Unit for AI-Related Business Development <b>Resolution:</b> Approved as proposed. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Capital Expenditure Budget for Equipment for Building an AI Intelligent Computing Center Resolution: Passed as proposed.	None	After the chairman consulted all attending members, the proposal was approved with conditions.
	Cause: Approval of the Company's Sound Operation Plan Resolution: Passed as proposed.	None	After the chairman consulted all attending members, the proposal was approved with conditions.
2024.12.04 2024 19 <sup>th</sup> meeting	Cause: Supplemental Proposal on Capital Expenditure Budget for AI Intelligent Computing Center	None	Approval by all attending directors;

of the 2 <sup>th</sup> session	Equipment, First Cash Capital Increase and New Share Issuance in 2024, and Sound Operation Plan Resolution: Passed as proposed.		however, the site selection evaluation report must be completed and reported back to the Board of Directors.
2024.12.26 2024 20 <sup>th</sup> meeting of the 2 <sup>th</sup> session	Cause: Formulation of the Company's Sustainability Information Management Procedures Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Submission of the Company's 2025 Internal Audit Plan Declaration Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: The Company's 2025 Business Plan Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: The 2025 budget propose. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Renewal of Financing Facilities with Cathay United Bank, Expired on December 5, 2024. Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Renewal of Lending of the Company's Funds Resolution: Passed as proposed.	None	Approval by all attending directors
	Cause: Simplified Merger with Subsidiary Dejin Energy Co., Ltd. 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 2024 is as follows:

Meeting date	Content of communication	Suggestion of directors	Execution results
2024.03.15 Individual communication meeting	The CPA explained the scope, methods and findings of the audit for the fiscal year 2024, and communicated and discussed the key audit matters with the Audit Committee.	None	Confirmation of key audit matters in the financial statements for 2024.

(3) Summary of communication between internal audit manager and independent directors for 2024:

Meeting date	Content of communication	Suggestion of directors	Execution results
2024.11.13 Individual communication meeting	Report on the main work results of 2024 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 Best-Practice 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. ( <a href="https://www.skardin.com">https://www.skardin.com</a> )	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?	✓  ✓  ✓	✓	(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 11, 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	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	
(4) Does the Company regularly evaluate the independence of its CPAs?	✓		optimize the functionality of the board meetings. (4) Before appointing CPAs each year, their 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)?	✓		<p>(1) The Board of Directors resolved to establish the position of corporate governance officer on August 08, 2024, 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..</p> <p>(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.</p> <p>(3) Description of the management execution of corporate governance officer in 2024 reads as follows:</p> <p>Conducting the proceedings of the board of directors and related committees, enhancing procedural matters, and avoidance of interests.</p> <p>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.</p> <p>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.</p> <p>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.</p>	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	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has a spokesperson and an acting spokesperson to serve as a contact window for shareholders, investors, and other stakeholders, and to serve as a communication channel with stakeholders to respond to important CSR issues of concern to stakeholders. The audit office is the contact window for the Company's customers, suppliers, contractors, etc. Relevant contact information is announced on the Market Observation Post System (MOPS) in accordance with regulations, and financial and stock-related information is also published on the MOPS to establish a good communication channel with investors.	Conformity with the regulations of the Corporate Governance Best-Practice Principles
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has appointed MEGA Securities Co., Ltd. to handle matters related to the shareholder meetings.	Conformity with the regulations of the Corporate Governance Best-Practice Principles
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓ ✓ ✓		(1) Company has established a shareholders' section on its website at <a href="http://www.skardin.com">http://www.skardin.com</a> 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

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

- 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.
- The term of the current members is from July 28, 2023\_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	5	0	100%	None
Independent Director	Kuo Huei Lan	2	2	40%	None
Independent Director	Chen Mei Lan	5	0	100%	None

Other information required to be disclosed:

- 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.
- 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	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	
			<p>ILO Declaration on Fundamental Principles and Rights at Work, and the FLA Workplace Code of Conduct and Compliance Benchmarks, etc. We have formulated our human rights policy to meet the requirements of international trends. We are committed to being a socially responsible customer and a good corporate citizen, and all of our activities, including development, production, and sales, must be carried out on the basis of respect for human rights, personal safety, health, and environmental protection. All management and employees of the Company are responsible for ensuring that this human rights policy and code of conduct are followed. In the event of a violation, employees are encouraged and expected to report the situation to the appropriate personnel within the Company and to ensure that there will be no retaliation or other adverse consequences. The Company's human rights policy complies with the laws and regulations related to labor and gender equality at work and establishes human rights protection, labor policies and implementation of related measures, specifically requiring "respect for human rights in the workplace" to create a working environment of equal opportunity, dignity, safety, equality, and freedom from discrimination and harassment.</p> <p><b>"Prohibition of Child Labor"</b> complies with the law and regulations governing employment at the minimum age.</p> <p><b>"Prohibition of Forced Labor"</b> Any form of forced or involuntary labor is not permitted. <b>"Harassment and abuse"</b> 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. <b>"Healthy and Safe Workplace"</b> 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. <b>"Reasonable working hours"</b> The Company strives to maintain a healthy balance between life and work for all employees and adheres to the applicable working hour regulations. <b>"Fair Pay"</b> The Company complies with the government's legal requirements regarding wages and provides additional employee benefits in accordance with the law or labor contracts. <b>"Labor-management negotiations"</b> 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.</p>	

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 will prepare a CSR Report in accordance with the "Sustainable Development Action Plan for TWSE/TPEX Listed Companies" issued by the Financial Supervisory Commission.	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	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(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? ✓</p> <p>(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? ✓</p> <p>(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? ✓</p>			<p>The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles" on December 27, 2023 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.</p> <p>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.</p> <p>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.</p>	<p>No significant abnormal deviations yet.</p> <p>No significant abnormal deviations yet.</p> <p>No significant abnormal deviations yet.</p>
<p>2. Ethical Management Practice</p> <p>(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? ✓</p> <p>(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? ✓</p> <p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? ✓</p>			<p>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.</p> <p>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..</p> <p>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.</p>	<p>No significant abnormal deviations yet.</p> <p>The Company will evaluate the needs to set up.</p> <p>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</p>

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	
<p>(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?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	✓		<p>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.</p>	<p>unethical behavior that may result from conflict of interest. No significant abnormal deviations yet.</p>
		✓	<p>The Company has not yet conducted internal or external education and training on integrity management.</p>	<p>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.</p>
<p>3. Implementation of Complaint Procedures</p> <p>(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?</p> <p>(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?</p> <p>(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	✓		<p>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.</p>	<p>No significant deviations yet.</p>
	✓		<p>The Company's Board of Directors has approved the handling procedures for whistle-blowing of illegal, unethical or dishonest conduct on December 27, 2023, 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.</p>	<p>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.</p>
	✓		<p>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.</p>	<p>No significant deviations yet.</p>
<p>4. Strengthening Information Disclosure</p> <p>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)?</p>	✓		<p>The Company's Board of Directors approved the "Ethical Corporate Management Best Practice Principles" on December 27, 2023 and published it on the Company's website, and will be implemented in accordance with the provisions of the Principles.</p>	<p>No significant deviations yet.</p>
<p>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.</p>				
<p>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.</p>				

(7) 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 2024 is as follows:

Title	Name	Date	Organizer	Name of Course	Hours
Chairman	Yu Chih Ching	2024.11.15	Taiwan Corporate Governance Association	Board Governance under ESG	3.0
		2024.08.16	Taiwan Corporate Governance Association	Development Trends of Silicon Photonics and AI Servers	3.0
Director	Liou Yung Shin	2024.09.24	Securities and Futures Institute	Practical Training Course for Directors, Supervisors (including Independent Directors), and Corporate Governance Officers – Taipei Session	12.0
Director	Lu Yi Chun	2024.08.27	Securities and Futures Institute	Establishing ESG Sustainability Strategies to Enhance Competitiveness	3.0
		2024.08.16	Accounting Research and Development Foundation	ESG Development Trends and Sustainability Information Disclosure Regulations	3.0
Director	Wang Kai Ping	2025.01.24	Accounting Research and Development Foundation	Latest Regulations and Practical Internal Control Management for Annual Reports, Sustainability Information, and Financial Report Preparation	6.0
Director	Chen Chia Ju	2025.01.08	Taiwan Securities Association	Aligning with IFRS Sustainability Disclosure Standards and Sustainability Information Internal Control Systems	3.0
		2024.10.16	Taiwan Securities Association	Development Trends and International Standards for ESG Digital Evidence and Digital Forensics	3.0
Director	Chen Han Chuan	2025.01.09	Accounting Research and Development Foundation	Strengthening the Functions of Internal Control Lines and Board Operations with Fraud Case Studies	6.0
		2024.08.28	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors – Corporate Governance Lessons from KY Cases	3.0
		2024.03.05	Taiwan Corporate Governance Association	Major Information Disclosure of Companies and Responsibilities of Directors and Supervisors	3.0
Director	Wang Wei Kun	2024.12.11	Taiwan Securities Association	Causes and Prevention of Financial Fraud	3.0
		2024.11.13	Taiwan Securities Association	How to Analyze Key Business Information from Financial Statements	3.0
		2024.10.16	Taiwan Securities Association	Development Trends and International Standards for ESG Digital Evidence and Digital Forensics	3.0
		2024.09.11	Taiwan Securities Association	Structure and Value of Corporate Sustainability Reports	3.0
Independent Director	Chen Chi Wen	2024.07.03	台灣證券交易所	2024 Cathay Sustainable Finance and Climate Change Summit	6.0
Independent Director	Kuo Hwei Lan	2024.10.04	Securities and Futures Institute	2024 Annual Insider Trading Prevention Awareness Seminar	3.0
		2025.01.24	Accounting Research and Development Foundation	Latest Regulations and Practical Internal Control Management for Annual Reports, Sustainability Information, and Financial Report Preparation	6.0
Independent Director	Chen Mei Lan	2024.08.08	Securities and Futures Institute	Training Series for Directors, Supervisors, and Corporate Governance Officers – The Semiconductor Industry Revolution Behind NVIDIA's Three Trillion Miracle in AI	3.0
		2024.03.06	Securities and Futures Institute	Training Series for Directors, Supervisors, and Corporate Governance Officers – 2024 Economic Outlook and Industry Trends	3.0

(8) 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 11, 2025

The Company states the following with regard to its internal control system during fiscal year 2024, 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, 2024, 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 11, 2025, 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.
- (9) 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 2024 was held on May 25, 2024, at Room 701, No. 9, Section 1, New Taipei Boulevard, Sanchong District, New Taipei City. The resolutions and implementation status are as follows:

Material resolutions of the above shareholders meeting:

CASE 1 :

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Cause : The annual business report and financial statements for 2023.  
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.

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CASE 2 :

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Cause : The deficit appropriation case for the 2023.  
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.

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CASE 3 :

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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.

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CASE 4 :

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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. 11330120010 on July 11, 2024. The revised articles were disclosed on the Company's website.

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Significant resolutions of the board of directors during the fiscal year 2024 up to the date of publication of the annual report:

2024.01.25(12th meeting of the 15th session)

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Cause : Establishment of the Company's "Sustainable Development Committee Charter".  
Resolution: Passed accordingly.

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Cause : Regular evaluation of executive compensation.  
Resolution: Passed accordingly.

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2024.03.15(13th meeting of the 15th session)

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Cause : Approval of the company's 2023 internal control system statement.  
Resolution: Passed accordingly.

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Cause : Replacement of the Company's Signing Certified Public Accountant in Line with the CPA Firm's Internal Rotation Policy.  
Resolution: Passed accordingly.

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Cause : Approval of the company's 2023 business report, individual financial report, and

consolidated financial report.

Resolution: Passed accordingly.

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Cause : Approval of the 2023 loss compensation proposal.

Resolution: Passed accordingly.

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

Resolution: Passed accordingly.

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Cause : Amendment of "Rules and Procedures for Shareholder's Meetings".

Resolution: Passed accordingly.

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Cause : Amendment of "Articles of Association".

Resolution: Passed accordingly.

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Cause : Definition of the period and location for shareholder proposals as per Article 172-1 of the Company Act.

Resolution: Passed accordingly.

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Cause : Discussion of the time, location, and agenda for the 2024 Annual Shareholders' Meeting.

Resolution: Passed accordingly.

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Cause : Approval of the 2023 director and employee remuneration.

Resolution: Passed accordingly.

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Cause : Approval of changes in the CEO and spokesperson.

Resolution: Passed accordingly.

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2024.04.29(14th meeting of the 15th session)

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Cause : Amendment of "Articles of Association".

Resolution: Passed accordingly.

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2024.05.29(15th meeting of the 15th session)

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Cause : The Company's Consolidated Financial Statements for the First Quarter of 2024

Resolution: Passed accordingly.

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Cause : Application for Credit Lines from Financial Institutions to Meet Operational Needs

Resolution: Passed accordingly.

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Cause : Adjustment of Lending Limits for the Company's Funds

Resolution: Passed accordingly.

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Cause : Cancellation of the Proposal to Establish a Joint Venture Subsidiary for the Energy Storage Project

Resolution: Passed accordingly.

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Cause : Acquisition of Properties (12F, No. 121 and No. 123, Xingde Road, and Six Parking Spaces in the Basement) from ELOFA TECHNOLOGY CO., LTD.

Resolution: Passed accordingly.

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Cause : Solution for the US\$6,500,000 Accounts Receivable from DirecTV (Argentina)

Resolution: To be evaluated after obtaining an export credit insurance policy or an external legal opinion.

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2024.06.28(16th meeting of the 15th session)

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Cause : Sale of Equity Interests During the Development Period of the 20MW Changhua Aquaculture-Solar Symbiosis Solar Project

Resolution: After modifying certain wording based on the opinions of the independent directors, the matter will be submitted for further discussion by the Audit Committee and the Board of Directors.

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2024.08.08(17th meeting of the 15th session)

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Cause : Proposed matters related to the conversion of employee stock options into ordinary shares issued in 2020.

Resolution: Passed accordingly.

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Cause : Amendments to the Internal Control Operating Procedures – "Approval Authority Table"

Resolution: Passed accordingly.

Cause : The Company's Consolidated Financial Statements for the Second Quarter of 2024

Resolution: Passed accordingly.

Cause : Appointment and Remuneration of the Company's Chief Accounting Officer and Chief Corporate Governance Officer

Resolution: Passed accordingly.

2024.09.04(18th meeting of the 15th session)

Cause : Application for Credit Lines from Financial Institutions for Office Acquisition Needs

Resolution: Passed accordingly.

2024.11.13(19th meeting of the 15th session)

Cause : Proposal for capital reduction and share cancellation by subsidiary Dezhen Energy Co., Ltd.

Resolution: Passed accordingly.

Cause : Deregistration of the company's subsidiary, S&T Technology (Shen ZHEN) Company Limited

Resolution: Passed accordingly.

Cause : Application for Credit Lines from Union Bank of Taiwan, Nanjing East Road Branch, for Working Capital Needs

Resolution: Passed accordingly.

Cause : Renewal of Financing Facilities with First Commercial Bank Due on January 8, 2025

Resolution: Passed accordingly.

Cause : Application by Subsidiary, Fujian Zhiyi Electronic Technology Co., Ltd., for Financing Loans from Union Bank of Taiwan for Working Capital Needs

Resolution: Passed accordingly.

Cause : Provision of Endorsements and Guarantees for Subsidiary Fujian Zhiyi Electronic Technology Co., Ltd.

Resolution: Passed accordingly.

Cause : Establishment of a New Business Unit for AI-Related Business Development

Resolution: Passed accordingly.

Cause : Appointment of the head of the new AI business unit.

Resolution: Passed accordingly.

Cause : Supplemental Proposal on Capital Expenditure Budget for AI Intelligent Computing Center Equipment Resolution: Passed accordingly.

Cause : First Cash Capital Increase and New Share Issuance in 2024

Resolution: Passed accordingly.

Cause : Approval of the Company's Sound Operation Plan

Resolution: Passed accordingly.

2024.12.04(20th meeting of the 15th session)

Cause : Supplemental Proposal on Capital Expenditure Budget for AI Intelligent Computing Center Equipment, First Cash Capital Increase and New Share Issuance in 2024, and Sound Operation Plan

Resolution: Passed accordingly.

2024.12.26(21st meeting of the 15th session)

Cause : Formulation of the Company's Sustainability Information Management Procedures

Resolution: Passed accordingly.

Cause : Submission of the Company's 2025 Internal Audit Plan Declaration

Resolution: Passed accordingly.

Cause : The Company's 2025 Business Plan

Resolution: Passed accordingly.

Cause : The Company's 2025 Budget

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Resolution: Passed accordingly.  
Cause : Renewal of Financing Facilities with Cathay United Bank, Expired on December 5, 2024

Resolution: Passed accordingly.

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Cause : Renewal of Lending of the Company's Funds

Resolution: Passed accordingly.

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Cause : Simplified Merger with Subsidiary Dejin Energy Co., Ltd.

Resolution: Passed accordingly.

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Cause : Proposal for the company's employee performance bonus and executive bonus distribution principles for 2024.

Resolution: Approved as proposed, with the conflict of interest system applied to ensure impartiality.

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2024.02.26(22nd meeting of the 15th session)

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Cause : Full re-election of directors (including independent directors).

Resolution: Passed accordingly.

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Cause : Lifting of the non-compete restriction for the company's newly appointed directors.

Resolution: Passed accordingly.

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Cause : Setting of the time and location for accepting shareholder proposals and nominating director candidates.

Resolution: Passed accordingly.

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Cause : Discussion of 2025 Annual Shareholders' Meeting agenda.

Resolution: Modifications based on independent directors' opinions; further discussion in the Audit Committee and Board of Directors.

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2024.03.11(23<sup>rd</sup> meeting of the 15th session)

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Cause : Approval of the company's 2024 internal control system statement.

Resolution: Passed accordingly.

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Cause : Evaluation of the independence and suitability of the company's 2025 auditor

Resolution: Passed accordingly.

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Cause : Review of the company's 2024 business report, individual financial report, and consolidated financial report.

Resolution: Passed accordingly.

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Cause : Proposal for the 2024 loss compensation.

Resolution: Passed accordingly.

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Cause : Nomination and review of directors for the 2025 Annual Shareholders' Meeting.

Resolution: Passed accordingly.

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

Resolution: Passed accordingly.

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Cause : Amendment of "Articles of Association".

Resolution: Passed accordingly.

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Cause : Cash capital increase for investment in Oriental Sky Limited and its subsidiary ED ASIA PTE LTD.

Resolution: Passed accordingly.

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Cause : Approval of the revised operational plan.

Resolution: Passed accordingly.

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Cause : Recommendation for the employee stock option list for the 2024 cash capital increase.

Resolution: Approved with conflict of interest considerations.

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Cause : Approval of the 2024 executive and employee compensation.

Resolution: Approved with conflict of interest considerations.

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Cause : Regular evaluation of executive compensation.

Resolution: Approved with conflict of interest considerations.

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- (10) 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.

4. 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 Pan Chun-Ming	2024.01.01~2024.12.31	3,710	320	4,030	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.

5. Information on replacement of CPA: The company cooperates with the internal adjustment of the accounting firm, KPMG Taiwan, to replace the auditor.

6. 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.

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

(1) Changes in Shareholding

Job title	Name	2024		As of April 11, 2025	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Yu Chih Ching	—	—	—	—
Director/ Major shareholder	Heng Ying Tai Capital Investment Co. Ltd. Representative: Liou Yung Shin	(6,876,000)	13,148,000 (3,890,000)	(6,000,000)	13,758,000 610,000
Director/ Major shareholder	Heng Ying Tai Capital Investment Co. Ltd. Representative: Lu Yi Chun				
Director/ Major shareholder	Heng Ying Tai Capital Investment Co. Ltd. Representative: Wang Kai Ping				
Director/ Major shareholder	Heng Ying Tai Capital Investment Co. Ltd. Representative: Chen Chia Ju				
Director/ Major shareholder	Heng Ying Tai Capital Investment Co. Ltd. Representative: Chen Han Chuan (Reappointed on 2024.05.10)				
Director/ Major shareholder	Heng Ying Tai Capital Investment Co. Ltd. Representative: Wang Wei Kun (Reappointed on 2024.05.10)				
Director/ Major shareholder	Heng Ying Tai Capital Investment Co. Ltd. Representative: Wang Wei Kun (Reappointed on 2024.05.10)				
Independent Director	Chen Chi Wen	—	—	—	—
Independent Director	Kuo Huei Lan	—	—	—	—
Independent Director	Chen Mei Lan	—	—	—	—
General Manager	Liou Yung Shin	—	—	—	—
Finance Manager	Huang Chun Hsiung (Newly appointed on 2024.08.08)	—	—	—	—
Accounting Manager	Huang Chun Hsiung (Newly appointed on 2024.08.08)	—	—	—	—

(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.

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

March 18, 2025

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.	14,836,509	24.13%	0	0	0	0	0	0	None
Representative of the Preparatory Office of Silver Oak Capital CO., LTD., Yu Chih Ching	6,000,000	9.76%	0	0	0	0	0	0	
Michael Robert Milne	3,352,994	5.45%	0	0	0	0	0	0	None
Regent Champion Company Limited	2,232,000	3.63%	0	0	0	0	0	0	None
Chen Tsan Yuan	1,126,000	1.83%	0	0	0	0	0	0	None
Yen Tzu Yin	836,000	1.36%	0	0	0	0	0	0	None
Yang Chih Lan	731,000	1.19%	0	0	0	0	0	0	None
Hsu Tien Hua	700,000	1.14%	0	0	0	0	0	0	None
Jiang Xing Hua	649,000	1.06%	0	0	0	0	0	0	None
Lin Ping Ju	529,000	0.86%	0	0	0	0	0	0	None

9. 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, 2024

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	207,718	100%	0	0%	207,718	100%
3. SKARDIN INDUSTRIAL (UK) LTD.	400	100%	0	0%	400	100%
4. S&T INDUSTRIAL (HK) LIMITED (Note 2)	20,000	100%	0	0%	20,000	100%
5. ED Asia Pte. Ltd.	6,060	100%	0	0%	6,060	100%
6. FUJIAN SKED ELECTRONIC TECHNOLOGY CO., LTD.	(Note 1)	100%	0	0%	(Note 1)	100%
7. De Jin Energy Co., Ltd.	, 4,700	100%	0	0%	, 4,700	100%

8. Jyu Cheng Energy Engineering Co., Ltd.	800	100%	0	0%	800	100%
9. Shiny Digital Corp.	2,000	100%	0	0%	2,000	100%
10. Guang Shi Energy Co., Ltd.	(Note 1)	100%	0	0%	(Note 1)	100%

Note 1: It is a Company Limited, with no share data available.

Note 2: It was renamed to eSIMPro Limited in March 2025.

### III. 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
08/2024	10	200,000	2,000,000	61,492	614,921	Employee stock options capital increase 2,915	None	Note 10
03/2025	10	200,000	2,000,000	77,892	778,921	Cash capital increase 164,000	None	Note 11

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.

Note 10: Approved on September 04, 2024 by reference no. Economic Authorization-11330159920.

Note 11: Still in process.

## 2. Type of stock

Unit: thousand shares

Stock Type	Authorized Capital			Remarks
	Outstanding shares(Note)	Unissued shares	Total	
Common stock	77,892	122,108	200,000	Cash capital increase of 1,640 thousand shares, still in the process of business registration changes.

### (2) 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:

March 18, 2025

Names of major shareholders	Shares	Shareholding (shares)	Shareholding (%)
Heng Ying Tai Capital Investment Co. Ltd.		14,836,509	24.13%
Representative of the Preparatory Office of Silver Oak Capital CO., LTD., Yu Chih Ching		6,000,000	9.76%
Michael Robert Milne		3,352,994	5.45%
Regent Champion Company Limited		2,232,000	3.63%
Chen Tsan Yuan		1,126,000	1.83%
Yen Tzu Yin		836,000	1.36%
Yang Chih Lan		731,000	1.19%
Hsu Tien Hua		700,000	1.14%
Jiang Xing Hua		649,000	1.06%
Lin Ping Ju		529,000	0.86%

(3) 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 2024 was NT\$157,539,070, and after adjusting the remeasurement of the defined benefit plan to include the adjustment to retained earnings of NT\$711,670, the loss to be covered was NT\$565,352,565. The 2024 loss appropriation statement was as follows:

Skardin Industrial Corporation  
2024 Loss Appropriation Statement

	Unit: NT\$
Losses to be covered, beginning of the period	(408,525,165)
Add: Remeasurement of the defined benefit plan current period adjustments	711,670
Reduce: 2024 Net loss after tax	(157,539,070)
Losses to be covered, end of the period	(565,352,565)

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

(4) Effect upon business performance and earnings per share of any free distribution of stock dividend proposed at the most recent shareholders' meeting: None

(5) 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 2024 was NT\$157,539,070. After adjusting the remeasurement of the defined benefit plan to include the adjustment to retained earnings of NT\$711,670, the loss to be covered was NT\$565,352,565. 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 11, 2025 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 11, 2025 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 2024.

(6) 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

December 31, 2024

Type of employee share subscription warrants	2013 The 1 <sup>st</sup> of employee share subscription warrants	2016 The 1 <sup>st</sup> of employee share subscription warrants	2020 The 1 <sup>st</sup> of employee share subscription warrants
Effective registration date and total number of units	2013/12/16 and 6,000 number of units	2016/11/15 and 2,000 number of units	2020/06/19 and 2,000 number of units
Issue (handling) date	2014/01/06	-	2021/01/05
Number of units issued	6,000 number of units	-	2,000 number of units
Number of units still available for issuance	-	-	-
Ratio of the number of issued subscribable shares to the total number of issued shares	9.62%	-	3.28%
Duration	5 years	5 years	5 years
Exercise method	Issuance of new shares	Issuance of new shares	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)	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.	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.
Number of shares subscribed through exercise of the warrants	-	-	604,500 shares
Amount of the shares subscribed through exercise of the warrants (NT\$)	-	-	NT\$7,798,050
Number of unexercised shares	-	-	-
Subscription price per share of the unexercised shares	-	-	-
Ratio of the number of unexercised shares to the total number of issued shares (%)	-	-	-
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

(1) Status of Cash Capital Increase Execution for 2025

1. Execution of the Utilization Plan: The funds raised in this case have been reported quarterly in accordance with the law, and the most recent execution status has been entered into the designated information reporting website as required. The execution status is listed below:

Unit: NT\$ Thousand

Planned Item	Execution Status as of Q1, 2025			Reasons for Progress Ahead or Behind and Improvement Plan
Repayment of Loans	Amount to be Used	Planned	200,000	The Company completed the collection of share capital on March 31, 2025, and the repayment is deferred to the second quarter of 2025 for completion.
		Actual	0	
	Execution Progress (%)	Planned	100%	
		Actual	0%	
Construction of Data Center and Equipment Purchase	Amount to be Used	Planned	0	
		Actual	0	
	Execution Progress (%)	Planned	0%	
		Actual	0%	
Total	Amount to be Used	Planned	200,000	
		Actual	0	
	Execution Progress (%)	Planned	100%	
		Actual	0%	

## IV. 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) ZZ99999 All 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

Main product	Year		2023		2022	
	Amount	%	Amount	%	Amount	%
Digital Set-top Box Products and Components	769,667	98.45	234,444	84.11		
Energy storage equipment and its components	-	-	14,455	5.19		
Other electronic products	5,486	0.70	15,370	5.51		
Renewable Energy	6,602	0.85	14,462	5.19		

##### 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

###### A. Communication industry products

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.

#### D. New Energy Market

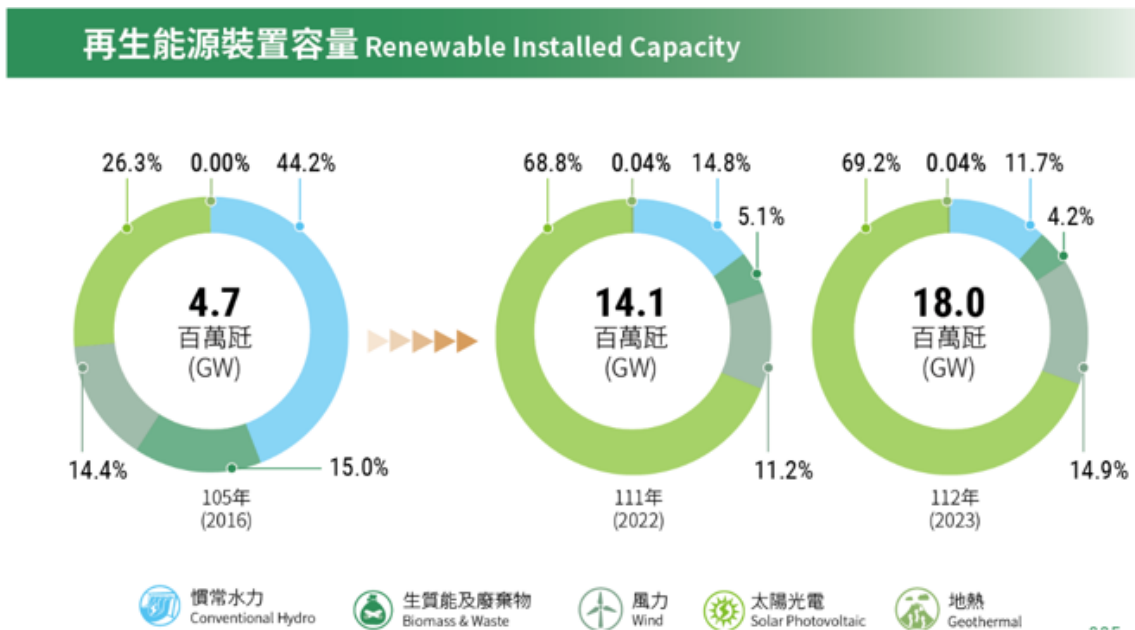
Taiwan is deficient in indigenous energy resources, with as much as 98% of its energy supply dependent on imports. Consequently, the nation's energy supply is highly susceptible to changes in global energy conditions and the impacts of international greenhouse gas (GHG) reduction agreements. Therefore, diversifying and enhancing self-sufficiency in energy development, ensuring a stable energy system supply, maintaining stable energy prices, and achieving GHG reductions are critical challenges Taiwan must actively address. Following the Executive Yuan's approval of the Sustainable Energy Policy Framework in 2008 and the promulgation and enforcement of the Renewable Energy Development Act in July 2009, Taiwan officially launched its "National Energy Transition" initiative. The targets include achieving a 20% share of renewable energy generation and establishing a nuclear-free homeland by 2025. Subsequently, the government promoted the Renewable Energy Certification System and amended the Renewable Energy Development Act, setting a target of over 27 GW of installed renewable energy capacity by 2025. To achieve the solar photovoltaic (PV) installation goal of 20 GW by 2025, the government initiated the Two-Year Solar PV Promotion Plan and the 6.5GW Solar PV Target Achievement Plan in 2020, aiming to rapidly build an environment conducive to renewable energy development and growth.

The amendments to the Renewable Energy Development Act passed by the Legislative Yuan on April 12, 2019, raised Taiwan's overall renewable energy development target from 10 GW to over 27 GW by 2025. They also introduced flexibility for renewable energy providers to switch between the

guaranteed feed-in tariff system and the free market trading mechanism, and mandated that major electricity consumers participate in the installation of renewable energy or energy storage facilities, or alternatively, fulfill obligations through the purchase of renewable energy certificates or payment of substitution fees. Furthermore, on May 29, 2023, the Legislative Yuan passed additional amendments to the Renewable Energy Development Act, mandating that new, expanded, or renovated buildings that meet certain conditions must install a specified capacity of rooftop solar PV systems. The specific scope of buildings, size thresholds, installation capacity, calculation methods, sunlight exposure conditions, and exemption criteria will be determined separately. This regulatory change is expected to significantly boost domestic rooftop solar PV installation rates.

According to data from the Ministry of Economic Affairs' Energy Administration, Taiwan's major installed power generation capacities have changed in recent years as follows: coal-fired capacity increased from 17.6 GW in 2016 to 20.5 GW in 2023; natural gas-fired capacity increased from 15.7 GW in 2016 to 19.0 GW in 2023; nuclear capacity decreased from 5.1 GW in 2016 to 1.9 GW in 2023; and renewable energy capacity increased from 4.7 GW in 2016 to 18.0 GW in 2023.

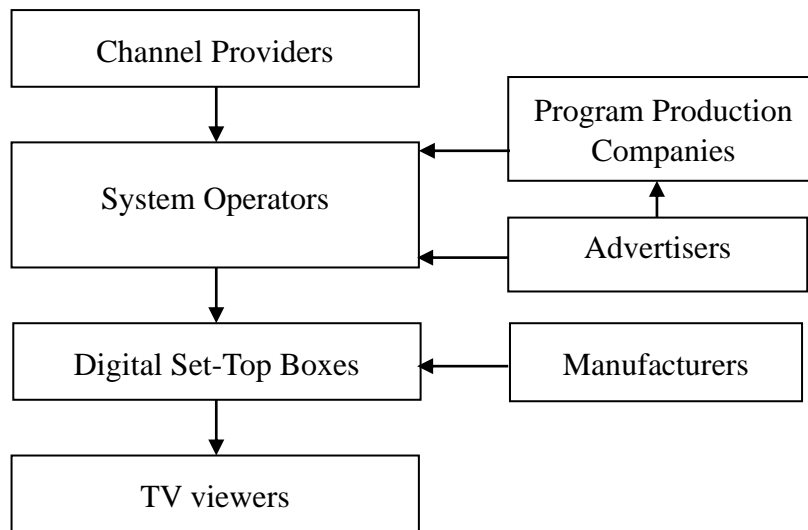
Regarding the structure of renewable energy generation capacity, conventional hydropower's share decreased from 44.2% in 2016 to 11.7% in 2023; biomass and waste-to-energy declined from 15.0% to 4.2%; solar PV increased significantly from 26.3% to 69.2%; wind power rose slightly from 14.4% to 14.9%; and geothermal energy grew from 0% to 0.04% over the same period.



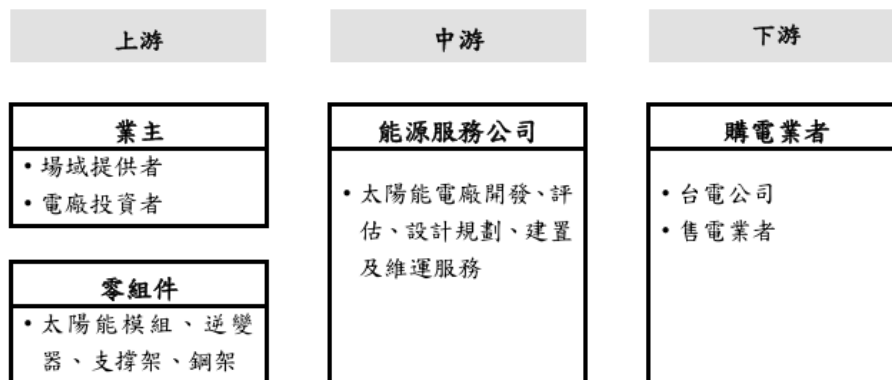
Source: Energy Administration, Ministry of Economic Affairs, Taiwan.

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

### A. Communication industry products



### B. New Energy Market



## 3. Development trends for the products

### A. Communication industry 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.

## B. New Energy Market

To encourage the installation of high-efficiency solar systems, the Taiwanese government offers a 6% premium on the feed-in tariff for systems utilizing high-performance photovoltaic modules. In response to both government incentives and customer demand, industry players are actively investing in the production of high-efficiency monocrystalline solar cells, with P-type PERC high-efficiency cells, known for their higher conversion rates, emerging as the mainstream product. However, to achieve even greater efficiency, reduce the levelized cost of electricity (LCOE), and enhance product competitiveness, both domestic and international manufacturers are increasingly investing in the development of next-generation solar cells. Efforts include expanding cell sizes to lower costs and trial production of higher-efficiency N-type cells. As production capacity for high-end products continues to grow, the adoption rate of high-efficiency modules is expected to rise steadily. In line with the policy goal of achieving 20 GW of installed solar power capacity by 2025, large-scale ground-mounted solar power plants have become a key focus of development. The Executive Yuan's Energy and Carbon Reduction Office has established an inter-ministerial platform to serve as a single-window agency for land resource inventory, conducting regular rolling reviews of available land for release. In addition, mechanisms such as "infrastructure-led site development" and "site development along grid lines" have been established to expand the potential for solar deployment. Ground-mounted solar installations are promoted based on principles that respect ecological conservation, landscape aesthetics, and environmental sustainability, with efforts focused on non-ecologically sensitive areas through multi-functional land use. Furthermore, to accommodate the increasing deployment of large-scale ground-mounted solar systems, the government has formulated the "Guidelines for the Landscape and Ecological Environmental Review of Ground-Mounted Solar Facilities" to assist developers and regulatory agencies in ensuring that solar development aligns with both environmental protection and green energy advancement.

## 4. Competition

### A. Communication industry products

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.

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.

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.

## B. New Energy Market

In the New Energy Division, the Company primarily provides engineering services on a project basis, closely monitoring project progress and construction quality according to client requirements and contractual terms. With extensive experience and critical technical capabilities in the construction and operation of power plants, the Company has built a high-quality service team that can effectively respond to overall market changes and maintain strong competitive advantages. The Company also maintains solid and long-term partnerships with subcontractors to mitigate risks associated with variability, enhance management efficiency, and generate reasonable profits. Looking ahead, the Company's capabilities in operation and maintenance (O&M) and market responsiveness are expected to become key competitive strengths.

(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

Item \ Year	2023	2024
R&D expenses	95,140	63,264
Net operating revenue	781,755	278,731
R&D expenses as a percentage of net operating revenue	12%	23%

2. Technologies and/or products successfully developed

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

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

1. Short-term development plans

(1) Product strategy:

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

aspects.

(2) Factory production:

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:

In the solar energy sector, the Company adopts a large-scale green energy investment strategy, developing and selecting projects with individual power stations of no less than 499kW capacity to facilitate future transformation into green electricity providers capable of meeting enterprises' fixed power supply needs.

Additionally, the Company is actively expanding the marketing of small-scale commercial, industrial, and household energy storage solutions, assisting distributors in increasing their market share.

A. Energy Engineering

a. Investment in the construction of self-owned power stations to ensure high project quality.

b. Undertaking energy power station construction projects for industry peers, recruiting and cultivating outstanding contractors.

B. Energy Services

Collaborating with and managing high-quality O&M (operation and maintenance) contractors to enhance service capacity.

C. Integrated Operations

For subsidiaries engaged in energy and engineering businesses, the Company actively recruits talent and strengthens professional training programs to enhance internal technology capabilities and ensure experience is effectively transferred through structured educational initiatives.

(6) Establishment of the AI Division

1. AI Division Business Development

In recent years, the Company's revenue and performance have declined. Leveraging extensive experience and connections in the electronics industry, the Company plans to respond to the rapidly growing demand for AI servers by developing AI computing center businesses.

In November 2024, the Company established the AI Computing Center Division, dedicated to the construction and leasing of computing centers, aiming to generate stable rental income.

## 2. Strong Demand for Colocation Server IDC Facilities

Taiwan, with its complete semiconductor industry chain and capability to supply high-performance GPUs and related hardware, coupled with its strategic network location in the Asia-Pacific region and the government's strong emphasis on AI industry development, has attracted global tech giants such as Google and Microsoft to set up data centers.

However, building IDC (Internet Data Center) facilities requires substantial capital investment, and AI servers consume significant energy, posing challenges related to energy supply, environmental protection, and the need for high technical expertise. As such, the demand for IDC facilities in Taiwan is expected to remain robust.

With the rapid advancement of AI technology, the development of AI computing centers in Taiwan has become urgent. In response, the Company is seeking ways to improve operating losses and pursue sustainable operations by investing in the construction of IDC facilities to meet comprehensive AI application needs.

The Company plans to build Taiwan's first and only AI data center capable of hosting NVIDIA DGX B200 and Supermicro or other brands' HGX B200 servers, with a total power capacity of 3.5MW.

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

### (1) Market analysis

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

Unit: NT\$ thousand

Sales area \ Year	2023		2022	
	Amount	Percentage	Amount	Percentage
Argentina	221,402	28.32	7,311	2.63
Peru	213,540	27.32	46,069	16.53
Chile	157,173	20.11	104,840	37.61
Ecuador	0	0	30,517	10.95
Columbia	44,273	5.66	0	0
Taiwan	0	0	37,018	13.28
Uruguay	38,688	4.95	30,446	10.92
Other countries	106,679	13.64	22,530	8.08
Total	781,755	100.00	278,731	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, the main product lines focus on HD and CA models. However, the market trend is rapidly shifting towards Over-The-Top (OTT) set-top boxes, which differ significantly in specifications, functionality, and usage. Given the differences in product characteristics and the corresponding competitors, it is difficult to objectively assess the Company's market share in this segment.

In the renewable energy industry, recognizing that the world is at a critical juncture of energy transition and that green energy will serve as the new engine for economic development, the Company established the New Energy Division in August 2022 in response to the government's initiatives to enhance energy self-sufficiency and expand the emerging green energy sector. As of now, the Company's total installed solar photovoltaic capacity amounts to 2,101.26 kWp. According to statistics from the Energy Administration, Ministry of Economic Affairs, the newly installed domestic solar photovoltaic capacity in 2024 was 13,706 MW. Based on installed capacity, the Company's market share is approximately 0.02%.

#### 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 IPTV 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 digitalTVresearch'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.

In the field of new energy, the United Nations 28th Climate Summit (COP28) proposed a "transformation away from" fossil fuels in December 2023, accelerating the push for renewable energy transition and accelerating the global development trend of renewable energy. Given that Taiwan is facing rising electricity prices, which increase the cost of electricity for industries, businesses, and households, the demand for ESG, green energy, and carbon credits is heating up, alongside the growing need for integrated solar and storage systems. As a result, the Taiwanese government is actively promoting the strengthening of energy security and striving to achieve its vision of a 20% renewable energy share. The goal is to build an innovative green economy. The plan is to achieve a target of 20GW in solar photovoltaic installations by 2025, which will become a major opportunity in the future demand for new energy.

#### 4. Competitive niche

The Company has operational bases in the UK, Taiwan, and mainland China. It has established core competitive advantages through 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.

The construction of solar power plants, whether on land unsuitable for farming or on factory rooftops, must ensure stability, safety, and continuous power generation over the next twenty years. Our company is committed to strict quality control and actively supports government green energy policies, continuing to contribute to Taiwan's green energy industry. Our company's new energy projects have successfully invested in and constructed sites such as the "Hsinchu Haishan Fishing Port Sun-drying Area," "Hsinchu Haishan Fishing Port Recycling Area," and "Chiayi Budai Port."

#### 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

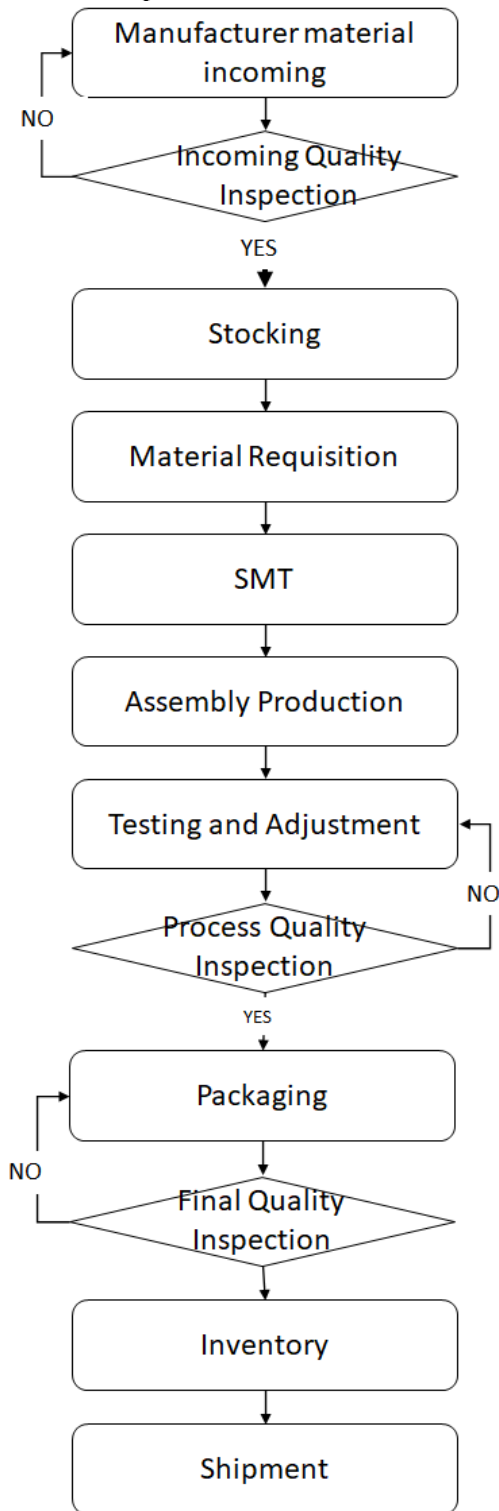
- hedging.
- (B) Prudently evaluate the trend of TWD appreciation or depreciation to determine the timing of foreign exchange settlement.
  - (C) The market tends towards maturity and saturation with competitors flooding in, which lead and result in the decline of product sales prices.
- C. The market 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.

(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	2023				2024			
	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	A	116,843	14.95	None	A	4,289	1.54	None
2	B	157,173	20.11	None	B	104,840	37.61	None
3	C	221,402	28.32	None	C	7,311	2.62	None
4	D	105,336	13.47	None	D	40,256	14.44	None
5	F	38,688	4.95	None	F	30,446	10.92	None
6	G	0	0.00	None	G	0	0	None
Others		142,313	18.2	—	Others	91,589	32.86	—
Net sales		781,755	100.00	—	Net sales	278,731	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	2023				2024			
	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
1	a	61,160	14.70	None	a	0	0	None
2	b	58,935	14.17	None	b	5,769	9.3	None
3	c	40,744	9.79	None	c	5,288	8.53	None
4	d	31,609	7.60	None	d	14,732	23.75	None
Others		223,956	53.74	—	Others	36,232	58.42	—
Net purchases		416,404	100.00	—	Net purchases	62,021	100.00	—

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

Fiscal year		2023	2024	As of March 31, 2025
Number of employees	R&D	32	33	8
	General	112	69	57
	Line	43	38	22
	Total	187	140	87
Average age		42.5	42	40.6
Average years of service		6.8	6.25	4.4
Education distribution percentage (%)	Ph.D.	0%	1%	1%
	Master's degree	6%	10%	10%
	College	33%	42%	49%
	Senior high school	14%	20%	30%
	Below senior high school	47%	27%	10%
	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

(1) 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 (including labor inspection results that violate labor standards, specifying the date of disposition, disposition number, violated regulations, the content of the violation, and the disposition details), along with disclosure of current and estimated future amounts and countermeasures. If such amounts cannot be reasonably estimated, the reasons for this inability should be explained: As of the date of the assessment report, the Company is involved in two labor disputes. These disputes are brought by former employees who claim reinstatement of employment and reimbursement of travel expenses. A labor dispute mediation meeting has been held; however, due to differing perspectives between the parties, no mediation agreement has been reached. Based on the evaluation, there is no significant impact on the Company's financial or operational performance. The case details and assessment are as follows:

Item	Description	
1	Case Name	Employee Labor Dispute - Reinstatement of Employment (Occurred in 2024, Unresolved)
	Case Overview	In August 2024, an employee filed a complaint alleging that a supervisor had used their position to harass subordinates. The Company immediately formed an investigation team to look into the matter. After the investigation, it was determined that the sexual harassment incident had occurred, and the labor contract with the individual involved was terminated based on the following provisions: 1. Article 12, Paragraph 1, Items 2 and 4 of the Labor Standards Act 2. Article 13-1, Paragraph 2 of the Gender Equality in Employment Act 3. Article 3, Paragraph 2, Items 4 and 6 of the Internal Reward and Punishment Regulations 4. Article 7, Item 8 of the Internal Personnel Management Regulations
	Judgment Outcome	On October 21, 2024, a labor dispute mediation meeting was held. Due to significant differences in understanding between the parties, no mediation agreement was reached.
	Resolution	The Company maintains a zero-tolerance policy for sexual harassment. Given the serious power-based sexual harassment in this case, the Company is committed to providing a safe and conducive work environment and will not allow such incidents to occur. This case has no significant impact on the Company's financial or business operations.
2	Case Name	Employee Labor Dispute - Travel Expenses Case (Occurred in 2024, Unresolved)
	Case Overview	On October 14, 2024, an employee surnamed Ma filed a labor dispute mediation request with the Company, demanding reimbursement for travel expenses from May to August 2024 (NT\$36,362) and wages from October 1-9, 2024 (NT\$35,615).

Item	Description	
	Judgment Outcome	<p>On October 23, 2024, a labor dispute mediation meeting was held. The mediation outcome was as follows:</p> <p>The Company reimbursed the employee for the travel expenses from June to August 2024, wages for October 1-9, 2024, overtime pay, and unused leave pay, totaling NT\$71,977, which was transferred to the employee's original salary account on October 25, 2024.</p> <p>The mediation was unsuccessful regarding the travel expenses for May 2024 (NT\$7,246).</p>
	Resolution	<p>The employee's travel expenses for June to August were not processed until September 5, and the approval process was completed on October 9. As the employee's last working day was October 9 and the Company's internal salary transfer occurs on the 25th of each month, there is no outstanding payment issue.</p> <p>The employee initiated the application for May's travel expenses on September 5. However, due to business issues, the supervisor rejected the initial request and required resubmission. By October 9, when the employee left the Company, the resubmission was still not approved. The Company disputes the travel advance expenses and will settle the amount once clarified.</p> <p>The Company has re-emphasized the timeliness of expense reimbursement requests and payment dates. This case has no significant impact on the Company's financial or business operations.</p>

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

Contract Type	Parties	Contract Duration	Main Content	Total Loan Amount	Restrictive Clauses
Financing Agreement	Taiwan Bank	2024.09.10 – 2044.09.09	Real Estate Purchase Loan	40,000,000	Real Estate Mortgage
Financing Agreement	Hua Nan Bank	2023.08.16 – 2026.08.16	Post-Pandemic Revitalization Loan	35,000,000	None

## V. 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.

Year Item	2024	2023	Changes Between Periods	
			Amount	%
Current Assets	692,056	938,339	(246,283)	-26.25%
Property, Plant, and Equipment	445,724	430,332	15,392	3.58%
Other Assets	173,104	267,759	(94,655)	-35.35%
Total Assets	1,310,884	1,636,430	(325,546)	-19.89%
Current Liabilities	456,848	561,115	(104,267)	-18.58%
Non-Current Liabilities	145,888	222,991	(77,103)	-34.58%
Total Liabilities	602,736	784,106	(181,370)	-23.13%
Common Stock	614,921	612,006	2,915	0.48%
Capital Surplus	530,479	529,634	845	0.16%
Retained Earnings	(341,829)	(185,002)	(156,827)	-84.77%
Other Equity	(95,423)	(104,314)	8,891	8.52%
Total Equity	708,148	852,324	(144,176)	-16.92%
Explanation of Changes in Percentage and Amount (Changes of more than 20% and an amount exceeding NT\$10 million):				
A. Current Assets decreased compared to the previous year due to a decline in revenue in 2024, which led to a decrease in accounts receivable and inventory.				
B. Other Assets decreased because of the disposal of unfinished projects (site development rights and subsidiary shares) in 2024, which led to a reduction in right-of-use assets and intangible assets.				
C. Non-Current Liabilities decreased as a result of the disposal of unfinished projects (site development rights and subsidiary shares) in 2024, which led to a reduction in lease liabilities.				
D. Retained Earnings primarily decreased due to the decline in revenue.				

(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	2024	2023	Amount of increase or decrease	Change ratio
Operating revenues	278,731	781,755	(503,024)	(64.34%)
Operating income (loss)	(206,958)	(226,200)	(19,242)	8.51%
Net income (loss) before tax	(151,241)	(184,233)	(191,634)	17.91%

(1) Description of changes :

1. Operating income (loss) & Net income (loss) before tax: Due to the anticipated credit impairment loss for the year 2023 resulting from the recognition of bad debts from an Argentine customer, the operating net loss/pre-tax net loss for the year 2024 is expected to decrease compared to 2023.

(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
343,580	(43,195)	(119,396)	224,184	—	—

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 : None

3. Liquidity analysis for the coming year :

Unit : NT\$ thousand

Beginning Cash Balance	Estimated Net Cash Flow from Operating Activities for the Year	Estimated Total Cash Inflows and Outflows for the Year	Estimated Remaining (Deficit) Cash Balance	Remedial Measures for Cash Deficit	
				Investment Plan	Financial Management Plan
224,184	(40,394)	59,228	283,412	-	-

Analysis of Liquidity analysis for the coming year

- (1) Operating Activities: The main factor contributing to cash outflows is an increase in accounts receivable.
- (2) Investing Activities: The main factor contributing to cash outflows is the construction of an AI facility.
- (3) Financing Activities: The main factor contributing to net cash inflows are conducting a cash capital increase and repaying bank loans.

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 :

Unit : NT\$ thousand

A f f i l i a t e N a m e	M a i n B u s i n e s s A c t i v i t i e s	I n v e s t m e n t I n c o m e ( L o s s ) R e c o g n i z e d i n 2 0 2 4	M a i n R e a s o n s f o r P r o f i t o r L o s s	I m p r o v e m e n t P l a n
SKARDIN INDUSTRIAL (UK) LTD.	Electronic Product Design and Sales	5,077		
ORIENTAL SKY LIMITED	Electronic Product Sales	(28,478)	It is the holding company of ED ASIA PTE. LTD., and the loss was due to the recognition of its operating losses.	Group sales were shifted back to the Company, and the workforce at ED ASIA PTE. LTD. was downsized to reduce operating losses.
TOP CROWN LIMITED	Investment Holding	(100,922)	It is the holding company of Fujian SKED and S&T, and the loss was due to the	This company is an investment holding entity; the loss was primarily due to the recognition of impairment losses on intangible assets arising from the premium paid in the

A f f i l i a t e N a m e	M a i n B u s i n e s s A c t i v i t i e s	I n v e s t m e n t I n c o m e (L o s s) R e c o g n i z e d i n 2 0 2 4	M a i n R e a s o n s f o r P r o f i t o r L o s s	I m p r o v e m e n t P l a n
			recognition of their operating losses.	acquisition of its investees. The workforce at Fujian SKED was downsized and the development of new S&T businesses was initiated to mitigate operating losses.
S&T INDUSTRIAL (HONG KONG) COMPANY LIMITED	Investment Holding	(523)	Currently in the development stage of the new eSim business.	The eSIM business is being developed to achieve a turnaround from loss to profit.
S&T Technology (ShenZhen) Co., Ltd.	Electronic Product Design	(2,565)		Deregistered on December 30, 2024.
ED ASIA PTE. LTD.	Electronic Product Sales	(28,397)	Primarily responsible for the Group's sales in Europe; the loss was caused by a sharp decline in orders from the region.	Group sales were shifted back to the Company, and the workforce of the company was downsized to reduce operating losses.
Fujian SKED Electronic Technology Co., Ltd.	Production and Sales of Digital Set-Top Boxes and Remote Controls	(10,422)	Due to a decrease in orders, production utilization dropped significantly, leading to a decline in gross margin.	Workforce adjustments were made at production lines to scale down production capacity and improve capacity utilization.
De Jin Energy Co., Ltd.	Renewable Energy Power Generation	(17,348)	The company is an investment holding entity, and the loss was mainly due to the recognition of impairment losses on intangible assets arising from the premium paid for Guang Shi Energy.	Subsequent investment gains from Guang Shi Energy are expected to turn the company profitable.
Ya Fu Energy Co., Ltd.	Renewable Energy Power Generation	(582)		Sold on September 5, 2024.
Li Chi Energy Co., Ltd.	Renewable Energy Power Generation	(590)		Sold on September 5, 2024.
Jian Che Energy Co., Ltd.8.	Renewable Energy Power Generation	(559)		Sold on September 5, 2024.
Jyu Cheng Energy Engineering Co., Ltd.	Renewable Energy Power Generation	752		
Shiny Digital	Information	(4,535)		The company is engaged in third-party

A f f i l i a t e N a m e	M a i n B u s i n e s s A c t i v i t i e s	I n v e s t m e n t I n c o m e (L o s s) R e c o g n i z e d i n 2 0 2 4	M a i n R e a s o n s f o r P r o f i t o r L o s s	I m p r o v e m e n t P l a n
Corp.	Software Services			payment services and is currently in the stage of system development and business promotion. It is expected to achieve profitability upon completion of system development and recruitment of sales personnel.
Guang Shi Energy Co.	Renewable Energy Power Generation	(208)		Profitability is expected to be achieved in 2025.

## 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	2024 (NT\$ thousand; %)
Net interest revenue (expense)	10,142
Net exchange (loss) gain	40,398
Net interest revenue (expense) to net operating revenue %	3.64%
Net interest revenue (expense) to net income before tax %	(6.71%)
Net exchange (loss) gain to net operating revenue %	14.49%
Net exchange (loss) gain to net income before tax %	(26.71%)

### 1. Interest rate :

As of December 31, 2024, the Company had short-term loans of NT\$ 304,999 thousands, and interest expenses for 2024 were NT\$ 11,487 thousands. The interest rate changes impacted little on the profits and losses. If the market interest rate increases by 1%, interest expenses would rise by NT\$3,050 thousand. At the end of 2024, bank deposits were NT\$ 223,863 thousand approximately, interest income was NT\$ 21,629 thousand, and thus the interest income will add NT\$ 2,238 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	2023	2022
R&D expenses	95,140	63,264
Net operating revenues	781,755	278,731
R&D expenses as a percentage of net operating revenues	12%	23%

The Company invested approximately 23% of its revenue in R&D in 2024. With new development projects underway, the amount of investment in 2024 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	<p>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).</p> <p>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.</p>
2	Allowance for inventory valuation and obsolescence loss	Inventory aging analysis	<p>The lower of cost or net realizable value is used for evaluation, and no allowance for doubtful loss is made for those with orders.</p> <ol style="list-style-type: none"> <li>1. No obsolescence loss for aging within 6 months.</li> <li>2. 50% of loss allowance for aging between 6 months and 1 year.</li> <li>3. 100% of loss allowance for aging over 1 year.</li> </ol>

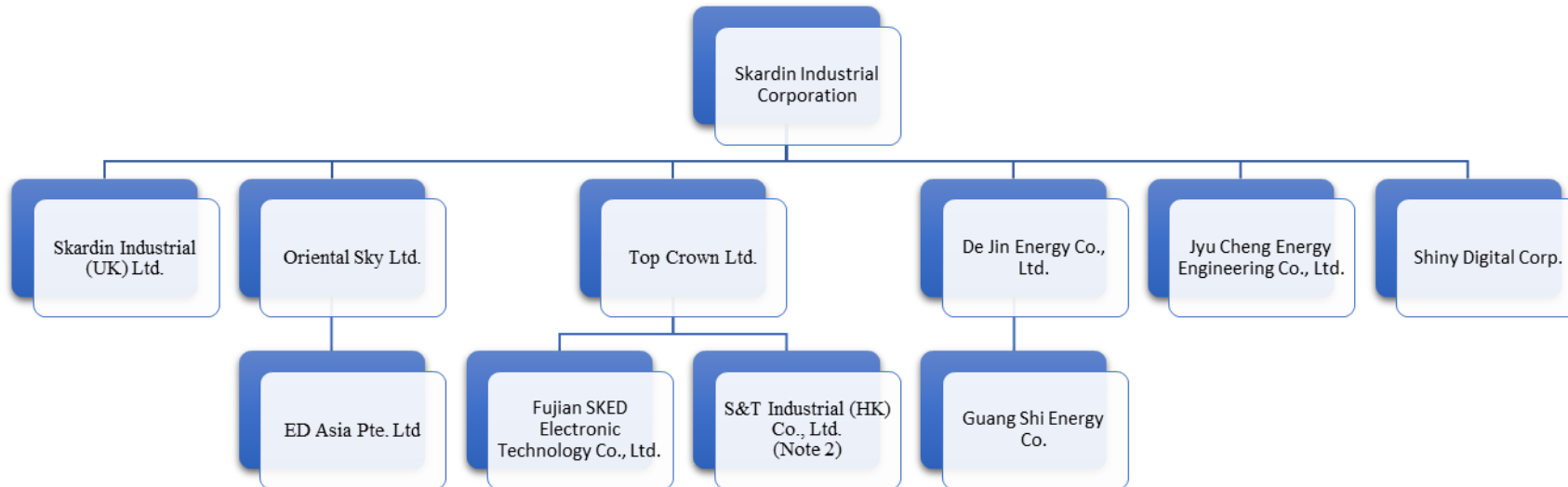
(2) Methods and assumptions in determining fair value of the financial instruments :

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.

## VI. Special items to be included

### 1. Overview of the affiliates

(1) Organizational chart of the affiliates :



Note 1: The above affiliates do not hold shares of the Company.

Note 2: The company changed its name to eSIMPro Limited in March 2025.

(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. (Note)	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. ED Asia Pte. Ltd.	2011.01.04	36 ROBINSON ROAD #13-01 CITY HOUSE SINGAPORE (068877)	SGD5,360 thousand	Electronic product trading
6. 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
7. De Jin Energy Co., Ltd.	2022.11.18	8F, No. 123-1 Hsing De RD. Sanchung District, New Taipei City	NTD47,000 thousand	Renewable energy power generation
8. 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
9. Shiny Digital Corp.	2023.03.20	27F, No. 9, Song Gao Rd., Xinyi Dist., Taipei City	NTD20,000 thousand	Software Design Services
10. 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

Note: The company changed its name to eSIMPro Limited in March 2025.

(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. ED Asia Pte. Ltd. mainly engages in trading of electronic products.
6. Fujian Sked Electronic Technology Co., Ltd. is mainly engaged in the production of set-top boxes and other products.
7. De Jin Energy Co., Ltd. is mainly engaged in the development of power stations for solar energy.
8. 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.
9. Shiny Digital Corp. is mainly engaged in third party payment and information software services.
10. 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. (Note)	Chairman	Yu Chih Ching	—	—
5. ED Asia Pte. Ltd.	Responsible person	Yu Chih Ching	—	—
6. Fujian SKED Electronic Technology Co., Ltd.	Responsible person	Yu Chih Ching	—	—
7. De Jin Energy Co., Ltd.	Responsible person	Chen Chia Ju	—	—
8. Jyu Cheng Energy Engineering Co., Ltd.	Responsible person	Lee Ming Chong	—	—
9. Shiny Digital Corp.	Responsible person	Chen Chia Ju	—	—
10. Guang Shi Energy Co.	Responsible person	Zhan Yong Xiang	—	—

Note: The company changed its name to eSIMPro Limited in March 2025.

(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	19,337	4,783	14,554	22,183	5,077	5,077	—
2. Oriental Sky Ltd.	49,475	(33,984)	0	(33,984)	0	(28,478)	(28,478)	—
3. Top Crown Ltd.	642,756	190,628	0	190,628	0	(100,922)	(100,922)	—
4. S&T Industrial (HK) Co., Ltd. (Note)	83,899	332	0	332	0	(2,588)	(2,588)	—
5. ED Asia Pte. Ltd.	319,040	14,282	51,367	(37,085)	5,157	(28,397)	(28,397)	—
6. Fujian SKED Electronic Technology Co., Ltd.	381,284	426,413	238,176	188,237	196,374	(94,125)	(100,422)	—
7. De Jin Energy Co., Ltd.	47,000	47,077	26,739	20,338	0	(17,348)	(17,348)	—
8. Jyu Cheng Energy Engineering Co., Ltd.	8,000	8,503	714	7,789	817	752	752	—
9. Shiny Digital Corp.	20,000	12,094	253	11,841	49	(4,535)	(4,535)	—
10. Guang Shi Energy Co.	30,000	94,146	61,156	32,990	12,916	(208)	(208)	—

Note: The company changed its name to eSIMPro Limited in March 2025.

(7) Consolidated Financial Statements of Affiliated Enterprises

The companies required to be included in the Company's 2024 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. Other matters that require additional description : None.

**VII. 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**

**Published Date: May 25 2025**

