

Stock code: 9955



佳龍科技工程股份有限公司
SUPER DRAGON TECHNOLOGY CO., LTD.

2022

Annual Report

Annual Report Inquiry Website

Taiwan Stock Exchange Market Observation Post System (MOPS):

<http://mops.twse.com.tw>

The Company's Website: <http://www.sdti.com.tw>

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V. Name of Stock Exchanges Listed for Trading of Overseas Securities, and Information on Inquiry of These Overseas Securities: None

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I. Letter to Shareholders

I. 2022 Business Report:

(I) Business Plan Implementation Outcome and Financial Revenue/Expenditure, Profitability:

The operating income in 2022 decreased by 21.7% compared to 2021, which was mainly due to the decrease in the sales of precious metals and gold salt products, and it also led to a simultaneous decline in the gross operating profit in 2022. However, the net loss before (after) tax for 2022 was similar to that of 2021 and did not expand. The consolidated and parent company only financial statements are summarized below:

Unit: NT\$ thousand

Consolidated Financial Report Items	2022	2021
Operating revenue	1,161,908	1,484,248
Gross profit (loss)	1,339	10,201
Operating (loss)	(99,554)	(86,351)
Net profit (loss) before tax	(98,817)	(98,387)
Net profit (loss) after tax	(98,817)	(98,387)
Earnings (losses) per share (NTD)	(0.96)	(0.95)

Unit: NT\$ thousand

Standalone Financial Report Items	2022	2021
Operating revenue	1,118,454	1,409,273
Gross profit (loss)	(717)	(12,459)
Operating (loss)	(81,421)	(84,048)
Net profit (loss) before tax	(98,817)	(98,383)
Net profit (loss) after tax	(98,817)	(98,383)
Earnings (losses) per share (NTD)	(0.96)	(0.95)

(II) Budget Implementation status:

The Company had no financial forecasting in 2022.

(III) Research and development status:

The global industrial supply chain is undergoing a series of restructuring and upgrade.

“Huanke Plant” was built with the Company’s continuous investments over many years and was completed and inaugurated by the end of 2021. The important achievements are as follows:

1. Activation of the new automatic production process for gold salt:
We produce high-purity, high-quality gold salt products with the new automated process, which readily meets the requirements of customers in their electroplating processes.
2. Enhance the research and development of waste recycling technologies:
We continue to invest in purification technologies and add new metal recycling and other recycling items to develop “urban mines”.
3. Introduction of advanced waste liquid processing technologies:
By upholding our goal of “establishing processes with zero waste liquid and a recycling and reuse system”, we successfully incorporated the MVR waste liquid treatment technology and planned to provide services to customers in the second half of 2022.
4. Technical partnerships and development of new eco-friendly composite materials:
We use partnerships between the industry, government, and academia to produce new low-carbon eco-friendly renewable materials from waste containing different materials through innovative formulas and technologies. They solve the problem of disposal and treatment in the resource recycling industry, facilitate the reuse of waste resources, and can be used for high-strength construction materials and military industries in the future.

II. 2023 Business Plan Overview:

(I) Business guideline

The rapid changes of high-tech products have made waste disposal increasingly difficult. Super Dragon Technology will continue to uphold our commitment to improve technologies and the main business strategies for 2023 are as follows:

1. Implement reasonable organizational structure and streamline human resources to increase the performance and efficiency of the organization.
2. Enhance the recycling of hybrid metals and waste electronics products to turn scraps into materials and support waste and carbon reduction.
3. Launch the high-efficiency waste liquid treatment services to attain “zero effluents and circular use”.
4. Establish a solid waste treatment ecosystem with technical partners and find ways to reuse solid waste.

5. Expand into energy conservation, energy storage, and energy generation businesses to create an engine of growth for green energy in the circular economy and technological developments.
6. Actively reduce inventory and revitalize the value of assets to create positive cash flow and reduce financial burdens.
7. Focus on the circular economy and continue to develop new eco-friendly technologies, new energy, new partnerships, and new business models. Concentrate and transform operations based on the framework of four major production lines, four major platforms, and one center.

(II) Sales Volume Forecast and Basis

The “service business driven by the social needs” operated by the Company pursues the sustainable development with partners and customers jointly based on the principle of co-existence and co-prosperity. In 2023, based on the core of circular economy and under the development scope of four main production lines, four main platforms and one center, the Company will implement operational focus and transformation. The revenue is expected to show slight increase from the last year, and the gross profit is also expected to indicate growth from last year. Accordingly, the Company expects to achieve the goal of operating at a profit in a single quarter.

(III) Important Production and Sale Policies

1. Enhance the detection capacity, implement cost control, and quality management to provide customers with satisfying services.
2. Target customers of waste liquid treatment businesses that have high technical difficulties and stable volumes of waste to be processed.
3. Form alliances with strategic partners to increase the number of solid waste items for treatment and enhance the refining capabilities.
4. Develop recycling product applications and turn “scraps” into materials for customers.
5. Transform the professional roles for 5N gold salt production and OEM and expand the production capacity utilization rate to increase the value of products.
6. Set up the pilot production lines a mass production lines for new eco-friendly composite materials to expand the Company’s product portfolio.

III. Impacts of External Competitive Environment, Legal Environment and Overall Operating Environment on Company’s Future Development Strategy

Global awareness of environmental protection has increased and environmental issues have become important topics of discussion. Government regulations on environmental protection have become increasingly stringent as they strengthen enforcement. Due to the recent international development trends that emphasize the importance of sustainability, relevant laws and regulations and institutional amendments will become more conducive to the expansion of the environmental protection industry.

The Company's head office and Plant 3 are located in the Environmental Science & Technology Park. Our corporate mission is to become "a service company needed by the society" and our goal is to recycle and reuse resources. We continue to improve waste processing technologies and capabilities for refining precious metals. We invest in equipment to expand operations, help companies implement environmental governance, and build a society with a sustainable cycle of resources.

The Company also implements the circular economy in different ways by actively participating in the transformation of Taiwan's green economy and joint promotion of sustainable development. We set up solar PV equipment in areas of the Company that can be effectively used and we will also install grid-connected energy storage equipment to support Taipower's electricity ancillary service, join Taipower's Energy Trading Platform, and work with the government to develop renewable energy.

The Company will continue to work on improving technologies and increasing the scale of production to maximize returns for all shareholders of the Company. We hereby express our gratitude to shareholders for your long-term support and encouragement.

Super Dragon Technology Co., Ltd.

Chairman-cum-President Chieh-Hsin Wu

Chief Accounting Officer Cheng Tuan-Mu

II. Company Profile

I. Establishment Date

The Company was established on September 25, 1996.

II. Company History

- | | |
|----------------|--|
| September 1996 | Registration of Super Engineering Ltd. approved by the Ministry of Economic Affairs (MOEA), and paid-in capital was NT\$5 million. |
| December 1997 | Executed cash capital increase of NT\$45,000 thousand, and paid-in capital increased to NT\$50 million.
In addition, company organization type changed to “Super Dragon Engineering Co., Ltd.”. |
| August 1998 | Purchased Guanyin Plant I, address: No. 12, Ronggong S. Road, Guanyin Industrial Park.
Obtained Type 1 Class A waste disposal institution establishment permit license. |
| April 1999 | Qualified Type 1 Class A waste disposal institution trial operation and field survey. |
| August 1999 | Obtained Type 1 Class A waste disposal institution operation permit license, and engaged in the business of industrial waste treatment officially.
Qualified the waste information product treatment plant selection by the Resource Recycle Management Foundation, Environmental Protection Agency (EPA), and started the business of treatment of various waste information products. |
| November 1999 | Executed cash capital increase of NT\$100,000 thousand, and paid-in capital increased to NT\$150 million, and purchased Guanyin Plant II land for the expansion construction of Plant II facility, and expected to manufacturing post-waste treatment recycled product - artificial building material.
Company name changed to “Super Dragon Technology Co., Ltd.”. |
| March 2000 | Purchased new high precision anti-pollution crushing and soring equipment in order to achieve precise sorting of precious metals. |
| May 2000 | Applied for Type 1 Class A industrial waste disposal institution establishment approval and applied for change of Type 1 Class A industrial waste establishment approval; increased the treatment volume of hazardous industrial waste- electroplating aging solution.
Submitted the application for important technology industry applicable scope with the Industrial Development Bureau (IDB). |

August 2000	Obtained the approval letter for important technology industry applicable scope from IDB. Qualified the ISO 9002 quality management system certification. Qualified the ISO 14001 environmental management system certification.
November 2000	Executed cash capital increase of NT\$35,750 thousand, and capital increase by retained earnings of NT\$14,250 thousand, and the paid-in capital became NT\$200 million.
August 2001	Executed capital increase by retained earnings of NT\$30,000 thousand and capital increase by employee bonuses of NT\$3,000 thousand, and the paid-in capital became NT\$233 million.
October 2001	Guanyin Plant II completed for operation commencement.
August 2002	Executed capital increase by retained earnings of Tai power's NT\$18,000 thousand and cash capital increase of NT\$64,250 thousand, and the paid-in capital became NT\$315.25 million.
October 2002	Qualified the ISO 9001 quality management system certification.
December 2002.	Company's stocks publicly listed on the Emerging Stock Market for trading.
July 2003	Executed capital increase by retained earnings of NT\$47,287,500, and the paid-in capital became NT\$362.5375 million.
December 2003	Company's stocks officially listed at the Taipei Exchange (TPEX) for trading.
May 2004	Securities and Futures Bureau approved the issuance of first domestic secured convertible corporate bonds for a total of NT\$200 million.
July 2004	Executed capital increase by retained earnings of NT\$65,256,750, and the paid-in capital became NT\$427.79425 million.
September 2004	Executed capital increase by retained earnings of NT\$5,830,100, and the paid-in capital became NT\$433.62435 million.
October 2004	Received the honor of National Award of Outstanding SMEs for Enterprise Management.
January 2005	Executed corporate bond conversion of NT\$7,057,390, and paid-in capital became NT\$440.68174 million.
April 2005	Executed corporate bond conversion of NT\$15,028,640 thousand, and paid-in capital became NT\$455.71038 million.
May 2005	Established the subsidiary "Super Dragon Environmental Protection Technology (Suzhou) Co., Ltd." in Suzhou Singapore Technology Park in Jiangsu Province.
July 2005	Executed corporate bond conversion of NT\$8,213,710, and paid-in capital became NT\$463.92409 million.
October 2005	Executed capital increase by retained earnings and capital surplus of NT\$98,000 thousand and corporate bond conversion of NT\$12,589,430, and the paid-in

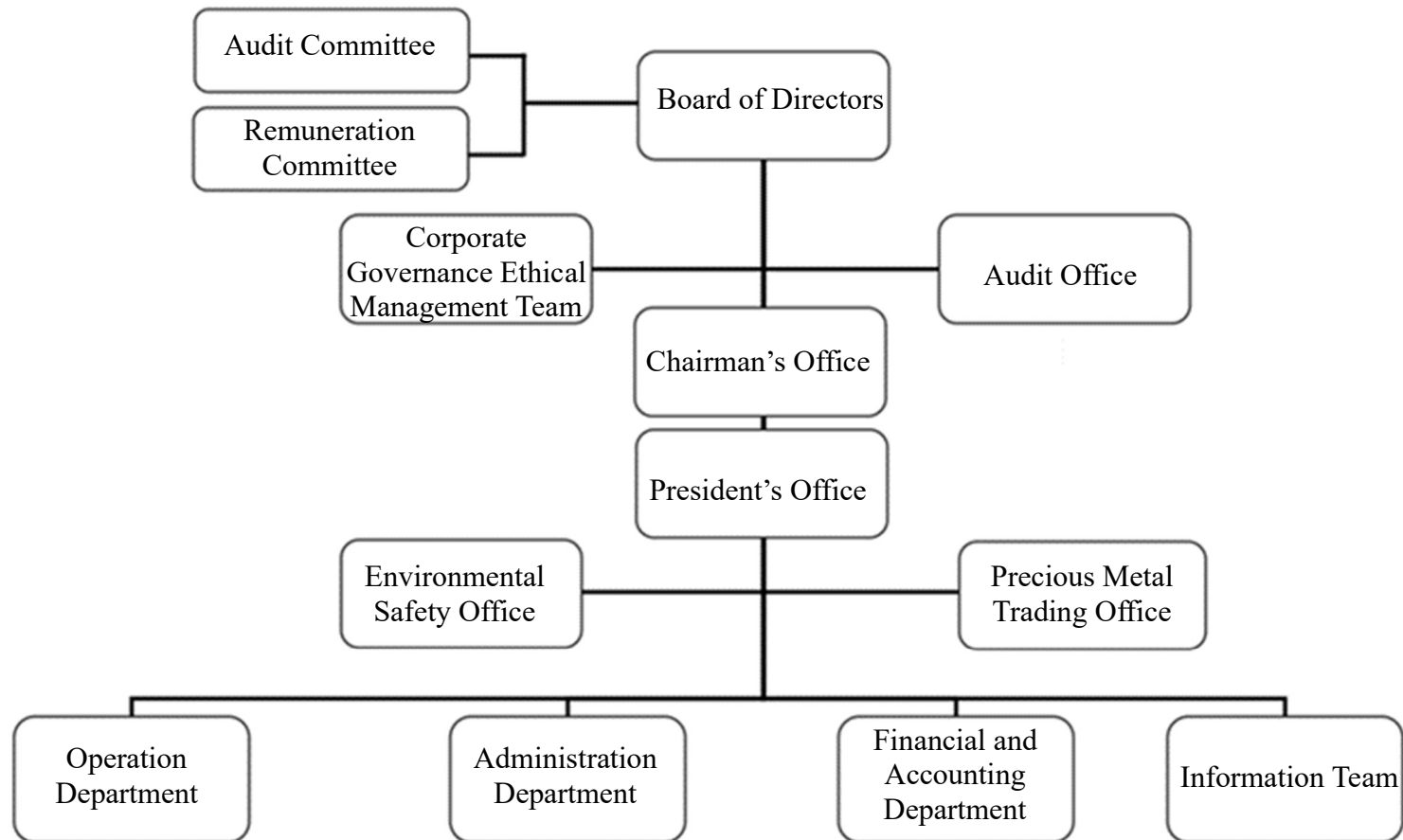
	capital became NT\$574.51352 million.
October 2005	Subsidiary "Super Dragon Environmental Protection Technology (Suzhou) Co., Ltd." officially obtained the "Hazardous Waste Operation Permit License" issued by the Jiangsu Provincial Government.
February 2006	Executed corporate bond conversion of NT\$17,473,660, and the paid-in capital became NT\$591.98718 million.
April 2006	Executed corporate bond conversion of NT\$1,989,570, and the paid-on capital became NT\$593.97675 million.
July 2006	Executed corporate bond conversion of NT\$2,205,840, and the paid-in capital became NT\$596.18259 million.
August 2006	Executed capital increase by retained earnings of NT\$90,000,000 and capital increase by employee bonus of NT\$5,000,000, and corporate bond conversion of NT\$86,500, and the paid-in capital became NT\$691.26909 million.
November 2006	Executed cash capital increase of NT\$60,000 thousand, and paid-in capital became NT\$751.26909 million.
January 2007	Executed corporate bond conversion of NT\$960,070, and the paid-in capital became NT\$752.22916 million.
August 2007	Executed capital increase by retained earnings of NT\$60,178,330 and capital increase by employee bonuses of NT\$3,000,000, and paid-in capital became NT\$815.40749 million.
October 2007	Executed corporate bond conversion of NT\$5,531,170, and paid-in capital became NT\$829.30866 million.
January 2008	Company's stocks officially listed in Taiwan Stock Exchange (TWSE) for trading.
April 2008	Trademark "Green Art" registration was approved, and resource recycle art marking and sales channel was expanded.
September 2008	Executed capital increase by retained earnings of NT\$32,837,550 and capital increase by employee bonuses of NT\$2,000,000, and the paid-in capital became NT\$855.77621 million.
March 2009	Executed repurchase of treasury stocks for cancellation with capital reduction of NT\$9,700,000, and the paid-in capital became NT\$846.07621 million.
October 2009	Executed cash capital increase of NT\$136,000,000, and the paid-in capital became NT\$982.07621 million.
November 2009	Executed capital increase by private placement of NT\$64,000,000, and the paid-in capital became NT\$1.14607621 billion.
March 2010	Corporate headquarter and Plant III construction commencement ceremony.
March 2011	Securities and Futures Bureau approved the issuance of second domestic secured convertible corporate bonds for a total of NT\$400 million.

	Securities and Futures Bureau approved the issuance of third domestic secured convertible corporate bonds for a total of NT\$100 million.
October 2011	Executed capital increase by retained earnings of 52,205,810, and the paid-in capital became NT\$1.19828202 billion.
January 2012	Executed repurchase of treasury stocks for cancellation with capital reduction of NT\$30.6 million, and the paid-in capital became NT\$1.16768202 billion.
February 2013	Executed repurchase of treasury stocks for cancellation with capital reduction of NT\$35.87 million, and the paid-in capital became NT\$1.13181202 billion.
November 2013	Executed corporate bond conversion of 270,270, and the paid-in capital became NT\$1.13208229 billion.
January 2015	Obtained the building user permit for Huanke Plant.
February 2015	Qualified OHSAS18001 occupational safety and health management system standard.
March 2015	Huanke Plan obtained the factory registration.
March 2017	Huanke Plant obtained the waste disposal permit license (Class A institution) issued by the Taoyuan Government.
May 2018	Invited to participate in the United Nations Think Bank 2018 Bangkok EWAM Forum.
February 2019	Executed corporate bond conversion, and qualified ISO45001 occupational safety and health management system.
November 2020	Invited to participate in Taiwan, U.S. and Japan jointly organized global corporation and training architecture video conference meeting..
April 2021	Invested in the construction of green energy solar photovoltaic system with a total installed capacity of 1351.39 kW.
November 2021	Obtained the “Renewable Energy Power Generation Equipment Registration” approved by the Taoyuan City Government.
April 2022	Subsidiary Chang Pwu invested in the green energy - energy storage system installation.
January 2023	Invested in and obtained the equity of Forcera Materials Co., Ltd.. and entered the field of semiconductor high purity consumable parts.
February 2023	Through industry-academic cooperation, Successfully developed new eco-friendly composite high strength green building material with waste resource as the raw material.
March 2023	Completed the construction of BRPV high performance solar power generation facility for Guanyin Plant II.

III. Corporate Governance Report

I. Organization System

(I) Organizational Structure



(II) Responsibilities of Main Segments

Segment	Scope of Responsibility
President's Office	Establish corporate operational policies and governance principles
Audit Office	Assist the board of directors and managerial officers to design/review the internal control system of the Company
Corporate Governance Ethical Management Team	Incorporate ethics and moral values into the corporate management strategies and cooperate with the regulatory system to establish relevant fraud preventive measures in order to ensure ethical management
Precious Metal Trading Office	Responsible for the management of precious metal positions and trading
Environmental Safety Office	Responsible for the environmental protection and labor safety and health operation of the Company
Operation Department	<ol style="list-style-type: none"> 1. Obtain market information, customer development and maintenance, establish business directives 2. Test center planning and acquisition of National Level 2 Laboratory certification 3. Responsible for the precious metal refining process, applied material manufacturing, machine component (parts) cleaning, resource recycle plan management, etc. 4. Manage quality related matters for the entire plant, and implement quality control for material incoming, process and shipping
Administration Department	<ol style="list-style-type: none"> 1. Responsible for the implementation of relevant human resource planning and improvement of the Company, and promote personnel system of competitiveness and complying with regulatory requirements 2. Responsible for the general affairs and industrial relationship, etc. of the Company

Financial and Accounting Department	<ol style="list-style-type: none"> 1. Perform planning and implementation of capital utilization and movement of the Company, and the Group's amount/financing planning and implementation 2. Handle the Company's accounting and tax affairs for transactions, and provide decision making information and budget control 3. Implement management and guidance for the Company's investments 4. Execute and manage matters related to the shareholders' meetings, board of directors' meetings and stock affairs
Information Team	Establish a safe, stable, highly efficient information operating environment, and strengthen the information network link to external customers

II. Information of Directors, Supervisors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

(I) Director Information

1. Name, Educational Background (Experience), Shareholding and Adjunct Position of Director

April 16, 2022

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background) (Note 1)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks (Note 2)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Chairman	Republic of China (R.O.C.)	Chieh-Hsin Wu	Male 41~50 years old	2022/06/14	3	2002/06/03	4,349,125	4.21	4,349,125	4.21	2,955,048	2.86	179,010	0.17	M.B.A., Metropolitan State University, USA Department of Business Administration, National Chengchi University Graduate School of Entrepreneur Business Management College of Management, National Chiao Tung University Master of Advanced Management College of Management, National Taiwan University of Science and Technology Master of Management, 32th Republic of China Entrepreneur Role Model Evaluation Committee of Graduate School of Design, National Yunlin University of Science and Technology Taisun Enterprise Co., Ltd. Independent Director/Audit Committee Member/Remuneration Committee Member Remuneration Committee Member of GIGA-BYTE Technology Co., Ltd.	Chairman-cum-President of the Company Director of Chaung Pwu Industrial Co., Ltd. Chairman of Ron Pwu Applied Materials Technology Co., Ltd. Chairman-cum-President of Super Dragon Environmental Protection (Suzhou) Co., Ltd. Independent Director/Remuneration Committee Member of Chyang Sheng Dyeing and Finishing Co., Ltd. Corporate Director Representative of Forcera Materials Co., Ltd. Supervisor of Rising Dragon Investment Development Co., Ltd. Director of Tsai Yang International Consulting Co., Ltd.	Director	Yao-Hsun Wu	Father and son	None

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background) (Note 1)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks (Note 2)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Director	Republic of China (R.O.C.)	Yao-Hsun Wu	Male 71~80 years old	2022/06/14	3	2001/06/11	29,856,515	28.93	29,856,515	28.93	1,786,979	1.73	1,639,000	1.59	Graduated from Kindai University, Japan Chairman of 3rd Term of Taoyuan County Waste Disposal Industry Association Founding President of Taoyuan City Taoyuan Technology Huanke Datan Industrial Park Industrial Alliance Association Chairman of 12th and 13 Term of Taoyuan Guanyin Industrial Park Industrial Association Chairman of 4th Term of Yulin Townsmen Association, R.O.C.	CEO of Super Dragon Group Chairman of Chaung Pwu Industrial Co., Ltd. Director of Ron Pwu Applied Materials Technology Co., Ltd. Chairman of Super Dragon Environmental Protection (Suzhou) Co., Ltd. Corporate Representative Director of Pau Hz Energy Corp. Director of Enormous Vastness Investment Company Limited Chairman of Rising Dragon Investment Development Co., Ltd. Administrative Consultant of Executive Yuan Consultant of Manufacturers United General Association of Industrial Park of R.O.C. Vice Chairman of Waste Disposal Industry Association of R.O.C. Municipal Consultant of Taoyuan City Government Committee Member of Taoyuan City Industrial and Commercial Development Investment Association Honorary Chairman of 3rd Term of Taoyuan County Waste Disposal Industry Association	Chairman	Chieh-Hsin Wu	Father and son	None
Director	Republic of China (R.O.C.)	Enormous Vastness Investment Company Limited	-	2022/06/14	3	2019/06/18	267,861	0.26	2,193,000	2.12	-	-	-	-	-	-	-	-	-	None

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background) (Note 1)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks (Note 2)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
	Republic of China (R.O.C.)	Representative: Kang-Chi Chou	Male 71~80 years old	2022/06/14	3	2012/09/01	141,900	0.14	117,900	0.11	-	-	-	-	International M.B.A., University of St. Thomas, USA Chairman of Concord Securities Co., Ltd. Capital Securities Corporation President Taiwan Securities Association Managing Director Vice President of Taipei Exchange Assistant Manager of Public Listing and Trading Department, Taiwan Stock Exchange Adjunct Professor of Tamkang University	Corporate Representative Director of Chaung Pwu Industrial Co., Ltd. Chairman-cum-President of IROC Co., Ltd. Independent Director/Audit Committee Member/Remuneration Committee Member of C.C.P. Contact Probes Co., Ltd. Independent Director/Audit Committee Member/Remuneration Committee Member of Radium Life Tech Co., Ltd. Independent Director of Orient Pharma Co., Ltd. Corporate Representative Director of ATrack Technology Inc. Corporate Representative Director of IGC Pharma, Inc. Corporate Representative Director of Chia Shi Construction Co., Ltd. Director of Taiwan Innovative Space Inc.	-	-	-	None
Director	Republic of China (R.O.C.)	Fukang Investment Co., Ltd.	-	2022/06/14	3	2019/06/18	3,931,060	3.81	4,019,000	3.89	-	-	-	-	-	-	-	-	-	None

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background) (Note 1)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks (Note 2)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
	Republic of China (R.O.C.)	Representative: Chia-Nan Hsu	Male 51~60 years old	2022/06/14	3	105/06/22	-	-	-	-	-	-	-	-	Bachelor of Laws, National Taiwan University Master of Laws., National Taiwan University WISPRO Law Firm Partner Lawyer WISPRO Technology Consulting Corporation PTE, Ltd. Chairman	Chairman of Shin Energy Co., Ltd. Director of Cerpass Technology Corp. Chairman of Shin I Energy Co., Ltd. Chairman of Shin Er Energy Co., Ltd. Chairman of Shin San Energy, Ltd. Chairman of Quan Ying Optoelectronics Co., Ltd. Chairman of Zhong Shin Energy Co., Ltd. Chairman of Shin Li Energy Co., Ltd. Chairman of Shin Wang Energy Co., Ltd. Chairman of Shin Xi Energy Co., Ltd. Chairman of Shin Le Energy Co., Ltd. Chairman of Shin An Energy Co., Ltd. Chairman of Zhineng Investment Co., Ltd. Chairman of Shin Ping Development Co., Ltd. Director of Shinwu Global Co., Ltd. Director of Teng Yu Energy Co., Ltd.	-	-	-	None

Title	Nationality or Place of Registration	Name	Gender Age	Date of election (appointment)	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background) (Note 1)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks (Note 2)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Independent director	Republic of China (R.O.C.)	Shih-Chun Ho	Male 51~60 years old	2022/06/14	3	105/06/22	-	-	-	-	-	-	-	-	M.B.A., National Taiwan University Master of Financial Management, Golden Gate University, USA National Taiwan University EMBA Alumni Foundation Chairman of 10th Term 2020 Outstanding Alumni of Fu Jen Catholic University	Director of Trade-Van Information Services Co. Chairman of Maohong Information Technology (Shanghai) Co., Ltd. Independent Director of Center Laboratories Inc. Independent Director of Collins Co., Ltd. Director of Chang Sheng International Biotech Co., Ltd. Director of Allied Biotech Corp. Director of Luo Lih-Fen Holding Co., Ltd. Chairman of Shih Bo Enterprise Co., Ltd. Chairman of Taiwan Land Investment Co., Ltd. Supervisor of Wang Kun Transportation Co., Ltd. Director of Hele Marketing Co., Ltd. Chairman of Asia Pacific Boutique Co., Ltd. Corporate Representative Director of Mohist Web Technology Co., Ltd. Chairman of Chun Rui Biotech Co., Ltd. Corporate Representative Director of Forcera Materials Co., Ltd.	-	-	-	None
Independent director	Republic of China (R.O.C.)	Cheng-Che Tsai	Male 51~60 years old	2022/06/14	3	2018/06/26	-	-	-	-	-	-	-	-	M.B.A., Pace University, USA Director of Asian Region, Hutchison-Priceline	Capital Gateway Investments Consulting Co., Ltd. Executive Director Independent Director of Farglory Life Insurance Inc. Chairman of He Yun Co., Ltd. Director of Mu Sheng Investment Co., Ltd.	-	-	-	None
Independent director	Republic of China (R.O.C.)	Kun-Cheng Chao (Note 3)	Male 51~60 years old	2022/06/14	3	2019/06/18	-	-	-	-	-	-	-	-	Master of Management, University of Texas at Dallas, USA Assistant Vice President of Uni-President International Investment Corp. (USA) of Uni-President Enterprises Corp. PricewaterhouseCoopers Financial Advisory Services Company, Ltd. Vice President Deloitte Taiwan Executive Vice President/President	Executive President of Chin Zheng Financial Consulting Co., Ltd. Independent Director of AVerMedia Technologies, Inc.	-	-	-	None

Note 1: Board of directors assuming position at the accounting firm of the CPAs or its affiliates: None.

Note 2: Chairman and President or person of an equivalent position (the highest managerial officer) being the same person, spouses, or relatives within the first degree of kinship: None.

Note 3: Independent Director Kun-Cheng Chao resigned on 2023.03.15.

Note 4: Mr. Wen-Hung Huang assumed the position of President according to the approval of the board of directors of the Company on 2021.03.25, and subsequently resigned on 2021.10.24 due to personal reasons. As there was no appropriate successor for the position, according to the approval of the board of directors on 2022.11.09, Chairman Chieh-Hsin Wu concurrently assumed the position of President of the Company on 2022.10.25. In addition to actively seeking new candidate for the position of President, shareholders' meeting will also additionally elect one independent director on 2023.06.16 to have four independent directors for the Company, in order to comply with the provision of Paragraph 2 of Article 4 of the Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.

2. Major Shareholders of Corporate Shareholder

April 18, 2023

Name of corporate shareholder	Major Shareholders of Corporate Shareholder	Shareholding percentage of major shareholder of corporate shareholder
Enormous Vastness Investment Company Limited	Li-Chiao Huang	60.00%
	Ming-Yeh Yang	40.00%
Fukang Investment Co., Ltd.	Enormous Vastness Investment Company Limited	95.45%
	Chieh-Hsin Wu	0.91%
	Ming-Yeh Yang	0.91%
	Chieh-Ping Wu	0.91%
	Mei-Fang Wu	0.91%
	Ming-Chu Lin	0.86%
	Yao-Hsun Wu	0.05%

3. Major Shareholders of Institutional Shareholders as the Major Shareholders

April 18, 2023

Name of corporate shareholder	Major shareholder of corporate shareholder	Shareholding percentage of major shareholder of corporate shareholder
Enormous Vastness Investment Company Limited	Li-Chiao Huang	60.00%
	Ming-Yeh Yang	40.00%

4. Disclosure of professional qualification of directors and independence of independent directors
- (1) Professional qualification and experience of directors

Criteria Name		Professional qualification and experience
Director	Chieh-Hsin Wu	Mr. Chieh-Hsin Wu is equipped with more than five years of working experience in commerce, finance and corporate business, and is also equipped with the operational planning and management skills for more than twenty years in the environmental protection industry. Presently, he acts as the Chairman of the Company, Director of Chaung Pwu Industrial Co., Ltd., Chairman of Ron Pwu Applied Materials Technology Co., Ltd., Director and President of Super Dragon Environmental Protection (Suzhou) Co., Ltd. and Independent Director/Remuneration Committee Member of Chyang Sheng Dyeing and Finishing Co., Ltd. He is equipped with practical experience and knowledge and skills in strategic management. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.
Director	Yao-Hsun Wu	Mr. Yao-Hsun Wu is equipped with more than five years of working experience in commerce, finance and corporate business, and is also equipped with operational planning and management skills for more than twenty years in the environmental protection industry. Presently, he acts as the CEO of the Company, Chairman of Chaung Pwu Industrial Co., Ltd., Chairman of Super Dragon Environmental Protection (Suzhou) Co., Ltd. and Vice Chairman of Waste Disposal Industry Association of R.O.C. He is equipped with extensive knowledge, skills and management experience necessary for job duties. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.
Director	Kang-Chi Chou	Mr. Kang-Chi Chou is equipped with more than five years of working experience in commerce, finance, accounting or corporate business. Presently, he acts as the Chairman-cum-President of IROC Co., Ltd., Independent Director/Audit Committee Member/Remuneration Committee Member of C.C.P. Contact Probes Co., Ltd., Independent Director/Audit Committee Member/Remuneration Committee Member of Radium Life Tech Co., Ltd., Corporate Representative Director of Taichung Commercial Bank Securities Co., Ltd. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.

Director	Chia-Nan Hsu	Mr. Chia-Nan Hsu is equipped with more than five years of working experience in commerce, legal or corporate business, and he is qualified for judge, prosecutor, attorney or other professional qualifying national examination with license. Presently, he acts as the Chairman of Shine Energy Co., Ltd., and Director of Cerpas Technology Corp. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.
Independent director	Shih-Chun Ho	Mr. Shih-Chun Ho is equipped with more than five years of working experience in commerce, finance or corporate business. Presently, he acts as the Chairman of Trade-Van Information Services Co., Chairman of Maohong Information Technology (Shanghai) Co., Ltd., Independent Director of Center Laboratories Inc., and Independent Director of Collins Co., Ltd. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.
Independent director	Cheng-Che Tsai	Mr. Cheng-Che Tsai is equipped with more than five years of working experience in commerce, finance or corporate business. Presently, he acts as the Executive Director of Capital Gateway Securities Investment Consulting Co., Ltd., Independent Director of Center Laboratories Inc., and Independent Director of Farglory Life Insurance Inc., Chairman of He Yun Co., Ltd., and Director of Mu Sheng Investment Co., Ltd. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.
Independent director	Kun-Cheng Chao (Note 1)	Mr. Kun-Cheng Chao is equipped with more than five years of working experience in commerce, finance, accounting or corporate business and is equipped with the professional qualification of instructor at public and private universities and colleges. Presently, he acts as the Chin Zheng Financial Consulting Co., Ltd., and Independent Director of AVerMedia Technologies, Inc. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.

Note 1: Independent Director Kun-Cheng Chao resigned on 2023.03.15.

(2) Independence status of independent directors

Criteria Name	Independence status	Number of companies for adjunct independent directors of other public offering companies
Shih-Chun Ho	<p>Each independent director meets the following conditions during the two years prior to being appointed and during the term of office:</p> <ol style="list-style-type: none"> 1. Not an employee of the Company or its affiliates. 2. Not a director, supervisor of the Company and its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with law or with the laws of the country of the parent company or subsidiary). 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. 	2
Cheng-Che Tsai	<ol style="list-style-type: none"> 4. Not a managerial officer listed in the preceding Subparagraph (1) or a spouse, relative within second degree of kinship or direct blood relative within third degree of kinship of personnel listed in the preceding Subparagraphs (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to the law or laws of the local country, such restriction shall not be applied). 	1
Kun-Cheng Chao (Note 1)	<ol style="list-style-type: none"> 6. Not a director, supervisor or employee of another company not controlled by the same parties holding a majority of the number seats of directors of the company or a majority of shares with voting rights (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied). 7. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of 	1

	<p>Chairman, President or equivalent position in the company or a spouse thereof (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).</p> <p>8. Not a director (managing director), supervisor (managing supervisor), managerial officer or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (provided that if the specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the company, and the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).</p> <p>9. Not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director (managing director), supervisor (managing director), or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or its affiliates or cumulative remuneration amount obtained in the last two years not exceeding NT\$ 500,000, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws or regulations.</p> <p>10. The members is not of the relationship of spouse or relative within second degree of kinship with other directors.</p> <p>11. Not subject to any conditions defined in Article 30 of the Company Act.</p> <p>12. Not subject to being elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act.</p>	
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Note 1: Independent Director Kun-Cheng Chao resigned on 2023.03.15.

5. Diversity and Independence of Board of Directors

(1) Diversity of board of directors

Article 20 of the “Corporate Governance Best Practice Principles” of the Company has stated:

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company’s officers not exceed one-third of the total number of the board members,

and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic criteria and values: gender, age, nationality and culture, etc.
2. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

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

1. Operational judgment.
2. Accounting and financial analysis capability.
3. Operation management capability.
4. Crisis management capability.
5. Industry knowledge.
6. International market view.
7. Leadership.
8. Decision capability.

The current board member diversity policy and implementation status of the Company are as follows:

Diversity core item		Nationality	Gender	Age				Equipped with employee identity	Operational judgment	Accounting and financial analysis capability	Operation management capability	Crisis management capability	Industry knowledge	International market view	Leadership	Decision capability
				41 to 50	51 to 60	61 to 70	71 to 80									
Name																
Director	Chieh-Hsin Wu	Republic of China (R.O.C.)	Male	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Yao-Hsun Wu	Republic of China (R.O.C.)	Male				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Kang-Chi Chou	Republic of China (R.O.C.)	Male				✓		✓	✓	✓	✓	✓	✓	✓	✓
Director	Chia-Nan Hsu	Republic of China (R.O.C.)	Male		✓				✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Shih-Chun Ho	Republic of China (R.O.C.)	Male		✓				✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Cheng-Che Tsai	Republic of China (R.O.C.)	Male		✓				✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Kun-Cheng Chao (Note 1)	Republic of China (R.O.C.)	Male		✓				✓	✓	✓	✓	✓	✓	✓	✓

Note 1: Independent Director Kun-Cheng Chao resigned on 2023.03.15.

1. Independence of Board of Directors:

The Company has seven directors, including three independent directors, accounting for 42.85% of the total number of directors. All independent directors of the Company comply with the provisions of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. In addition, among the four directors, two directors are in the relationship of relative within second degree of kinship, accounting for 28.57% of the total number of directors. All directors and independent directors are not subject to any conditions prescribe in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

According to the Articles of Incorporation of the Company, the directors adopt the candidate nomination system for the election. During the nomination and election of board members of the Company, the written statement of each director has been obtained. The board of directors of the Company is equipped with the independence. Please refer to pages 14~15 of this Annual Report for information related to the professional qualification and experience of directors and the independence of independent directors.

(II) Information of President, Vice President, Associate Vice President, Supervisors of Departments and Branches

April 18, 2023

Title	Nationality	Name	Gender	Date of job assumption	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at other companies	Managerial officers with relationship of spouse or within second degree of kinship			Remarks Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
Chairman-cum-President	Republic of China (R.O.C.)	Chieh-Hsin Wu	Male	2008/08/12	4,349,125	4.21	2,955,048	2.86	179,010	0.17	M.B.A, Metropolitan State University, USA Department of Business Administration, National Chengchi University Graduate School of Entrepreneur Business Management College of Management, National Chiao Tung University Master of Advanced Management College of Management, National Taiwan University of Science and Technology Master of Management 32th Republic of China Entrepreneur Role Model Evaluation Committee of Graduate School of Design, National Yunlin University of Science and Technology Taisun Enterprise Co., Ltd. Independent Director/Audit Committee Member/Remuneration Committee Member Remuneration Committee Member of GIGA-BYTE Technology Co., Ltd.	Director of Chaung Pwu Industrial Co., Ltd. Chairman of Ron Pwu Applied Materials Technology Co., Ltd. Chairman-cum-President of Super Dragon Environmental Protection (Suzhou) Co., Ltd. Independent Director/Remuneration Committee Member of Chyang Sheng Dyeing and Finishing Co., Ltd. Corporate Director Representative of Forcera Materials Co., Ltd. Supervisor of Rising Dragon Investment Development Co., Ltd. Director of Tsai Yang International Consulting Co., Ltd.	Director Administrative Officer (Senior Special Assistant of President's Office)	Yao-Hsun Wu Ming-Yeh Yang	Father and son Spouse	
Administrative Officer	Republic of China (R.O.C.)	Ming-Yeh Yang	Female	2020/01/03	2,955,048	2.86	4,349,125	4.21	-	-	M.B.A. of Senior Officer Enterprise Master Program, National Central University Senior Special Assistant of President's Office of Super Dragon Technology Co., Ltd	Supervisor of Ron Pwu Applied Materials Technology Co., Ltd. Director of Enormous Vastness Investment Company Limited	Chairman	Chieh-Hsin Wu	Spouse	
Accounting Officer Corporate Governance Officer	Republic of China (R.O.C.)	Mu-Cheng Tuan	Male	2022/08/19	-	-	-	-	-	-	Doctoral Program of Graduate School of Economics-, Soochow University (in process) Drexel University MBA CPA of - Genie Joint CPA Firm -Internal Audit Manager/Chief Financial Officer/Vice President of Daye Technology Co., Ltd. Manage of Management Department-, Plastron Precision Co., Ltd.	Independent Director of Fubon Securities Co., Ltd. Independent Director of Gia Tzongng Enterprise Co., Ltd. Independent Director of Oriental System Technology Inc. Chairman of Li Jiu Da Enterprise Co., Ltd. Supervisor of Taiwan Fubida International Co., Ltd. Supervisor of Real Good Information Inc. Supervisor of Aquarium Division Ministry Co., Ltd. Supervisor of Golden Circles Design Company Director of Wits Academy Co., Ltd. Director of E&T Venture Co., Ltd. Director of SyneuRx International (Taiwan) Corp.	-	-	-	
Audit Officer	Republic of China (R.O.C.)	Yen-Chin Huang	Female	2021/05/05	-	-	-	-	-	-	Master of Graduate School of Accounting, Chung Yuan Christian University Audit Office Manager/Manger of Management Division of Hi-Light Tek Co., Ltd. Assistant Manager of Audit Office, Hi Sharp Electronics Co., Ltd.	-	-	-	-	

III. Remuneration paid to Directors, Supervisors, President and Vice Presidents, etc., in the Most Recent Year

1. Remuneration of Directors (including Independent Directors)

Unit: NT\$ thousand

Title	Name	Remuneration of directors								Total of four items of A, B, C and D as a percentage of net income after tax		Remuneration received for serving as an employee concurrently								Total of seven items of A+B+C+D+E+F+G as a percentage of net income after tax		Whether compensation from investees other than subsidiaries is received
		Compensation (A)		Severance and pension (B)		Remuneration of directors (C) (Note 1)		Business execution expenses (D)				Salary, bonus and special allowance (E)		Severance and pension		Remuneration of employees (G) (Note)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Chieh-Hsin Wu	240	240	-	-	-	-	42	42	-0.29	-0.29	5,754	5,754	-	-	-	-	-	-	-6.13	-6.13	-
Director	Yao-Hsun Wu	240	240	-	-	-	-	36	36	-0.28	-0.28	6,486	6,486	-	-	-	-	-	-	-6.87	-6.87	-
Director	Enormous Vastness Investment Company Limited Representative: Kang-Chi Chou	240	240	-	-	-	-	42	42	-0.29	-0.29	-	-	-	-	-	-	-	-	-0.29	-0.29	-
Director	Fukang Investment Co., Ltd. Representative: Chia-Nan Hsu	240	240	-	-	-	-	42	42	-0.29	-0.29	-	-	-	-	-	-	-	-	-0.29	-0.29	-
Independent director	Shih-Chun Ho	360	360	-	-	-	-	84	84	-0.45	-0.45	-	-	-	-	-	-	-	-	-0.45	-0.45	-
Independent director	Cheng-Che Tsai	420	420	-	-	-	-	102	102	-0.53	-0.53	-	-	-	-	-	-	-	-	-0.53	-0.53	-
Independent director	Kun-Cheng Chao (Resigned on 2023.03.15)	420	420	-	-	-	-	102	102	-0.53	-0.53	-	-	-	-	-	-	-	-	-0.53	-0.53	-
1. Describe the payment policy, system, standard and structure for remuneration of independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.: (1) According to the Articles of Incorporation of the Company, for the remuneration of directors of the Company, the board of directors is authorized to determine the remuneration based on the operation participation level and the value of contribution to the Company along with the consideration on the standards adopted in the same industry. (2) The Articles of Incorporation of the Company also specifies that when the Company has a profit for a fiscal year, an amount not higher than 3.6% shall be appropriated as the remuneration of directors. The payment of the remuneration of directors shall be made in accordance with the “Policy for Remuneration of Directors and Managerial Officers”. 2. In addition to the disclosure of the table above, the remuneration collected in by directors of the Company for providing services (such as acting as non-employee consultant of the parent company/companies/investees indicated in the financial report): None.																						

2. Remuneration of President and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance and pension (B)		Bonus and special disbursement (C)		Employees' compensation (D) (Note)				Total of four items of A+B+C+D as a percentage of net income after tax(%)		Whether compensation from investees other than subsidiaries is received
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Yao-Hsun Wu	6,036	6,036	-	-	450	450	-	-	-	-	-6.57	-6.57	-
Chairman-cum-President	Chieh-Hsin Wu	5,362	5,362	-	-	392	392	-	-	-	-	-5.83	-5.83	-
President	Wen-Hung Huang	1,407	1,407	-	-	-	-	-	-	-	-	-1.42	-1.42	-
Vice President	Wen-Ting Huang	153	153	-	-	-	-	-	-	-	-	-0.15	-0.15	-

Note: 1. The Company indicated an accumulated loss for 2022; therefore, no remuneration of employees was appropriated.

2. Wen-Hung Huang was approved by the board of directors on March 24, 2022 to assume the position of President starting from March 25, 2022, and he resigned on October 24, 2022.

3. Chairman Chieh-Hsin Wu was approved by the board of directors on November 9, 2022 to assume the concurrent position of President starting on October 25, 2022.

4. Wen-Ting Huang resigned from the position of Vice President on January 28, 2022.

3. Remunerations of Top Five Highest Officers

Title	Name	Salary (A)		Severance and pension (B)		Bonus and special disbursement (C)		Employees' compensation (D) (Note)				Total of four items of A+B+C+D as a percentage of net income after tax(%)		Whether compensation from investees other than subsidiaries is received
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Yao-Hsun Wu	6,036	6,036	-	-	450	450	-	-	-	-	-6.57	-6.57	-
Chairman President	Chieh-Hsin Wu	5,362	5,362	-	-	392	392	-	-	-	-	-5.83	-5.83	-
President	Wen-Hung Huang	1,407	1,407	-	-	-	-	-	-	-	-	-1.42	-1.42	-
Director	Hsien-Kuang Wang	1,224	1,224	-	-	6	6	-	-	-	-	-1.25	-1.25	-
Factory Chief	Chien-Chang Huang	898	898	-	-	-	-	-	-	-	-	-0.91	-0.91	-

Note: 1. The Company indicated an accumulated loss for 2022; therefore, no remuneration of employees was appropriated.

2. Wen-Hung Huang was approved by the board of directors on March 24, 2022 to assume the position of President starting from March 25, 2022, and he resigned on October 24, 2022.

3. Chien-Chang Huang was appointed to assume the position of Factory Chief by the board of directors on September 15, 2021, and resigned from the position on July 20, 2022.

4. Name of Managerial Officers for Distribution of Employees' Remuneration and Distribution Status: Not applicable.

5. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements and the consolidated financial statements, as paid by the Company and by all companies included in the consolidated financial statements in the most recent two years to directors, presidents and vice presidents, and analyze and describe remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Remuneration Standards for Directors, Presidents and Vice Presidents:

- A. Analysis of total amount of remunerations paid to Directors, Presidents, and Vice Presidents of the Company paid by the Company as a percentage of net income after tax in the most recent two years is as shown in the following:

Title	Percentage of total remuneration to net income			
	2022		2021	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	-8.93%	-8.93%	-8.96%	-8.96%
Presidents and Vice Presidents	-13.97%	-13.97%	-14.31%	-14.31%

- B. Relationship among remuneration payment policy, standard, business performance and future risk:

The remuneration paid by the Company to the aforementioned personnel is handled in accordance with the Articles of Incorporation and remuneration policy related regulations of the Company, which is also reviewed by the Remuneration Committee and approved by the board of directors through resolution.

IV. Corporate Governance Status

(I) Board Meeting Operation Status

There were 10 board of directors' meetings [A] held in 2022 and up to the printing date of the annual report, and the attendance status of the directors is as follows:

Title	Name	Actual number of attendance (B))	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Chieh-Hsin Wu	10	0	100.00	
Director	Yao-Hsun Wu	9	1	90.00	
Director	Enormous Vastness Investment Company Limited Representative: Kang-Chi Chou	10	0	100.00	
Director	Fukang Investment Co., Ltd. Representative: Chia-Nan Hsu	10	0	100.00	
Independent director	Shih-Chun Ho	10	0	100.00	
Independent director	Cheng-Che Tsai	9	0	90.00	
Independent director	Kun-Cheng Chao	8	0	100.00	Resigned on 2023.03.15

Other matters required to be recorded:

I. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:

- (I) Matters specified in Article 14-3 of Securities and Exchange Act: The Company has established the Audit Committee; therefore, the provision of Article 14-3 of the Securities and Exchange Act: is not applicable. For matters specified in Article 14-5 of the Securities and Exchange Act, please refer to Audit Committee Operation Status (pages 25~26 of this Annual Report) for details.
- (II) Except for the aforementioned matters, other resolutions of board meetings subject to dissenting opinions or qualified opinions and equipped with records or written statements: None.

II. For the execution status of recusal of directors due to conflicts of interest, the name of directors, proposal

content, reasons of recusal and participation in voting shall be described:

Term No. Date	Director name	Proposal content	Reason for recusal	Voting participation status
10th Term 4th Meeting 2022.11.09	Chieh-Hsin Wu	Proposal for change of President and Deputy Spokesperson of the Company	The director is a managerial officer related to the proposal and personal interest is involved	The director has recused himself from the proposal in conflict of interest without participation in the discussion and voting
	Chieh-Hsin Wu Yao-Hsun Wu	2022 year-end bonus issuance amount for Group CEO, Chairman and Managerial Officers	The director is a managerial officer related to the proposal and personal interest is involved	The director has recused himself from the proposal in conflict of interest without participation in the discussion and voting

III. Public company shall disclose information on the evaluation cycle and period, evaluation scope, method and evaluation content of the self-evaluation (or peer evaluation) of the board of directors, and the evaluation execution status:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Assessment result
Executed once annually	2022.01.01 ~ 2022.12.31	Board of Directors Board member Audit Committee Remuneration Committee	Questionnaire method Director's self-evaluation	<p>(1) Board of directors: Participation level in company's operation, increase of decision making quality of board of directors, composition and structure of the board of directors, election and continuing education of directors, and internal control.</p> <p>(2) Individual board members: Understanding of the objectives and missions of the Company, director responsibilities and authorities, level of participation in the operation of the Company, internal relationship management and communication,</p>	<p>(1) The 2022 performance evaluation comprehensive results for the board of directors and functional committees indicates that each director and committee member receive positive evaluation result in the operation efficiency and effect for all indicators.</p> <p>(2) The Company will continue to enhance corporate governance related matters, and will assist the board of directors and functional committees to improve their functions in order to fulfill responsibilities.</p>

					<p>expertise and continuing education of director, and internal control.</p> <p>(3) Audit Committee: Participation level in the Company's operations, understanding of responsibilities and authorities of the Audit Committee, improvement of decision making quality of the Audit Committee, composition of the Audit Committee and its member selection, and internal control.</p> <p>(4) Remuneration Committee: Participation level in the Company's operations, understanding of responsibilities and authorities of the Remuneration Committee, improvement of decision making quality of the Remuneration Committee, composition of the Remuneration Committee and its member selection, and internal control.</p>	<p>(3) The evaluation result was reported to the board of directors on March 23, 2023.</p>
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IV. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year:

- (I) The Audit Committee and Remuneration Committee established by the Company assist the board of directors to fulfill their supervisory duties respectively.
- (II) The Company cooperates with the new version of Corporate Governance Blueprint promoted by the competent authority in order to effectively exploit the functions of the board of directors. During the 9th meeting of the 9th term of board of directors held on 2021.03.24, the board approved the establishment of the "Corporate Governance Ethical Management Team" through resolution, and subsequently, during the 4th meeting of the 10th term of the board of directors held on 2022.11.09, the change of the appointment of Manager Mu-Cheng Tuan to act as the Corporate Governance

Officer was further ratified.

(II) Audit Committee Implementation Status

The Company established the Audit Committee on August 9, 2016 to assist the board of directors to review financial statements, to examine the effectiveness of the internal control system, to strength the internal supervision and control mechanism of the Company, and to perform review on the following matters according to the law:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Evaluation on the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. Matters bearing on the personal interest of a director.
5. Material assets or derivatives transactions.
6. Material monetary loans, endorsements, or provision of guarantees.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring, discharge, or compensation of an attesting CPA.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial statements signed or sealed by the Chairman, managerial officer and accounting officer and Q2 financial statements requiring audit by CPAs.
11. Other material matters as may be required by the Company or by the competent authority.

● Review financial statements

The Board of Directors has prepared the 2022 business report, financial statements, and the proposal for making up for losses, among which the financial statements were audited by Ernst & Young Taiwan, by whom an audit report was issued. The aforementioned business report, financial statements and proposal for making up for losses have been reviewed by the Audit Committee and are considered to be conforming with requirements.

● Evaluation of effectiveness of internal control system

The Audit Committee evaluates the effectiveness of the policy and procedure of the

Company's internal control system and also reviews the periodic reports of the Audit Department and CPAs as well as the management. The Audit Committee considers that the Company's internal control system is effective, and the Company has adopted necessary control mechanism to supervise and correct any violation conducts.

- Retention of CPAs

To ensure the independence of the accounting firm retained, the Audit Committee establishes the independence evaluation form according to the content of Article 47 of the Certified Public Accountant Act and Code of Ethics for Professional Accountants No. 10 "Integrity, Objectivity and Independence". With regard to the evaluation on the independence, professionalism and competency of CPA, the Audit Committee evaluates whether he/she is a related party to the Company, whether he/she is in business or financial interest relationship with the Company and other items. During the 4th meeting of the 3rd term of Audit Committee held on November 9, 2022 and the 4th meeting of the 10th term of the board of directors held on November 9, 2022, CPA Mao-I Hung and CPA Ching-Piao Cheng of Ernst & Young Taiwan were approved to comply with the independence evaluation standard such that they are qualified to act as the CPAs for the finance and tax related affairs of the Company.

- I. There were 9 Audit Committee meetings (A) held in 2022 and up to the printing date of the annual report, and the attendance status of the independent directors is as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent director	Shih-Chun Ho	9	0	100.00	Convener
Independent director	Cheng-Che Tsai	9	0	100.00	
Independent director	Kun-Cheng Chao	7	0	100.00	Resigned on 2023.03.15

Other matters required to be recorded:

- I. I. Where the operation of Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling with respect to the opinions of the Audit Committee.

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

Audit Committee	Date	Proposal content	Resolution Results of Audit Committee and responsibilities Handling of the Company for Opinions of Audit Committee
2nd Term 14th Meeting	2022.01.05	1. Proposal for the Company's loaning of fund to subsidiary Chang Pwu Industrial Co., Ltd.	Approved by all committee members; submitted to the board of directors' meeting and approved by all attending directors
2nd Term 15th Meeting	2022.03.24	1. The Company's 2021 consolidated financial statements and parent company only financial statements 2. The Company's 2021	Approved by all committee members; submitted to the board of directors' meeting and approved by all attending directors

			statement of internal control system	
2nd Term 16th Meeting	2022.05.03	1. Proposal for amendment to parts of provisions of the “Procedure for the Acquisition or Disposition of Assets” of the Company	Approved by all committee members; submitted to the board of directors’ meeting and approved by all attending directors	
3rd Term 3rd Meeting	2022.08.09	1. The Company’s 2022 Q2 financial statements 2. Proposal for 2022 retention of CPAs for finance and taxation, and the audit fee of CPAs	Approved by all committee members; submitted to the board of directors’ meeting and approved by all attending directors	
3rd Term 4th Meeting	2022.11.09	1. Amendment to the “Other Management Control Operation - Financial and Non-financial Information Management Operation” Internal Control System and Internal Audit Enforcement Rules 2. Proposal for change of Accounting Officer and Corporate Governance Officer of the Company	Approved by all committee members; submitted to the board of directors’ meeting and approved by all attending directors	
3rd Term 5th Meeting	2023.03.23	1. The Company's 2022 consolidated financial statements and parent company only financial statements 2. The Company’s 2022 statement of internal control system	Approved by all committee members; submitted to the board of directors’ meeting and approved by all attending directors	

			<p>3. Proposal for the Company’s acquisition of equity of “Forcera Materials Co., Ltd.”</p> <p>4. Proposal for amendment to parts of provisions of the “Procedure for the Acquisition or Disposition of Assets” of the Company</p>	
3rd Term 6th Meeting	2023.05.04	<p>1. Proposal for the Company’s 2023 retention of CPAs for finance and taxation, and the audit fee of CPAs</p> <p>2. Proposal for the Company’s loaning of fund to subsidiary Chang Pwu Industrial Co., Ltd.</p>	Approved by all committee members; submitted to the board of directors’ meeting and approved by all attending directors	

(II) Except for the aforementioned matter, other resolutions not approved by the Audit Committee but had the consent of more than two-thirds of all directors: None.

II. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting shall be described: None.

III. The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below (shall include major events, methods and results et. communicated in relation to the company's financial and business status):

(I) Communication with Independent Directors and Internal Audit Supervisor:

The Internal Audit Officer of the Company is invited to attend the routine Audit Committee meetings and board meetings and to provide report on the internal audit implementation status. The Audit Office periodically submits the audit report and follow-up report to the independent directors for review. The communication status between the Audit Committee and the Internal Audit Officer of the Company is proper.

(II) Communication with Independent Directors and Certified Public Accountant (CPA):

The CPAs of the Company are invited to attend the routine Audit Committee meetings and board meetings and to perform communication and discussion on the financial statements related

matters. The CPAs of the Company also communicates with individual independent directors for matters discovered during their audit operation. The communication status between the independent directors and the CPAs of the Company is proper.

II. Major resolutions made by Audit Committee in 2022 and up to the printing sate of annual report:

Audit Committee	Proposal content	Resolution result	Response of the Company to the opinions of the Auditing Committee
2022.01.05 14th Meeting of 2nd Term	<ol style="list-style-type: none"> Subsidiary of the Company, Chang Pwu Industrial Co., Ltd., proposed to establish a “corporation limited by shares” with Pau Energy Storage Corp. through joint venture Proposal for the Company’s loaning of fund to subsidiary Chang Pwu Industrial Co., Ltd. 	After chair requested for consents of all attending committee members, the proposal was approved as proposed	Reported to the board of directors of the Company for approval through resolution
2022.03.24 15th Meeting of 2nd Term	<ol style="list-style-type: none"> The Company's 2021 consolidated financial statements and parent company only financial statements Proposal for 2021 deficit compensation of the Company The Company’s 2021 Business Report Proposal for the Company’s investment in “Rainter Water Resource Technology Corp.” The Company’s 2021 statement of internal control system 	After chair requested for consents of all attending committee members, the proposal was approved as proposed	Reported to the board of directors of the Company for approval through resolution
2022.05.03 16th Meeting of 2nd Term	<ol style="list-style-type: none"> The Company’s 2022 Q1 financial statements Proposal for amendment to parts of provisions of the “Procedure for the Acquisition or Disposition of Assets” of the Company 	After chair requested for consents of all attending committee members, the proposal was approved as proposed	Reported to the board of directors of the Company for approval through resolution
2022.06.14 1st Meeting of 3rd Term	<ol style="list-style-type: none"> Proposal for election of convener of 3th term of Audit Committee 	All attending committee members recommended Mr. Shih-Chun Ho to act as the convener and meeting chair of this Committee	Proposal executed as proposed
2022.06.23	<ol style="list-style-type: none"> Proposal for the Company to adopt the financial 	After chair	Reported to the

2nd Meeting of 3rd Term	leasing method to invest in the wastewater treatment equipment	requested for consents of all attending committee members, the proposal was approved as proposed	board of directors of the Company for approval through resolution
2022.08.09 3rd Meeting of 3rd Term	<ol style="list-style-type: none"> 1. The Company's 2022 Q2 financial statements 2. Proposal for 2022 retention of CPAs for finance and taxation, and the audit fee of CPAs 	After chair requested for consents of all attending committee members, the proposal was approved as proposed	Reported to the board of directors of the Company for approval through resolution
2022.11.09 4th Meeting of 3rd Term	<ol style="list-style-type: none"> 1. The Company's 2022 Q3 financial statements 2. Proposal for amendment to the "Other Management Control Operation -Financial and Non-financial Information Management Operation" Internal Control System and Internal Audit Enforcement Rules 3. Proposal for the Company to apply for financing amount extension with "Taishin International Bank" 4. Independence and competency evaluation report on CPAs retained by the Company 5. Proposal for change of Accounting Officer and Corporate Governance Officer of the Company 	After chair requested for consents of all attending committee members, the proposal was approved as proposed	Reported to the board of directors of the Company for approval through resolution
2023.03.23 5th Meeting of 3rd Term	<ol style="list-style-type: none"> 1. The Company's 2022 consolidated financial statements and parent company only financial statements 2. Proposal for 2022 deficit compensation of the Company 3. The Company's 2022 Business Report 4. The Company's 2022 statement of internal control system 5. Proposal for the Company's acquisition of equity of "Forcera Materials Co., Ltd." 6. Proposal for amendment to parts of the provisions of the "Corporate Governance Best Practice Principles" of the Company 7. Proposal for amendment to parts of provisions of the "Procedure for the Acquisition or Disposition of Assets" of the Company 8. Proposal for the establishment of the general rules for 	After chair requested for consents of all attending committee members, the proposal was approved as proposed	Reported to the board of directors of the Company for approval through resolution

	the Company's policy on early approval of non-assurance services.		
2023.05.04 6th Meeting of 3rd Term	<ol style="list-style-type: none"> 1. Proposal for the Company's 2023 retention of CPAs for finance and taxation, and the audit fee of CPAs 2. The Company's 2023 Q1 financial statements 3. Proposal for the Company's loaning of fund to subsidiary Chang Pwu Industrial Co., Ltd. 	After chair requested for consents of all attending committee members, the proposal was approved as proposed	Reported to the board of directors of the Company for approval through resolution

(III) Corporate Governance Operation Status and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Has Company followed the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	✓		The Company has established the “Corporate Governance Best Practice Principles” on November 7, 2017 according to the approval of the board of directors, and has also disclosed its full content at the website of the Company’s website. For the full content, please visit Super Dragon Technology Co., Ltd. website www.sdti.com.tw .	No difference
II. Company's ownership structure and shareholders' equity				
(I) Has the Company established the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	✓		(I) The Company has established the spokesperson and deputy spokesperson to handle shareholders’ recommendations or doubts. In case of any legal issues, the Company also retains legal consultant to provide assistance in the handling of such issues.	No difference
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		(II) The Company verifies the shareholding change status of major shareholders of directors and managerial officers, in order to understand their shareholding status and to provide report timely.	No difference
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		(III) The Company has established the “Regulations for Financial Business with Affiliated Enterprises”, “Regulations for Invested Enterprise Operations” and internal control related operations. In addition, audit personnel performs	No difference

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		supervision on the implementation status periodically. (IV) The Company has established the “Code of Ethical Conducts” and “Internal Material Information Handling Operation Procedure” specifying regulations to prevent insiders from trading securities against non-public information.	
III. Composition and responsibility of board of directors				
(I) Has the board of directors established diversity policy, specific management goal and has executed properly?	✓		(I) Article 20 of the “Corporate Governance Best Practice Principles” of the Company specifies that the board member composition shall consider diversity and the overall required capabilities. Please refer to page 16 of this Annual Report for details.	No major difference
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees voluntarily?		✓	(II) Apart from the Remuneration Committee and Audit Committee, the Company will assemble other functional committees depending upon the operational needs in the future.	No major difference
(III) Has the Company established a set of policies and assessment tools to evaluate the board’s performance? Is performance evaluated regularly at least on an annual basis? In addition,	✓		(III) The board of directors of the Company has approved the establishment of the “Regulations for Performance Evaluation of Board of Directors” on November 10, 2020, to explicitly specify various measurement aspects. The internal questionnaire method is adopted for directors’ self-evaluation, and performance	No difference

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or reelection of individual director?</p> <p>(IV) Does the Company assess the independence of Certified Public Accountant (CPA) on a regular basis?</p>	✓		<p>evaluation is performed annually. In addition, external professional independent institution or external expert and scholar team is entrusted to perform evaluation at least once every three years. The 2022 performance evaluation result has been submitted to the board of directors on 2023.03.23. Please refer to page 23 of this Annual Report for details.</p> <p>(IV) The financial and accounting unit of the Company self-evaluates the independence of CPAs, and it has been reviewed and approved by the Audit Committee on November 9, 2022. After evaluation, CPA Mao-I Hung and CPA Ching-Piao Cheng of Ernst & Young Taiwan are determined to comply with the CPA independence and competency standards and are qualified to act as the CPAs of the Company. Please refer to pages 32~35 (Tables 1-1 and 1-2) of this Annual Report for the Independence and Competency Evaluation Form.</p>	

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convenion of board meetings and shareholder meetings, company registration and changes, preparation of board meeting and shareholder meeting minutes etc.)?	✓		<p>IX. According to the resolution of the board of directors' meeting of the Company dated November 19, 2022, Manager Mu-Cheng Tuan was approved to act as the Corporate Governance Officer in order to protect the rights and interests of shareholders and to strengthen the functions of the board of directors. Manager Mu-Cheng Tuan is equipped with more than three years of experience in the position of officer of financial affairs of public company. The main responsibilities of the Corporate Governance Officer include handling matters related to board of directors' meetings and shareholders' meetings according to the laws, preparing meeting minutes of the board of directors' meetings and shareholders' meetings, assisting assumption of office and continuing education of directors and supervisors, providing documents necessary for directors and supervisors to perform duties, assisting directors and supervisors in legal compliance, etc.</p> <p>X. Please refer to page 36 (Table 3) of this Annual Report for the Corporate Governance Officer continuing education status.</p>	No difference

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has established the spokesperson and deputy spokesperson to communicate with the external, and relevant contact information has been published on the Company's website, allowing stakeholders to communicate with the Company via telephone, e-mail, facsimile or proceed to the Company in person.	No difference
VI. Has the Company commissioned a professional stock agency institution to handle shareholders' meeting affairs?	✓		The Company entrusts the Shareholders Service Department of MasterLink Securities Corporation for handling relevant stock affairs.	No difference
VII. Information Disclosure				
(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		(I) The Company publicly announces and declares the financial business and corporate governance related matters on the Market Observation Post System (MOPS) according to the regulations and also discloses on the Company's website (website: www.sdti.com.tw).	No difference
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor	✓		(II) The Company has established dedicated personnel to be responsible for the collection and disclosure of various information of the Company, and has also established spokesperson according to the regulations. In addition, the Company's investor conference of the Company is also disclosed of the Company's website with website links.	

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>conferences via the company website)?</p> <p>(III) Has the Company made public announce and report the annual financial statements within a period of two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?</p>		✓	<p>Please refer to the Company's website: www.sdti.com.tw/Investor Section.</p> <p>(III) Early public announcement and declaration related operation schedule is under review and planning.</p>	
<p>VIII. Does the Company has other important information (including but not limited to employees' benefits and rights, employee care, investor relationship, supplier relationship, rights of stakeholders, educational training status of directors and supervisors, implementation of risk management policy and risk measurement standards, customer policy implementation status, purchase of liability insurance for directors and</p>	✓		<p>(I) Employees' benefit: The Company has always treated employees with trust and honesty. In addition, the Company also protects legitimate rights and interests of employees according to the Labor Standards Act.</p> <p>(II) Employee care: The Company establishes the Employee Welfare Committee, implements retirement system and employee group insurance, and also arranges employee health examination periodically, and also values harmonic labor relationship.</p> <p>(III) Investor relationship: Information is disclosed sufficiently on the MOPS and the Company's website in order to protect the rights and interests of investors.</p>	No difference

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
supervisors of the Company etc.) helpful to the understanding of the corporate governance operation status of the Company?			<p>(IV) Supplier relationship: The Company maintains proper communication channel with suppliers, and also maintains proper relationship of mutual assistance and cooperation.</p> <p>(V) Rights of stakeholders: The Company respects and protects the legitimate rights and interests of stakeholders. In case of any infringement of legitimate rights and interests of stakeholder, the Company handle such matter properly in good faith.</p> <p>(VI) Please refer to page 36 (Table 2) of this Annual Report for the continuing education status of directors.</p> <p>(VII) Implementation of risk management policy and risk measurement standard: The Company establishes various internal regulations according to the laws in order to perform various risk management and assessment.</p> <p>(VIII) Implementation of customer policy: The Company maintains stable and proper relationship with customers and is committed to the quality improvement and enhancement, in order to provide better services and products to customers.</p> <p>(IX) Status on the Company's purchase of liability insurance coverage for directors: The Company has purchased liability insurance for all directors, insurance period: 2022/11/05~2023/11/05, and it has also been disclosed on the Corporate Governance Section of the MOPS.</p>	

Evaluation Item	Implementation Status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved.				
(I) Status of improvement:				
1. The independent directors of the Company have completed the hours for continuing education specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".				
2. The Company’s annual report has disclosed the future R&D plan and expected investment in R&D budget.				
(II) Priority enhancement and measures:				
1. The interim financial statements of the Company are approved by the Audit Committee and submitted to the board of directors for discussion and resolution,				
2. Board members of the Company consist of at least one female director.				
3. The Company discloses the status of communication of independent directors with internal audit officer and CPAs on the Company’s website.				
4. The Company has established the Corporate Governance Officer to be in charge of corporate governance related affairs, and the job duty scope and continuing education status has also been disclosed on the Company's website and annual report.				
5. The Company has established the Regulations for Performance Evaluation of Board of Directors to explicitly specify that external evaluation is performed at least once every three years, and the implementation status and evaluation result of the evaluation year or evaluation performed in the last two years are disclosed on the Company's website or annual report.				
6. The Company’s website and annual report disclose various employee welfare measures, retirement system and implementation status thereof.				
7. The Company’s website or annual report discloses the ethical management policy approved by the board of directors to explicitly state specific methods and plans for prevention of unethical conducts, and also explains the implementation status.				

[Table 1-1]

2022 CPA Independence and Competency Assessment Table

Assessment date: 2022.11.09

(I) Basic information:

Name of CPAs:	Mao-I, Hung	Name of Accounting Firm:	Ernst & Young Accounting Firm
Main educational background (experience):	Educational background: M.B.A., National Taiwan University; Bachelor in Accounting, Soochow University Experience: Accountant (R.O.C.) Member of CPA Associations R.O.C. (Taiwan) Member of Taipei CPA Associations		

(II) Certified Public Accountant Independence Assessment

Assessment according to Ethics for Professional Accountants No. 10 is as follows:

Assessment item	Result
1. CPA is not in any direct or indirect material indirect financial interest relationship with the Company.	■ Compliant <input type="checkbox"/> Non-compliant
2. Accounting firm does not overly rely on the revenue source of one single customer (the Company).	■ Compliant <input type="checkbox"/> Non-compliant
3. CPA is not in any direct or indirect major close business relationship with the Company.	■ Compliant <input type="checkbox"/> Non-compliant
4. CPA is not subject to the concern of possibility of loss of customer (the Company).	■ Compliant <input type="checkbox"/> Non-compliant
5. CPA is not in any direct or indirect potential employment relationship with the Company.	■ Compliant <input type="checkbox"/> Non-compliant
6. CPA is not subject to fees related to the audit case of the Company.	■ Compliant <input type="checkbox"/> Non-compliant
7. The other members of the accounting firm are not subject to major fault in professional service reports previously provided.	■ Compliant <input type="checkbox"/> Non-compliant
8. The accounting firm does not issue assurance service report designed for or assisting the effective operation of the implementation of financial information system.	■ Compliant <input type="checkbox"/> Non-compliant
9. The accounting firm is not subject to the situation where the original documents prepared are used for the material or important matters of the audit case of the Company.	■ Compliant <input type="checkbox"/> Non-compliant
10. CPA and audit service team member does not assume the position of director, manager or duties having material impact on the audit case presently or in the last two years.	■ Compliant <input type="checkbox"/> Non-compliant

11. The non-audit service provided by the CPA to the Company does not affect the important items of the audit case directly.	■ Compliant <input type="checkbox"/> Non-compliant
12. CPA does not promote or act as broker for the stocks or other securities issued by the Company.	■ Compliant <input type="checkbox"/> Non-compliant
13. CPA, except for services permitted by the law, does not represent the Company to defend in legal cases or other dispute matters with a third party.	■ Compliant <input type="checkbox"/> Non-compliant
14. CPA or audit service team member is not in kinship with directors, managers or personnel handling duties having material impact on the audit case.	■ Compliant <input type="checkbox"/> Non-compliant
15. The co-practice accountant working together with the CPA of the Company does not assume the position of director, managerial officer of the Company or duties having material impact on the audit case within one year after discharge from previous job position.	■ Compliant <input type="checkbox"/> Non-compliant
16. CPA and the audit service team does not receive gifts or presents of significant value from the Company or directors, managerial officers or major shareholders of the Company.	■ Compliant <input type="checkbox"/> Non-compliant
17. Up to the most recent certification operation, there is no occurrence of CPA without change for seven consecutive years.	■ Compliant <input type="checkbox"/> Non-compliant

(III) Competency Assessment

Competency	Result
1. Whether he/she is equipped with the CPA qualification to perform duties of CPA.	■ Yes <input type="checkbox"/> No
2. Whether he/she is subject to disciplinary action of competent authority and CPA Association, or decision rendered in accordance with the provisions of Paragraph 3 of Article 37 of the Securities and Exchange Act.	■ Yes <input type="checkbox"/> No
3. Whether he/she is equipped with relevant industrial knowledge	■ Yes <input type="checkbox"/> No
4. Whether he/she performs financial statement audit works according to the Generally Accepted Auditing Standards (GAAS) and Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant.	■ Yes <input type="checkbox"/> No
5. Whether he/she utilizes the CPA status to engage in improper competition in industrial and commercial activities.	■ Yes <input type="checkbox"/> No

(IV) Assessment result

CPA Mao-I Hung is independent from the Company, and the services of financial and taxation
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consultation and certification provided to the Company are considered timely and appropriate.

Assessment unit: Financial and Accounting Department of Super Dragon Technology Co., Ltd.

[Table 1-2]

2022 CPA Independence and Competency Assessment Table

Assessment date: 2022.11.09

(I) Basic information:

Name of CPAs:	Ching-Piao, Cheng	Name of Accounting Firm:	Ernst & Young Accounting Firm
Main educational background (experience):	Educational background: EMBA, National Central University; Bachelor in Accounting, National Chung Hsing University Experience: Accountant (R.O.C.) Member of CPA Associations R.O.C. (Taiwan) Member of Taipei CPA Association		

(II) Certified Public Accountant Independence Assessment

Assessment according to Ethics for Professional Accountants No. 10 is as follows:

Assessment item	Result
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1. CPA is not in any direct or indirect material indirect financial interest relationship with the Company.	■ Compliant <input type="checkbox"/> Non-compliant
2. Accounting firm does not overly rely on the revenue source of one single customer (the Company).	■ Compliant <input type="checkbox"/> Non-compliant
3. CPA is not in any direct or indirect major close business relationship with the Company.	■ Compliant <input type="checkbox"/> Non-compliant
4. CPA is not subject to the concern of possibility of loss of customer (the Company).	■ Compliant <input type="checkbox"/> Non-compliant
5. CPA is not in any direct or indirect potential employment relationship with the Company.	■ Compliant <input type="checkbox"/> Non-compliant
6. CPA is not subject to fees related to the audit case of the Company.	■ Compliant <input type="checkbox"/> Non-compliant
7. The other members of the accounting firm are not subject to major fault in professional service reports previously provided.	■ Compliant <input type="checkbox"/> Non-compliant
8. The accounting firm does not issue assurance service report designed for or assisting the effective operation of the implementation of financial information system.	■ Compliant <input type="checkbox"/> Non-compliant
9. The accounting firm is not subject to the situation where the original documents prepared are used for the material or important matters of the audit case of the Company.	■ Compliant <input type="checkbox"/> Non-compliant
10. CPA and audit service team member does not assume the position of director, manager or duties having material impact on the audit case presently or in the last two years.	■ Compliant <input type="checkbox"/> Non-compliant
11. The non-audit service provided by the CPA to the Company does not affect the important items of the audit case directly.	■ Compliant <input type="checkbox"/> Non-compliant
12. CPA does not promote or act as broker for the stocks or other securities issued by the Company.	■ Compliant <input type="checkbox"/> Non-compliant
13. CPA, except for services permitted by the law, does not represent the Company to defend in legal cases or other dispute matters with a third party.	■ Compliant <input type="checkbox"/> Non-compliant
14. CPA or audit service team member is not in kinship with directors, managers or personnel handling duties having material impact on the audit case	■ Compliant <input type="checkbox"/> Non-compliant
15. The co-practice accountant working together with the CPA of the Company does not assume the position of director, managerial officer of the Company or duties having material impact on the audit case within one year after discharge from previous job position.	■ Compliant <input type="checkbox"/> Non-compliant
16. CPA and the audit service team does not receive gifts or presents of significant value from the Company or directors, managerial officers	■ Compliant <input type="checkbox"/> Non-compliant

or major shareholders of the Company.	
17. Up to the most recent certification operation, there is no occurrence of CPA without change for seven consecutive years.	<input checked="" type="checkbox"/> Compliant <input type="checkbox"/> Non-compliant

(III) Competency Assessment

Competency	Result
1. Whether he/she is equipped with the CPA qualification to perform duties of CPA.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Whether he/she is subject to disciplinary action of competent authority and CPA Association, or decision rendered in accordance with the provisions of Paragraph 3 of Article 37 of the Securities and Exchange Act.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Whether he/she is equipped with relevant industrial knowledge	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. Whether he/she performs financial statement audit works according to the Generally Accepted Auditing Standards (GAAS) and Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. Whether he/she utilizes the CPA status to engage in improper competition in industrial and commercial activities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(IV) Assessment result

CPA Ching-Piao Cheng is independent from the Company, and the services of financial and taxation consultation and certification provided to the Company are considered timely and appropriate.
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Assessment unit: Financial and Accounting Department of Super Dragon Technology Co., Ltd.

[Table 2]

2022 Continuing Education Status of Directors of the Company

Title	Name	Date	Number of Hours	Institution	Course Participated
Director	Chieh-Hsin Wu	2022.11.18	3	Taiwan Corporate Governance Association	Discussion on merger and acquisition integration key issues for corporate merger and acquisition process
		2022.12.06	3	Taiwan Corporate Governance Association	How to review financial statements for the business operation of the Company
Director	Yao-Hsun Wu	2022.07.26	3	Taiwan Corporate Governance Association	Uncover key aspects of “Insider Trading”
		2022.12.06	3	Taiwan Corporate Governance Association	How to review financial statements for the business operation of the Company
Director	Kang-Chi Chou	2022.03.18	3	Securities & Futures Institute	Financial information most likely to be overlooked by directors
		2022.07.26	3	Taiwan Corporate Governance Association	Uncover key aspects of “Insider Trading”
		2022.10.12	3	Taiwan Corporate Governance Association	Prevention of insider trading
Director	Chia-Nan Hsu	2022.12.02	3	Taiwan Corporate Governance Association	Directors’ function positioning and change under ESG trend
		2022.12.13	3	Taiwan Corporate Governance Association	Digital technology and artificial intelligence trend and risk management
Independent director	Shih-Chun Ho	2022.03.09	3	Taiwan Institute of Directors	Leadership academy forum program certificate - New digital future of Taiwan
		2022.08.24	3	Taiwan Corporate Governance Association	Analysis of important regulations for cross-strait investment, joint venture and merger and acquisition
		2022.08.24	3	Taiwan Corporate Governance Association	Strategic thinking for group and enterprise restructuring (including IPO in China)
Independent director	Cheng-Che Tsai	2022.06.24	3	Taiwan Insurance Institute	Correlation between IFRS 17 and ICS
		2022.08.25	3	Taiwan Insurance Institute	Transformation opportunities for links to IFRS 17 -Impact of change of financial performance measurement rules on business operation of insurance companies
		2022.09.05	3	Taiwan Insurance Institute	Improvement of board functions
Independent director	Kun-Cheng Chao	2022.10.26	3	Securities & Futures Institute	2022 insider equity trading legal compliance information seminar
		2022.10.28	3	Securities & Futures Institute	Prevention of insider trading

Title	Name	Date	Number of Hours	Institution	Course Participated
	(Note 1)				

Note 1: Independent Director Kun-Cheng Chao resigned on 2023.03.15.

[Table 3]

2022 Continuing Education Status of Corporate Governance Officer of the Company

Title	Name	Date	Number of Hours	Institution	Course Participated
Corporate Governance Officer	Mu- Cheng Tuan	2022.09.20	3	CPA Associations R.O.C. (Taiwan)	Change of international tax and family wealth inheritance
		2022.10.07	3	Taiwan Corporate Governance Association	Global sustainable finance
		2022.11.25	3	Taiwan Independent Director Association	New financial era: Digital technology development trend and countermeasures
		2022.12.09	3	Taiwan Independent Director Association	Utilization of artificial intelligence AI technology new field
		2022.12.19 ~ 2022.12.20	12	Accounting Research and Development Foundation	Issuer, securities firm, securities exchange accounting supervisor

(IV) Formation and operation status of Salary and Remuneration Committee

1. Information of Remuneration Committee Members

Identity	Criteria	Professional qualification and experience	Independence status (Note 1)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
	Name			

Independent director (Convener)	Cheng-Che Tsai	Mr. Cheng-Che Tsai is equipped with more than five years of working experience in commerce, finance or corporate business. Presently, he acts as the Executive Director of Capital Gateway Securities Investment Consulting Co., Ltd., Independent Director of Center Laboratories Inc., and Independent Director of Farglory Life Insurance Inc., Chairman of He Yun Co., Ltd., and Director of Mu Sheng Investment Co., Ltd. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	Meet the independence qualification criteria during the two years prior to being appointed and during the term of office.	1
Independent director	Kun-Cheng Chao (Note 2)	Mr. Kun-Cheng Chao is equipped with more than five years of working experience in commerce, finance, accounting or corporate business and is equipped with the professional qualification of instructor at public and private universities and colleges. Presently, he acts as the Chin Zheng Financial Consulting Co., Ltd., and Independent Director of AVerMedia Technologies, Inc. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.		1
Others	Jih-Yen Chang	Mr. Jih-Yen Chang is equipped with the necessary working experience in commerce, finance, accounting or corporate business, and he is qualified for CPA or other professional qualifying national examination with license. Presently, he acts as the Presiding Accounting of Jih-Yen Chang Accounting Firm, Chairman of Chin Zheng Financial Management Consulting Co., Ltd., Remuneration Committee Member of Johnson Electronics MFG. Co., Ltd., and Independent Director of Savior Lifetec Corporation. He is equipped with extensive knowledge and skills necessary for job duties, and is able to provide professional opinions on the business operation of the Company. Not subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.		5

Note 1: Various criteria for independence status

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director, supervisor of the Company and its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with law or with the laws of the country of the parent company or subsidiary).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the

- company or ranks as one of its top ten shareholders.
- (4) Not a managerial officer listed in the preceding Subparagraph (1) or a spouse, relative within second degree of kinship or direct blood relative within third degree of kinship of personnel listed in the preceding Subparagraphs (2) and (3).
 - (5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
 - (6) Not a director, supervisor or employee of another company not controlled by the same parties holding a majority of the number seats of directors of the company or a majority of shares with voting rights (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
 - (7) Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the company or a spouse thereof (provided that if the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
 - (8) Not a director (managing director), supervisor (managing supervisor), managerial officer or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (provided that if the specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the company, and the position of an independent director is held concurrently for the company and its parent company, a subsidiary or a subsidiary of the same parent company according to this law or laws of the local country, such restriction shall not be applied).
 - (9) Not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor an owner, partner, director (managing director), supervisor (managing director), or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or its affiliates or cumulative remuneration amount obtained in the last two years not exceeding NT\$ 500,000, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws or regulations.
 - (10) The member is not a person subject to any conditions defined in Article 30 of the Company Act.

Note 2: Committee member Kun-Cheng Chao resigned on 2023.03.15.

2. Information on Operation Status of Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Term of office of the current Committee members: From June 14, 2022 to June 13, 2025. The Remuneration Committee held 3 meetings (A) in 2022, and details of members' eligibility and attendance are as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Cheng-Che Tsai	3	0	100.00	
Committee member	Kun-Cheng Chao	3	0	100.00	Resigned on 2023.03.15
Committee member	Jih-Yen Chang	3	0	100.00	

Information on the Remuneration Committee meetings of the Company convened in the most recent year, and the review and assessment on the remuneration of the Company is as follows:

Remuneration Committee	Date	Proposal content	Resolution results of Remuneration Committee and the Company's handling for opinions of Remuneration Committee
7th Meeting of 4th Term	2022.05.03	1. Proposal for establishment of remuneration of new President of the Company	Approved by all committee members; submitted to the board of directors' meeting and approved by all attending directors
1st Meeting	2022.06.14	1. Proposal for election	All attending

of 5th Term		of convener of 5th term of Remuneration Committee	committee members recommended Mr. Cheng-Che Tsai to act as the convener and meeting chair of the Remuneration Committee
2nd Meeting of 5th Term	2022.11.09	1. Proposal for 2022 year-end bonus issuance amount for Group CEO, Chairman and Managerial Officers 2. Proposal for 2023 work plan of the Remuneration Committee	Approved by all committee members; submitted to the board of directors' meeting and approved by all attending directors
Other matters required to be recorded: I. Recommendations not adopted by the board of directors or revised by the Remuneration Committee: None. II. For resolution of the Remuneration Committee, any members with dissenting or reserved opinions and provided with record or written statement: None.			

(V) Discrepancies of the Company's implementation of sustainable development status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof

Evaluation Item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Yes	No	Summary	
I. Has the company established the governance structure for promoting the sustainable development, and has set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such matter, and the supervision status of the board of directors?		✓	Presently, the Company has not yet established a unit that specializes (or is involved) in the promotion of sustainable development.	The establishment of a unit that specializes (or is involved) in the promotion of sustainable development is under rigorous planning.
II. Has the Company conducted risk assessment on the environment, society and corporate governance issues related to the company's operation according to the materiality principle, and has the company established relevant risk management policy or strategy?	✓		<p>(I) The Company has qualified the ISO 14001 environmental management system certification and maintains effective operation in 2000. In addition to the adoption of various management directives to implement the environmental policy of "treasure resources of the Earth, and comply with environmental protection regulations", the Company is in the circular economic business and effectively uses various recycled resources.</p> <p>(II) The Company qualified the "OHSAS 18001 occupational safety and health management system" certification in 2015, and further qualified the ISO 45001 certification in 2019. The Company continues to implement various management directives of safety and health policies of "respect life and seek zero accidents" while complying with the requirements of safety and health regulations, eliminating hazards, reducing occupational safety and health risk, in order to guarantee the physical and mental health of employees and to</p>	No difference

Evaluation Item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Yes	No	Summary	
			<p>achieve industrial safety.</p> <p>(III) The Company has established the corporate governance organization and implements internal control mechanism, and establishes management system according to ISO management architecture, in order to ensure that all operations of the Company comply with relevant laws and regulations.</p>	
<p>III. Environmental issues</p> <p>(I) Has the Company established an appropriate environmental management system in accordance with its industrial characteristics?</p> <p>(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?</p> <p>(III) Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues?</p> <p>(IV) Has the Company statistically analyzed the greenhouse gas emission, water usage and waste total</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company performs management according to the environmental protection regulations and implements ISO 14001 environmental management system along with compliance with the environmental policy of “treasure resources of the Earth, and comply with environmental protection regulations”.</p> <p>(II) The Company is in the circular economic business of environmental protection recycling and urban mining in order to effectively use various recycled resources.</p> <p>(III) The Company deeply understands the impact of climate change on the operating activities, and has continued to invest in relevant energy saving and carbon reduction measures. For example, the Huanke Plant adopts the green building concept planning and establishes the climate change risk related operation continuity management plan, such as flood.</p> <p>(IV) The Company has statistically analyzed the water consumption and total waste weight in the last two years, and has established various</p>	No major difference

Evaluation Item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Yes	No	Summary	
weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?			strategies of annual energy saving and carbon reduction ratio, increase of water usage rate and reduction of wastewater total discharge volume, and also promotes circular economy, in order to reduce total waste volume.	
IV. Social issues				
(I) Has the Company established relevant management policies and procedures in accordance with applicable laws and the international human rights conventions?	✓		(I) The Company complies with the Labor Standards Act to establish the Employee Handbook, in order to clearly specify various labor criteria and protect the rights and interests of employees.	No major difference
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave and other welfare etc.), and has the company appropriately reflected the operation performance or outcome in the remuneration of employees?	✓		(II) The Company implements two-day weekend system and has established the Employee Welfare Committee to provide various welfare subsidies. The Articles of Incorporation also specifies that when the Company has a profit earning for a fiscal year, remuneration of employees shall be appropriated.	
(III) Has the Company provided a safe and healthy work environment for employees, and education on occupational safety and health for employees at regular intervals?	✓		(III) The Company arranges and implements relevant promotion or education courses quarterly according to the labor safety and health regulations. In addition, employee health examination is also arranged annually.	
(IV) Has the Company established a plan for the training of effective career development and planning of employees?	✓		(IV) The Company values talent cultivation, and arranges professional on-job training courses for employees according to the job function requirements.	
(V) Has the Company complied with laws and	✓		(V) The Company's products are labeled according to relevant	

Evaluation Item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Yes	No	Summary	
<p>international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?</p> <p>(VI) Has the Company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational safety and health or labor rights etc. and the implementation status thereof?</p>	✓		<p>regulations and international standards.</p> <p>(VI) The Company performs evaluation operation on new suppliers according to the supplier management operation procedures, and also performs supplier evaluation periodically. The scope of evaluation includes the issues of occupational safety and health and labor human rights, etc.</p>	
V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared ESG Report and reports for disclosing non-financial information of the Company? Has a third-party verification entity provided assurance or assurance opinion for the aforementioned report?		✓	Presently, the Company has not yet prepared the ESG Report.	The preparation of ESG Report is currently under planning and evaluation.
<p>VI. When a company has established the sustainable development best practice principles according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe difference from its operation and the principles established: The Company performs operation according to the “Corporate Social Responsibility Best Practice Principles” and continues to improve the disclosure of corporate social responsibility information. In addition to the establishment of a dedicated (adjunct) unit for sustainable development and the preparation of ESG Report, the Company is also in the process of assessing the potential risk of climate change on the current and future conditions of the enterprise and response measures to opportunities. There are no major difference for</p>				

Evaluation Item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Yes	No	Summary	
the rest of the operation.				
VII. Other important information to facilitate the understanding of the execution status of promotion of sustainable development: None.				

(VI) Ethical Corporate Management Practices, and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>I. Establish ethical corporate management policy and solution</p> <p>(I) Has the Company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?</p> <p>(II) Has the Company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company's board of directors has approved the establishment of the "Ethical Corporate Management Best Practice Principles" on December 17, 2014, and the board of directors has approved the establishment of the "Procedures for Ethical Management and Guidelines for Conduct" on March 24, 2021, in order to regulate that employees must be ethical and just during the performance of job duties of the Company. The board members and management actively implement the commitment in the operation policy, and also execute such policy properly in the internal management and business activities.</p> <p>(II) The Company has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conducts", such that in terms of the scope of business, for operating activities of relatively higher risk of unethical conduct, prevention of bribery offering and receipt, providing illegal political contribution, etc., requirements have been specified</p>	No difference

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>covering the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?</p> <p>(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?</p>	✓		<p>explicitly.</p> <p>(III) The Company has established the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct” to specifically regulate matters requiring attention during the execution of duties for employees.</p>	
<p>II. Implementation of ethical corporate management</p> <p>(I) Has the Company evaluated the record of the counterparties on business ethics, and of the Company explicitly stated business integrity as an integral part of the contracts when entering into agreements</p>	✓		<p>(I) The Company complies with the provisions of the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, if any transaction counterparty involves unethical conduct, the Company may terminate or rescind contract at any</p>	No major difference

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
with trading counterparties? (II) Has the Company established a dedicated unit for promoting the corporate ethical management under the board of directors and reporting its ethical management policy and plan for preventing unethical conducts as well as the supervision of implementation status to the board of directors periodically (at least once annually)?		✓	time. (II) The Company's board of directors approved the establishment of "Corporate Governance Ethical Management Team" on March 24, 2021 and appointed "Corporate Governance Officer" to be responsible for the promotion of corporate ethical management related affairs.	
(III) Has the Company established policies for preventing conflicts of interest, provided appropriate channels for complaints, and properly implemented the such policies and channels?	✓		(VI) With regard to the conflict of interest related matters, the internal employees of the Company may report to the department head, employees may also report to the head of Administration Department.	
(IV) Has the company implemented effective accounting system and internal control system for the purpose of maintaining ethical operation? Has the internal audit unit established relevant audit plan according to the assessment result of	✓		(IV) The Company has established the internal audit plan, and the internal audit unit performs various audit operations according to the audit plan.	

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>unethical conduct risk and audit the status of compliance with the prevention against unethical conduct plan, or entrust CPA to perform audit?</p> <p>(V) Has the Company provided internal and external training on ethical management on a regular basis?</p>		✓	(VII) The Company has not yet organized internal and external training on ethical operation on a regular basis.	
<p>III. Reporting system operation status of the Company</p> <p>(I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?</p> <p>(II) Has the Company established any investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?</p>	✓	✓	<p>(I) The Company's board of directors has approved the establishment of "Reporting System for Illegal and Immoral or Unethical Conducts" on March 24, 2021 in order to establish convenient reporting channel, and appropriate responsible personnel for receipt of report cases of reported subjects have also been appointed.</p> <p>(II) The Company's "Reporting System for Illegal and Immoral or Unethical Conducts" has specified the investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation. During the handling of relevant internal matters, the Company keeps</p>	No difference

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(III) Has the Company taken any measures for the protection of the informants or reporters from suffering undue treatment?	✓		the confidentiality property and handles such matters through rigorous verification in careful manner. (III) The Company's "Reporting System for Illegal and Immoral or Unethical Conducts" has specified proper reporter protection measures to prevent any inappropriate handling.	
IV. Enhancement of information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	✓		The Company's website and the MOPS has disclosed the "Corporate Ethical Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".	No difference
V. If the Company has established its own ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please specify the difference between its operation and the principles: The Company's board of directors has approved the establishment of "Corporate Ethical Management Best-Practice Principles" on December 17, 2014, the board of directors has approved the establishment of the "Procedures for Ethical Management and Guidelines for Conduct" on March 24, 2021, and the board of directors has approved the establishment of the "Reporting System for Illegal and Immoral or Unethical Conducts" on March 24, 2021, in order to provide guidance to personnel of the Company to have high ethical standard, to implement ethical management policy and to actively prevent occurrence of illegal conducts. In addition, proper reporting and complaint filing channels have been established in order to allow reported and complained issues to be handled timely and properly. Presently, there has been no major difference.				
VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the corporate ethical management best practice principles amended, etc.): None.				

(VII) Inquiry method for the Company's establishment of its corporate governance best practice principles and relevant regulations

The Company has established relevant provisions of the "Corporate Governance Best Practice Principles", "Corporate Ethical Management Best-Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conducts", "Corporate Social Responsibility Best Practice Principles" to implement the operation and promotion of corporate governance. Relevant content has been published on the Company's website (<https://www.sdti.com.tw/>) and the MOPS.

(VIII) Other important information to facilitate the understanding of corporate governance implementation status of the Company

The Company has established the following relevant rules and regulations according to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". Please refer to the Company's website (<https://www.sdti.com.tw/>) for details:

1. Articles of Incorporation
2. Rules and Procedures of Shareholders' Meeting
3. Rules of Procedure for Board of Directors Meetings
4. Procedures for the Selection of Directors
5. Regulations Governing Scope of Responsibility of Independent Directors
6. Audit Committee Charter
7. Remuneration Committee Charter and Authority Exercise Regulations
8. Procedures for the Acquisition and Disposal of Assets
9. Procedures for Making of Endorsements/Guarantees
10. Procedures for Loaning of Fund to Others
11. Code of Ethical Conduct
12. Ethical Corporate Management Best Practice Principles
13. Corporate Social Responsibility Best Practice Principles
14. Internal Material Information Handling Operation Procedure
15. Application for Suspension and Resume of Transaction Operation Procedure
16. Corporate Governance Best Practice Principles
17. Regulations for Performance Evaluation of the Board of Directors
18. Procedures for Ethical Management and Guidelines for Conduct
19. Reporting System for Illegal and Immoral or Unethical Conducts

(IX) Internal Control System Implementation Status

1. Statement of Internal Control System

Super Dragon Technology Co., Ltd. Statement of Internal Control System

Date: March 23, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 based on the findings of the self-assessment:

1. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security), reliable, timely and transparent financial reporting, and regulatory compliance.
2. The internal control system has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. However, the internal control system of the Company is equipped with a self-monitoring mechanisms, and the Company will take corrective actions once any deficiency is identified.
3. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the "Regulations"). The internal control system judgment items under the “Regulations” are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element further includes several items. For more information on the aforementioned items, please refer to the “Regulations”.
4. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
5. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing

objectives.

6. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Company's board of directors on March 23, 2023. Among the six directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby issued.

Super Dragon Technology Co., Ltd.

Chairman: Chieh-Hsin Wu Signature/Seal

President: Chieh-Hsin Wu Signature/Seal

2. Where CPA is entrusted to review the internal control system, the CPA examination report shall be disclosed: Not applicable.
- (X) Penalties imposed against the Company and its internal personnel for regulatory violation, or penalties imposed by the Company against its employees for violation of internal control policy in the most recent year up till the publication date of this annual report; if the penalty result may have material impact on the shareholders' equity or stock price, it is necessary to describe the penalty content, areas of weakness and improvement status: None.
- (XI) Important resolutions made by the shareholders' meetings and the board of directors' meetings for the most recent year and up to the printing date of the annual report
1. Important resolution of shareholders' meeting

Date	Meeting session	Important resolution	Implementation status
2022.06.14	2022 General shareholders' meeting	<ol style="list-style-type: none"> 1. Adoption of 2021 business report and financial statements 2. Adoption of 2021 deficit compensation proposal 3. Proposal for amendment to parts of provisions of the "Procedure for the Acquisition or Disposition of Assets" of the Company 4. Proposal for amendment to parts of the provisions of the "Rules of Procedure for Shareholders' Meeting" of the Company 5. Proposal for amendment to parts of the provisions of the "Articles of Incorporation" of Company 6. Proposal for re-election of directors (including independent directors) 7. Proposal on removal of non-compete restrictions for new directors and their representatives 	<ol style="list-style-type: none"> 1. Relevant statements have been reported to the competent authority for recordation and public announcement according to the Company Act and relevant laws and regulations. 2. The Company still had deficit to be compensated in 2021; therefore, shareholders' dividends were not proposed for distribution. It became effective after the resolution of the shareholders' meeting, and relevant announcement and declaration were completed according to the regulations. 3. It was executed according to the resolution result, and the amended procedures were published on the Company's website after the general shareholders' meeting on June 14, 2022. 4. It was executed according to the resolution result, and the amended rules were published on the Company's website after the general shareholders' meeting on June 14, 2022. 5. It was executed according to the resolution result, and change registration application was submitted to the competent authority after the general shareholders' meeting on June 14, 2022. 6. It was executed according to the resolution result, and change registration application was submitted to the competent authority after the general shareholders' meeting on June 14, 2022.

Date	Meeting session	Important resolution	Implementation status
			7. It was executed according to the resolution result.

2. Important resolutions of the board of directors' meetings

Date	Term No.	Important resolution
2022.01.05	9th Term 15th Meeting	<ol style="list-style-type: none"> 1. Subsidiary of the Company, Chang Pwu Industrial Co., Ltd., proposed to establish a "corporation limited by shares" with Pau Energy Storage Corp. through joint venture 2. Proposal for the Company's loaning of fund to subsidiary Chang Pwu Industrial Co., Ltd.
2022.03.24	9th Term 16th Meeting	<ol style="list-style-type: none"> 1. The Company's 2021 consolidated financial statements and parent company only financial statements 2. Proposal for 2021 deficit compensation of the Company 3. The Company's 2021 Business Report 4. Proposal for the Company's investment in "Rainter Water Resource Technology Corp." 5. Proposal for the Company to apply for financing amount extension and additional loan with "Taiwan Cooperative Bank" 6. Proposal for change of President of the Company 7. The Company's 2021 statement of internal control system

Date	Term No.	Important resolution
		<p>8. Proposal for amendment to parts of the provisions of the “Corporate Social Responsibility Best Practice Principles” of the Company</p> <p>9. Proposal for amendment to parts of the provisions of the “Corporate Governance Best Practice Principles” of the Company</p> <p>10. Proposal for amendment to parts of the provisions of the “Rules of Procedure for Shareholders’ Meeting” of the Company</p> <p>11. Proposal for amendment to parts of the provisions of the Articles of Incorporation of Company</p> <p>12. Proposal for re-election of directors (including independent directors) of the Company</p> <p>13. 13. 2022 shareholders’ meeting accepting shareholders’ proposals and directors (including independent directors) candidate nomination related matters</p> <p>14. 14. The convention date, time and location and reason of convention of the 2022 general shareholders’ meeting of the Company</p>
2022.05.03	9th Term 17th Meeting	<p>1. Proposal for amendment to parts of provisions of the “Procedure for the Acquisition or Disposition of Assets” of the Company</p> <p>2. Proposal for the board of directors’ nomination of directors (including independent directors) candidates for the 2022 general shareholders’ meeting, and review of the candidate qualification of independent directors nominated</p> <p>3. Proposal for cancellation of non-compete restrictions for newly elected directors and their representatives of the Company</p> <p>4. Proposal for establishment of remuneration of new President of the Company</p>
2022.06.14	10th Term 1st Meeting	<p>1. Proposal for election of the Chairman</p> <p>2. Proposal for the appointment of members of the 5th term of Remuneration Committee of the Company</p>
2022.06.23	10th Term 2nd Meeting	<p>1. Proposal for the Company to adopt the financial leasing method to invest in the wastewater treatment equipment</p>
2022.08.09	10th Term 3rd Meeting	<p>1. Proposal for 2022 retention of CPAs for finance and taxation, and the audit fee of CPAs</p>

Date	Term No.	Important resolution
		<ol style="list-style-type: none"> Proposal for the Company to apply for financing amount extension with “Bank of Taiwan” Proposal for amendment to parts of the provisions of the “Regulations for Duty Approval Authority” of the Company Proposal for the Company's greenhouse gas inspection and audit schedule plan
2022.11.09	10th Term 4th Meeting	<ol style="list-style-type: none"> Proposal for the establishment of “2023 Audit Plan” Proposal for amendment to parts of the provision of the “Rules of Procedure for Board of Directors Meetings” of the Company Proposal for amendment to parts of the provision of the “Procedures for Handling Internal Material Information of the Company” Proposal for amendment to the “Other Management Control Operation -Financial and Non-financial Information Management Operation” Internal Control System and Internal Audit Enforcement Rules Proposal for the Company's greenhouse gas inspection and audit schedule plan Proposal for the Company to apply for medium and long term financing amount extension with “Bank SinoPac” Proposal for the Company to apply for short-term financing amount extension with “Land Bank of Taiwan” Proposal for the Company to apply for financing amount extension with “Taishin International Bank” To satisfy the Company’s annual loan repayment and working capital demand, the 2023 financing total amount demand was proposed to be NT\$1.4 billion Proposal for change of Accounting Officer and Corporate Governance Officer of the Company Proposal for change of President and Deputy Spokesperson of the Company 2022 year-end bonus issuance amount for Group CEO, Chairman and Managerial Officers Proposal for 2023 work plan of the Remuneration Committee
2023.03.23	10th Term 5th Meeting	<ol style="list-style-type: none"> The Company's 2022 consolidated financial statements and parent company only financial statements Proposal for 2022 deficit compensation of the Company The Company’s 2022 Business Report

Date	Term No.	Important resolution
		<ol style="list-style-type: none"> 4. Proposal for the Company's acquisition of equity of "Forcera Materials Co., Ltd." 5. Proposal for the Company's provision of Plant 1 real property to apply for medium-term financing amount extension with "Sunny Bank" 6. The Company's 2022 statement of internal control system 7. Proposal for amendment to parts of the provisions of the "Corporate Governance Best Practice Principles "of the Company 8. Proposal for amendment to parts of provisions of the "Procedure for the Acquisition or Disposition of Assets" of the Company 9. Proposal for the establishment of the general rules for the Company's policy on early approval of non-assurance services 10. 2023 shareholders' meeting accepting shareholders' proposals and nomination related matters 11. Proposal for supplemental election of directors 12. The convention date, time and location and reason of convention of the 2023 general shareholders' meeting of the Company
2023.03.30	10th Term 6th Meeting	<ol style="list-style-type: none"> 1. Proposal for supplemental election of two independent directors
2023.05.04	10th Term 7th Meeting	<ol style="list-style-type: none"> 1. Proposal for the Company's 2023 retention of CPAs for finance and taxation, and the audit fee of CPAs 2. The Company's 2023 Q1 financial statements 3. Proposal for the Company's loaning of fund to subsidiary Chang Pwu Industrial Co., Ltd. 4. Proposal for the supplemental appointment of the Company's Remuneration Committee members 5. Proposal for the board of directors' nomination of independent director candidates for the 2023 general shareholders' meeting, and review of the candidate qualification of independent directors nominated 6. Proposal for cancellation of non-compete restrictions for new directors of the Company 7. Revision to the convention date, time and location and reason of convention of the 2023 general shareholders' meeting of the Company

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year and up to the printing date of the annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate head of governance or head of R&D in the most recent year up till the publication date of this annual report

May 22, 2023

Title	Name	Date of job assumption	Date of dismissal	Reason of resignation or dismissal
President	Chieh-Hsin Wu	2008.08.12	2022.03.25	Company's internal job duty adjustment
President	Wen-Hung Huang	2022.03.25	2022.10.24	Resigned
Vice President Financial Officer	Wen-Ting Huang	2021.06.01	2022.02.01	Company's internal job duty adjustment
Accounting Officer Corporate Governance Officer	Chia-Yen Li	2021.03.24	2022.08.18	Resigned

V. Information on CPAs' Fee

(I) Information on CPAs' Fee

Unit: NT\$
thousand

Name of Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
Ernst & Young Accounting Firm	Ching-Piao, Cheng	2022.01.01~2022.12.31	2,065	280	2,345	
	Mao-I, Hung					

(II) The content of the amounts of both audit and non-audit fees and the details of the non-audit services for non-audit fees paid to the CPAs, to the accounting firm of the CPAs, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid shall be disclosed: None.

(III) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are less than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.

(IV) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10% or more, the amount and percentage of and reason for the reduction in audit fees: None.

VI. Information on Change of CPAs

(I) Former CPAs: Not subject to change of CPAs.

(II) Successor CPAs: Not subject to change of CPAs.

(III) Reply of former CPA to item 1 and item 2-3 of Subparagraph 6 of Article 10 of these Regulations: None.

VII. The Company's Chairman, President and Managers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in the most recent year:

The Company's Chairman, President and managerial officers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in

the most recent year.

VIII. Transfer or pledge of shares owned by directors, supervisors, managerial officers, shareholders 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

(I) Transfer or pledge of shares owned by directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding 10%

Unit: shares

Title	Name	2022		Up to April 18 for the current year	
		Increase (decrease) of number of shares held	Increase (decrease) of pledged shares	Increase (decrease) of number of shares held	Increase (decrease) of pledged shares
Chairman-cum-President	Chieh-Hsin Wu	-	-	-	-
Director/major shareholder	Yao-Hsun Wu	-	-	-	-
Director	Enormous Vastness Investment Company Limited Representative: Kang-Chi Chou	461,139	-	-	-
Director	Fukang Investment Co., Ltd. Representative: Chia-Nan Hsu	940	-	-	-
Independent director	Shih-Chun Ho	-	-	-	-
Independent director	Cheng-Che Tsai	-	-	-	-
Independent director	Kun-Cheng Chao (Note 1)	-	-	-	-
President	Wen-Hung Huang (Note 2)	-	-	-	-
Vice President/Financial Officer	Wen-Ting Huang (Note 3)	-	-	-	-
Factory Chief	Chien-Chang Huang (Note 4)	-	-	-	-
Assistant Vice President/Accounting Officer	Chia-Yen Li (Note 5)	-	-	-	-

Title	Name	2022		Up to April 18 for the current year	
		Increase (decrease) of number of shares held	Increase (decrease) of pledged shares	Increase (decrease) of number of shares held	Increase (decrease) of pledged shares
Accounting Officer	Mu-Cheng Tuan (Note 6)				
Audit Officer	Yen-Chin Huang	-	-	-	-

Note 1: Independent Director Kun-Cheng Chao resigned on 2023.03.15.

Note 2: President Wen-Hung Huang assumed the position on March 25, 2022, and resigned from the position on October 24, 2022.

Note 3: Vice President/Financial Officer Wen-Ting Huang dismissed from the positions on February 1, 2022.

Note 4: Factory Chief Chien-Chang Huang assumed the position on September 15, 2022, and resigned from the position on July 20, 2022.

Note 5: Financial Assistant Vice President/Accounting Officer Chia-Yen Li resigned from the positions on August 18, 2022.

Note 6: Accounting Officer Mu-Cheng Tuan assumed the position on August 19, 2022.

- (II) Where the counterparty of the equity transfer or pledge is a related party, the name of such counterparty party, and his/her relationship with the directors, supervisors, managers and shareholders with more than 10% of shareholding percentage and the number of shares obtained or pledged: None.

IX. Information of shareholders of top ten shareholding percentage for related parties or spouse, relative relationship within second degree of kinship among themselves

April 18, 2023; Unit: shares

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 major shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names.		Remarks
	Number of shares	Shareholding ratio %	Number of shares	Shareholding ratio %	Number of shares	Shareholding ratio %	Name	Relations	
Yao-Hsun Wu	29,856,515	28.92	1,786,979	1.73	1,639,000	1.59	Ming-Chu Lin Chieh-Hsin Wu Chieh-Ping Wu Rising Dragon Investment Development Co., Ltd.	Spouse Father and son Father and son Chairman	
Wistron Corporation Representative: Hsien-Ming Lin	5,676,005	5.49	-	-	-	-	-	-	
Chun-Yao Lin	5,525,000	5.35	-	-	-	-	-	-	
Chieh-Hsin Wu	4,349,125	4.21	2,955,048	2.86	179,010	0.17	Yao-Hsun Wu Ming-Chu Lin Chieh-Ping Wu Ming-Yeh Yang Rising Dragon Investment Development Co., Ltd.	Father and son Mother and son Siblings Spouse Director	
Chieh-Ping Wu	4,330,105	4.20	151,596	0.15	-	-	Yao-Hsun Wu Ming-Chu Lin Chieh-Hsin Wu Li-Chiao Huang Rising Dragon Investment Development Co., Ltd.	Father and son Mother and son Siblings Spouse Director	
Fukang Investment Co., Ltd.	4,019,000	3.89	-	-	-	-	-	-	
Representative: Li-Chiao Huang	151,596	0.15	4,330,105	4.20	-	-	Chieh-Ping Wu	Spouse	
Ming-Yeh Yang	2,955,048	2.86	4,349,125	4.21	-	-	Chieh-Hsin Wu	Spouse	
Enormous Vastness Investment Company Limited	2,193,000	2.12	-	-	-	-	-	-	
Representative: Li-Chiao Huang	151,596	0.15	4,330,105	4.20	-	-	Chieh-Ping Wu	Spouse	
Ming-Chu Lin	1,786,979	1.73	29,856,515	28.92	-	-	Yao-Hsun Wu Chieh-Hsin Wu Chieh-Ping Wu	Spouse Mother and son Mother and son	
Rising Dragon Investment Development Co., Ltd.	1,639,000	1.59	-	-	-	-	-	-	
Representative: Yao-Hsun Wu	29,856,515	28.92	1,786,979	1.73	-	-	Ming-Chu Lin Chieh-Hsin Wu Chieh-Ping Wu	Spouse Father and son Father and son	

X. Number of shares held by the company, the company's directors, supervisors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and calculating the consolidated shareholding

percentage of the above categories

May 22, 2023; Unit: thousand shares

Invested enterprise (Note 1)	Investment by the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Consolidated investment	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage %
Chang Pwu Industrial Co., Ltd.	18,000	100.00	-	-	18,000	100.00
Ron Pwu Applied Materials Technology Co., Ltd.	1,000	100.00	-	-	1,000	100.00
Super Dragon International Co., Ltd.	7,005	100.00	-	-	7,005	100.00
Super Dragon Environmental Protection (Suzhou) Co., Ltd. (Note 2)	-	-	-	100.00	-	100.00
Forcera Materials Co., Ltd.	5,000	21.00	900	3.78	5,900	24.78
Pau Hz Energy Corp. (Note 3)	-	-	1,500	30.00	1,500	30.00

Note 1: It refers to the Company's long-term investment accounted for under the equity method.

Note 2: Investment in Mainland China company through a company invested and established in a third region.

Note 3: It refers to the long-term investment accounted for under the equity method by the subsidiary Chaung Pwu Industrial Co., Ltd.

IV. Financing Status

I. Capital and shares

(I) Source of share capital

1. Share capital formation process

Unit: shares; NT\$

Year/Month	Issue price	Registered capital		Paid-in capital		Source of share capital	Remarks	
		Number of shares	Amount	Number of shares	Amount		Use assets other than cash for capital contribution	Others
1996/09	1,000	5,000	5,000,000	5,000	5,000,000	Establishment with cash of NT\$5,000,000	0	
1997/12	1,000	5,000	50,000,000	50,000	50,000,000	Cash capital increase of NT\$45,000,000	0	
1999/11	10	15,000,000	150,000,000	15,000,000	150,000,000	Cash capital increase of NT\$100,000,000	0	
2000/11	10	20,000,000	200,000,000	20,000,000	200,000,000	Cash capital increase of NT\$35,750,000 Capital increase by surplus earnings of NT\$14,250,000	0	(Note 1)
2001/08	10	32,000,000	320,000,000	23,300,000	233,000,000	Capital increase by surplus earnings of NT\$30,000,000 Capital increase by employee bonuses of NT\$3,000,000	0	(Note 2)
2002/08	10	32,000,000	320,000,000	31,525,000	315,250,000	Capital increase by surplus earnings of NT\$18,000,000 Cash capital increase of NT\$64,250,000	0	(Note 3)
2003/07	10	45,000,000	450,000,000	36,253,750	362,537,500	Capital increase by surplus earnings of NT\$47,287,500	0	(Note 4)
2004/07	10	69,000,000	690,000,000	42,779,425	427,794,250	Capital increase by surplus earnings of NT\$65,256,750	0	(Note 5)
2004/09	10	69,000,000	690,000,000	43,362,435	433,624,350	Capital increase with corporate bonds converted into common shares of NT\$5,830,100	0	(Note 6)
2005/01	10	69,000,000	690,000,000	44,068,174	440,681,740	Capital increase with corporate bonds converted into common shares of NT\$7,057,390	0	(Note 6)
2005/04	10	69,000,000	690,000,000	45,571,038	455,710,380	Capital increase with corporate bonds converted into common shares of NT\$15,028,640	0	(Note 6)
2005/07	10	69,000,000	690,000,000	46,392,409	463,924,090	Capital increase with corporate bonds converted into common shares of NT\$8,213,710	0	(Note 6)
2005/10	10	69,000,000	690,000,000	57,451,352	574,513,520	Capital increase by surplus earnings of NT\$80,000,000 Capital increase by capital surplus of NT\$18,000,000 Capital increase with corporate bonds converted into common shares of NT\$12,589,430	0	(Note 6) (Note 7)

Year/Month	Issue price	Registered capital		Paid-in capital		Source of share capital	Remarks	
		Number of shares	Amount	Number of shares	Amount		Use assets other than cash for capital contribution	Others
2006/02	10	69,000,000	690,000,000	59,198,718	591,987,180	Capital increase with corporate bonds converted into common shares of NT\$17,473,660	0	(Note 6)
2006/04	10	69,000,000	690,000,000	59,397,675	593,976,750	Capital increase with corporate bonds converted into common shares of NT\$1,989,570	0	(Note 6)
2006/07	10	69,000,000	690,000,000	59,618,259	596,182,590	Capital increase with corporate bonds converted into common shares of NT\$2,205,840	0	(Note 6)
2006/08	10	100,000,000	1,000,000,000	69,126,909	691,269,090	Capital increase by surplus earnings of NT\$90,000,000 Capital increase by employee bonuses of NT\$5,000,000 Capital increase with corporate bonds converted into common shares of NT\$86,500	0	(Note 6) (Note 8)
2006/11	10	100,000,000	1,000,000,000	75,126,909	751,269,090	Cash capital increase of NT\$60,000,000	0	(Note 9)
2007/01	10	100,000,000	1,000,000,000	75,222,916	752,229,160	Capital increase with corporate bonds converted into common shares of NT\$960,070	0	(Note 6)
2007/08	10	100,000,000	1,000,000,000	81,540,749	815,407,490	Capital increase by surplus earnings of NT\$60,178,330 Capital increase by employee bonuses of NT\$3,000,000	0	(Note 10)
2007/10	10	100,000,000	1,000,000,000	82,093,866	820,938,660	Capital increase with corporate bonds converted into common shares of NT\$5,531,170	0	(Note 6)
2008/10	10	150,000,000	1,500,000,000	85,577,621	855,776,210	Capital increase by surplus earnings of NT\$32,837,550 Capital increase by employee bonuses of NT\$2,000,000	0	(Note 11)
2009/03	10	150,000,000	1,500,000,000	84,607,621	846,076,210	Capital reduction with cancellation of treasury shares of NT\$9,700,000	0	(Note 12)
2009/10	10	150,000,000	1,500,000,000	98,207,621	982,076,210	Cash capital increase of NT\$136,000,000	0	(Note 13)
2009/11	10	150,000,000	1,500,000,000	104,607,621	1,046,076,210	Private placement of cash capital increase of NT\$64,000,000	0	(Note 14)
2011/11	10	150,000,000	1,500,000,000	109,828,202	1,098,282,020	Capital increase by surplus earnings of NT\$52,205,810	0	(Note 15)
2012/01	10	150,000,000	1,500,000,000	106,768,202	1,067,682,020	Capital reduction with cancellation of treasury shares of NT\$30,600,000	0	(Note 16)
2013/02	10	150,000,000	1,500,000,000	103,181,202	1,031,812,020	Capital reduction with cancellation of treasury shares of NT\$35,870,000	0	(Note 17)
2013/11	10	150,000,000	1,500,000,000	103,208,229	1,032,082,290	Capital increase with corporate bonds converted into common shares of NT\$270,270	0	(Note 18)

Note 1: Securities and Futures Management Commission of Ministry of Finance Tai-Tsai-Zheng (I) No. 84413 Letter dated October 19, 2000

Note 2: Securities and Futures Management Commission of Ministry of Finance Tai-Tsai-Zheng (I) No. 143616 Letter dated July 9, 2001

Note 3: Securities and Futures Management Commission of Ministry of Finance Tai-Tsai-Zheng (I) No. 0910138269 Letter dated July 10,

2002

Note 4: Securities and Futures Management Commission of Ministry of Finance Tai-Tsai-Zheng (I) No. 0920130185 Letter dated July 8, 2003

Note 5: Securities and Futures Management Commission of Ministry of Finance Tai-Tsai-Zheng (I) No. 0930128028 Letter dated June 24, 2004

Note 6: Securities and Futures Management Commission of Ministry of Finance Tai-Tsai-Zheng (I) No. 0930112849 Letter dated April 19, 2004

Note 7: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 094136502 Letter

Note 8: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 0950126020 Letter dated June 23, 2006

Note 9: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 0950145278 Letter dated October 4, 2006

Note 10: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 0960031094 Letter dated June 21, 2007

Note 11: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 0970038051 Letter dated July 30, 2008

Note 12: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 0970069533 Letter dated December 23, 2008

Note 13: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 0980034270 Letter dated July 16, 2009

Note 14: Ministry of Economic Affairs Jing-Shou-Shang-Zi No. 09801292020 Letter dated December 23, 2009

Note 15: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 1000040943 Letter dated September 2, 2011

Note 16: Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-Yi-Zi No. 10000589721 Letter dated December 1, 2011

Note 17: Financial Supervisory Commission Jin-Guan-Zheng-Yi-Zi No. 10200054051 Letter dated February 20, 2013

Note 18: Ministry of Economic Affairs Jing-Shou-Shang-Zi No. 10201231430 Letter dated November 12, 2013

2. Stock Type

Unit: shares

Share type	Authorized share capital			Remarks
	Number of outstanding shares	Number of unissued shares	Total	
Common shares	103,208,229	46,791,771	150,000,000	Shares listed on the stock exchange

3. Shelf registration system related information: Not applicable.

(II) Shareholder structure

April 18, 2023

Shareholder structure Quantity	Government institutions	Financial institutions	Other juridical persons	Individuals	Foreign institutions and natural persons	Total
Number of shareholders	0	0	23	13,187	28	13,238
Number of shares held	0	0	15,428,521	86,823,110	956,598	103,208,229
Shareholding percentage %	0	0	14.95	84.12	0.93	100.00

(III) Equity ownership dispersion status

1. Equity ownership dispersion status of common shares

Base date: April 18, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding
1 ~ 999	6,151	1,008,715	0.98%
1,000 ~ 5,000	5,860	11,187,383	10.84%
5,001 ~ 10,000	675	5,194,478	5.03%
10,001 ~ 15,000	191	2,373,860	2.30%
15,001 ~ 20,000	109	1,990,098	1.93%
20,001 ~ 30,000	92	2,297,490	2.23%
30,001 ~ 40,000	43	1,522,200	1.47%
40,001 ~ 50,000	27	1,264,472	1.23%
50,001 ~ 100,000	37	2,584,599	2.50%
100,001 ~ 200,000	23	3,097,704	3.00%
200,001 ~ 400,000	13	3,656,472	3.54%
400,001 ~ 600,000	3	1,393,000	1.35%
600,001 ~ 800,000	1	735,000	0.71%

800,001 ~ 1,000,000	3	2,572,981	2.49%
1,000,001 or above, classified individually according to actual condition	10	62,329,777	60.39%
Total	13,238	103,208,229	100%

2. Equity ownership dispersion status of preferred shares: The Company does not issue preferred shares.

(IV) List of major shareholders

April 18, 2023; Unit: shares

Name of major shareholder	Number of shares held	Shareholding percentage
Yao-Hsun Wu	29,856,515	28.92%
Wistron Corporation	5,676,005	5.49%
Chun-Yao Lin	5,525,000	5.35%
Chieh-Hsin Wu	4,349,125	4.21%
Chieh-Ping Wu	4,330,105	4.20%
Fukang Investment Co., Ltd.	4,019,000	3.89%
Ming-Yeh Yang	2,955,048	2.86%
Enormous Vastness Investment Company Limited	2,193,000	2.12%
Ming-Chu Lin	1,786,979	1.73%
Rising Dragon Investment Development Co., Ltd.	1,639,000	1.59%

- (V) Market price, net worth, earnings, dividends per share and relevant information for the most recent two years

Unit: shares / NT\$

Year		2021	2022	Up to March 31, 2023 for the current year
Item				
Market price per share	Highest	26.25	35.50	27.80
	Lowest	16.00	16.35	19.85
	Average	18.14	21.41	24.96
Net value per share	Before distribution	14.46	13.53	13.23
	After distribution	14.46	Note 1	-
Earnings per share	Weighted average number of shares	103,208,229	103,208,229	103,208,229

	Earnings per share	(0.95)	(0.96)	(0.31)
Dividends per share	Cash dividends	-	Note 1	-
	Bonus shares	Stock dividends from retained earnings	Note 1	-
		Stock dividends from capital surplus	Note 1	-
	Accumulated undistributed dividends		-	-
Return on Investment (ROI) analysis	Price-to-earnings ratio (PER) (Note 2)		-	-
	Price-to-dividend ratio (PDR) (Note 3)		-	-
	Cash dividend yield (Note 4)		-	-

Note 1: On March 23, 2023, the board of directors approved the proposal for not distributing dividends, which has not yet been resolved by the shareholders' meeting.

Note 2: Price-to-earnings ratio (PER) = Average stock closing price of current year / Earnings Per Share (EPS)

Note 3: Price-to-dividend ratio (PDR) = Average stock closing price of current year / Cash dividend per share.

Note 4: Cash dividend yield = Cash dividend per share / Average stock closing price of the current year.

(VI) Dividend Policy and Implementation Status

1. Dividend policy specified in the Articles of Incorporation

If the Company's annual final accounts show a net profit after tax for the current period, the Company shall first make up for the accumulated losses and set aside 10% of the accumulated losses as legal reserve in accordance with the law, unless the accumulated legal reserve has reached the Company's paid-in capital. The special reserve shall be appropriated or reversed in accordance with the provisions of the Act or the competent authority. The board of directors shall prepare a proposal for the surplus distribution of the remaining surplus, together with any undistributed surplus at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is to distribute dividends to shareholders in cash or in shares, with cash dividends being no less than 10% of the total dividends, in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders.

2. Distribution of dividends proposed for resolution in the present shareholders' meeting
- The Company's proposal for 2022 deficit compensation was approved by the board of directors on March 23, 2023. Since there was still deficit to be compensated in 2022 shareholders' dividends are not to be distributed. The deficit compensation statement is provided in the following:

Super Dragon Technology Co., Ltd.
2022 Deficient Compensation Statement

Unit: NT\$

Item	Amount
Deficit yet to be compensated at the beginning of period	(481,390,637)
Net profit after tax in the year	(98,817,110)
Other comprehensive income (Remeasurement number of defined benefit plan)	843,958
Deficit yet to be compensated at the end of period	(579,363,789)

Note: According to Article 239 of The Company Act: A company should not use the capital reserve to make good its capital loss,
unless the surplus reserve is insufficient to make good such loss.

Chairman: Chieh-Hsin Wu
Mu-Cheng Tuan

President: Chieh-Hsin Wu

Accounting Officer:

3. Explanation on expected major changes in the dividend policy: Not applicable.

(VII) Impact of the distribution of bonus shares proposed in the present shareholders' meeting on the business performance of the Company and earning per share: Not applicable.

(VIII) Remunerations of employees, directors and supervisors

1. The percentage or scope of remuneration for employees, directors and supervisors as stipulated in the Company's Articles of Incorporation

If the Company makes a profit for a year (the profit refers to the pre-tax income before the remuneration to employees and directors is deducted), the Company shall set aside 3.6% to 8.6% as employee remuneration and not more than 3.6% as remuneration to directors. However, where the Company has accumulated losses (including adjustments to the amount of undistributed earnings), the amount of the indemnity shall be reserved in advance.

The aforesaid employee remuneration may be in the form of stock or cash and may be made payable to employees of subordinate companies who satisfy such conditions as the Board may prescribe. The aforesaid director remuneration shall be in cash only.

The preceding two paragraphs shall be executed in accordance with the resolution of Board of Directors' meeting, and shall be reported to the shareholders' meeting.

2. The estimated basis for calculation of employees', directors' and supervisors' remuneration, the share calculation basis for the distribution of employees' remuneration in the form shares and the accounting handing for any discrepancy between the actual distribution amount and the estimated value: Not applicable.
3. Remuneration distribution status approved by the board of directors
 - (1) Employees' remuneration and remuneration of directors and supervisors distributed in cash or shares. Since there is still deficit to be compensated in 2022, the board of directors reached the resolution on March 23, 2023 to not distribute remunerations of directors and employees.
 - (2) Remuneration of employees distributed in shares and the ratio over the entity or individual financial report net profit in the current period and the total amount of remuneration of employees: There was no distribution of remuneration of employees in the form of shares in 2022.
4. Actual distribution status of remunerations employees, directors and supervisors in the last year: Due to the loss in 2021, there was no distribution of remunerations of employees, directors and supervisors.

(IX) Repurchase of the Company's shares: There was no repurchase of the Company's shares.

II. Issuance of corporate bonds

The Company did not issue corporate bonds.

III. Issuance of preferred shares

The Company did not issue preferred shares.

IV. Issuance of global depository receipts

The Company did not issue global depository receipts.

V. Issuance of employee stock options

The Company did not issue employee stock options.

VI. Issuance of new restricted employee shares status

The Company did not issue new restricted employee shares.

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies

The Company was not execute any issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.

VIII. Financing plans and implementation status

The Company had no financing plan and implementation status.

V. Operation Overview

I. Business content

(I) Business scope

1. Main content of business operation

- (1) Precious metal recycling: Electronic waste recovery, disposal and treatment
- (2) Semiconductor workpiece cleaning service: (Customized) equipment parts cleaning service
- (3) Materials for electroplating industry: Potassium cyanide (gold salt) automatic production and sales
- (4) Green Art: Circular economy recycle and eco-friendly products and recycled material researches
- (5) Solid waste information products: Provide circular economic disposal and treatment ultimate solutions to international brand customers
- (6) Waste liquid treatment: Industrial process waste liquid treatment.
- (7) Green energy business: Solar power generation and energy storage field.

2. Operating revenue percentage

Business item	2022	
	Amount	Ratio %
Sales of precious metals	1,117,617	96.19
Others	24,920	2.14
Revenue from provision of services	7,774	0.67
Revenue from solar power generated	11,597	1.00

Total	1,161,908	100.00
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3. Present product (service) items

- (1) Sales and OEM refinement of precious metals of gold [purity reaching 99.99%], silver [purity reaching 99.99%] and platinum [purity reaching 99.90%].
- (2) Mixed waste hardware of copper powder, aluminum powder, iron and tin.
- (3) Solid and liquid hazardous industrial waste disposal and treatment services.
- (4) Complete destruction and treatment services for high-end packaging and highly confidential products.
- (5) Gold for industrial purposes (gold salt).
- (6) Semiconductor industry jigs, tools and parts cleaning.
- (7) Circular ad recycling of eco-friendly products and recycled material applications.
- (8) Provide circular economic disposal and treatment ultimate solutions to international brand customers.
- (9) Solar power generation and energy storage.

4. New products (services) planned for development

- (1) Mechanical Vapor Recompression (MVR) treatment technology platform.
- (2) Platinum series of precious materials Hydrometallurgy process development.
- (3) Waste battery material treatment and recovery technologies.
- (4) Circular economic recycled material diverse researches and ultimate solution services.
- (5) Green Internet Data Center (GIDC) services.

(II) Industry Overview

1. Industry Current Status and Development

In the past, technology is the driving force for the development of the environmental protection industry, and business operators actively invest in the development of various technologies in order to reduce the impact of hazardous industrial wastes on the environment, and the essence of value creation relies on the resource recycling and treatment.

As the concept of “circular economy” is widely accepted by the society and enterprises, the notion of “sustainable development” is expected to drive a new wave of innovation of technology and business model and to head toward the development of “pursue of welfare for all mankind, implement ESG philosophy beneficial to others and oneself”. The traditional environmental protection recycle business will transform into a green enterprise “demanded by the society”.

2. Correlation among upstream, midstream and downstream in the industry
 - (1) Upstream (waste treatment requester): Electronic industrial waste (including solid and liquid), scraps and nonconforming products, waste information products (such as computers and mobile phones, etc.), wastes derived from semiconductor processes.
 - (2) Midstream (treatment implementing institutions): Waste information product disassembly and treatment, PCB and electronic waste treatment, mixed hardware treatment, industrial process waste liquid treatment, and others.
 - (3) Downstream (consumers/users): Precious metal fabricated products, glass fiber powder fabricated products and recycled raw materials.

3. Various development trends of products and competition status
 - (1) Industrial waste disposal and treatment
 - A. Development trend

When wastes are treated as undesirable outputs worldwide, Super Dragon Technology has been able to turn wastes into valuable items. In the past, people performs mining at mines, and nowadays, Super Dragon Technology performs mining in urban area, and the Company expects to circulate such minerals and metals in the society.
 - B. Competition status

Various countries have established regulatory controls on the export of hazardous industrial wastes, and it becomes more difficult to transport such wastes to a third country for treatment. In other words, it is necessary to seek internal qualified treatment plants to handle such wastes and to provide solutions. Accordingly, it will further promote the Company to have greater competitiveness in the market.

The Company's waste treatment types and treatment volume are at a leading position in the industry. In addition to assisting domestic electronic manufacturers to properly handle their wastes to satisfy the regulatory requirements, the Company further implements quality and innovative technologies to assist manufacturers to reduce their risk of precious metal purchase and process cost.
 - (2) Precious metal refinement and sales of gold and silver
 - A. Development trend

This business item derives from the business of preceding paragraph, and the Company performs the design and development of the production equipment. The daily refinement volume has reached the economic scale.
 - B. Competition status

The purity of refined gold can reach 99.99% and the purity for refined silver

can also reach 99.99%; therefore, the market acceptance is relatively high, such that the products are mainly targeted at the international precious metal trading market with companies with specific purposes of use as the sales targets in order to provide such materials for their further processing and manufacturing into products and for market applications.

C. With regard to the promotion of recycled green gold, the Group expects to increase and expand the use of green gold in the industry.

(3) Resource recycled and reused products - Sales of artificial building materials and arts

Under the condition of shortage of various natural materials, the business logic of analyzing recycled material for tracing back to the recycling chain with change of the linear economy has been developed. Accordingly, recycled materials and circular economy model will be the greatest variables for the ESG performance of each industry in the future.

(4) Waste liquid disposal and treatment

The Mechanical Vapor Recompression (MVR) technology platform constructed by the Company is able to provide the most effective solution to treat inorganic wastewater that is considered to be the most difficult for treatment in the industrial process. For all inorganic waste liquids containing the compositions of nitric acid, chlorine, fluorine, ammonia nitrogen, the platform is able to handle such waste liquids with proper treatment.

(III) Technology and Research and Development Overview

1. R&D budget invested in most recent year and up to the printing date of the Annual Report

The main R&D works of the Company for the current year will be focus on the development of industrial process waste liquid treatment, silver series of precious metal hydrometallurgy technology and waste battery material recycling technology.

Unit: NT\$ thousand

Item/Year	2022	January to March 2023
R&D expenses	2,424	1,255
Operating revenue	1,161,908	262,585
As a percentage over revenue %	0.21	0.48

2. Technology or product successfully developed

(1) The MVR technology platform constructed by the Company is able to effectively treat mixed acids and complex inorganic waste liquids containing the

compositions of ammonia nitrogen and fluorine, etc.

- (2) The silver series precious metal hydrometallurgy recycling feasibility has been verified, and the recovering efficiency continues to be increased.

3. Future R&D projects and expected investment in R&D budget

Unit: NT\$ thousand

R&D project name	Current progress	Necessary R&D budget for further investment	Expected mass production completion time	Main factors affecting future success of R&D
Intelligent MVR technical database	30%	8,000	2023	Process parameter and formula adjustment for effectiveness of experimental projects

(IV) Long and short term business development plan

1. Short-term plan

(1) Marketing and sales strategy

- A. Gold salt and precious metal business: Control cash and precious metal inventory level rigorously, actively transform to professional OEM for gold salt, and secure target customer groups.
- B. Industrial process waste liquid business: Increase the weight of businesses of high technology and profits over the revenue.
- C. Metal-containing solid waste business: Develop the solid waste treatment businesses for metals of copper, nickel, cobalt, manganese and lithium, etc.

(2) Production policy

- (1) Cooperate with the phoenix project activation, and increase the waste information product treatment capacity in multiple times greater.
- (2) Increase the MVR treatment capacity and the treatable waste liquid items.
- (3) Adjust the precious metal refinement operation procedure, and increase recovery rate of gold-containing waste liquids.
- (4) Cooperate with gold salt professional OEM transformation plan, and increase production capacity and utilization rate.

(3) Product development direction

- (1) Continue to develop inorganic waste liquid WVR treatment formula, improve equipment tolerance, and increase effective treatment capacity.
- (2) Recycled materials applications mainly for artificial building materials, materials for geotechnical engineering works, arts and gifts.
- (3) Establish battery and solar photovoltaic waste treatment capacity.

(4) Business management strategy

- A. Adjust product profile to increase gross profit.
- B. Refine the inventory of platinum resin into platinum spot goods in order to enhance the financial structure.
- C. Focus on the development of R&D, business and environmental safety at the same time in order to achieve high quality growth engine.

2. Long-term plan

(1) Marketing and sales strategy

- A. Establish alliance with battery and solar photovoltaic professional manufacturers, and develop green energy application business.
- B. Establish alliance with partners with capacity of treating solid wastes of battery and solar photovoltaic industries, in order to construct a complete ecosystem.

(2) Production policy

- A. Invest in sludge drying equipment, and through the volume and size reduction method, more than 50% of disposal and transportation cost can be achieved.
 - B. Establish cooperative system in order to increase waste information product recycling capacity.
 - C. Comprehensively plan the Guanyin Plant, Huanke Plant and Suzhou Super Dragon Plant to develop their characteristic technical content, in order to establish the foundation for the business operation of each business department.
- (3) Product development direction
- A. Continue to improve precious metal refinement and recycling technologies, and enhance the heavy metal treatment and recovery technologies.
 - B. Use land and building assets properly, and develop green energy application business opportunities.
- (4) Business management strategy
- A. Focus on the increase of gross profit, and flexibly plan the revenue profile.
 - B. Target at the water treatment, green power, testing technology, and use capital advantages to perform strategic investments.
 - C. Establish the dual-engine of business and technology, and promote the long-term stable market value growth.

II. Market and Production/Sales Overview

(I) Market Analysis

1. Main product (service) sales (supply) region

Unit: NT\$ thousand

Year Sales region	2021		2022	
	Amount	%	Amount	%
Domestic	669,615	45.11	559,319	48.14
Asia	814,633	54.89	602,589	51.86
Net operating revenue	1,484,248	100.00	1,161,908	100.00

Presently, the Company has invested in the China region to establish factories; therefore, the scope of business focuses on the regions of Taiwan and China as the main service regions.

2. Market share

The Company focuses on the research and development related to “resource recycling and treatment, reduction of environmental burden, and establishment of resource sustainable use”, and the scope of service covers relevant information technology industries of IC semiconductors, PCB, computer peripherals and optoelectronic. In addition, the Company is a domestic “Class A waste treatment institution” approved by the government. The Company provides diverse services, and the main operation includes the recycling and treatment of precious metals, semiconductor industry jigs and parts cleaning, manufacturing of gold salt, and industrial process waste liquid treatment, etc.

The electronic industrial waste volume generated worldwide has exceeded 60 million tons, and it is expected to reach 74 million tons in 2030. Since the market potential is great and the demand as well as the treatment types also continue to change along with the improvement of process and capacity of customers, the information on the market share may not appropriately represent the competitive position of the Company in the industry.

3. Market future supply and demand status and growth

Presently, the market supply and demand condition is still under the demand over supply status, and relevant industries indicate high demand for treatment of industrial wastes. In addition, as the environmental protection regulations become more complete and the time required for permit license application becomes longer (treatment plant may require an average period of more than three years from the stage of establishment to plant construction completion to the stage of obtaining of operation permit license). In addition, prior to the business operation, it is necessary to sign contracts with

customers in order to perform operation. Accordingly, the actual time for the official start of operation may need another year of preparation. Furthermore, as great number of Taiwanese business operators are returning to Taiwan in recent years, the demands also increases as they continue to engage in land purchase and factory expansion. However, due to the regulatory limitation, it takes certain period of time to legally treat the waste output from the enterprise institutions. In view of such factors, it is expected that the market will still be under the demand over supply status for the next 3~5 years.

4. Favorable, unfavorable factors for active competitive development outlook and responsive strategies

(1) Favorable factors

- A. The general public's awareness on the environmental protection is advantageous to the business development of the Company.
- B. The Company is equipped with comprehensive treatment technologies, and implements efficient production operation and management procedure, in order to increase the recycling ratio and revenue.
- C. The Company implements corporate culture of customer-oriented and ethical services.

(2) Unfavorable factors and countermeasures

- A. Inadequate environmental protection regulations and public power
For small and illegal resource recycling companies, due to the insufficient audit power and implementation, the penalties imposed are relatively weak, such that operators of inconsistent quality in the market is disadvantageous to reflect the value of the industry at fair price.

Countermeasures:

- (A) Continue to improve the Company's treatment technologies to achieve the safe and hazard-free condition.
 - (B) Promote numeric and visual information exchange platform with full records, allowing customers to explain the treatment model and outcome of process wastes and end products to their clients.
- B. Treatment workers cannot be employed easily, and cost is too high
Labor shortage is a common situation faced by the industry, and the introduction of migrant workers can only solve the issue temporarily. Nevertheless, the investment in automated equipment is difficult and capital demand is high, such that it is hard to achieve positive investment profit cycle.

Countermeasures:

The Company adopts the operation process modular method. In addition, to the increase of automation of front-end treatment operation, the Company also enhances employees' skills in disassembly process and establishes

cooperating contractors' OEM capacity, in order to increase the treatment efficiency.

- C. Time required for acquisition or change of operation permit license is long such that the business expansion can be affected

When there is a need to increase the treatment process or capacity, it is necessary to perform application from the beginning again, which can be time and labor consuming, and the Company may lose business opportunities due to such matter.

Countermeasures:

Plan the medium and long term technology development roadmap as the basis for the mass production planning, and also communicate with the competent authority in advance and apply for assistance.

(II) Key purpose and manufacturing process of main products

1. Purpose of main products

Product name	Key purpose
Gold	Gold accessories, or refined into applied materials for semiconductor industry and optoelectronic related industries.
Silver	Silver accessories, or industries requiring the use of silver as the raw material.
Single metal	Iron, copper, aluminum and tin, etc. are delivered to steel mills, copper melting plants and aluminum ingot plants for recycle and reuse.
Artificial building materials	Replace various building materials of natural, non-corrosive resistant, non-high temperature resistant materials that are in shortage, and materials for geotechnical engineering works, or even replace various types of concrete products, such as wall bricks and besser blocks, etc.
Art works	Delicate art works and gifts for viewing and collection purposes.
Gold salt	Industrial processes of PCB and electroplating, etc.

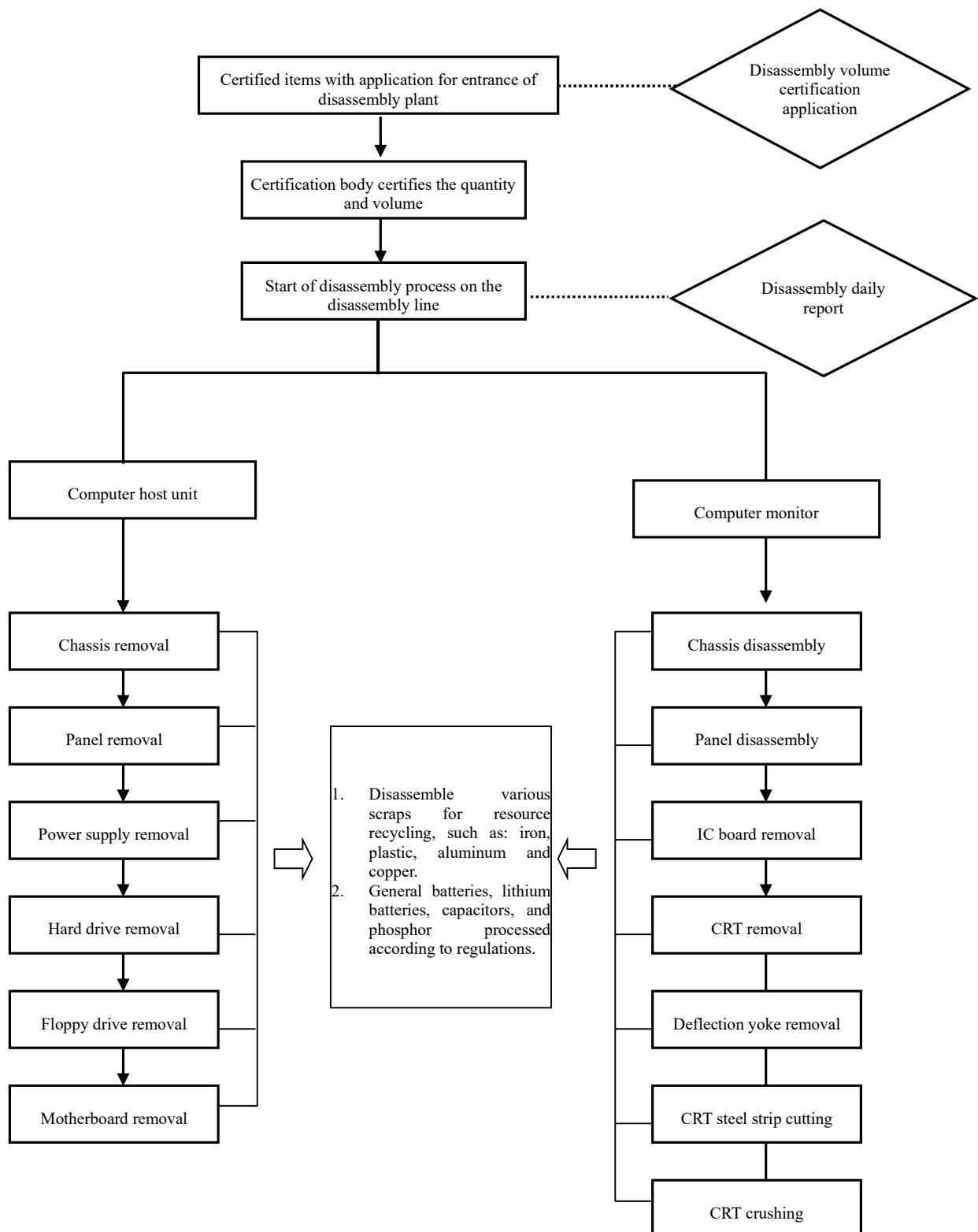
2. Production process of main products

- (1) Waste information product treatment: For recycling of waste computers, printers, notebook computers and monitors, etc., the monthly treatment capacity is approximately 30,000 to 40,000 units per month. (Flow Chart 1)
- (2) Mixed waste hardware treatment: The main source is from PC boards, then through the processes of destruction, crushing, grinding, electrostatic machine screening, in order to output rose copper of high purity. In addition, scraps, including, copper, tin and iron, generated by manufacturers during their manufacturing processes are also part of the main Besser scope of recycling. (Flow Chart 1)
- (3) Precious metals - refinement of gold and silver: Main resources refer to the IC, BGA, gold fingers, electroplating aging liquid, in order to refine into gold, silver, palladium and industrial potassium dicyanoaurate. (Flow Charts 2 and 3)
- (4) Artificial building materials: Main source is from PC boards, and after refinement for copper powder, the remaining glass powder and glass of computer monitors can be polymerized to output various artificial building materials and art works. (Flow Chart 4)
- (5) Production of gold salt: It refers to the “potassium dicyanoaurate” for industrial electroplating, and it is also known as “industrial gold salt”. (Flow Chart 5)

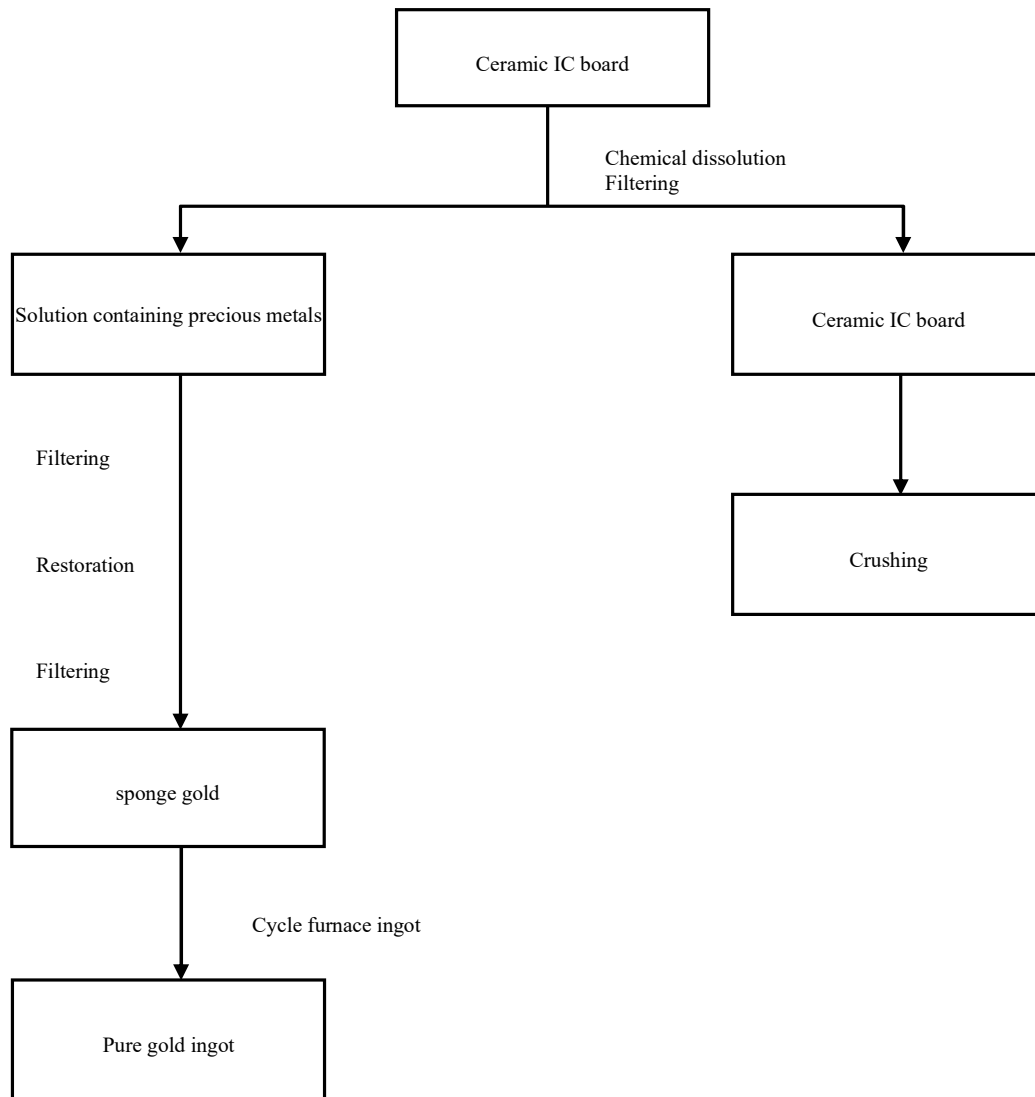
(III) Primary raw material supply status

Primary raw material	Supplier and agency	Supply status
Precious metal raw material	Bank of Taiwan, international precious metal certified suppliers	Good
Scraps containing precious metals	Mainly for the customers in the semiconductor industry, PCB industry, panel industry and electronics industry.	Good
Mixed hardware raw materials	International well-known printers, office multi-function machines, computer branded manufacturers, chain superstore channel operators (mainly for recycling of mobile phones and tablets)	Good

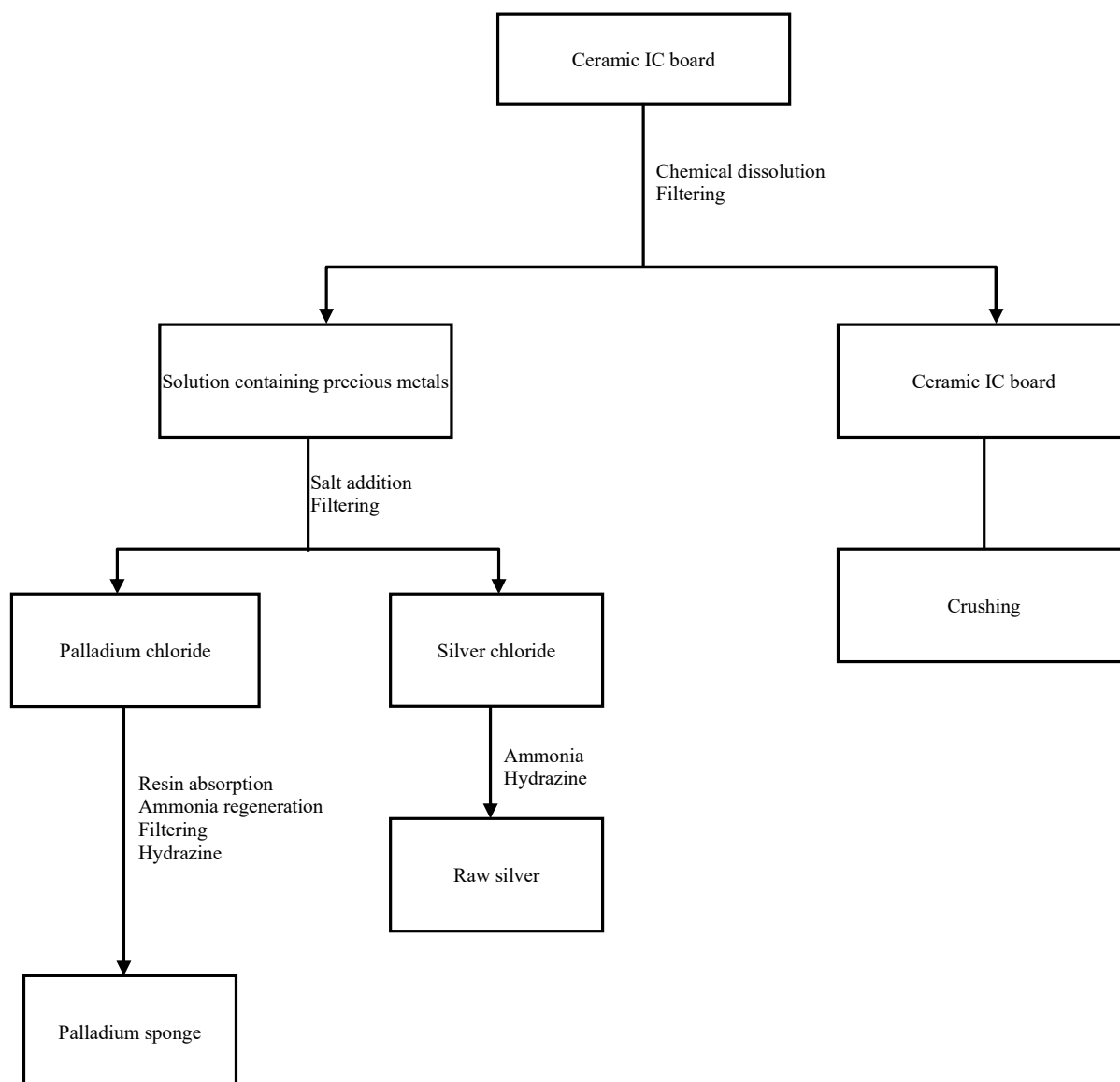
Flow Chart 1 Waste Information Product Treatment Process



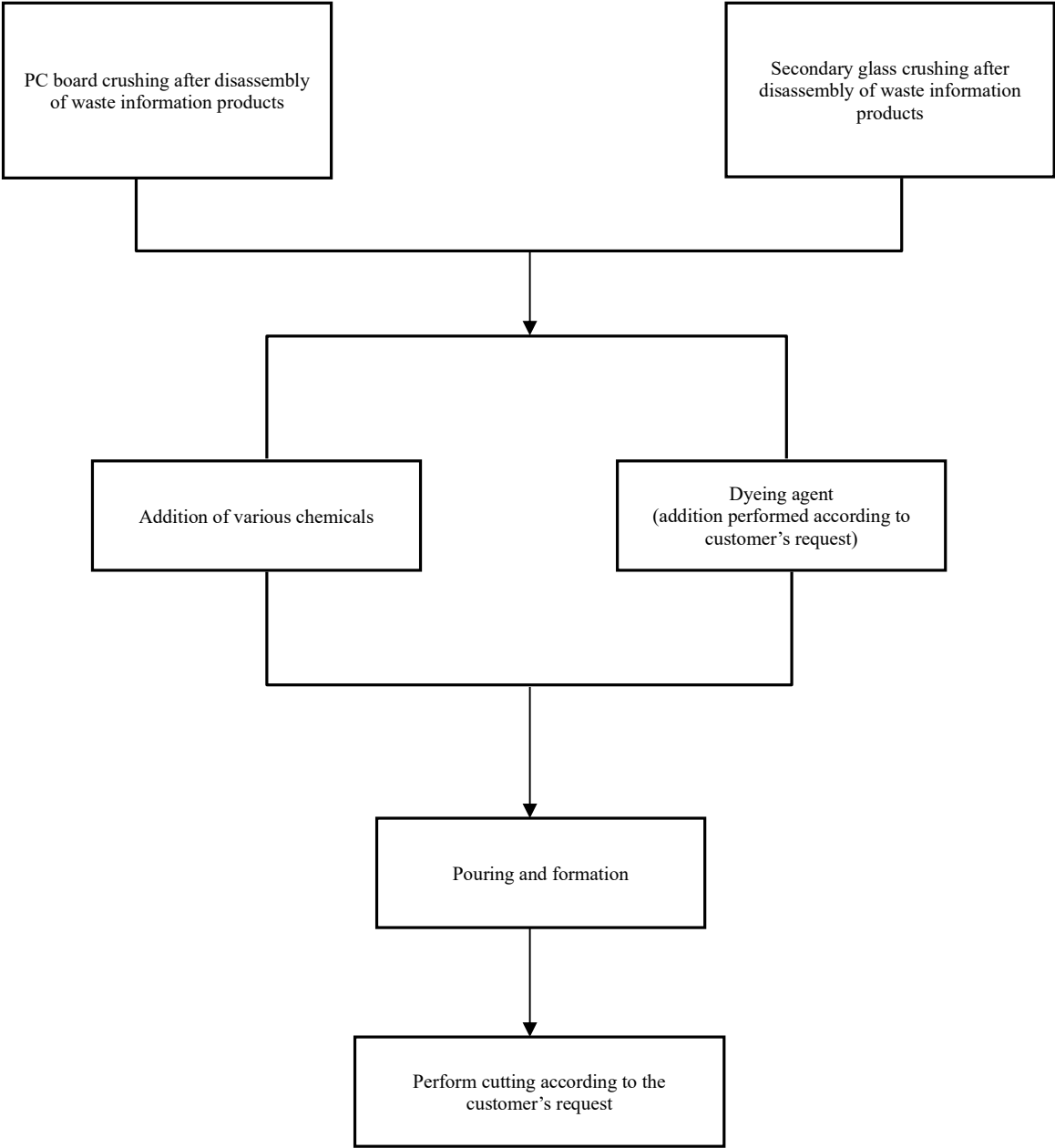
Flow Chart 2 Precious Metal Refinement Process -Gold



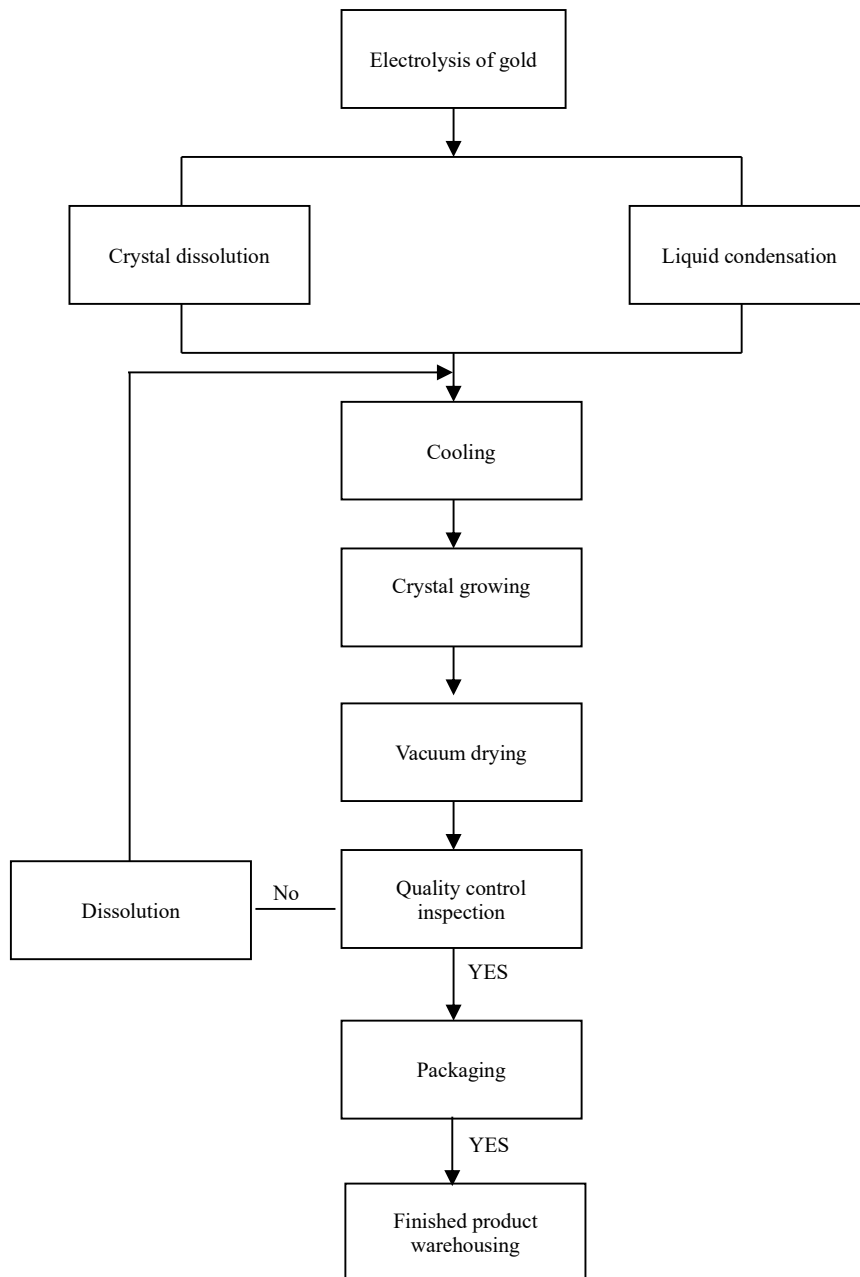
Flow Chart 3 Precious Metal Refinement Process -Silver, Palladium



Flow Chart 4 Artificial marble and other building material production process



Flow Chart 5 Gold Salt Production Process



(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in the most recent two years or in any year and the purchase (sales) amount and ratio thereof, and please explain the reason of changes thereof

1. Information on main suppliers of the Company in the most recent two years

Unit: NT\$ thousand

	2021				2022				Up to the last quarter of 2023			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	Supplier A	966,437	67.64	None	Supplier A	994,284	94.68	None	Supplier A	237,905	95.33	None
2	Supplier D	179,853	12.59	None	Supplier F	15,574	1.48	None	Supplier G	4,435	1.78	None
3	Others	282,495	19.77	None	Others	40,274	3.84	None	Others	7,226	2.90	None
	Net purchase amount	1,428,785	100.00		Net purchase amount	1,050,132	100		Net purchase amount	249,566	100.00	

Explanation: Due to gold salt process and R&D demands, materials continued to be purchased from Supplier A. In addition, Supplier F was further included in 2022 for the recycling of gold-containing waste liquid.

2. Information of main customers of sales of the Company in the most recent two years

Unit: NT\$ thousand

	2021				2022				Up to the last quarter of 2023			
Item	Name	Amount	Annual net sales percentage (%)	Relationship with the	Name	Amount	Annual net sales	Relationship with the	Name	Amount	Net sales percentage up to	Relationship with the

				issuer			percentage (%)	issuer			the last quarter of the current year (%)	issuer
1	Customer A	739,898	49.85	None	Customer A	565,104	48.64	None	Customer A	106,630	40.61	None
2	Customer D	0	0	None	Customer C	155,087	13.35	None	Customer E	43,363	16.51	None
3	Others	744,350	50.15	None	Others	441,717	38.02	None	Others	112,592	42.88	None
	Net sales amount	1,484,248	100.00		Net sales amount	1,161,908	100		Net sales amount	262,585	100.00	

Explanation: There were no significant difference for the top ten customers in 2022, and the Company continued to engage in business dealings with Customer A.

(V) Production quantity for the most recent two years

Unit: NT\$ thousand

Production volume and value Main product	Year	Unit	2022			2021		
			Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Revenue from waste information product disposal and treatment		thousand units	30	40	2,039	30	45	832
Revenue from mixed hardware treatment and sales		Tons	1,500	776	12,703	1,500	612	21,563
Gold		Kg	4,200	318	544,212	4,200	462	768,587
Gold salt		Kg	7,200	475	565,509	7,200	512	571,003
Silver		Kg	5,000	0	0	5,000	0	0
Platinum		Kg	200	14	13,042	200	0	0
Palladium		Kg	100	0	0	100	0	0
Total		-			1,137,505			1,361,985

(VI) Sales volume for the most recent two years

Unit: NT\$ thousand

Sales volume and value Main product	Year	Unit	2022				2021			
			Domestic sales		Export sales		Domestic sales		Export sales	
			Volume	Value	Volume	Value	Volume	Value	Volume	Value
Revenue from waste information product disposal and treatment		thousand units	40	2,039			45	832		
Revenue from mixed hardware treatment and sales		Tons	879	15,785			602	20,156		
Gold		Kg			318	601,383			467	769,998
Gold salt		Kg	417	496,295			522	583,478		

Platinum	Kg	10	9,908			43	41,174		
Silver	Kg								
Palladium	Kg								
Others	-		36,498				68,610		
Total	-		560,525		601,383		714,250		769,998

III. Number of employees in the last two years and the number of employees, average service year, average age and educational level distribution ratio up to the publication date of annual report

March 31, 2023

Year		2021	2022	Up to March 31, 2023 for the current year
Number of employees	Manger and above	17	15	14
	Production line employees	35	29	29
	General employees	38	39	41
	Total	90	83	84
Average age		44.7	43.72	43.86
Average years of service		7.1	6.73	6.81
Educational background distribution percentage	Doctorate degree	1.39%	0.00%	0.00%
	Master degree	18.06%	12.05%	13.10%
	Bachelor degree	38.89%	46.99%	45.23%
	Senior high school	19.44%	19.28%	19.05%
	Under senior high school	22.22%	21.68%	22.62%

IV. Information on Environmental Protection Expense

Total amount of loss and penalty due to environmental contamination in the most recent year and up to the printing date of annual report, and explain future countermeasures and possible expenses: The Company is not subject to any loss and penalty due to environmental pollution.

V. Labor Management Relationship

(I) Company's employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status

1. Employee welfare measures, continuing education, training, and various employee benefit protection measures status

- (1) Bonus benefits: Year-end bonus, birthday gift money, three-holiday bonuses.
- (2) Leave benefits: Two-day weekend
- (3) Insurance benefits: Labor insurance, health insurance, and group insurance
- (4) Catering benefits: Employee cafeteria (meal expense covered by the Company), meal-missing allowance
- (5) Clothing benefits: Uniform application is provided
- (6) Entertainment benefits: Travel allowance, domestic and international travel, annual growth consensus camp

- (7) Allowance benefits: Wedding and funeral subsidies, maternity allowance, children education scholarship, new home settlement gift money, emergency rescue subsidy, employees' physical examination
- (8) Other benefits: Incentives to senior employees, coffee and snacks, fitness center

2. Pension system and implementation status

- (1) The Company has established the Employee Retirement Regulations in January 1999, and has appropriated 2% of total salary as the pension reserve according to the regulations of the “Labor Standards Act” since February 1999.
- (2) The Company has retained actuary to calculate the pension since 1999.

The Labor Pension Act has been implemented on July 1, 2005, and the defined contribution system is adopted. After the implementation, employees may choose to apply the pension provisions specified in the “Labor Standards Act” or they may choose to apply the pension system of the Labor Pension Act and continue to retain the service year acquired before the implementation of such Act. For employees to which the Labor Pension Act is applied, the Company bears the employee pension appropriation on a monthly basis, and it shall not be lower than 6% of the monthly salary of employees.

3. Status of agreements between labor and management

The labor-management relationship of the Company is harmony, and the Company promotes and supervises employee welfare activities and other systems such that both labor and management are able to coordinate and cooperate with each other. In addition, the Company also seeks to improve working environment and employee welfares for employees while regulating employees to comply with the employment agreement and to actively engage in production and manufacturing activities.

4. Employee rights and interests protection measures

- (1) The Company has established and announced the Sexual Harassment Prevention Regulations, and paternity leave and parental leave without pay are also provided according to the Act of Gender Equality in Employment. For incompetent employees, the Company implements appropriate work improvement plan first. If such employee still cannot satisfy the job requirements, job transfer is made depending upon the actual condition, or dismissal from the job may be made according to the law and with terms superior to the regulatory requirements.
- (2) Loss due to labor-management disputes in the most recent year and up to the printing date of the annual report: None.
- (3) Estimated amount and response measures for present and future possible loss due to labor-management disputes:

The relationship and obligations of both labor and management are handled in accordance to the Labor Standards Act and relevant regulations as well as various requirements specified in the administrative rules of the Company. Since the establishment of the Company, harmonic labor-management relationship has been maintained. To maintain the labor-management relationship continuously, the Company implements humanized management and also enhances the two-way communication between labor and management, in order to achieve great future

jointly.

- (II) For most recent year and up to the printing date of the annual report, the loss due to labor-management disputes and possible current and future loss estimated amount and countermeasures: None.

VI. Cyber Security Management

- (I) Please describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management:

The responsible unit for the information security of the Company is the Information Department, and the Company has established information security personnel to ensure that the internal complies with information security related rules, procedures and regulations. In addition, cyber security inspection control, management of information security related policies and risk management are performed according to the “Computer Information Cycle” and “Information Management Cycle”. Presently, the Company is still under the process of establishing the cyber security risk management architecture and cyber security policy. Nevertheless, relevant information security management measures have been imperilment in operation, including:

1. The Company’s system and program file are recorded completely in detail and preserved properly. In addition, user authorities are set up according to job duties and function allocation principles.
2. The Company rigorously control the internal and external systems and data access authorities.
3. The Company has installed the firewall protection to block out virus and malware attacks.

- (II) For the most recent year and up to the printing date of the annual report, the loss due to major cyber security events, possible impacts and countermeasures: None.

VII. Important Contracts

Contract type	Contracting party	Contract start/end date	Main content	Restrictive covenants
Industrial waste treatment contract	A	2022.01.01 - 2022.12.31	Industrial waste disposal (waste liquid)	None
Industrial waste treatment contract	B	2022.01.01 - 2022.12.31	Industrial waste disposal (waste liquid)	None
Industrial waste treatment contract	C	2022.01.01 - 2022.12.31	Industrial waste disposal (waste liquid)	None
Industrial waste treatment contract	D	2022.01.01 - 2022.12.31	Industrial waste disposal (waste liquid)	None
Industrial waste treatment contract	E	2021.01.01 - 2023.12.31	Industrial waste disposal (waste information product)	None
Industrial waste treatment contract	F	2022.01.01 - 2022.12.31	Industrial waste disposal (waste liquid)	None
Industrial waste treatment contract	G	2022.01.01 - 2022.12.31	Industrial waste disposal (waste liquid)	None
Industrial waste treatment contract	H	2022.04.01 - 2022.05.21	Industrial waste disposal (scraps)	None
Industrial waste treatment contract	I	2022.04.01 - 2022.12.31	Industrial waste disposal (scraps)	None
Industrial waste treatment contract	J	2022.04.01 - 2022.06.30	Industrial waste disposal (scraps)	None
Industrial waste treatment	K	2022.04.22 - 2022.06.30	Industrial waste disposal (scraps)	None

Contract type	Contracting party	Contract start/end date	Main content	Restrictive covenants
contract				
Industrial waste treatment contract	L	2021.03.01 - 2023.02.28	Industrial waste disposal (mixed hardware)	None
Industrial waste treatment contract	M	2022.07.01 - 2023.06.30	Industrial waste disposal (workpiece cleaning)	None
Industrial waste treatment contract	N	2022.11.01 - 2023.10.31	Industrial waste disposal (waste liquid)	None
Industrial waste treatment contract	O	2022.11.01 - 2023.10.31	Industrial waste disposal (waste information product)	None
Industrial waste treatment contract	P	2022.12.01 - 2023.11.30	Industrial waste disposal (waste information product)	None
Purchase and sale agreement	Q	Starting from 2011.12.28	Sale of precious metals	None
Loan contract	R	2013.01.31 - 2027.09.18	Long-term secured loan	None
Loan contract	S	2022.12.23 - 2023.12.23	Short-term secured loan	None
Loan contract	T	2022.11.22 - 2023.11.22	Long-term secured loan	None
Loan contract	U	2022.11.30 - 2023.11.30	Short-term borrowings	None
Loan contract	V	2022.04.29 - 2023.04.29	Long-term secured loan	None
Loan contract	W	2021.12.29 - 2024.12.29	Long-term secured loan	None
Loan contract	X	2022.01.21 - 2029.01.21	Long-term secured loan	None

VI. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years and Name of CPAs and Audit Opinion

(I) Consolidated Condensed Balance Sheet

Unit: NT\$ thousand

Year Item		Financial information for the most recent five years (Note 1)					Financial information up to March 31, 2023 for the current year (Note 3)
		2018	2019	2020	2021	2022	
Current assets		1,040,186	892,920	856,903	775,754	767,329	727,695
Property, plant and equipment (Note 2)		2,038,699	1,927,007	1,908,962	1,922,259	1,937,342	1,931,482
Intangible assets		-	-	-	-	-	-
Other assets (Note 2)		48,176	106,551	116,135	164,309	164,498	311,323
Total assets		3,127,061	2,926,478	2,882,000	2,862,322	2,869,169	2,970,500
Current liabilities	Before distribution	822,228	689,565	835,195	787,560	897,400	805,631
	After distribution	822,228	689,565	835,195	787,560	Note 4	
Non-current liabilities		597,715	525,151	457,526	582,378	575,334	799,588
Total liabilities	Before distribution	1,419,943	1,214,716	1,292,721	1,369,938	1,472,734	1,605,219
	After distribution	1,419,943	1,214,716	1,292,721	1,369,938	Note 4	
Equity attributable to owners of the parent company		1,706,889	1,711,537	1,589,279	1,492,384	1,396,435	1,365,281
Share capital		1,032,082	1,032,082	1,032,082	1,032,082	1,032,082	1,032,082
Capital surplus		958,405	958,405	958,405	958,405	958,405	958,405
Retained earnings	Before distribution	(271,160)	(261,304)	(385,728)	(481,391)	(579,364)	(611,133)
	After distribution	(271,160)	(261,304)	(385,728)	(481,391)	(579,364)	(611,133)
Other equity interest		(12,438)	(17,646)	(15,702)	(16,712)	(14,688)	(14,073)
Treasury shares		-	-	-	-	-	-

Non-controlling interests		229	225	222	-	-	-
Total equity	Before distribution	1,707,118	1,711,762	1,589,279	1,492,384	1,396,435	1,365,281
	After distribution	1,707,118	1,711,762	1,589,279	1,492,384	1,396,435	1,365,281

Note 1: The financial data of the last five years has been audited by CPAs.

Note 2: The Company has not yet executed asset revaluation.

Note 3: The consolidated financial statements of March 31, 2023 has been audited by CPAs.

Note 4: On March 23, 2023, the board of directors of the Company approved the proposal for not distributing dividends, which has not yet been resolved by the shareholders' meeting.

(II) Consolidated Condensed Comprehensive Income Statement

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information up to March 31, 2023 for the current year (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	2,123,228	1,723,710	3,004,576	1,484,248	1,161,908	262,585
Gross profit (loss)	(45,265)	64,070	(33,974)	10,201	1,339	(414)
Operating (loss)	(157,951)	(35,923)	(130,057)	(86,351)	(99,554)	(29,133)
Non-operating revenue and (expense)	(116,978)	46,150	6,324	(12,036)	737	(2,636)
Net profit (loss) before tax	(274,929)	10,227	(123,733)	(98,387)	(98,817)	(31,769)
Net profit (loss) from continuing operations of the current period	(270,251)	10,186	(123,303)	(98,387)	(98,817)	(31,769)
Loss on discontinued operations	-	-	-	-	-	-
Net income (loss) for the current period	(270,251)	10,186	(123,303)	(98,387)	(98,817)	(31,769)
Other comprehensive income for the current period (net amount after tax)	(5,020)	(5,542)	820	1,710	2,868	615
Total comprehensive income (loss) of the current period	(275,271)	4,644	(122,483)	(96,677)	(95,949)	(31,154)
Net profit (loss) attributed to shareholders of the parent	(270,247)	10,191	(123,299)	(98,383)	(98,817)	(31,769)
Net income attributable to non-controlling interests	(4)	(5)	(4)	(4)	-	-
Total comprehensive income (loss) attributable to owners of the parent company	(275,267)	4,648	(122,480)	(96,673)	(95,949)	(31,154)
Total comprehensive income (loss) attributable to non-controlling Interests	(4)	(4)	(3)	(4)	-	-
Earnings (Loss) per share	(2.62)	0.10	(1.19)	(0.95)	(0.96)	(0.31)

Note 1: The financial data of the last five years has been audited by CPAs.

Note 2: The consolidated financial statements of March 31, 2023 has been audited by CPAs.

(III) Parent Company Only Condensed Balance Sheet

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>		Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		902,726	730,228	705,070	665,042	657,152
Property, plant and equipment (Note 2)		1,844,993	1,741,997	1,729,204	1,730,296	1,712,915
Intangible assets			-	-	-	-
Other assets		409,163	449,353	1,148,850	1,117,193	459,307
Total assets		3,156,882	2,921,578	2,878,054	2,847,489	2,829,374
Current liabilities	Before distribution	853,325	685,212	831,793	773,049	890,305
	After distribution	853,325	685,212	831,793	773,049	Note 3
Non-current liabilities		596,668	524,829	457,204	582,056	542,634
Total liabilities	Before distribution	1,449,993	1,210,041	1,288,997	1,355,105	1,432,939
	After distribution	1,449,993	1,210,041	1,288,997	1,355,105	Note 3
Share capital		1,032,082	1,032,082	1,032,082	1,032,082	1,032,082
Capital surplus		958,405	958,405	958,405	958,405	958,405
Retained earnings	Before distribution	(271,160)	(261,304)	(385,728)	(481,391)	(579,364)
	After distribution	(271,160)	(261,304)	(385,728)	(481,391)	Note 3
Other equity interest		(12,438)	(17,646)	(15,702)	(16,712)	(14,688)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	1,706,889	1,711,537	1,589,057	1,492,384	1,396,435
	After distribution	1,706,889	1,711,537	1,589,057	1,492,384	Note 3

Note 1: The financial data of the last five years has been audited by CPAs.

Note 2: The Company has not yet executed asset revaluation.

Note 3: On March 23, 2023, the board of directors of the Company approved the proposal for not distributing dividends, which has not yet been resolved by the shareholders' meeting.

(IV) Parent Company Only Condensed Comprehensive Income Statement

Unit: NT\$ thousand

Year Item	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	2,090,602	1,622,738	3,004,386	1,409,273	1,118,454
Gross profit	(45,522)	52,451	(37,736)	(12,459)	(717)
Operating profit or loss	(124,280)	(19,690)	(110,265)	(84,048)	(81,421)
Non-operating income and expense	(150,653)	29,913	(13,034)	(14,335)	(17,396)
Net income (loss) before income tax	(274,933)	10,223	(123,299)	(98,383)	(98,817)
Profit or loss of continuing operations	(270,247)	10,191	(123,299)	(98,383)	(98,817)
Loss on discontinued operations	-	-	-	-	-
Net income (loss) for the current period	(270,247)	10,191	(123,299)	(98,383)	(98,817)
Other comprehensive income of the current period	(5,020)	(5,543)	819	1,710	2,868
Total comprehensive income of the current period	(275,267)	4,648	(122,480)	(96,673)	(95,949)
Earnings per share	(2.62)	0.1	(1.19)	(0.95)	(0.96)

Note 1: The financial data of the last five years has been audited by CPAs.

(V) Names of CPAs and Audit Opinions for the Most Recent Five Years

Year	Name of Accounting Firm	Name of CPA	Opinion
2018	Ernst & Young Accounting Firm	Mao-I Hung, I-Hui Huang	Unqualified opinion
2019	Ernst & Young Accounting Firm	Mao-I Hung, Ching-Piao Cheng	Unqualified opinion
2020	Ernst & Young Accounting Firm	Mao-I Hung, Ching-Piao Cheng	Unqualified opinion
2021	Ernst & Young Accounting Firm	Mao-I Hung, Ching-Piao Cheng	Unqualified opinion

2022	Ernst & Young Accounting Firm	Mao-I Hung, Ching-Piao Cheng	Unqualified opinion
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II. Financial Analysis for the Most Recent Five Years

(I) Consolidated Financial Analysis

<div> <div>Year</div> <div>Analysis Item</div> </div>		Financial Analysis for the Most Recent Five Years					Up to March 31, 2023 for the current year (Note 5)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio	45.40	41.50	44.85	47.86	51.33	54.04
	Ratio of long-term capital to property, plant and equipment	113.05	117.79	103.35	104.19	97.61	107.55
Solvency %	Current ratio	126.50	129.49	102.60	98.5	85.51	90.33
	Quick ratio	36.87	48.01	25.86	32.71	34.91	33.70
	Interest coverage ratio	(15.41)	1.64	(7.52)	(6.03)	(3.91)	(3.34)
Operating performance	Accounts receivable turnover (times)	66.61	53.70	126.06	64.95	38.1	35.09
	Average cash collection days	5	7	3	6	10	10
	Inventory turnover (times)	2.21	2.30	4.72	2.41	2.26	2.10
	Accounts payable turnover (times) (Note 1)	62.17	162.28	291.47	46.70	24.21	17.7
	Average days in sales	165	159	77	151	162	174
	Property, plant, and equipment turnover	1.02	0.85	1.51	0.75	0.58	0.52
	Total assets turnover	0.64	0.56	1.03	0.52	0.41	0.36
Profitability	Return on assets (%) (Note 2)	(7.77)	0.75	(3.85)	(3.04)	(2.89)	(3.55)
	Return on equity (%) (Note 2)	(14.65)	0.59	(7.47)	(6.39)	(6.84)	(9.20)
	Net income before tax to paid-in capital ratio (%) (Note 2)	(26.63)	0.99	(11.99)	(9.53)	(9.57)	(3.08)
	Net profit margin (%) (Note 2)	(12.72)	0.59	(4.10)	(6.63)	(8.50)	(12.1)
	Earnings per share (NTS) (Note 2)	(2.62)	0.10	(1.19)	(0.95)	(0.96)	(0.31)
Cash flows	Cash flow ratio (%) (Note 3)	(0.03)	31.54	(14.38)	10.76	4.36	0.51
	Cash flow adequacy ratio (%)	12.72	65.32	30.98	188.50	82.09	81.81
	Cash reinvestment ratio (%) (Note 3)	(0.01)	8.21	(4.84)	3.40	1.61	0.16
Leverage	Operating leverage (Note 4)	0.60	(0.48)	0.60	0.38	(0.39)	0.87
	Financial leverage (Note 4)	0.90	0.69	0.90	0.86	1.25	0.80

Reasons for changes in financial ratios for the most recent two years. (If the change of increase/decrease is less than 20%, analysis may be exempted)

Note 1: Due to the inventory adjustment in 2022, the purchase volume decreased, and the ratio decreased.

Note 2: Due to the continuous loss in 2022, the profitability decreased.

Note 3: Due to the loss in 2022, the short-term borrowings increased, and the solvency decreased from last period.

Note 4: Mainly due to the operating loss of the main business in 2022.

Note 5: The consolidated financial information of March 31, 2023 has been audited by CPAs.

The calculation formulas for the financial analysis items are as follows:

1. Financial structure

- (1) Debt to total assets ratio = Total debt / Total assets.
- (2) Ratio of long-term capital to property, plant & equipment = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Pre-payment) / Current liabilities.
- (3) Interest earned ratio = Profit before income tax and interest expense / Interest expense.

3. Operating performance

- (1) Accounts receivable (include receivable amounts and receivable bills from operation) turnover = Net sales / Average accounts receivable in each period (include receivable amounts and receivable bills from operation) balance.
- (2) Average cash collection days = 365 / Accounts receivable turnover.
- (3) Inventory turnover = Sales cost / average inventory amount.
- (4) Accounts payable (include payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.
- (5) Average days in sales = 365 / Inventory turnover.
- (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
- (7) Total assets turnover = Net sales / Average total assets.

4. Profitability

- (1) Return on asset = [Earnings after tax + Interest expense × (1 - Interest rate)] / Average total assets.
- (2) Return on equity = After-tax profit and loss / Average total equity.
- (3) Net profit margin = After-tax profit and loss / Net sales.
- (4) Earnings per share = (Earnings of parent company owner - Preference dividends) / weighted average number of shares outstanding.

5. Cash flows

- (1) Cash flow adequacy ratio = Net cash flow from operating activities / Current liabilities
- (2) Net cash flow adequacy ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage:

- (1) Operating leverage = $(\text{Net sales} - \text{Variable cost}) / \text{Income from operations}$.
- (2) Financial leverage = $\text{Income from operations} / (\text{income from operations} - \text{Interest expense})$.

(II) Parent Company Only Financial Analysis

Year Analysis Item		Financial Analysis for the Most Recent Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	45.93	41.41	44.79	47.59	50.65
	Ratio of long-term capital to fixed assets	124.85	123.69	114.13	115.78	108.43
Solvency %	Current ratio	105.79	106.57	84.77	86.03	73.81
	Quick ratio	31.93	28.64	16.55	24.40	24.18
	Interest protection multiples (Note 1)	(14.96)	1.62	(7.30)	(6.09)	(4.04)
Operating performance	Accounts receivables turnover (times) (Note 2)	65.59	50.56	126.05	61.67	36.67
	Average cash collection days (Note 2)	6	7	3	6	10
	Inventory turnover (times)	2.44	2.42	5.23	2.59	2.30
	Accounts payable turnover (times) (Note 3)	62.66	162.28	301.96	45.89	23.80
	Average days in sales	150	151	70	141	159
	Property, plant and equipment turnover (times) (Note 2)	1.11	0.88	1.67	0.79	0.62
	Total assets turnover (times) (Note 2)	0.63	0.53	1.04	0.49	0.39
Profitability	Return on assets (%)	(7.68)	0.76	(3.84)	(3.05)	(2.93)
	Return on equity (%)	(14.65)	0.59	(7.47)	(6.39)	(6.84)
	Net income before tax to paid-in capital ratio (%)	(26.64)	0.99	(11.95)	(9.53)	(9.57)
	Net profit margin (%) (Note 2)	(12.93)	0.62	(4.10)	(6.98)	(8.84)
	Earnings per share (NT\$)	(2.62)	0.10	(1.19)	(0.95)	(0.96)
Cash flows	Cash flow ratio (%) (Note 4)	5.22	20.53	(6.89)	6.15	0.83
	Cash flow adequacy ratio (%) (Note 4)	12.30	49.78	38.16	314.76	111.18
	Cash reinvestment ratio (%) (Note 4)	1.27	5.42	(2.37)	1.95	0.32
Leverage	Operating leverage	0.62	(1.25)	0.59	0.44	0.35
	Financial leverage	0.88	0.54	0.88	0.86	0.81
Reasons for changes in financial ratios for the most recent two years. (If the change of increase/decrease is less than 20%, analysis may be exempted)						
Note 1: It was mainly due to the continuous loss in 2022 and the increase of loan interest rate, such that the change was greater.						
Note 2: It was mainly due to the decrease of net sales amount in 2022 by 21% from 2021, such that the ratio changed.						
Note 3: It was mainly due to the decrease of net sales cost in 2022 by 21% from 2021, such that the ratio changed.						
Note 4: It was mainly due to the decrease of cash flow from operating activities in 2022 decreased by 84%, such that the cash flow ratio/adequacy ratio and reinvestment ratio decreased.						

The calculation formulas for the financial analysis items are as follows:

1. Financial structure

- (1) Debt to total assets ratio = Total debt / Total assets.
- (2) Ratio of long-term capital to property, plant & equipment ratio = (net value of shareholders equity + long-term liabilities) / net value of fixed asset

2. Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Pre-payment) / Current liabilities.
- (3) Interest earned ratio = Profit before income tax and interest expense / Interest expense.

3. Operating performance

- (1) Accounts receivable (include receivable amounts and receivable bills from operation) turnover = Net sales / Average accounts receivable (include receivable amounts and receivable bills from operation) balance.
- (2) Average cash collection days = 365 / Accounts receivable turnover.
- (3) Inventory turnover = Sales cost / average inventory amount.
- (4) Accounts payable (payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable balance
- (5) Average days in sales = 365 / Inventory turnover.
- (6) Fixed asset turnover = net sales / average net value of fixed assets.
- (7) Total assets turnover = Net sales / Average total assets.

4. Profitability

- (1) Return on asset = [Earnings after tax + Interest expense × (1 - Interest rate)] / Average total assets.
- (2) Return on equity = after-tax profit and loss / average net equity.
- (3) Net profit margin = After-tax profit and loss / Net sales.
- (4) Earnings per share = (net profit after tax - special stock dividends) / weighted average number of issued shares.

5. Cash flows

- (1) Cash flow adequacy ratio = Net cash flow from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities - cash dividends) / (gross fixed assets + long-term investments + other assets + working capital).

6. Leverage

- (1) Operating leverage = (Net sales - Variable cost) / Income from operations

- (2) Financial leverage = Income from operations / (income from operations - Interest expense).

III. Supervisors' or Audit Committee's Review Report for Financial Statements of the Most Recent Year

Please refer to page 93 of this Annual Report.

IV. Financial Statements of the Most Recent Year

Please refer to pages 95~172 of this Annual Report.

V. Parent Company Only Financial Statements of the Company for the Most Recent Year Audited by CPAs

Please refer to pages 173~242 of this Annual Report.

VI. Any financial distress experienced by the company or its affiliated enterprises and impacts on the company's financial position in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

The Company and affiliated enterprises are not subject to any financial difficulties.

VII. Review and Analysis of Financial Status and Financial Performance and

Risk Management

I. Financial Status

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	2022	2021	Difference		Explanation
			Amount	%	
Current assets	767,329	775,754	(8,425)	(1.09)	Note 1
Non-current assets	2,101,840	2,086,568	15,272	0.73	
Total assets	2,869,169	2,862,322	6,847	0.24	
Current liabilities	897,400	787,560	109,840	13.95	
Non-current liabilities	575,334	582,378	(7,044)	(1.21)	
Total liabilities	1,472,734	1,369,938	102,796	7.50	
Share capital	1,032,082	1,032,082	0	0.00	
Capital surplus	958,405	958,405	0	0.00	
Retained earnings	(579,364)	(481,391)	(97,973)	20.35	
Other equity interest	(14,688)	(16,712)	2,024	(12.11)	
Treasury shares	-	-	-	-	
Non-controlling interests	-	-	-	-	
Total equity	1,396,435	1,492,384	(95,949)	(6.43)	
* Increase/decrease ratio change analysis explanation: Increase/decrease changes reaching 20% or above are analyzed.					
Note 1: It was mainly due to the loss before tax of the Company in 2022					

II. Financial Performance

(I) Financial performance analysis for the most recent two years

Unit: NT\$ thousand

Item	2022	2021	Amount of increase (decrease)	Change ratio (%)	Explanation
Operating revenue	1,161,908	1,484,248	(322,340)	(21.72)	Note 1
Operating cost	(1,160,569)	(1,474,047)	313,478	(21.27)	Note 1
Gross profit (loss)	1,339	10,201	(8,862)	(86.87)	Note 1
Operating expense	(100,893)	(96,552)	(4,341)	4.50	
Net operating profit (loss)	(99,554)	(86,351)	(13,203)	15.29	
Non-operating revenue and (expense)	737	(12,036)	12,773	(106.12)	Note 2
Profit (loss) before income tax	(98,817)	(98,387)	(430)	0.44	
Tax benefit (expense)	-	-	-	-	
Net income (loss) for this period	(98,817)	(98,387)	(430)	0.44	
Other comprehensive income for this period (net of tax)	2,868	1,710	1,158	67.72	Note 3
Total comprehensive income of the current period	(95,949)	(96,677)	728	(0.75)	

* Increase/decrease ratio change analysis explanation: Increase/decrease changes reaching 20% or above are analyzed.

Note 1: Due to the policy of destocking with reduction of purchase adopted by customers in the electronic industry in 2022, the sales of precious metal and industrial gold salt of the Company decreased, such that the operating cost reduced and the contribution to the gross profit also decreased.

Note 2: In 2021, due to (1) precious metal price fluctuation, the financial asset transaction resulted in a loss of NT\$5,705 thousand, and (2) foreign exchange loss was NT\$4,501 thousand. In addition, in 2022, (1) there was no financial asset transaction loss, (2) foreign exchange gain was NT\$6,984 thousand and (3) financial cost indicated an increase of expenditure of NT\$6,124 thousand from 2021.

Note 3: It was mainly due to that in 2022, (1) defined benefit program remeasurement of other comprehensive income decreased by NT\$1,876 thousand from 2021, and (2) exchange difference in the financial statement translation of the foreign operation increased by NT\$3,034 thousand.

(II) Expected sales quantity and basis thereof, and the possible impact on the future financial business of the Company and responsive plan: None.

III. Cash flows

(I) Liquidity analysis for the most recent two years

Year Item	2022	2021	Increase (decrease) ratio
Cash flow ratio (%)	4.36	10.76	-59.48%
Cash flow adequacy ratio (%)	82.09	188.49	-56.45%
Cash reinvestment ratio (%)	1.61	3.4	-52.65%

Analysis and explanation for change of ratio increase/decrease:

In 2022, the cash flow decreased, and the net cash inflow from operating activities in 2022 was NT\$39,106 thousand, and the current liabilities at the end of the period was NT\$897,400 thousand, such that the cash flow ratio decreased by 4.36%. The main reason for the difference between the cash flow from operating activities for the two periods was mainly due to the inventory and net cash inflow of prepayments in 2022 decreased by NT\$58,741 thousand from 2021. Furthermore, the current liabilities at the end of the period in 2022 increased by NT\$109,840 thousand, and the main reason was due to the increase of short-term borrowings.

(II) Cash liquidity analysis for the next year

Unit: NT\$ thousand

Cash balance at the beginning of the period①	Expected annual net cash flow from operating activities②	Expected annual cash outflows③	Expected cash surplus (deficit) amount ①+②-③	Remedial measures for expected cash flow deficit	
				Investment plan	Financial management plan
185,797	278,528	289,380	174,945	-	-

Analysis of cash flow change status:

- (1) Operating activities: It is planned to refine the platinum resin into platinum finished products for sale in order to increase the cash inflow and to reduce the precious metal inventory position.
- (2) Investing activities: It is planned to increase the external equity investment and to construct production and solar power generation equipment, resulting in cash outflow.
- (3) Financing activities: Repayment of long and short term bank loans.

IV. Impact of Significant Capital Expenditures in the Most Recent Year on the Financial and Operating Conditions of the Company

There were no major capital expenditures for the Company in the most recent year.

- V. Investment policy for the most recent year, main causes of profits or losses, improvement plans and investment plans for the next year

The Group focuses on the circular economy and is committed to the development of new environmental protection, new energy, new cooperation and new business model. In 2022, the Group and Pau Energy Storage Corp. engaged in joint venture to establish the Pau Hz Energy Corp. Its new construction of energy storage field has not yet been completed for operation, and it is expected to be completed during 2023 Q2 for business operation and profit generation. In addition, under the diverse operational development strategy, the Group will focus on the investment opportunities in green energy industry and semiconductor Industry. The actual investment plan in the future will depend on the market condition and business scale needs.

- VI. Analysis and Assessment on Risk Matters for the Most Recent Year and Up to the Printing date of the Annual Report

- (I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future countermeasures

1. Impact of interest rate change

The Company's capital planning adopts the stable and conservative principle, and the Company also periodically assesses the market interest rate, financial information change status, in order to adopt appropriate fund utilization action timely, in order to reduce the impact of increase of interest rate on the Company. The Company's short-term borrowings are for working capital adjustments, and the long-term capital refers to bank's long-term borrowings planning. In 2022, the net interest expense was NT\$20,117 thousand, accounted for 20.36% of the net loss before tax.

2. Impact of exchange rate change

Some of the Company's purchase and sales are collected and paid in foreign currency. With the foreign currency asset and liability offset effect, the impact of exchange rate change can be reduced. In 2022, the exchange gain was NT\$6,984 thousand, accounted for -7.07% of the net loss before tax.

In the future, the Company will obtain exchange rate related information at all time, and enhance the foreign exchange consultation and planning with banks to understand the exchange rate trend, thereby reducing the impact of exchange rate fluctuation on the profit of the Company.

3. Impact of inflation

As the Company's products are one of the subject matters against the inflation, when inflation occurs, the product price is also driven to increase. Accordingly, in a long term, inflation may have positive effect on the profit/loss of the Company.

- (II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss

as well as future countermeasures

The Company focuses on the development of its main business and does not engage in any other high risk and high leverage investments. The purpose of derivative trading (futures) is for hedging, and the operation is performed within the scope of the precious metal inventory amount in order to avoid the risk of precious metal market price fluctuation. In 2022, there was no derivative trading profit/loss amount.

(III) Future R&D plan and expected investment in R&D budget

Please refer to “2. Successfully developed technologies or products” and “3. Future R&D projects and expected investment in R&D budget” on page 60 of this Annual Report for details.

(IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the company and countermeasures

In recent years, the finance and business of the Company has not been affected by domestic and foreign important policies and regulatory changes. In the future, the Company will continue to maintain close contact and consultation with legal counsel and CPA retained by the Company, in order to monitor any impact of foreign and domestic important policies and regulatory changes on the finance and business of the Company and to propose responsive strategy planning.

(V) Impacts of changes in technology and industry on the financial business of the Company and countermeasures

For the industry of the Company, in the foreseeable future, the finance and business of the Company are not expected to be affected by technology changes and major changes of the industry.

(VI) Impacts of change of cooperate image on the cooperate crisis management and countermeasures

The corporate image of the Company is excellent, and there has been no major change causing corporate management crisis.

(VII) Expected benefit, possible risk and countermeasure for merger and acquisition

Presently, the Company has no merger and acquisition plan.

(VIII) Expected benefit, possible risk and countermeasure for expansion of facilities

The Company has completed the construction of Huanke Plant in April 2017. In addition to the increase of the production capacity, it also prepares for various environmental protection policies and products of circular economy related industries at the same time, in order to enhance the competitiveness of the Company and to reduce the Company's reliance on one single product, which is advantageous to the Company in the

diversification of the risk of international product price fluctuation. In addition, the construction fund adopts the long-term financing operation in order to reduce the capital cost and its effect on the earnings per share.

(IX) Risks faced during material incoming or sales concentration and responsive measures

For the purchase and sales status of the Company, please refer to page 73 of this Annual Report. Due to the characteristic of the industry and operation status, the Company maintains excellent business cooperation relationship with existing customers and also actively seeks other customers. In addition, the Company also seeks suppliers capable of providing 4N purity and large volume of gold.

(X) Impacts, risks and countermeasures of directors, supervisors or major shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the Company

The Company is not subject to any large transfer of equities executed by directors, supervisors or major shareholders with shareholding percentage exceeding 10%.

(XI) Impacts, risks and countermeasures of change in management rights:

The Company is not subject to any change of management rights.

(XII) For litigation or non-litigation cases indicating the Company and directors, supervisors, President, substantial responsible person, major shareholder with shareholding exceeding 10% of the Company and affiliates that are involved in major lawsuits with affirmative judgment or is pending in the court proceeding, non-litigation or administrative dispute cases with results capable of causing material impacts on the interests of shareholders or stock price, the dispute fact, claim amount, litigation starting date, primary litigation parties and handling status up to the printing date of the annual report shall be disclosed:

1. Litigation or non-contentious events

(1) Any affirmative ruling or any currently pending major litigation, non-contentious case or administrative dispute event, and the result thereof may have major impacts on the shareholders' rights or stock price; the relevant dispute facts, subject matter amount, litigation starting date, main parties involving in the litigation and the handling status in the most recent two years and up to the printing date of the annual report of the Company: None.

(2) Directors, supervisors, president, substantial responsible person, major shareholders with shareholding percentage exceeding 10% of the Company and affiliates receiving any affirmative ruling or being involved any currently pending litigation, non-contentious case or administrative dispute event, and the result thereof may have major impacts on the shareholders' rights or stock price; the relevant dispute facts, subject matter amount, litigation starting date, main parties involving in the litigation and the handling status in the most recent two years and

up to the printing date of annual report: None.

- (3) Directors, supervisors, managerial officers and major shareholders with shareholding percentage exceeding 10% of the Company being subject to the conditions described in Article 157 of the Securities and Exchange Act in the most recent two years and up to the printing date of the annual report and the current handling status of the Company: None.

2. Summary of any financial difficulty of Directors, supervisors, managerial officers and major shareholders with shareholding percentage exceeding 10% of the Company in the most recent two years and up to the printing date of the annual report. In case of any financial difficulty or loss of credit, its impact on the financial status of the Company shall be explained: None.

(XIII) Other significant risks and countermeasures

1. Information security risk

The Company's information security management policy, relevant education and training and response operation process are as follows:

- (1) Perform systematic integration management on server software and hardware such that timely supervision and control as well as issue reporting can be made, in order to allow personnel to handle such issues immediately, and backup system of high availability is provided.
- (2) System service and data access integrated account and authority control is implemented, and personnel data access is operated through hierarchy control mechanism.
- (3) All personal office computer equipment has been installed with anti-virus and USB access controls, in order to reduce data virus infection and spreading and the risk of malicious access of data.
- (4) The Company's network adopts the VPN architecture to isolate the internal and external network, and the firewall management mechanism is implemented, in order to reduce malicious intrusion actions of any third party.
- (5) The Company implements information security promotion and educational training for information equipment security management, in order to increase the internal personnel of the Company on the understanding of information security and information security risk prevention.
- (6) Information server rooms are implemented with personnel access and schedule control, which is also linked with the security mechanism, such that irrelevant personnel are prohibited from entering such areas.
- (7) The internal information personnel of the Company participate in the information security trainings and courses irregularly, in order to improve the information security related knowledge and technology applications.

2. Other risks: None.

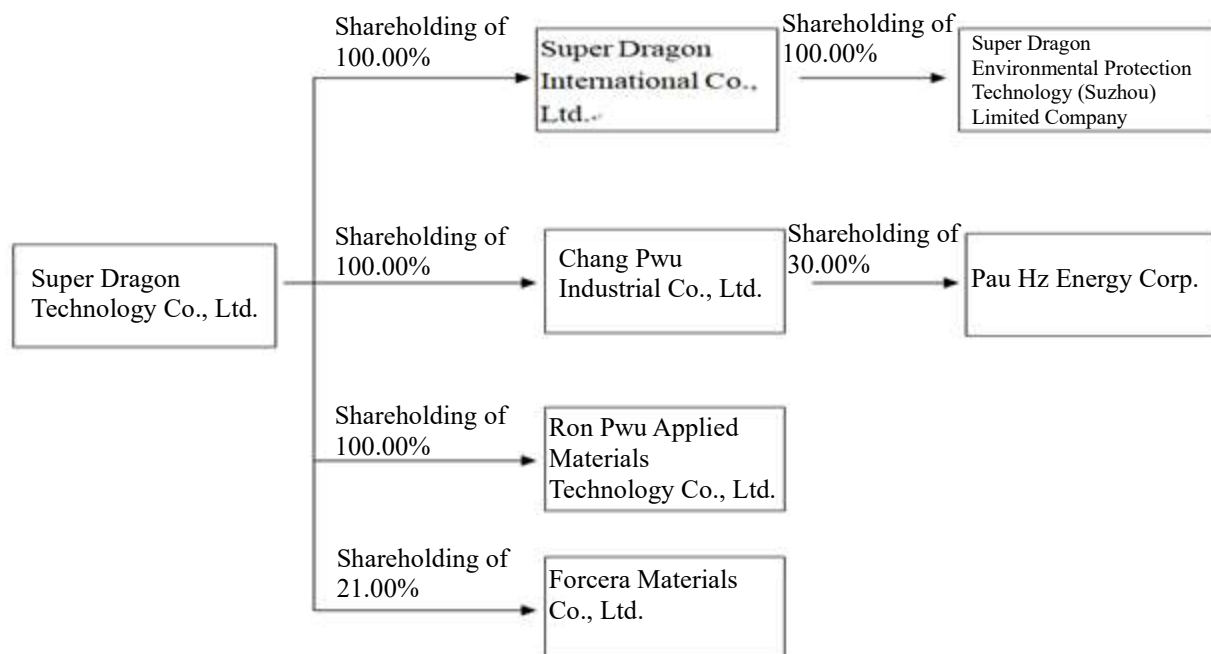
VII. Other important matters

No other important matters.

VIII. Special Disclosure

I. Affiliated Enterprises Related Information

(I) Affiliated Enterprise Organizational Chart



Note 1: The subsidiary of the Company, Chang Pwu Industrial Co., Ltd., established “Pau Hz Energy Corp.” with Pau Energy Storage Corp. through joint venture according to the resolution of the board of directors on January 5, 2022. The investment was NT\$15,000 thousand, and 30% of equity was acquired on May 18, 2022.

Note 2: The equity of Forcera Materials Co., Ltd. of 5,000,000 shares was acquired from non-related parties in January 2023 respectively. The investment amount was NT\$150,000 thousand and 21% of equity was acquired. In addition, expert was retained to perform equity valuation before the transaction and CPA was also retained to provide opinion on the reasonableness of the price.

(II) Affiliated enterprise basic information

Unit: NT\$ thousand/US\$

thousand

Enterprise name	Establishment Date	Address	Paid-in capital	Main business
Super Dragon International Co., Ltd.	2003.11.11	Rm 51, 5th Britannia House, Jalan Cator, Bandar Seri Begawan BS 8811, Brunei Darussalam	USD 9,205	Sales of environmental protection devices and mixed hardware waste
Super Dragon Environmental Protection Technology (Suzhou) Limited Company	2004.03.18	Suzhou Industrial Park Loufeng District	USD 10,000	Recycling, production, and sales of various business waste

Chang Pwu Industrial Co., Ltd.	1988.05.19	No.323, Huanke Rd., Neighborhood 1, Datan Vil., Guanyin Dist., Taoyuan City	NTD 180,000	Industrial waste and disposal treatment
Ron Pwu Applied Materials Technology Co., Ltd.	2009.12.08	No.323, Huanke Rd., Neighborhood 1, Datan Vil., Guanyin Dist., Taoyuan City	NTD 10,000	Industrial waste and disposal treatment
Pau Hz Energy Corp.	2022.05.18	8F, No. 463, Xingshan Rd., Neihu Dist., Taipei City	NTD 50,000	Electric power supply, electric transmission and power distribution machinery manufacturing
Forcera Materials Co., Ltd.	1997.09.11	No. 56, Changchun Rd., Neigh. 11, Chang'an Vil., Hukou Township, Hsinchu County	NTD 238,105	Manufacturing of semiconductor high purity consumables and parts

(III) Directors and President Information of Affiliated Enterprises

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding
Super Dragon International Co., Ltd.	Director	Yao-Hsun Wu	-	-
Super Dragon Environmental Protection Technology (Suzhou) Limited Company	Chairman	Yao-Hsun Wu	-	-
	Director	Chieh-Ping Wu	-	-
	Director	Chieh-Hsin Wu	-	-
	Supervisor	Heng-Ching Chien	-	-
Chang Pwu Industrial Co., Ltd.	Chairman	Representative of Super Dragon Technology Co., Ltd.: Yao-Hsun Wu	18,000,000	100.00%
	Director	Representative of Super Dragon Technology Co., Ltd.: Chieh-Hsin Wu		
	Director	Representative of Super Dragon Technology Co., Ltd.: Kang-Chi Chou		
	Supervisor	Li-Chiao Huang	-	-

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding
Ron Pwu Applied Materials Technology Co., Ltd.	Chairman	Representative of Super Dragon Technology Co., Ltd.: Chieh-Hsin Wu	1,000,000	100.00%
	Director	Representative of Super Dragon Technology Co., Ltd.: Yao-Hsun Wu		
	Director	Representative of Super Dragon Technology Co., Ltd.: Ming-Chu Lin		
	Supervisor	Representative of Super Dragon Technology Co., Ltd.: Ming-Yeh Yang		
Forcera Materials Co., Ltd.	Chairman	Chien-Yung Ma	658,295	3.00%
	Director	Representative of Solar Applied Materials Technology Corp.: Hua Chin	4,616,400	19.00%
	Director	Representative of Wah Lee Industrial Corp.: I-Wen Wang	2,102,476	9.00%
	Director	Representative of Taiwan Land Investment Co., Ltd.: Shih-Chun Ho	2,479,667	10.00%
	Director	Representative of Super Dragon Technology Co., Ltd.: Chieh-Hsin Wu	5,000,000	21.00%
	Supervisor	Pen-Chan Hung	-	-
	Supervisor	Chen-Chuan Lin	-	-
Pau Hz Energy Corp.	Chairman	Representative of Pau Energy Storage Corp.: Chung-Hao Tang	3,500,000	70.00%
	Director	Representative of Pau Energy Storage Corp.: Wei-Che Ting		
	Director	Representative of Chaung Pwu Industrial Co., Ltd.: Yao-Hsun Wu	1,500,000	30.00%
	Supervisor	Yu-Shan Tsai	-	-

(IV) Operation status of each affiliated enterprise

Unit: NT\$ thousand

Enterprise name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Current profit and loss (after tax)	Earnings per share (NT\$) (after tax)
Chang Pwu Industrial Co., Ltd.	180,000	179,988	12,064	167,924				
Super Dragon International Co., Ltd.	300,100	271,127	-	159,043				
Super Dragon Environmental Protection Technology (Suzhou) Limited Company	276,800	271,127	2,756	157,701				
Ron Pwu Applied Materials Technology Co., Ltd.	10,000	9,400	-	9,999				
Pau Hz Energy Corp.	231,185	15,000	519	14,481				
Forcera Materials Co., Ltd.	50,000	150,000	-	152,266				

(V) Affiliates inferred to have control and dominance-subordination relationship: None.

(VI) Businesses covered by the business operated by the overall affiliated enterprise and work allocation status

1. Business covered: Industrial waste disposal.
2. Work allocation status: Super Dragon Technology Co., Ltd. mainly handles the disposal, treatment and production of industrial raw materials; Chaung Pwu Industrial Co., Ltd. mainly handles the disposal of wastes; Super Dragon Environmental Protection (Suzhou) Co., Ltd. mainly handles disposal and treatment of wastes.

(VII) Consolidated Financial Statements of Affiliates: Please refer to pages 97~170 of this Annual Report.

II. Information on Private Placement of Securities

The Company has not executed private placement of securities.

III. Information on Share Ownership and Disposal of Shares of the Company by Subsidiaries

The Company has no subsidiaries holding or disposing shares of the Company.

IV. Additional Information Required to be Disclosed

The Company has no additional information required to be disclosed.

IX. Events having material impact on shareholders' rights and interests or

securities prices

For the most recent year and up to the printing date of the annual report, events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 2 of Article 36 of the Securities and Exchange Act: None.

Super Dragon Technology Co., Ltd. Audit Committee's Review Report

The Board of Directors has prepared the 2022 Business Report, financial statements, and the proposal for making up for losses, among which the financial statements were audited by Ernst & Young Accounting Firm, by whom an audit report was issued. We have reviewed the above business report, financial statements, and the proposal for making up for losses, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with related regulations in the Securities and Exchange Act and the Company Act. Please proceed to review it.

Super Dragon Technology Co., Ltd.

Convener of the Audit Committee:

Shih-Chun Ho

March 23, 2023

Representation Letter

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022, (January 1, 2022–December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports and Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises.

Declared by

Super Dragon Technology Co., Ltd.

Person-in-Charge: Chieh-Hsin Wu

March 23, 2023

Stock code: 9955

Super Dragon Technology Co., Ltd. and Its Subsidiaries
Consolidated Financial Statements and Independent Auditor's Report
For the Years Ended December 31, 2022 and 2021

Address: No.323, Huanke Rd., Guanyin Dist., Taoyuan City
Tel.: (03)473-6566

Consolidated Financial Statements
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Representation Letter

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022, (January 1, 2022–December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports and Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises.

Declared by

Super Dragon Technology Co., Ltd.

Person-in-Charge: Chieh-Hsin Wu

March 23, 2023

Independent Auditors' Report

Super Dragon Technology Co., Ltd. is hereby submitted for your review.

Audit opinion

The Consolidated Balance Sheets of Super Dragon Technology Co., Ltd. and its subsidiaries as of December 31, 2022 and December 31, 2021, and the Consolidated Comprehensive Profit and Loss Statement, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the periods from January 1 to December 31, 2022 and January 1 to December 31, 2021, And the Notes to the Consolidated Financial Statements (including the summary of significant accounting policies) have been verified by the Accountant.

In the opinion of the Accountant, the above Consolidated Financial Statements have been prepared in all material respects in accordance with Financial Reporting Standards for Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations and explanatory notices approved and issued in force by the Financial Regulatory Commission. It is sufficient to express the consolidated financial position of Super Dragon Technology Co., Ltd. and its subsidiaries as of December 31, 2022 and December 31, 2021, and the consolidated financial performance and consolidated cash flows of Super Dragon Technology Co., Ltd. from January 1 to December 31, 2022 and January 1 to December 31, 2021.

Basis of Audit Opinion

The Accountant perform the audit work in accordance with Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Audit Standard. The responsibilities of the Accountant under these standards will be further explained in the section of the accountant's responsibilities for checking the financial statements. In accordance with the professional ethics code of accountants, the staff of the firm to which the Accountant belongs has maintained independence from Super Dragon Technology Co., Ltd. and its subsidiaries, and fulfilled other responsibilities under the code. The Accountant believes that sufficient and appropriate audit evidence has been obtained to form a basis for the audit opinion.

Key audit items

Key audit items refer to the items that are the most important in the audit of the 2022 Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and its subsidiaries in accordance with the professional judgment of the accountant. Such matters have been taken into account in the audit of the consolidated financial statements as a whole and in the formation of the examination opinion, and the Accountant does not express an opinion on such matters alone.

Recognition of revenue

The operating income of Super Dragon Technology Co., Ltd. and its subsidiaries in 2022 is NT \$1,161,908,000, which is material to the Consolidated Financial Statements. Due to the complexity and particularity of the transaction of the environmental protection industry operated by the Group and its sales locations including Taiwan, Hong Kong and other multinational markets, As a result, the time and amount of sales revenue recognition are significantly risky, so the accountant decides to list revenue recognition as its key audit item. The audit procedures of the Accountant include (but are not limited to) understanding various sales models, evaluating the reasonability of accounting policies for revenue recognition related to performance obligations under each model, including reviewing the transaction conditions of the parties, testing the effectiveness of internal controls related to the time point of revenue recognition of performance obligations in the sales cycle, and performing detailed tests on selected samples of sales details, including checking the original orders or sales contracts of major customers and other sales documents, reviewing the transaction conditions and confirming whether the revenue recognition time of each performance obligation is consistent with the performance obligations and satisfaction time set forth in the contract or order, and performing the verification procedures such as sales revenue cut-off test and significant sales return and discount after the review period for a period of time before and after the balance sheet date. The accountant also considers the appropriateness of the disclosure of operating income in Notes 4 and 6 to the Consolidated Financial Statements.

Valuation of inventories

The net inventory of Super Dragon Technology Co., Ltd. and its subsidiaries as of December 31, 2022 was NT\$447,366,000, accounting for 16% of the total assets, which is material to the Consolidated Financial Statements. As most of the inventories are gold, platinum and silver, in addition to the complex management of asset preservation and the need for close control, these precious metals are vulnerable to frequent and large price changes in the international market, and their inventory storage patterns are also diversified. These factors affect the complexity of the calculation of net realization and involved management personnel's judgement. Therefore, the Accountant has determined that valuation of inventory is a key audit item. The audit procedures of

the accountant include (but are not limited to) the execution of the evaluation of the inventory plan of the management level, the selection of major inventory items to test the effective implementation of its internal control and the confirmation of inventory quantity and status. Select samples to test and evaluate the net realized value estimated by management personnel for valuation of inventory (including the determination of inventory quantity in process), etc. The accountant also considers the appropriateness of the disclosure of inventory in Notes 5 and 6 to the Consolidated Financial Statements.

Responsibilities of management personnel and governance unit for Consolidated Financial Statements

It is the responsibility of management personnel to prepare Consolidated Financial Statements as may be expressed in accordance with the financial reporting standards of securities issuers and international Financial Reporting Standards, International Accounting Standards, interpretations and explanatory notices approved and issued by the Financial Supervisory Commission, and to maintain the necessary internal control related to the preparation of Consolidated Financial Statements. To ensure that the Consolidated Financial Statements are free from material misrepresentation due to fraud or error.

In preparing the consolidated financial statements, management's responsibility also includes evaluating the ability of Super Dragon Technology Co., Ltd. and its subsidiaries to continue as a going concern, disclosure of related matters, and adoption of a going concern accounting basis, unless management intends to liquidate Super Dragon Technology Co., Ltd. and its subsidiaries or cease business, or no practicable alternative other than liquidation or suspension of business.

The governance unit of Super Dragon Technology Co., Ltd. and its subsidiaries should be responsible for supervising the process of financial reporting.

Accountant's responsibilities of auditing the Consolidated Financial Statements

The purpose of Accountant's audit of the Consolidated Financial Statement is to obtain reasonable assurance as to whether the Consolidated Financial Statement as a whole certain material misrepresentations due to fraud or error, and to issue a verification report. Reasonable assurance is a high degree of assurance, but there is no guarantee that an audit conducted in accordance with the audit standards will detect a material misrepresentation in the consolidated financial statements. Misrepresentation may lead to fraud or error. Misrepresentations of individual amounts or aggregate amounts are considered material if they can reasonably be expected to affect economic decisions

made by users of the Consolidated Financial Statements.

The Accountant uses professional judgement and professional skepticism when auditing in accordance with Auditing Standards. The Accountant also performs the following duties:

1. Identify and assess the risk of material misrepresentation due to fraud or error in the Consolidated Financial Statements; Design and implement appropriate responses to the risks assessed; And obtain sufficient and appropriate audit evidence to form a basis for the audit opinion. Because fraud may involve collusion, forgery, willful omission, misrepresentation, or overstepping internal controls, the risk of failing to detect material misrepresentation due to fraud is higher than that due to error.
2. Obtain the necessary understanding of the internal controls relevant to the audit in order to design audit procedures appropriate for the circumstances, provided that the purpose is not to express an opinion on the effectiveness of the internal controls of Super Dragon Technology Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of the accounting policies, and the reasonability of accounting estimate and related disclosure which the management personnel adopted.
4. According to the obtained audit evidence, conclude the appropriateness of management personnel's adoption of the accounting basis for a going concern, and conclude the events or conditions whether there is a material uncertainty about the ability of Super Dragon Technology Co., Ltd. and its subsidiaries to continue as a going concern. In the opinion of the Accountant, if there is material uncertainty of the event and condition, I should alert users of the Consolidated Financial Statements to the relevant disclosure of Consolidated Financial Statements in the audit report or amend the audit opinion if such disclosure is inappropriate. The conclusions of the Accountant is based on the audit evidence available as of audit report date. However, future events or conditions may cause Super Dragon Technology Co., Ltd. and its subsidiaries to no longer be able to continue as a going concern.
5. Evaluate whether the related transaction and events in the overall expression, structure and content of Consolidated Financial Statements (including related Notes), and Consolidated Financial Statements are expressed appropriately.
6. Obtain the adequate and appropriate audit evidence of the consolidated financial information to issue the opinions about the Consolidated Financial Statements. The accountant is responsible for the guidance, supervision and execution of group audit cases, and the formation of group audit opinions.

The matters communicated by the accountant with the governing unit include the planned scope and timing of the audit and significant audit findings (including significant lack of internal control identified during the audit).

The accountant also provides the governing unit with a statement that the personnel of the accounting firm subject to the independence code have complied with the Independence Code of Professional Ethics for Accountants, and communicates with the governing body all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of accountants.

Based on the matters communicated with the governance unit, the Accountant decides the key matters for the audit of the 2011 consolidated financial statements of Super Dragon Technology Co., Ltd and its subsidiaries. The Accountant states such matters in the audit report, unless public disclosure of a particular matter is prohibited by statute, or in very rare circumstances, the Accountant decides not to communicate a particular matter in the audit report because it can reasonably be expected that the negative impact of such communication will outweigh the public interest enhanced.

Others

Super Dragon Technology Co., Ltd. has prepared the Parent Company Only Financial Reports of 2022 and 2021, and the accountant has issued the unqualified opinion audit report for reference.

Ernst & Young Accounting Firm

The competent authority approve the public issuance of
the Company's financial reports

Audit Document No.: (2014) Jin Guan Zheng Shen Zi
No. 1030025503

(1998) Tai Cai Zheng (VI) No. 65315

Ching-Piao, Cheng

Certified Public Accountant:

Mao-I, Hung

March 23, 2023

Super Dragon Technology Co., Ltd. and Its Subsidiaries
Consolidated balance sheet
December 31, 2022 and 2021
(Unit: NT\$ thousand)

Assets			December 31, 2022		December 31, 2021	
Code	Accounting title	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6.1	\$185,797	6	\$136,404	5
1136	Financial assets at amortized cost	4, 6.4, and 8	87,314	3	86,274	3
1150	Notes receivable, net	4 and 6.5	-	-	1,262	-
1170	Accounts receivable, net	4 and 6.6	29,907	1	29,824	1
1200	Other receivables		7,282	-	190	-
1310	Inventory, net	4 and 6.7	447,366	16	473,161	17
1410	Prepayments		6,649	-	44,953	2
1470	Other current assets		3,014	-	3,686	-
11xx	Total current assets		767,329	26	775,754	28
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income	4 and 6.3	9,333	-	3,333	-
1513	Financial assets at amortized cost	4, 6.4, and 8	588	-	-	-
1550	Investments using the equity method	4 and 6.8	14,684	1	-	-
1600	Property, plant and equipment	4, 6.9, and 8	1,937,342	68	1,922,259	67
1755	Right-of-use assets	4, 6.22, and 7	23,523	1	7,591	-
1760	Investment Property	4, 6.10, and 8	59,269	2	61,474	2
1840	Deferred tax assets	4 and 6.26	22,038	1	22,056	1
1900	Other non-current assets	6.11 and 8	35,063	1	69,855	2
15xx	Total non-current assets		2,101,840	74	2,086,568	72
1xxx	Total assets		\$2,869,169	\$100	\$2,862,322	100

(See notes to consolidated financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd. and Its Subsidiaries
Consolidated Balance Sheet (continued)
December 31, 2022 and 2021
(Unit: NT\$ thousand)

Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Accounting title	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4, 6.12, and 8	\$720,000	25	\$611,973	21
2150	Notes payable		17,320	1	14,235	-
2170	Accounts payable		29,196	1	35,118	1
2200	Other payables	4 and 6.13	42,804	2	46,733	2
2280	Lease liabilities	4 and 6.22	5,743	-	-	-
2300	Other current liabilities	4 and 6.14	5,648	-	5,886	-
2320	Long-term borrowings due within one year or one business cycle	6.17	76,689	3	73,615	3
21xx	Total current liabilities		897,400	32	787,560	27
	Non-current liabilities					
2540	Long-term borrowings	6.17 and 8	526,267	18	559,673	20
2570	Deferred tax liabilities	4 and 6.26	5,753	-	5,265	-
2580	Lease liabilities	4 and 6.22	9,460	-	-	-
2600	Other non-current liabilities	4, 6.15, and 6.16	33,854	1	17,440	1
25xx	Total non-current liabilities		575,334	19	582,378	21
2xxx	Total liabilities		1,472,734	51	1,369,938	48
31xx	Equity attributable to owners of the parent company					
3100	Share capital	6.19				
3110	Common shares		1,032,082	36	1,032,082	36
3200	Capital surplus	6.19	958,405	34	958,405	33
3300	Retained earnings	6.19				
3350	Undistributed earnings (deficit to be offset)		(579,364)	(20)	(481,391)	(17)
3400	Other equity interest		(14,688)	(1)	(16,712)	-
3xxx	Total equity		1,396,435	49	1,492,384	52
	Total liabilities and equity		\$2,869,169	100	\$2,862,322	100

(See notes to consolidated financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd. and Its Subsidiaries
Consolidated Statement of Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(Unit: NT\$ thousand, except for earnings per share)

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	4 and 6.20	\$1,161,908	100	\$1,484,248	100
5000	Operating cost		(1,160,569)	(100)	(1,474,047)	(99)
5900	Gross profit (loss)		1,339	-	10,201	1
6000	Operating expense					
6100	Selling expense		(5,507)	-	(4,697)	-
6200	Administrative expenses		(92,962)	(8)	(88,225)	(6)
6300	Research and development expenses		(2,424)	-	(4,285)	-
6450	Expected credit impairment (loss) gain		-	-	655	-
	Total operating expenses	4 and 6.21	(100,893)	(8)	(96,552)	(6)
6900	Operating loss		(99,554)	(8)	(86,351)	(5)
7000	Non-operating income and expenses					
7010	Other income	6.24	16,873	2	14,398	1
7020	Other gains and losses	6.24 and 10	4,297	-	(12,441)	(1)
7050	Financial costs	6.24	(20,117)	(2)	(13,993)	(1)
7070	Share of profit or loss of associates or joint ventures recognized using the equity method		(316)	-	-	-
	Total non-operating income and expenses		737	-	(12,036)	(1)
7900	Net profit (loss) before tax		(98,817)	(8)	(98,387)	(6)
7950	Income tax benefit (expense)	4 and 6.26	-	-	-	-
8200	Net income (loss) for this period		(98,817)	(8)	(98,387)	(6)
8300	Other comprehensive income	6.25				
8310	Items not reclassified to profit or loss					
8311	Remeasurement of the defined benefit plan		844	-	2,720	-
8360	Items that may be subsequently reclassified to profit or loss					
8361	Exchange differences arising from the translation of the financial statements of foreign operations		2,530	-	(1,262)	-
8399	Income taxes related to components of other comprehensive income		(506)	-	252	-
	Other comprehensive income for this period (net of tax)		2,868	-	1,710	-
8500	Total comprehensive income of the current period		\$ (95,949)	(8)	\$ (96,677)	(6)
8600	Net income (loss) attributable to:					
8610	Owners of the parent company		\$ (98,817)	(8)	\$ (98,383)	(6)
8620	Non-controlling interests		-	-	(4)	-
	Total comprehensive income attributable to:		\$ (98,817)	(8)	\$ (98,387)	(6)
8700	Owners of the parent company		\$ (95,949)	(8)	\$ (96,673)	(6)
8710	Non-controlling interests		-	-	(4)	-
8720			\$ (95,949)	(8)	\$ (96,677)	(6)
9750	Basic earnings (losses) per share (NTD)	6.27	\$ (0.96)		\$ (0.95)	
9850	Diluted earnings (losses) per share (NTD)	6.27	\$ (0.96)		\$ (0.95)	

(See notes to consolidated financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd. and Its Subsidiaries

Statement of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Unit: NT\$ thousand)

	Item	Equity attributable to owners of the parent company					controlling int	Total equity
		Share capital	Capital surplus	Retained earnings (deficit to be offset)	Other equity items differences arising from the translation of	Total		
Code		3100	3200	3350	3410	31XX	36XX	3XXX
A1	Balance on January 1, 2021	\$1,032,082	\$958,405	\$(385,728)	\$(15,702)	\$1,589,057	\$222	\$1,589,279
D1	Net loss for 2021			(98,383)		(98,383)	(4)	(98,387)
D3	Other comprehensive income for 2021			2,720	(1,010)	1,710		1,710
M7	Changes in ownership interests in subsidiaries						(218)	(218)
Z1	Balance on December 31, 2021	1,032,082	958,405	(481,391)	(16,712)	1,492,384	-	1,492,384
D1	Net loss for 2022			(98,817)		(98,817)		(98,817)
D3	Other comprehensive income for 2022			844	2,024	2,868		2,868
Z1	Balance on December 31, 2022	<u>\$1,032,082</u>	<u>\$958,405</u>	<u>\$(579,364)</u>	<u>\$(14,688)</u>	<u>\$1,396,435</u>	<u>\$-</u>	<u>\$1,396,435</u>

(See notes to consolidated financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd. and Its Subsidiaries

Cash Flow Statement

For the Years Ended December 31, 2022 and 2021

(Unit: NT\$ thousand)

Code	Item	2022	2021	Code	Item	2022	2021
AAAA	Cash flow of operating activities:			BBBB	Cash flow of investing activities:		
A10000	Net loss before tax	\$ (98,817)	\$ (98,387)	B00010	Acquisition of financial assets at fair value through other comprehensive income	(6,000)	-
A20000	Adjustments:			B00060	Decrease (increase) in financial assets at amortized cost	(1,628)	(57,374)
A20010	Income or expenses that do not affect cash flows:			B01800	Acquisition of investments using the equity method	(15,000)	-
A20100	Depreciation expenses (including investment property and right-of-use assets)	60,528		B02200	Acquisition of subsidiaries (net of cash acquired)	-	(218)
A20300	Expected credit impairment (gain) loss	-	(655)	B02700	Acquisition of property, plant and equipment	(39,960)	(99,514)
A20400	Financial assets at fair value through profit or loss and net loss (gain) from liabilities	-	5,705	B02800	Disposal of property, plant and equipment	47	-
A20900	Interest expense	20,117	13,993	B03800	Decrease (increase) in guarantee deposits paid	(3,860)	(8,740)
A21200	Interest income	(1,886)	(595)	BBBB	Net cash inflows (outflows) from investing activities	(66,401)	(165,846)
A21300	Dividend income	(277)	(265)				
A22300	Share of loss (profit) of associates or joint ventures recognized using the equity method	316	-	CCCC	Cash flow of financing activities:		
A22500	Gain on disposal of property, plant and equipment	(47)	-	C00100	(Repayment of) short-term borrowings	108,027	(78,027)
A29900	Government grants	(207)	(208)	C01600	Long-term borrowings	82,580	210,000
A30000	Changes in assets/liabilities related to operating activities:			C01700	Repayment of long-term borrowings	(112,912)	(73,615)
A31110	Decrease (increase) in financial assets held for trading	-	(4,678)	C03000	Increase (decrease) in guarantee deposits received	-	(4,000)
A31130	Decrease (increase) in notes receivable	1,262	(1,173)	C04020	Repayment of lease principal	(2,595)	-
A31150	Decrease (increase) in accounts receivable	(83)	(15,296)	CCCC	Net cash inflows (outflows) from financing activities	75,100	54,358
A31180	Decrease (increase) in other receivables	(118)	367				
A31200	Decrease (increase) in inventory, net	25,795	164,272	DDDD	Effects of changes in exchange rates	1,588	(866)
A31230	Decrease (increase) in prepayments	38,304	(41,432)	EEEE	Increase (decrease) in cash and cash equivalents during this period	49,393	(27,634)
A31240	Decrease (increase) in other current assets	672	3,668	E00100	Opening balance of cash and cash equivalents	136,404	164,038
A32130	Increase (decrease) in notes payable	3,085	7,821	E00200	Ending balance of cash and cash equivalents	\$185,797	\$136,404
A32150	Increase (decrease) in accounts payable	(5,922)	27,761				
A32180	Increase (decrease) in other payables	(3,256)	1,678				
A32230	Increase (decrease) in other current liabilities	(238)	(7,541)				
A32240	Increase (decrease) in net defined benefit liability	7,765	(10,892)				
A32250	Increase (decrease) in deferred credits	9,700	-				
A33000	Cash inflows (outflows) from operations	56,693	97,742				
A33100	Interest received	1,886	595				
A33200	Dividends received	277	265				
A33300	Interest paid	(19,903)	(13,993)				
A33500	Income taxes paid	153	111				
AAAA	Net cash inflows (outflows) from operating activities	39,106	84,720				

(See notes to consolidated financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Super Dragon Technology Co., Ltd. (hereinafter referred to as “the Company”) was approved to be incorporated and registered on December 25, 1996. The original registered company name was "Super Dragon Engineering Co., Ltd." and then renamed “Super Dragon Technology Co., Ltd.” on December 2, 1999. The main business scope includes the collection and treatment of business waste (including general and hazardous) and the trading of copper, lead, zinc, iron, tin, aluminum, gold-plated, silver-plated, and palladium-plated materials, as well as single precious metals (gold, silver, and palladium). The Company's stock has been traded on Taipei Exchange since December 30, 2003 and on Taiwan Stock Exchange since January 21, 2008. Its registered business is located at No.323, Huanke Rd., Datan Vil., Guanyin Dist., Taoyuan City. The main operating sites are located at No. 12, Ronggong South Rd., Caoluo Vil., Guanyin Dist., Taoyuan City and No. 323, Huanke Rd., Datan Vil., Guanyin Dist., Taoyuan City.

II. Approval Date and Procedures of the Consolidated Financial Statements

The 2022 and 2021 consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the “Group”) were released after being approved by the Board of Directors on March 23, 2023.

III. Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies due to the initial application of the IFRSs:

The Group has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations ("IFRSs") that have been endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2022, and the initial application of the newly issued and amended standards and interpretations caused no material impact on the Group.

2. The new or amended IFRSs published by IASB and endorsed by the FSC not yet adopted by the Group:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
2	Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
3	Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

(1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The disclosure of accounting policies to provide more useful information to investors and other major users of financial statements was improved in the amendments.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

Accounting estimates are directly defined, and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” was further amended to help an enterprise distinguish between changes in accounting policies and changes in accounting estimates.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The scope of deferred tax recognition exemption under paragraphs 15 and 24 of IAS 12 "Income Tax" was narrowed so that the exemption does not apply to transactions that result in the same amounts of taxable and deductible temporary differences upon initial recognition.

The Group evaluated the above new, revised, and amended standards and interpretations that have been published by the IASB and endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2023 and determined that they did not cause any material impact on the Group.

3. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Group:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its	To be determined by the IASB

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
	Associate or Joint Venture	
2	IFRS 17 Insurance Contracts	January 1, 2023
3	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
4	Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
5	Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments aim to address the inconsistency regarding the loss of control due to the investment in an associate or a joint venture through a subsidiary between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 28 stipulates that when non-monetary assets are invested in exchange for the equity in an associate or a joint venture, the share of the resulting profit or loss shall be eliminated as the treatment method adopted for downstream transactions. IFRS 10 stipulates that the total gain or loss upon loss of control over a subsidiary shall be recognized. The amendments restrict the above requirements of IAS 28: when assets that constitute a business as defined in IFRS 3 are sold or purchased, the total resulting gain or loss shall be recognized.

In the amendments, IFRS 10 was amended so that when an investor sells or invests in a subsidiary (associate or joint venture) that does not constitute a business as defined by IFRS 3, only the profit or loss arising therefrom within the scope not belonging to the investor shall be recognized.

(2) IFRS 17 Insurance Contracts

This standard provides a comprehensive model of insurance contracts, including all accounting-related elements (recognition, measurement, presentation, and disclosure principles). The core of the standard is a regular model. Under this model, during the initial recognition, the group of insurance contracts are measured at the aggregate amount of fulfillment cash flows and contractual service margins. The carrying amount at the end of

each reporting period is the sum of the liabilities for the remaining coverage and the liabilities for incurred claims.

In addition to the regular model, it also provides a specific applicable method for contracts with direct participation features (variable fee approach and a simplified method for short-term contracts) (premium allocation approach).

After this standard was published in May 2017, the amendments were published in 2020 and 2021. In these amendments, the effective date in the transitional provisions will be postponed for two years (that is, from January 1, 2021 postponed through January 1, 2023) with additional exemptions provided, while some regulations are simplified to reduce the cost of adopting this standard, and some regulations are amended to make some scenarios easier to interpret. After this standard becomes effective, it will supersede the transitional provisions (i.e. IFRS 4 “Insurance Contracts”).

(3) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1 “Classification of Liabilities as Current or Non-current” was amended.

(4) Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

The amendments are to improve the consistent application of the standard by adding additional accounting treatment for IFRS 16 "Leases" in the seller and lessee's sales and leaseback.

(5) Amendments to IAS 1 “Non-current Liabilities with Covenants”

The amendments are to enhance the information on long-term liability contracts provided enterprises. It clarifies that the contractual agreement to be followed within 12 months after the end of the reporting period does not affect the classification of such liabilities as current or non-current at the end of the reporting period.

The date of applying the above standards or interpretations that have been published by the IASB but have not yet been endorsed by the FSC shall be subject to the decisions made by the FSC. As per the Group's assessment, the above new or revised standards or interpretations did not impose a significant impact on the Group.

IV. Summary of Significant Accounting Policies

1. Statement of compliance

The Group's financial statements for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments at fair value. The consolidated financial statements are presented in thousands of NT dollars (NTD), unless otherwise specified.

3. Overview of consolidation

Basis for preparation of consolidated financial statements

When the Company is exposed to variable returns from participation in the entity or has rights to said variable returns, and has the ability to affect such returns through its power over the entity, the Company controls the entity. In particular, the Company controls an investee only when it has the following three elements at the same time:

- (1) Power over an investee (i.e., existing rights that give the current ability to direct the relevant activities);
- (2) Exposed or rights to variable returns from its involvement with an investee; and
- (3) Ability to use that power to affect its number of variable returns.

When the Company directly or indirectly holds less than a majority of an investee's voting rights or similar rights, the Company considers all relevant facts and situations to assess whether it has power over the investee, including:

- (1) Contractual agreements with other holders of voting rights in the investee;
- (2) Rights arising from other contractual agreements;
- (3) Voting rights and potential voting rights.

When the facts and situations indicate that one or more of the three elements are changed, the Company reassesses whether it still has control over the investee.

Each subsidiary is included in the consolidated financial statements from the date of acquisition (i.e., the date when the Group gains control) till the date when the Group lost its control over the subsidiary. The accounting period and policies of each subsidiary's financial statements are consistent with those of the parent company. All intra-group account balances, transactions, unrealized gains and losses arising from intra-group transactions and dividends were all eliminated.

Changes in the shareholding in a subsidiary are treated as an equity transaction if the control over the subsidiary is not lost.

Subsidiaries' total comprehensive income is attributable to the owners of the Company and the non-controlling interests, even if it results in losses for non-controlling interests.

If the Group loses control over a subsidiary, then

- (1) The subsidiary's assets (including goodwill) and liabilities are de-recognized;
- (2) The carrying amounts of all non-controlling interests are de-recognized;
- (3) The fair value of the acquisition consideration is recognized;
- (4) The fair value of any investment retained is recognized;
- (5) Any gain or loss is recognized as current profit or loss;
- (6) The amounts of the items recognized in other comprehensive income before reclassification to the parent company is recognized in current profit or loss.

The entities in the consolidated financial statements are as follows:

Name of Investor	Name of subsidiary	Main business	Ownership (%)	
			2022.12.31	2021.12.31
The Company	Chang Pwu Industrial Co., Ltd.	Collection of (general and hazardous) business waste	100.00%	100.00% (Note)
The Company	Ron Pwu Applied Materials Technology Co., Ltd.	Manufacturing, wholesale, and retail of chemicals and wholesale of recycled materials	100.00%	100.00%
The Company	Super Dragon International Co., Ltd.	Sales of environmental protection devices and mixed hardware waste	100.00%	100.00%

Super Dragon International Co., Ltd.	Super Dragon Environmental Protection Technology (Suzhou) Limited Company	Recycling, production, and sales of various business waste	100.00%	100.00%
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Note: The Company repurchased 0.13% of shares in Chang Pwu Industrial Co., Ltd. at a price of NT\$218 thousand on May 18, 2021.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NTD, the Company's functional currency. Each entity within the Group determines its own functional currency and measures its financial statements in the functional currency accordingly.

Transactions in currencies other than an entity's functional currency (i.e. foreign currencies) are recognized at the exchange rates prevailing on the transaction dates. On each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate prevailing on that date. Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on that date when the fair value is measured. Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rates prevailing on the initial transaction dates.

Except as stated below, exchange differences arising from settlement or translation of monetary items are recognized in profit or loss for the period in which they occur.

- (1) Regarding foreign-currency borrowings incurred to acquire an eligible asset, if the resulting exchange difference is regarded as an adjustment to interest costs, it is part of the borrowing cost and is capitalized as the cost of the asset.
- (2) Foreign-currency items to which IFRS 9 "Financial Instruments" applies are handled in accordance with the accounting policies for financial instruments.
- (3) Regarding monetary items that form part of a reportable entity's net investment in foreign operations, exchange differences arising therefrom are initially recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed of.

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

5. Translation of foreign currency financial statements

When the consolidated financial statements were prepared, the assets and liabilities of the foreign operations were translated into NTD at the closing exchange rate on the balance sheet date. Income and expense items were translated at the average exchange rates for the period. Any exchange differences arising from translation were recognized in other comprehensive income. When the foreign operations were disposed of, the cumulative exchange differences were previously been recognized in other comprehensive income as an independent component under equity was reclassified from equity to profit or loss when the gains or losses on disposal were recognized. Regarding the partial disposal of a subsidiary with foreign operations (over which the control is lost) and the partial disposal of an interest in an associate or a joint arrangement with foreign operations, where the retained interest is a financial asset with foreign operations included, it is also treated as disposal.

Regarding the partial disposal of a subsidiary with foreign operations (over which the control is not lost), the cumulative exchange difference recognized in other comprehensive income is re-attributed to the non-controlling interests of the foreign operations in proportion and is not recognized in profit or loss. The partial disposal of an associate or a jointly controlled entity with foreign operations (over which the significant influence or joint control is not lost), when part of the disposal includes associates of foreign operating institutions or joint arrangements, the cumulative exchange difference is reclassified to profit or loss in proportion.

The Group's goodwill arising from the acquisition of a foreign operation and the adjustment to the fair value of the carrying amounts of its assets and liabilities are regarding as the foreign operation's assets and liabilities and presented in its functional currency.

6. Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets, otherwise they are non-current assets:

- (1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed;

- (2) Assets held primarily for the purpose of trading;
- (3) Assets expected to be realized within 12 months after the balance sheet date;
- (4) Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle liabilities for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities, otherwise they are non-current liabilities:

- (1) Liabilities expected to be settled in the normal operating cycle;
- (2) Liabilities held primarily for the purpose of trading;
- (3) Liabilities expected to be settled within 12 months after the balance sheet date;
- (4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

7. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term time deposits and investments that are highly liquid and readily convertible into a fixed amount of cash at any time with little risk of value changes (including time deposits within a duration of three months).

8. Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are measured at fair value upon initial recognition; the transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except financial assets and financial liabilities classified as at fair value through profit or loss) are added to or subtracted from the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

The Group classifies financial assets as those subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on the two bases below:

- A. The business model for financial asset management
- B. Contractual cash flow characteristics of financial assets

Financial assets at amortized cost

Financial assets that meet both of the following criteria are measured at amortized cost and are recognized in the balance sheet as notes or accounts receivable, financial assets at amortized cost, or other receivables:

- A. Business model for financial asset management: Holding financial assets to collect contractual cash flows.
- B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

Such financial assets (excluding those for hedging) are subsequently measured at the amortized cost [the amount measured upon initial recognition, less the principal repaid, plus or less the cumulative amortization of the differences between the initial amount and the due amount (using the effective interest approach), with the allowance for losses adjusted]. The gain or loss is recognized in profit or loss upon de-recognition, through the amortization process, or when an impairment gain or loss is recognized.

Interest accrued using an effective interest method (effective interest rate multiplied by the total carrying amount of a financial asset) or based on the situations below is recognized in profit or loss:

- A. In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
- B. If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

Financial assets at fair value through other comprehensive income

Financial assets that meet both of the following criteria are measured at fair value through other comprehensive income and recognized in the balance sheet as financial assets at fair value through other comprehensive income:

- A. The business model for financial asset management: Collection of contractual cash flows and sales of financial assets.
- B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

The recognition of relevant gains and losses on such financial assets is specified below:

- A. Before de-recognition or reclassification, except for impairment gains or losses and foreign currency exchange gains or losses that are recognized in profit or loss, such gains or losses are recognized in other comprehensive income.
- B. Upon de-recognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest accrued using an effective interest method (effective interest rate multiplied by the total carrying amount of a financial asset) or based on the situations below is recognized in profit or loss:
 - (a) In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
 - (b) If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

In addition, regarding equity instruments within the scope of IFRS 9 that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group, upon initial recognition, elects (irrevocably) to recognize the subsequent changes in the fair values thereof in other comprehensive income. The amount recognized in other comprehensive income must not be subsequently reclassified to profit or loss (when such equity instruments are disposed

of, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings) and is recognized in the balance sheet as a financial asset at fair value through other comprehensive income. Investment dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

Except for the above financial assets in alignment with specific criteria that are measured at amortized cost or fair value through other comprehensive income, financial assets are measured at fair value through profit or loss and recognized in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value, and any gain or loss arising from remeasurement is recognized in profit or loss. The gain or loss recognized in profit or loss includes any dividends or interest received due to the financial asset.

(2) Impairment of financial assets

The Group's investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost are recognized as expected credit losses with an allowance for losses provided. An allowance for losses on an investment in a debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income without the carrying amount of the investment reduced.

The Group measures expected credit losses in a way that reflects the following:

- A. An unbiased, probability-weighted amount determined by evaluating each potential outcome
- B. Time value of money
- C. Reasonable and corroborative information related to past events, present conditions, and future economy forecasts (which can be accessed without an excessive cost or investment on the balance sheet date)

The methods of measuring an allowance for losses are specified below:

- A. Measured at 12-month expected credit losses: Including financial assets with the credit risk not increasing significantly since the initial recognition or those with an estimated low credit risk on the balance sheet date. Also, it also includes an allowance for the

lifetime expected credit losses during the prior reporting period, without meeting the indicator that the credit risk has significantly increased since the initial recognition on the balance sheet date of this period.

B. Measured at lifetime expected credit losses: Including financial assets with the credit risk increasing significantly since the initial recognition or credit-impaired financial assets purchased or created.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures an allowance for lifetime expected credit losses.

On each balance sheet date, the Group evaluates whether the credit risk of a financial instrument has increased significantly after the initial recognition by comparing the default risk of the financial instrument on the balance sheet date and the initial recognition date. Please refer to Note 12 for relevant credit risk information.

(3) Derecognition of financial assets

The Group derecognizes a financial asset held in the case of any of the following circumstances:

- A. The contractual rights to receive the cash flows from the financial asset have expired.
- B. A financial asset is transferred with all the risks and rewards attached to the ownership of the asset substantially transferred to the counterparty.
- C. All the risks and rewards attached to the ownership of the asset are neither substantially transferred nor retained, but the control over the asset is transferred.

When a financial asset as a whole is de-recognized, the difference between its carrying amount and the sum of the consideration received or receivable plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities and equity

Liabilities and equity instruments issued by the Group are classified as financial liabilities or equity as per the substance of the agreement and the definitions of financial liabilities and equity instruments.

Equity instrument

Equity instrument refers to any contract that demonstrates the Group's remaining interest in assets less all of its liabilities. Equity instruments issued by the Group are recognized at the acquisition prices, less the direct issuance cost.

Financial liability

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

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest rate method after the initial recognition. When financial liabilities are de-recognized and amortized using the effective interest rate method, the relevant gains or losses and amortizations are recognized in profit or loss.

The amortized cost is calculated with the discount or premium and the transaction cost upon acquisition taken into account.

Derecognition of financial liabilities

When the obligations of financial liabilities are lifted, cancelled, or expire, the financial liabilities are derecognized.

When the Group exchanges debt instruments with materially different terms with a creditor or significantly changes all or part of the terms of the existing financial liabilities (financial difficulties or not), the initial liabilities are derecognized and new liabilities are recognized. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including the non-cash assets transferred or the liabilities assumed) is recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities can only be offset and presented in the balance sheet as a net amount when the recognized amount is legally entitled to be offset with an intension to be settled in a net amount or realize the asset and settle the liability at the same time.

9. Derivatives

The derivatives held or issued by the Group are used to hedge the exchange rate risk and the interest rate risk. Among them, those designated to effectively hedge risks are recognized as financial assets or liabilities for hedging purposes in the balance sheet; the remaining not designated to effectively hedge risks, it is presented in the balance sheet as financial assets or financial liabilities at fair value through profit or loss.

A derivative is initially recognized at fair value at the date the derivative contract is signed and subsequently measured at fair value. When the fair value of the derivative is a positive figure, it is a financial asset; a negative figure, it is a financial liability. Any change in the fair value of the derivative is recognized directly in profit or loss, but if hedging is involved and effective, the derivative is recognized in profit or loss or equity depending on the type of hedging.

Where a master contract is about a non-financial asset or financial liability, if the economic characteristics and risks of the derivative embedded in the master contract are not closely related to the master contract, and the master contract is not measured at fair value through profit or loss, the embedded derivative should be regarded as an independent derivative.

10. Fair value measurement

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. It is assumed that the sale of the asset or transfer of the liability takes place in one of the markets below when the fair value is measured:

- (1) The principal market for the asset or liability, or
- (2) If there is no principal market, the most favorable market for the asset or liability.

The principal or most favorable market should be accessible for the Group to trade.

The measurement of the fair value of an asset or a liability serves as an assumption that market participants would adopt when pricing the asset or liability in the in the best economic interest of the market participants.

The fair value of a non-financial asset is measured based on market participants' ability to make the most of or put the asset to the best use or by selling the asset to another market participant who will make the most of or put the asset to the best use to generate economic benefits.

The Group measures the fair value using a valuation technique that is appropriate in relevant situations with sufficient information available and maximizes the use of relevant observable inputs while minimizing the use of unobservable inputs.

11. Inventories

Inventories are valued at the lower of cost or net realizable value with an item-by-item comparison method.

Costs refer to the costs incurred in bringing inventories to a condition and location ready for sale or production.

Raw materials are valued at the actual purchase cost with a weighted average method.

Finished goods and work in process include direct raw materials, labor, and fixed manufacturing overhead apportioned based on normal production capacity, excluding the borrowing costs.

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required till completion in the ordinary course of business.

The provision of services is handled in accordance with IFRS 15 outside the scope of inventories.

12. Investments using the equity method

The Group's investments in associates are accounted for using the equity method, except for

assets that are classified as assets held for sale. Associates refer to those on which the Group has significant influence.

With an equity method adopted, an investment in an associate recognized in the balance sheet is the amount of cost, plus the amount of the net change in the Group's net assets in the associate after the acquisition in proportion to the Group's shareholding. After the carrying amount of the investment in the associate and other relevant long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of the said associate. Unrealized gains or losses arising from transactions between the Group and its associates are eliminated in proportion to its equity in the associates.

When an associate's equity change does not occur due to an item under profit or loss or other comprehensive income and does not affect the Group's shareholding, the Group recognizes the change in ownership interests in proportion to its shareholding. Therefore, when the associate is subsequently disposed of, the capital surplus recognized is transferred to profit or loss in proportion to the disposal.

In the event of issuance of new shares by an associate, when the Group does not subscribe in proportion to its shareholding, resulting in a change in the proportion of investment and an increase or decrease in the Group's share in the associate's net assets, "capital surplus" and "investments using the equity method" are adjusted accordingly. When the proportion of investment decreases, the relevant items previously recognized in other comprehensive income will be reclassified to profit or loss or other appropriate accounts depending on the percentage of the decrease. When the associate is subsequently disposed of, the above capital surplus recognized is transferred to profit or loss in proportion to the disposal.

Each associate's financial statements are prepared for the same reporting period as the Group's and adjusted to align their accounting policies with the Group's.

At the end of each reporting period, the Group confirms if there is objective evidence indicating any impairment of its investments in associates in accordance with "IAS 28 — Investments in Associates and Joint Ventures". If it is the case, the Group calculates the impairment based on the difference between the recoverable amount and the carrying amount of the associates in accordance with IAS 36 "Impairment of Assets" and recognizes the amount in the profit or loss on the associates. If the value in use of the investment is adopted for the above recoverable amount, the Group determines the relevant values in use based on the estimates below:

- (1) The Group's share of the present value of the estimated future cash flows generated from an associate, including the cash flow generated by the associate due to its operations and the proceeds from the disposal of the investment; or
- (2) The present value of the estimated future cash flows from dividends from the investment that the Group expects to receive and the proceeds from the disposal of the investment.

As the components of goodwill that constitute the carrying amount of an investment in an affiliate are not separately recognized, it is not necessary to apply IAS 36 "Impairment of Assets" regarding the goodwill impairment test.

When the significant influence on an associate is lost, the Group measures and recognizes the retained investment at fair value. When the significant influence is lost, the difference between the carrying amount of the investment in an associate and the fair value of the retained investment, plus the proceeds from the disposal, is recognized in profit or loss. Also, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Group continues to adopt the equity method without re-measuring the retained equity.

13. Property, plant and equipment

Property, plant and equipment are accounted for on the basis of acquisition cost and recognized after accumulated depreciation and impairment are deducted. The above costs include the cost of dismantling or removing of property, plant and equipment and restoring the location, and necessary interest expenses arising from unfinished projects. Each component of property, plant and equipment is depreciated separately if it is significant. When a major component of property, plant and equipment needs to be replaced regularly, the Group regards it as an individual asset and recognizes it separately with a specific useful life and a depreciation methods. The carrying amount of the replaced part should be derecognized in accordance with the requirement for derecognition under IAS 16 "Property, Plant and Equipment". If a major examination or repair cost meets the criteria for recognition, it is regarded as a replacement cost and recognized as part of the carrying amount of plant and equipment, while other repair and maintenance expenses are recognized in profit or loss.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Buildings	1–50 years
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Machinery and equipment	1–15 years
Transportation equipment	3–10 years
Office equipment	2–10 years
Leasehold improvements	34 years
Other equipment	3–10 years

After the initial recognition of property, plants and equipment or any important component, if it is disposed of or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of property, plants and equipment are assessed at the end of each fiscal year. If the expected value is different from the previous estimate, the change is considered as a change in accounting estimates.

14. Investment property

The Group's self-owned investment property is initially measured at cost, including transaction cost of the property. The carrying amount of investment property includes the cost of repairing or adding to the existing investment property under the condition that the cost can be recognized; however, the repair or maintenance costs that usually occur on a daily basis are not included as part of the cost. After initial recognition, except for those meeting the criteria for being classified as those held for sale (or included in the disposal group classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"; As per IAS 16 "Property, Plant and Equipment" regarding such a situation, if such an asset is held by the lessee as a right-of-use asset and is not held for sale as per IFRS 5, it is handled in accordance with IFRS 16.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Buildings	5–30 years
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Investment property is derecognized and recognized in profit or loss when it is disposed of or will never be used again without future economic benefits expected to be generated from the disposal.

The Group decides to transfer an asset in or out of investment property depending on the actual use of the assets.

When a property meets or no longer meets the definition of investment property with

evidence showing that the purpose has changed, the Group will reclassify the property as investment property or transfer it out of investment property.

15. Leasing

The Group assesses whether or not an arrangement is (or includes) a lease arrangement on the inception of the agreement. If an agreement transfers control over the use of an identified asset for a period of time in exchange for consideration, the agreement is (or includes) a lease arrangement. In order to assess whether the agreement transfers control over the use of the identified asset for a period of time, the Group assesses whether it meets both of the following conditions during the entire period of use:

- (1) Obtaining the right to almost all economic benefits from the use of the identified asset; and
- (2) The right to direct the use of the identified asset.

For the agreement that belongs to (or includes) a lease arrangement, the Group treats each lease component in the agreement as a separate lease and treats it separately from the non-lease component in the agreement. For the agreement that includes one lease component and one or more additional lease or non-lease components, the Group adopts the relative standalone price of each lease component and the aggregate standalone prices of the non-lease components as the basis to distribute the consideration in the agreement to the lease component. The relative standalone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If an observable standalone price is not readily available, the Group maximizes the use of observable information to estimate the standalone price.

The Group as a lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Group is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Group measures the lease liabilities on the inception date based on the present value of the lease payments not yet paid on that date. If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used. On the inception date, the lease payments included in the lease liabilities include the following payments related to the right to use the underlying assets during the lease period

and not yet paid on that date:

- (1) Fixed payment (including substantive fixed payment) less any lease incentives that can be collected;
- (2) Lease payment that depends on changes in an index or rate (using the index or rate on the inception date for initial measurement);
- (3) The amount expected to be paid by the lessee under the residual value guarantee;
- (4) If the Group can reasonably determine the exercise price of call option, it will exercise the option; and
- (5) The penalty payable for the termination of a lease, if there is sign that the lessee, in the lease period, will exercise the option of terminating the lease.

After the inception date, the Group measures the lease liabilities at amortized cost, and increases the carrying amount of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the carrying amount of the lease liabilities.

On the inception date, the Group measures the right-of-use assets at cost. The cost of the right-of-use assets includes:

- (1) The monetary amount of the lease liability initially measured;
- (2) Any lease payments made on or before the inception date less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e. the cost model is applied to measure the right-of-use assets.

If the ownership of the underlying asset is transferred to the Group when the lease period expires, or if the cost of the right-of-use assets reflects that the Group will exercise the call option, the right-of-use assets will be depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use assets from the inception date to the end of the useful life of the right-of-use assets or to the expiration of the lease period, whichever is earlier.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Group presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Group chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses over the lease term.

The Group as a lessor

The Group classifies each of its leases as operating leases or financial leases on the contract inception date. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it does not transfer said matters, it is classified as an operating lease. On the inception date, the Group recognizes the assets held under the finance leases in the balance sheet and presents them as financial lease receivables based on the net lease investment.

For agreements that include lease components and non-lease components, the Group applies IFRS 15 to distribute the consideration in the agreements.

The Group recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on change in some index or rate are recognized as rental income when they occur.

16. Impairment of non-financial assets

The Group at the end of each reporting period assesses whether all assets subject to IAS 36 “Impairment of Assets” are showing signs of impairment. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Group tests the individual asset or the cash-generating unit to which the asset belongs. If the carrying amount of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of the net fair value or value in use.

At the end of each reporting period, the Group assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount is increased due to the change in the estimated service potential of the asset, the impairment amount is reversed.

However, the reversed carrying amount shall not exceed that before recognizing impairment loss and after deducting depreciation or amortization.

The impairment loss and reversal amount of the continuing operations are recognized in profit or loss.

17. Revenue recognition

The Group's revenue from customer contracts mainly includes the sales of goods and provision of services. The accounting treatments are specified below:

Merchandise sales

The Group manufactures and sells merchandise and recognizes revenue when the promised merchandise are delivered to a client and the customer client the control over it (i.e., the client's ability to guide the use of the merchandise and obtain almost all the remaining benefits of the merchandise). Its main products are precious metals, and the sales are recognized in revenue at the prices stated in the contracts.

The credit period of the Group's merchandise sold is T/T-120 days. Most contracts are recognized as accounts receivable when the control of the merchandise is transferred with an unconditional right to receive consideration. These accounts receivable are usually short-term and do not contain significant financial components. A small number of contracts, for which the merchandise has been transferred to a client but the Group has not had the right to unconditionally receive the consideration, are recognized as contract assets. Meanwhile, contract assets should be measured as an allowance for lifetime expected credit losses in accordance with IFRS 9.

Provision of services

The Group mainly provides cleaning and processing services. Such services are individually priced or negotiated and are provided on the basis of the contract period. As the Group provides cleaning and processing services during the contract period, a client will obtain the benefits from such services during the contract period, which is a performance obligation to be satisfied at a certain point in time. Thus, the provision of services is recognized as revenue at one go once it is completed.

Most of the Group's agreed payments per contract are collected in a lump sum during the contract period after the cleaning and processing services are provided. When the services has been transferred to a client but the Group has not had the right to unconditionally receive the consideration, it is recognized as a contract asset. However, regarding some contracts, as part of the consideration is collected from the clients at the time of signing contracts, the Group assumes the obligation to provide services in the future; thus, such contracts are recognized as contract liabilities.

The period during which the Group's above contractual liabilities are transferred to revenue usually does not exceed one year and does not result in significant financial components.

18. Borrowing costs

Borrowing costs that can be directly attributable to the acquisition, construction, or production of qualified assets are capitalized as part of the costs of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in relation to borrowings.

19. Government grants

The Group recognizes an amount in government grants when it is reasonably sure that it will meet the conditions set by the government for such grants and can receive the inflow of economic benefits from the government grants. When a grant is related to assets, the government grants are recognized in deferred income and recognized in income in installments over the estimated useful lives of the relevant assets. When a government grant is related to an expense, the grant is recognized in income in a reasonable and systematic manner for a period in which relevant costs are expected to be incurred.

When the Group receives a non-monetary government grant, the asset and grant received are recognized at the nominal amount, and the income is recognized in the statement of comprehensive income in equal installments over the estimated useful lives of the underlying assets based on the benefit consumption pattern. The loans with interest rates lower than the market level or similar supports obtained from the government or relevant institutions are regarded as additional government grants.

20. Post-employment benefit plans

The pension plan for the Company and domestic subsidiaries' employees applies to all full-time employees. The employee pension fund is fully contributed to the Labor Pension Reserves Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Pension Reserves Committee, which is completely separated from the Group, so it is not included in the consolidated financial statements in the preceding paragraph. The pension plans for employees at overseas subsidiaries and branches are handled in accordance with local laws and regulations.

For the defined contribution pension plan, the monthly pension payable rate of the Company and domestic subsidiaries shall not be less than 6% of the employees' monthly salary, and the amount of the provision shall be recognized as current expenses; overseas subsidiaries and branches make contributions at specified local rates and recognize them as current expenses.

The post-employment benefit plan that is a defined benefit plan is accounted for using the projected unit benefit method based on an actuarial report on the end date of the annual reporting period. The remeasurement of the net defined benefit liabilities (assets) includes any movements in the return on the plan asset and the effects of asset cap, less the amount of net interest included in the net defined benefit liabilities (assets) and actuarial gains and losses. The net defined benefit liability (asset) remeasurement is included in other comprehensive income when incurred and immediately recognized in the retained earnings. Past service cost, which is the change in the present value of the defined benefit obligation,

results from a plan amendment or curtailment and is recognized as an expense at the earlier of the following dates:

- (1) When a plan amendment or curtailment occurs; or
- (2) When the Group recognizes relevant restructuring costs or termination benefits.

The net interest on the net defined benefit liability (asset) is determined with the net defined benefit liability (asset) multiplied by the discount rate, both determined at the beginning of the annual reporting period, and based on any changes in net defined benefit liability (asset) due to contributions and benefit payments during the period.

21. Income taxes

Income tax expenses (income) refer to the sum related to current income tax and deferred tax included in the current profit or loss.

Current income tax

The current income tax liabilities (assets) related to this and the prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss.

A surtax of the profit-seeking enterprise income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved in the shareholders' meeting.

Deferred tax

The deferred tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the carrying amount on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred tax liabilities except for the following two items:

- (1) The initial recognition of goodwill, or the initial recognition of an asset or liability that does not arise from a business combination and does not affect accounting profits and

taxable income (loss) at the time of the transaction conducted;

- (2) The taxable temporary difference arising from the investment in subsidiaries, associates, and joint ventures. Also, the timing of reversal is controllable, and it is not likely to be reversed in the foreseeable future;

Except for the following two items, deductible temporary difference and deferred tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

- (1) It is related to the deductible temporary difference from the initial recognition of an asset or liability that does not arise from a business combination and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted;
- (2) It is related to the deductible temporary differences arising from the investment in subsidiaries, associates, and interests in joint ventures. It is recognized within the range of probable reversal in the foreseeable future and there is sufficient taxable income at the time the temporary difference occurred.

Deferred tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the book value of the liability is settled at the end of the reporting period. If the deferred tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred tax assets are reexamined and recognized at the end of each reporting period.

Deferred tax assets and liabilities can be legally offset against each other only in the current period, and the deferred tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

When the consolidated financial statements are prepared by the Group, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the disclosures of income, expenses, assets, and liabilities, and contingent liabilities. However,

the uncertainty of these significant assumptions and estimates may result in a significant adjustment to the book value of an asset or liability in the future period.

1. Estimation and assumption

The main source of information on the estimation and assumption with uncertainty at the end of the reporting period has significant risks that result in significant adjustments to the carrying amounts of assets and liabilities in the next fiscal year. The explanations are given as follows:

(1) Fair values of financial instruments

When the fair values of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including the income approach (such as, cash flow discount model) or market approach. The changes in the assumptions of the said approaches will affect the fair value of the financial instruments reported. Please refer to Note 12 for details.

(2) Valuation of inventories

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required until the completion in the ordinary course of business. Such estimates are based on the market conditions and historical sales experience of similar products, and changes in the market conditions may significantly influence the results of such estimates.

(3) Post-employment benefit plan

The defined benefit cost and the present value of the defined benefit obligations to the post-employment benefit plan depend on the actuarial valuation results. Actuarial valuation involves various assumptions, including discount rate and changes in expected salary increase/decrease. Please refer to Note 6 for the details of the assumptions used to measure the defined benefit costs and defined benefit obligations.

(4) Income taxes

The uncertainty of income tax exists in the interpretation of complex tax regulations and the amount and timing of future taxable income. Due to a wide range of international business relationships and the long-term and complexity of contracts, the differences

between actual results and assumptions made, or changes in such assumptions in the future, may cause the booked income tax income and expenses to be adjusted in the future. The recognition of income tax is a reasonable estimation made according to the possible audit results of the local tax authorities of the countries in which the Group operates. The amount recognized is based on different factors, such as previous tax audit experience and the difference in tax law interpretation between the tax entity and the tax authority. The difference in interpretation may result in a variety of issues due to the local situation of the country where an individual enterprise of the Group operates.

The carryforwards of the taxable loss and income tax credit and deductible temporary differences are recognized as deferred tax assets within the range of probable future taxable income or taxable temporary differences. The amount of the deferred income tax assets to be recognized is estimated according to the possible timing and level of the future taxable income and taxable temporary difference, as well as the future tax planning strategy. Please refer to Note for the Group's unrecognized deferred tax assets as of December 31, 2022.

VI. Description of significant account titles

1. Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand and petty cash	\$119	\$77
Checking and demand deposits	177,178	127,827
Time deposits	8,500	8,500
Total	<u>\$185,797</u>	<u>\$136,404</u>

2. Financial assets at fair value through profit or loss

The Group engages in the trading of derivative financial instruments, including options and futures contracts, for its precious metal inventories to get prepared for price changes in product sales but does not designate them as a hedging tool.

Details as of December 31, 2022 and 2021 are as follows:

2022.12.31		2021.12.31	
Nominal principal (in thousands)	Carrying amount	Nominal principal (in thousands of	Carrying amount
<u> </u>		<u> </u>	<u> </u>

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	of NTD)		NTD)	
Designated as at fair value through profit or loss on initial recognition:				
Derivatives				
Precious	\$-	\$-	\$-	\$-
metals futures				

(I) Futures

- (1) The amount recognized as current unrealized gain or loss on the financial assets due to the changes in fair values of the futures contracts signed with the futures merchants is NT\$0 for both periods ended December 31, 2022 and 2021 and the recognized current realized gains or losses on the financial assets were NT\$0 and NT\$(5,705) thousand for the two periods, respectively.
- (2) The balances of margins in the futures accounts operated by the Group were NT\$0 and the balances of excess margin were NT\$0 as of both December 31, 2022 and 2021.
- (3) The Group's financial assets at fair value through profit or loss were not provided as collateral.

3. Financial assets at fair value through other comprehensive income

	2022.12.31	2021.12.31
Investments in equity instruments measured at fair value through other comprehensive income - Non-current:		
Unlisted stocks	\$9,333	\$3,333

The Group's financial assets at fair value through other comprehensive income were not provided as collateral.

4. Financial assets at amortized cost

	2022.12.31	2021.12.31
Restricted cash in banks	\$87,902	\$86,274
Current	\$87,314	\$86,274
Non-current	\$588	\$-

Please refer to Note 8 for the details of collateral provided by the Group for financial assets at amortized cost.

5. Notes receivable

	2022.12.31	2021.12.31
Notes receivable arising from operations	\$-	\$1,262
Less: Allowance for losses	-	-
Total	\$-	\$1,262

The Group did not provide notes receivable as collateral.

The Group evaluated impairment losses in accordance with IFRS 9. See Note 6.21 for information on allowances for losses and Note 12 for information on credit risks.

6. Accounts receivable, net

The details of accounts receivable, net, are as follows:

	2022.12.31	2021.12.31
Accounts receivable	\$29,907	\$29,824
Less: Allowance for losses	-	-
Total	\$29,907	\$29,824

The Group did not provide accounts receivable as collateral.

The Group's credit period for clients is usually T/T to 120 days after the end of a month. The total carrying amounts as of December 31, 2022 and 2021 were NT\$29,907 thousand and NT\$29,824 thousand, respectively. Please refer to Note 6.21 for the information on an

allowance for losses and Note 12 for the information on credit risks for the years ended December 31, 2022 and 2021.

7. Inventories

(1) The details of inventories are as follows:

	2022.12.31	2021.12.31
Raw materials	\$157,877	\$139,105
Work in progress	236,331	236,932
Finished goods	53,158	97,124
Total	<u>\$447,366</u>	<u>\$473,161</u>

(2) Inventory costs recognized as expenses for 2022 and 2021 by the Group were NT\$1,160,569 thousand and NT\$1,474,047 thousand, respectively, including NT\$(1,016) thousand and NT\$(4,650) thousand for gains on inventory value recovery.

Due to factors, such as fluctuations in international prices of precious metals, the Group's net realizable values of inventories recovered, thus leading to gains on inventory value recovery in 2022 and 2021.

(3) The above inventories were not provided as collateral.

8. Investments using the equity method

The details of the Group's investments using the equity method are as follows:

	2022.12.31		2021.12.31	
Investee	amount	Sharehold ing	amount	Sharehold ing
Investment in associates:				
Pau Hz Energy Corp.	<u>\$14,684</u>	30.00%	N/A	N/A

(1) Chang Pwu Industrial Co., Ltd., a subsidiary of the Company, was approved by the board of directors on January 5, 2022 to establish a joint venture, Pau Hz Energy Corp., with Pau Energy Storage Corp. with an investment of NT\$15,000 thousand and acquired 30% equity in the joint venture on May 18, 2022.

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The Group's investment in Pau Energy Storage Corp. is not material to the Group. The aggregate carrying amount of the Group's investment in Pau Hz Energy Corp. on December 31, 2022 was NT\$14,684 thousand.

(2) The above investment in the associate does not contain contingent liabilities or capital commitments, nor provided as collateral as of December 31, 2022.

9. Property, plant and equipment

(1) Property, plant and equipment for self-use

	Land	Buildings	Machinery and equipment	Office equipment	Transporta tion equipment	Other equipment	Leasehold improvements	Unfinished construction work and equipment to be accepted	Total
Costs:									
2022.01.01	\$405,610	\$1,615,100	\$218,608	\$19,810	\$24,945	\$77,724	\$2,248	\$42,701	\$2,406,746
Additions	-	2,867	455	1,239	-	8,609	-	22,085	35,255
Disposal	-	-	-	-	(562)	-	-	-	(562)
Reclassification	-	5,298	-	305	-	59,673	-	(29,697)	35,579
Effects of changes in exchange rates	-	1,644	57	-	14	89	-	239	2,043
2022.12.31	\$405,610	\$1,624,909	\$219,120	\$21,354	\$24,397	\$146,095	\$2,248	\$35,328	\$2,479,061
2021.01.01	\$405,610	\$1,588,718	\$213,808	\$18,880	\$24,732	\$74,637	\$2,248	\$15,344	\$2,343,977
Additions	-	8,318	2,967	930	219	3,134	-	47,340	62,908
Disposal	-	(1,026)	-	-	-	-	-	-	(1,026)
Reclassification	-	19,983	1,861	-	-	-	-	(19,983)	1,861
Effects of changes in exchange rates	-	(893)	(28)	-	(6)	(47)	-	-	(974)
2021.12.31	\$405,610	\$1,615,100	\$218,608	\$19,810	\$24,945	\$77,724	\$2,248	\$42,701	\$2,406,746
Depreciation and impairment:									
2022.01.01	\$-	\$244,091	\$172,132	\$17,431	\$16,456	\$32,872	\$1,505	\$-	\$484,487

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Depreciation	-	36,218	7,168	1,344	1,975	9,780	73	-	56,558
Disposal	-	-	-	-	(562)	-	-	-	(562)
Effects of changes in exchange rates	-	1,107	45	-	9	75	-	-	1,236
2022.12.31	\$-	\$281,416	\$179,345	\$18,775	\$17,878	\$42,727	\$1,578	\$-	\$541,719
2021.01.01	\$-	\$209,826	\$165,119	\$16,393	\$14,565	\$27,680	\$1,432	\$-	\$435,015
Depreciation	-	35,866	7,036	1,038	1,896	5,229	73	-	51,138
Disposal	-	(1,026)	-	-	-	-	-	-	(1,026)
Effects of changes in exchange rates	-	(575)	(23)	-	(5)	(37)	-	-	(640)
2021.12.31	\$-	\$244,091	\$172,132	\$17,431	\$16,456	\$32,872	\$1,505	\$-	\$484,487
Net carrying amount:									
2022.12.31	\$405,610	\$1,343,493	\$39,775	\$2,579	\$6,519	\$103,368	\$670	\$35,328	\$1,937,342
2021.12.31	\$405,610	\$1,371,009	\$46,476	\$2,379	\$8,489	\$44,852	\$743	\$42,701	\$1,922,259

(2) The major components of the Group's buildings are main buildings and ancillary equipment and are depreciated over their useful lives of 5 to 50 years and 1 to 33 years, respectively.

(3) Please refer to Note 8 for the property, plant and equipment provided as collateral.

10. Investment property

Investment property includes that owned by the Group. The Group signed a commercial property lease contract on its own investment property over a lease term of ten years. The lease contract includes a clause on the rent adjustment with the market situation per year.

	Land	Buildings	Total
Costs:			
2022.01.01	\$38,245	\$73,738	\$111,983
Transfer-in from property, plant and equipment	-	-	-
2022.12.31	\$38,245	\$73,738	\$111,983

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110.01.01	\$38,245	\$73,738	\$111,983
Transfer-in from property, plant and equipment	-	-	-
2021.12.31	<u>\$38,245</u>	<u>\$73,738</u>	<u>\$111,983</u>
Depreciation and impairment:			
2022.01.01	\$-	\$50,509	\$50,509
Transfer-in from property, plant and equipment	-	-	-
Depreciation during this period	-	2,205	2,205
2022.12.31	<u>\$-</u>	<u>\$52,714</u>	<u>\$52,714</u>
2021.01.01	\$-	\$48,277	\$48,277
Transfer-in from property, plant and equipment	-	-	-
Depreciation during this period	-	2,232	2,232
2021.12.31	<u>\$-</u>	<u>\$50,509</u>	<u>\$50,509</u>
Net carrying amount:			
2022.12.31	<u>\$38,245</u>	<u>\$21,024</u>	<u>\$59,269</u>
2021.12.31	<u>\$38,245</u>	<u>\$23,229</u>	<u>\$61,474</u>

	2022	2021
Rental income from investment property	\$9,360	\$9,360
Less: Direct operating expenses from investment property that generates rental income in this period	(2,205)	(2,232)
Total	<u>\$7,155</u>	<u>\$7,128</u>

Please refer to Note 8 for the investment property provided as collateral.

The investment property held by the Group is not measured at fair value with only the fair value information disclosed, and its fair value belongs to Level 3 fair value. The fair values of the investment property held by the Group were NT\$65,692 thousand and NT\$62,344

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thousand as of December 31, 2022 and 2021, respectively. The above fair values were assessed by the Company using the income approach.

11. Other non-current assets

	2022.12.31	2021.12.31
Prepayments for business facilities	\$8,385	\$39,910
Guarantee deposits paid	26,678	22,818
Net defined benefit assets	-	7,127
Total	<u>\$35,063</u>	<u>\$69,855</u>

12. Short-term borrowings

	Interest rate range (%)	2022.12.31	2021.12.31
Unsecured borrowings	2.05%	\$400,000	\$-
Secured borrowings	1.20% ~ 2.47%	320,000	611,973
Total		<u>\$720,000</u>	<u>\$611,973</u>

As of December 31, 2022 and 2021, the Group's unused short-term borrowings were about NT\$0 and NT\$158,027 thousand, respectively.

Secured borrowings from banks are secured by property and factory buildings. Please refer to Note 8 for details of the collateral.

13. Other payables

	2022.12.31	2021.12.31
Expenses payable	\$16,282	\$19,538
Balance payable - machinery and equipment	26,522	27,195
Total	<u>\$42,804</u>	<u>\$46,733</u>

14. Other current liabilities

	2022.12.31	2021.12.31
Business tax payable	\$3,665	\$5,147
Others	1,983	739
Total	<u>\$5,648</u>	<u>\$5,886</u>

15. Other non-current liabilities

	2022.12.31	2021.12.31
Net defined benefit liabilities	\$12,419	\$5,498
Guarantee deposits received	2,250	2,250
Long-term rents collected in advance	9,700	-
Long-term unearned revenue	9,485	9,692
Total	<u>\$33,854</u>	<u>\$17,440</u>

16. Unearned revenue

(1) Government grants

	2022	2021
Opening balance	\$9,692	\$9,900
Government grants received during this period	-	-
Recognized in profit or loss	(207)	(208)
Ending balance	<u>\$9,485</u>	<u>\$9,692</u>
	2022.12.31	2021.12.31
Unearned revenue related to assets - non-current	<u>\$9,485</u>	<u>\$9,692</u>

(2) To facilitate the development of the environmental protection industry, the Taoyuan City Government has signed the Taoyuan Environmental Science and Technology Park Subsidy contract with the Company and a subsidiary. After the Company and the

subsidiary has acquired the land, the entity will provide the Company and the subsidiary with the first installments of the subsidy of NT\$10,354 thousand and NT\$322 thousand, respectively, to facilitate the industry development. The amounts were recognized as long-term unearned revenue, and after the construction of the plant is completed, the amounts will be recognized as government grants in installments over the useful life of the plant.

17. Long-term borrowings

The details of the Group's long-term borrowings as of December 31, 2022 and 2021 are as follows:

Creditor	Nature of borrowings	Due year	Interest rate (%)	Amount of borrowings	Repayment method
				2022.12.31	
Bank of Taiwan - Longtan Branch	Secured borrowings	2013.01.31 ~ 2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	\$54,808	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowings	2013.04.08 ~ 2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	58,462	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowings	2013.04.24 ~ 2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	36,538	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowings	2013.06.24 ~ 2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	35,077	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowings	2014.04.23 ~ 2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	43,481	Note 1
Bank of Taiwan - Longtan	Secured borrowings	2014.09.01 ~	Bank of Taiwan's time deposit floating	84,769	Note 1

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Branch		2027.09.18	interest rate + 0.105%		
Bank of Taiwan	Secured	2014.09.17	Bank of Taiwan's	36,538	Note 1
- Longtan	borrowings	~	time deposit floating		
Branch		2027.09.18	interest rate + 0.105%		
Taishin	Secured	2021.12.29	Fixed interest rate of	210,000	Note 2
International Bank	borrowings	~	1.49%		
Co. Ltd.		2024.12.29			
- Jianbei					
Branch					
Bank SinoPac	Secured	2022.1.21	Fixed interest rate of	18,871	Note 3
- Taoyuan	borrowings	~	1.85%		
Branch		2029.1.21			
Bank SinoPac	Secured	2022.1.21	Fixed interest rate of	24,412	Note 3
- Taoyuan	borrowings	~	1.85%		
Branch		2029.1.21			
Total				602,956	
Less: Due within one year				(76,689)	
Due beyond one year				\$526,267	

Creditor	Nature of borrowings	Due year	Interest rate (%)	Amount of borrowings 2021.12.31	Repayment method
Bank of Taiwan	Secured	2013.01.31	Bank of Taiwan's	\$66,346	Note 1
- Longtan	borrowings	~	time deposit floating		
Branch		2027.09.18	interest rate + 0.105%		
Bank of Taiwan	Secured	2013.04.08	Bank of Taiwan's	70,769	Note 1
- Longtan	borrowings	~	time deposit floating		
Branch		2027.09.18	interest rate + 0.105%		
Bank of Taiwan	Secured	2013.04.24	Bank of Taiwan's	44,231	Note 1
- Longtan	borrowings	~	time deposit floating		

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Branch		2027.09.18	interest rate + 0.105%		
Bank of Taiwan	Secured	2013.06.24	Bank of Taiwan's	42,461	Note 1
- Longtan	borrowings	~	time deposit floating		
Branch		2027.09.18	interest rate + 0.105%		
Bank of Taiwan	Secured	2014.04.23	Bank of Taiwan's	52,635	Note 1
- Longtan	borrowings	~	time deposit floating		
Branch		2027.09.18	interest rate + 0.105%		
Bank of Taiwan	Secured	2014.09.01	Bank of Taiwan's	102,615	Note 1
- Longtan	borrowings	~	time deposit floating		
Branch		2027.09.18	interest rate + 0.105%		
Bank of Taiwan	Secured	2014.09.17	Bank of Taiwan's	44,231	Note 1
- Longtan	borrowings	~	time deposit floating		
Branch		2027.09.18	interest rate + 0.105%		
Taishin	Secured	2021.12.29	Fixed interest rate of	210,000	Note 2
International Bank	borrowings	~	1.49%		
Co. Ltd.		2024.12.29			
- Jianbei					
Branch					
Total				633,288	
Less: Due within one year				(73,615)	
Due beyond one year				\$559,673	

Note 1: The loan will be disbursed in installments within one year after the borrowing date with a grace period of two years. During the grace period, the interest will be accrued and collected on a monthly basis. After the end of the grace period, the principal will be amortized per month in 156 installments, and the interest will still be accrued and collected per month.

Note 2: After the contract is signed, the term is three years. The bank will check if the Company's financial ratios meet the standard per quarter as the basis for renewal of the contract. The interest is paid monthly, and the principal will be settled in one lump sum once the loan is due.

Note 3: After the contract is signed, the term is seven years, and the interest is paid monthly, and the principal is amortized in 180 installments.

The Company used partial land, buildings, and other equipment as the first mortgage to secure the loans from the Bank of Taiwan, Taishin International Bank, and Bank SinoPac. See Note 8 for details of the collateral.

18. Post-employment benefit plan

Defined contribution plan

The Company and domestic subsidiaries' employee retirement plan stipulated in accordance with the Labor Pension Act is a defined contribution plan. According to the Act, the Company and domestic subsidiaries' monthly labor pension contribution rate shall not be less than 6% of employees' monthly salary. The Company and domestic subsidiaries makes a monthly contribution equivalent to 6% of the employees' monthly salary to the personal pension account with the Bureau of Labor Insurance.

Subsidiaries in mainland China make a monthly contribution to the pension insurance fund at a certain percentage of the total employee salary to each employee's account managed by relevant government departments in accordance with local government laws and regulations.

The amount of expenses of the defined contribution pension plan recognized by the Group for 2022 and 2021 was NT\$2,154 thousand and NT\$2,005 thousand, respectively.

Defined benefit plan

The defined benefit pension regulations established by the Company and domestic subsidiaries in accordance with the provisions of the Labor Standards Act, are a defined benefit plan. The employee pension is calculated based on the number of units granted according to the length of service and the approved monthly average salary at the time of retirement. Two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution equal to 2% of the total salaries per month as a pension fund and deposit it in the account in the name of the Labor Pension Funds Supervisory Committee with the Bank of Taiwan. In addition, the Company assess the balance in the aforementioned labor pension

reserve account at the end of per year. If the account balance is insufficient to pay the pension calculated with the aforementioned method to the employees who are expected to qualify for retirement in the following year, the Company will make a contribution to make up for the difference by the end of March of the following year.

The Ministry of Labor allocates the assets accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The investment using the fund is made by its own and by a brokerage and managed actively and passively according to the medium- and long-term investment strategies. Considering market, credit, liquidity, and other risks, the Ministry of Labor has set fund risk limits and control plans to flexibly achieve the target return without the need to take an excessive risk. For the use of this fund, the minimum income from the annual final accounts should not be lower than the income calculated at the local bank's interest rate for two-year time deposits. If there is any shortage, it should be made up by the national treasury after approval by the competent authority. As the Company has no right to participate in the operation and management of the fund, it is unable to disclose the fair values of the plan assets classified in accordance with paragraph 142 of IAS 19. As of December 31, 2022, the Company and domestic subsidiaries plan to contribute NT\$51 thousand to the defined benefit plan for the following year.

Chang Pwu Industrial Co., Ltd.applied to the Taoyuan City Government on September 6, 2022 to settle the fund under the old pension scheme and get back the labor retirement reserve; and received an approval letter from the Department of Labor, Taoyuan City Government, on December 29, 2022, then a letter and a retirement reserve check from the Trust Department, Bank of Taiwan, on January 9, 2023. The income has been recognized under other income in the consolidated statement of comprehensive income.

The table below summarizes the costs of the defined benefit plan recognized in profit or loss:

	2022	2021
Current service cost	\$20	\$115
Interest cost	110	102
Estimated return on plan assets	(62)	(51)
Total	\$68	\$166

The reconciliation of the present value of the defined benefit obligation and the fair value of plan assets is as follows:

	2022.12.31	2021.12.31
Present value of the defined benefit obligation	\$12,419	\$12,597
Fair value of plan assets	-	(14,220)

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Other non-current liabilities - net defined benefit liabilities (assets) recognized	\$12,419	\$(1,623)
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Reconciliation of net defined benefit liabilities (assets)

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2021.01.01	\$26,013	\$(14,023)	\$11,990
Current service cost	115	-	115
Interest expense (income)	102	(51)	51
Subtotal	217	(51)	166
Remeasurement of defined benefit liabilities (assets):			
Actuarial gain or loss on changes in demographic assumptions	245	-	245
Actuarial gain or loss on changes in financial assumptions	(2,418)	-	(2,418)
Experience adjustments	(344)	-	(344)
Remeasurement of defined benefit assets	-	(203)	(203)
Subtotal	(2,517)	(203)	(2,720)
Benefit paid	(11,116)	11,116	-
Employer's contribution	-	(11,059)	(11,059)
2021.12.31	12,597	(14,220)	(1,623)
Current service cost	-	20	20
Interest expense (income)	110	(62)	48
Subtotal	110	(42)	68
Remeasurement of defined benefit liabilities (assets):			
Actuarial gain or loss on changes in demographic assumptions	-	-	-
Actuarial gain or loss on changes in financial assumptions	(240)	-	(240)
Experience adjustments	(48)	-	(48)

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	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurement of defined benefit assets	-	(556)	(556)
Subtotal	(288)	(556)	(844)
Pension estimated to be recovered	-	7,127	7,127
Employer's contribution	-	(71)	(71)
Others	-	7,762	7,762
2022.12.31	\$12,419	\$-	\$12,419

The main assumptions below are used to determine the Group's defined benefit plan:

	2022.12.31	2021.12.31
Discount rate	1.48%	0.87%
Expected salary increase	1.00%	1.00%

Sensitivity analysis for each major actuarial assumption:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Increase in discount rate by 0.5%	\$-	\$(1,052)	\$-	\$(1,130)
Decrease in discount rate by 0.5%	1,154	-	1,247	-
Expected salary increase by 0.5%	1,154	-	1,245	-
Expected salary decrease by 0.5%	-	(1,062)	-	(920)

The sensitivity analysis above is based on the impact of a single assumption (e.g., discount rate or expected salary) which changed while the other conditions remain unchanged on the defined benefit obligation. As some actuarial assumptions are related to each other, in practice, the fact that only a single actuarial assumption changed is rare, so there are limitations for this analysis.

The methods and assumptions used in the sensitivity analysis for this period are the same as those for the prior period.

19. Equity

(1) Ordinary shares

As of both December 31, 2022 and 2021, the Company's authorized capital was NT\$1,500,000 thousand, and issued share capital amounted to NT\$1,032,082 thousand in 103,208,229 shares, with a par value of NT\$10.

(2) Capital surplus

	2022.12.31	2021.12.31
Additional paid-in capital	\$948,152	\$948,152
Treasury shares traded	10,253	10,253
Total	<u>\$958,405</u>	<u>\$958,405</u>

As per law, paid-in capital shall not be used for any purpose except for making up for the Company's losses. When the Company has no loss, a certain percentage of the paid-in capital from the stock premium and the gift can be applied to replenish the capital per year. The aforementioned paid-in capital can be allocated in cash to shareholders in proportion to their shareholdings.

(3) Earnings distribution and dividend policy

A. Earnings distribution

According to the Articles of Incorporation, where the Company has net income after tax for a fiscal year, the income shall be first used for paying taxes, offsetting a cumulative deficit, providing 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital. The special reserve shall be appropriated or reversed in accordance with the provisions of the Act or the competent authority. The Board of Directors shall prepare a proposal for the surplus distribution of the remaining surplus, together with any undistributed surplus at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

B. Dividend policy

The Company's dividend policy is to distribute dividends to shareholders in cash or in shares, with cash dividends being no less than 10% of the total dividends, in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders.

C. As the Company has cumulative losses for 2022 and 2021, there was no earnings distribution proposal made by the Board of Directors and resolved by the shareholders' meeting.

See Note 6.23 for details of the basis for estimation and recognized amounts of employee remuneration and director remuneration.

(4) Legal reserve

As per the Company Act, the Company shall provide a legal reserve unless its total amount has reached the amount of the total paid-in capital. The legal reserve may be used to offset a deficit. When the Company has no loss, the portion of the legal reserve that exceeds 25% of the paid-in capital may be used to distribute shares or cash to shareholders in proportion to their shareholdings.

(5) Special reserve

When distributing the distributable earnings, the Company retroactively sets aside a special reserve for the difference between the balance of the special reserve and the net deduction of other equity items as per law when the IFRS is adopted for the first time. If there is a subsequent reversal of the net deduction of other equity, the special reserve may be reversed for the portion of the net deduction of other equity reversed to distribute earnings.

In accordance with the Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 issued by the FSC dated March 31, 2021, a special reserve shall be set aside for the unrealized revaluation gains and cumulative translation adjustment (gains), which were reclassified to retained earnings on the conversion date due to the adoption of exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" when IFRS was first adopted. When the Company uses, disposes of, or reclassifies the relevant assets later, it

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may reverse the portion of the special reserve in the same percentage to distribute earnings.

(6) Non-controlling interests

	2022	2021
Opening balance	\$-	\$222
Net income (loss) attributable to non-controlling interests for this period	-	(4)
Acquisition of shares issued by subsidiary	-	(218)
Ending balance	\$-	\$-

20. Operating revenue

	2022	2021
Revenue from contracts with customers		
Revenue from product sales	\$1,154,134	\$1,476,840
Revenue from provision of services	7,774	7,408
Total	\$1,161,908	\$1,484,248

The information on the Group's revenue from customer contracts during the years ended December 31, 2022 and 2021 is as follows:

(1) Breakdown of revenue

	2022	2021
Sales - precious metals	\$620,389	\$830,278
Sales - precious metals		
Materials - potassium gold cyanide	497,228	584,497
Sales - others	24,920	62,065
Revenue from provision of services	7,774	7,408
Revenue from solar power generated	11,597	-
Total	\$1,161,908	\$1,484,248

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Timing of revenue recognition:

At a certain point in time	\$1,161,908	\$1,484,248
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(2) Transaction price apportioned to outstanding performance obligations: None.

(3) Assets recognized from costs of obtaining or fulfilling contracts with customers: None.

21. Expected credit impairment (gain) loss

	2022	2021
Operating expenses - expected credit impairment (gain) loss		
Accounts receivable	\$-	\$(655)

Please refer to Note 12 for relevant credit risk information.

The Group's allowance for losses on receivables (including notes and accounts receivable) are measured at the lifetime expected credit losses. The information on the amounts of the allowance for losses estimated as of December 31, 2022 and 2021 is as follows:

Regarding accounts receivable, counterparties' credit ratings, regions, industries, and other factors are considered for classification, and a provision matrix is adopted to measure the allowances for losses; the relevant information is as follows:

2022.12.31

Not past	Number of days past due
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	due	Number of days past due					
	(Note)	Less than 30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total
Total carrying amount	\$20,863	\$9,044	\$-	\$-	\$-	\$-	\$29,907
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	\$20,863	\$9,044	\$-	\$-	\$-	\$-	\$29,907

2021.12.31

	Not past due	Number of days past due					
	(Note)	Less than 30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total
Total carrying amount	\$28,308	\$2,778	\$-	\$-	\$-	\$-	\$31,086
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	\$28,308	\$2,778	\$-	\$-	\$-	\$-	\$31,086

Note: None of the Group's notes receivable was past due.

The changes in the allowances for losses on the Group's notes and accounts receivable for 2022 and 2021 are as follows:

<u>Notes receivable</u>	<u>Accounts</u>
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		receivable
2022.01.01	\$-	\$-
Amount of additions (reversals) during this period	-	-
Write-off due to irrecoverability	-	-
2022.12.31	<u>\$-</u>	<u>\$-</u>
2021.01.01	\$-	\$655
Amount of additions (reversals) during this period	-	(655)
Write-off due to irrecoverability	-	-
2021.12.31	<u>\$-</u>	<u>\$-</u>

22. Leasing

(1) The Group as a lessee

The Group has leased in a number of different assets, including property (land), buildings, and machinery and equipment. The lease term of each contract ranges from three to 50 years. Some of the contracts stipulate that the lessee, without the lessor's consent, shall not lend, sublease, transfer, or use in other disguised methods all or part of the leased property, or transfer the right to lease to another party.

The impact of leasing on the Group's financial position, financial performance, and cash flows is specified below:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2022.12.31	2021.12.31
Land	\$7,471	\$7,591
Machinery and equipment	10,644	-
Buildings	5,408	-
Total	<u>\$23,523</u>	<u>\$7,591</u>

(b) Lease liabilities

	2022.12.31	2021.12.31
Lease liabilities	\$15,203	\$-
Current	\$5,743	\$-
Non-current	9,460	-
Total	\$15,203	\$-

B. Amounts recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2022	2021
Land	\$233	\$229
Machinery and equipment	1,406	-
Buildings	126	-
Total	\$1,765	\$229

C. Lessee's income and expenses related to leasing activities

	2022	2021
Expenses relating to short-term leases	\$2,318	\$2,193

D. Lessee's cash outflows from leasing activities

The amounts of the Group's cash outflows from the leasing activities during 2022 and 2021 were NT\$4,913 thousand and NT\$2,193 thousand.

(2) The Group as a lessor

Please refer to Note 6.10 for details of the disclosures of the investment property owned by the Group. The investment property owned by the Group is classified as an operating lease as almost all the risks and rewards attached to the ownership of the underlying asset are not transferred.

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	2022	2021
Lease income recognized under operating leases		
Income related to fixed lease payments	\$10,746	\$10,637

The undiscounted lease payments of the operating lease contracts signed by the Group to be received and the total amount for the remaining years as of December 31, 2022 and 2021 are as follows:

	2022.12.31	2021.12.31
Less than one year	\$9,360	\$9,360
More than one year but less than two years	9,734	9,360
More than two years but less than three years	9,734	9,734
More than three years but less than four years	9,734	9,734
More than four years but less than five years	10,124	9,734
More than five years	10,968	21,092
Total	\$59,654	\$69,014

23. Employee benefits, depreciation, depletion, and amortization expenses by function is as follows:

By nature \ By function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$18,927	\$38,305	\$57,232	\$19,272	\$33,974	\$53,246
Labor and health insurance costs	2,775	3,444	6,219	2,494	3,289	5,783
Pension costs	814	1,408	2,222	863	1,308	2,171
Other employee benefit expenses	1,879	5,338	7,217	1,104	4,659	5,763
Depreciation expenses	35,359	25,169	60,528	29,440	24,159	53,599

In accordance with the Articles of Incorporation, the Company shall provide 3.6%–8.6% of a profit, if any, as employee remuneration and no greater than 3.6% as directors' remuneration, while the Company shall reserve an amount in advance to offset a cumulative deficit, if any. The above employee remuneration may be distributed in stock or cash, which shall be approved by half of all directors present at a board meeting attended by more than two-thirds of all directors and then reported to the shareholders' meeting. Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

As of December 31, 2022 and 2021, the Company still has a deficit to be compensated, so no employee remuneration and director remuneration were estimated.

24. Non-operating income and expenses

(1) Other income

	2022	2021
Rental income	\$12,134	\$10,636
Interest income	1,886	595
Dividend income	277	265
Government grants	207	208
Other income - others	2,369	2,694
Total	<u>\$16,873</u>	<u>\$14,398</u>

(2) Other gains and losses

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	2022	2021
Valuation gain (loss) on financial assets at fair value through profit or loss	\$-	\$(5,705)
Net foreign currency exchange gain or loss	6,984	(4,501)
Gain on disposal of property, plant and equipment	47	-
Depreciation of investment property	(2,205)	(2,232)
Other expenses	(529)	(3)
Total	<u>\$4,297</u>	<u>\$(12,441)</u>

(3) Financial costs

	2022	2021
Interest on bank borrowings	<u>\$20,117</u>	<u>\$13,993</u>

25. Components of other comprehensive income

The components of 2022 other comprehensive income are as follows:

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	Arising during this period	Reclassific ation adjustment s during this period	Subtotal	Tax benefit (expense)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of the defined benefit plan	\$844	\$-	\$844	\$-	\$844
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	2,530		2,530	(506)	2,024
Total other comprehensive income for this period	<u>\$3,374</u>	<u>\$-</u>	<u>\$3,374</u>	<u>\$(506)</u>	<u>\$2,868</u>

The components of 2021 other comprehensive income are as follows:

	Arising during this period	Reclassific ation adjustment s during this period	Subtotal	Tax benefit (expense)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of the defined benefit plan	\$2,720	\$-	\$2,720	\$-	\$2,720
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	(1,262)	-	(1,262)	252	(1,010)
Total other comprehensive income for this period	<u>\$1,458</u>	<u>\$-</u>	<u>\$1,458</u>	<u>\$252</u>	<u>\$1,710</u>

The main components of income tax expenses (income) are as follows:

(1) Income tax recognized in profit or loss

	2022	2021
Current income tax expenses (income):		
Income tax payable for this period	\$-	\$-
Deferred tax expenses (income):		
Deferred tax expenses (income) related to the initial temporary differences and reversal of temporary differences	-	-
Income tax expenses (income)	\$-	\$-

(2) Income tax recognized in other comprehensive income

	2022	2021
Exchange differences arising from the translation of the financial statements of foreign operations	\$506	\$(252)

(3) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2022	2021
Net income (loss) before tax of the continuing operations	\$(98,817)	\$(98,387)
Amounts of taxes calculated at relevant countries' domestic tax rates applicable to income	\$(23,949)	\$(19,671)
Income tax effect of non-deductible expenses on tax returns	63	1,009
Income tax effect of the tax-free income	(198)	-
Income tax effect of deferred tax assets/liabilities	24,084	18,662
Total income tax expense (income) recognized in profit or loss	\$-	\$-

(4) Balances of deferred tax assets (liabilities) related to the following items:

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2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Overdue payables reclassified to income	\$62	\$-	\$-	\$62
Unrealized exchange (gain) loss	(18)	46	-	28
Unrealized gain or loss on financial assets	175	-	-	175
Investment income or loss	20,382	(46)	-	20,336
Pension	727	-	-	727
Unused paid leave liability	710	-	-	710
Exchange differences arising from the translation of the financial statements of foreign operations	(5,247)	-	(506)	(5,753)
Deferred tax income (expenses)		\$-	\$(506)	
Deferred tax assets/liabilities, net	\$16,791			\$16,285
Deferred tax assets	\$22,056			\$22,038
Deferred tax liabilities	\$(5,265)			\$(5,753)

2021

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Overdue payables reclassified to income	\$62	\$-	\$-	\$62

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Unrealized exchange (gain) loss	187	(205)	-	(18)
Unrealized gain or loss on financial assets	175	-	-	175
Investment income or loss	20,177	205	-	20,382
Pension	727	-	-	727
Unused paid leave liability	710	-	-	710
Exchange differences arising from the translation of the financial statements of foreign operations	(5,499)	-	252	(5,247)
Deferred tax income (expenses)		\$-	\$252	
Deferred tax assets/liabilities, net	\$16,539			\$16,791
Deferred tax assets	\$22,038			\$22,056
Deferred tax liabilities	\$(5,499)			\$(5,265)

(5) Unrecognized deferred tax assets

As of December 31, 2022 and 2021, the total amounts of deferred tax assets not recognized by the Group were NT\$198,901 thousand and NT\$183,024 thousand, respectively .

(6) As of December 31, 2022, the amounts of the Group's unused loss credits and deadlines are as follows:

Year	Amount of unused loss credit		Last valid year
	Parent company	Subsidiary	
2014	\$-	\$4,370	2024
2015	69,315	-	2025
2016	55,362	1,415	2026
2017	58,237	4,443	2027
2018	134,259	3,220	2028
2019	170,869	4,078	2029
2020	101,751	3,690	2030

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2021	93,554	4,438	2031
2022	81,565	3,178	2032
Total	<u>\$764,912</u>	<u>\$28,833</u>	

(7) Income tax return filings and approval

As of December 31, 2022, the income tax returns filed by the Company and its subsidiaries are as follows:

	Income tax return filings and approval
The Company	Approved up to 2020
Subsidiary - Chang Pwu Industrial Co., Ltd.	Approved up to 2020
Subsidiary - Ron Pwu Applied Materials Technology Co., Ltd.	Approved up to 2020

27. Earnings per share

The basic earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the parent company divided by the weighted average number of ordinary shares outstanding in the current period.

The diluted earnings per share is calculated by with the net income attributable to the holders of the ordinary shares of the parent company (after being adjusted for the effect of dilution) divided by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares were converted into ordinary shares.

	2022	2021
(1) Basic earnings per share		
Net income (loss) attributable to the holders of ordinary shares of the parent company (NT\$ thousand)	<u>\$(98,817)</u>	<u>\$(98,383)</u>
Weighted average number of ordinary shares for the basis earnings per share (in thousand shares)	<u>103,208</u>	<u>103,208</u>
Basic earnings (losses) per share attributable to holders of ordinary shares of the parent company (NT\$)	<u>\$(0.96)</u>	<u>\$(0.95)</u>

(2) Diluted earnings per share

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Net income (loss) after being adjusted and diluted attributable to the holders of ordinary shares of the parent company (NT\$ thousand)	<u>\$ (98,817)</u>	<u>\$ (98,383)</u>
Weighted average number of ordinary shares for the basis earnings per share (in thousand shares)	103,208	103,208
Dilution effect:		
Employee remuneration - stock (in thousand shares)	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares with the dilution effect adjusted (in thousand shares)	<u>103,208</u>	<u>103,208</u>
Diluted earnings (losses) per share (NTD)	<u>\$ (0.96)</u>	<u>\$ (0.95)</u>

There was no other transaction made to cause significant changes to the outstanding ordinary shares or the potential ordinary shares after the reporting period and before the financial statements approved for release.

VII. Related Party Transactions

The related parties with transactions with the Group during the financial reporting period are as follows:

Name of related party and relations

<u>Name of related party</u>	<u>Relations with the Group</u>
Enormous Vastness Investment Company Limited	Other related parties of the Company
Fukang Investment Co., Ltd.	Other related parties of the Company
Rising Dragon Investment Development Co., Ltd.	Other related parties of the Company
Rainter Water Resource Technology Corp.	Other related parties of the Company

Major transactions with related parties

1. Remuneration to the Group's key management personnel

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	2022	2021
Short-term employee benefits	\$11,956	\$11,924
Post-employment benefits	-	-
Total	\$11,956	\$11,924

2. The Group's income from leasing plants and equipment to related parties during 2022 and 2021 is listed as follows:

	Account	2022	2021
Other related parties	Rental income	\$72	\$72

As of December 31, 2022, the major assets leased by related parties from the Company under operating leases are as follows:

Lessee	Property leased	Lease term	Monthly rent and payment method
Enormous Vastness Investment Company Limited	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01 ~ 2026.12.31	Monthly rent of NT\$2 thousand
Fukang Investment Co., Ltd.	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01 ~ 2026.12.31	Monthly rent of NT\$2 thousand
Rising Dragon Investment Development Co., Ltd.	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01 ~ 2026.12.31	Monthly rent of NT\$2 thousand

3. The equipment leased by the Group from related parties is listed as follows:

	Account	2022.12.31	2021.12.31
Other related parties	Right-of-use assets	\$10,644	\$-

The situations in which the Group indirectly leases assets from related parties under finance

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leases are as follows:

Lessor	Property leased	Lease term	Monthly rent and payment method
Rainter Water Resource Technology Corp.	Wastewater treatment equipment	2022.06.23 ~ 2025.06.22	Monthly rent of NT\$369 thousand

VIII. Assets Pledged

The Group provides the following assets as collateral:

Item	Carrying amount		Details of guarantee
	2022.12.31	2021.12.31	
Guarantee deposits paid	\$25,193	\$21,788	Performance bond and security deposit for buildings
Property, plant and equipment - land	405,610	405,610	Secured borrowing facility
Property, plant and equipment - plant	1,312,011	1,335,522	Secured borrowing facility
Property, plant and equipment - other equipment	54,863	-	Secured borrowing facility
Investment property - land	38,245	38,245	Secured borrowing facility
Investment property - plant	21,024	23,229	Secured borrowing facility
Financial assets at amortized cost	87,902	86,274	Deposit to the National Taxation Bureau, performance bond, performance bond account, and borrowing reserve account
Total	<u>\$1,944,848</u>	<u>\$1,910,668</u>	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2022, the Company provided Chang Pwu Industrial Co., Ltd. with a secured borrowing facility of NT\$26,500 thousand; Chang Pwu Industrial Co., Ltd.

provided the Company with a secured borrowing facility of NT\$370,000 thousand.

X. Losses Due to Major Disasters

None.

XI. Material Events After the Balance Sheet Date

In January 2023, the Company acquired 5,000,000 shares in Forcera Materials Co., Ltd. from non-related parties and appointed experts to appraise the value of the shares and independent accountants to express their opinions on the reasonability of the price before making the transaction.

XII. Others

1. Types of financial instruments

Financial assets

	2022.12.31	2021.12.31
Financial assets at fair value through other comprehensive income	\$9,333	\$3,333
Financial assets at amortized cost (Note)	310,888	253,954
Total	<u>\$320,221</u>	<u>\$257,287</u>

Financial liability

	2022.12.31	2021.12.31
Financial liabilities at amortized cost:		
Short-term borrowings	\$720,000	\$611,973
Payables	89,320	96,086
Lease liabilities (current and non-current)	15,203	-
Long-term borrowings (including those due within one year)	602,956	633,288
Total	<u>\$1,427,479</u>	<u>\$1,341,347</u>

Note: Including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable and other receivables, and current income tax assets.

2. Financial risk management objectives and policies

The Group's financial risk management objectives are mainly to manage market, credit, and liquidity risks related to operating activities. The Group identifies, measures, and manages the above risks as per the Group's policies and risk preferences.

The Group has established appropriate policies, procedures, and internal control system in accordance with applicable regulations on the above financial risk management; important financial activities should be reviewed by the Board of Directors and the Audit Committee in accordance with applicable regulations and the internal control system. During the implementation of the financial management activities, the Group should comply with the applicable regulations on financial risk management.

3. Market risk

The Group's market risk refers to the risk arising from the fluctuations in the fair values or cash flows of financial instruments due to changes in market prices. Market risk mainly includes exchange rate risk and interest rate risk (such as equity instruments).

In practice, one movement by a single change in risk variables is rare, and changes in risk variables are always interrelated; however, the sensitivity analysis of the following risks did not consider the interaction between relevant risks and variables.

Exchange rate risk

The Group's exchange rate risk is mainly related to operating activities (when a currency used for income or expenses is different from the Group's functional currency) and net investment in foreign operations.

The Group's foreign currency receivables and foreign currency payables are partially in the same currency. Thus, there will be a natural hedging effect for a part of the foreign currency position; also, the net investment in foreign operations is a strategic investment, so the Group has not adopted a hedging approach thereto.

The sensitivity analysis of the Group's exchange rate risk is mainly focused on the main foreign currency monetary items on the end date of the financial reporting period and the

impact of relevant foreign currency appreciation/depreciation on the Group's profit and loss and equity. The Group's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD and CNY. The sensitivity analysis information is as follows:

When the NTD appreciated/depreciated by 1% against the USD, the Group's profit or loss for the year ended December 31, 2022 and 2021 would have decreased/increased by NT\$657 thousand and NT\$489 thousand, respectively.

When the NTD appreciated/depreciated by 1% against the CNY, the Group's profit or loss for the year ended December 31, 2022 and 2021 would have decreased/increased by NT\$697 thousand and NT\$572 thousand, respectively.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to the changes in market interest rates. The Group's interest rate risk is mainly from investments in debt instruments at floating rates as well as borrowings at fixed and floating rates.

The sensitivity analysis of the Group's interest rate risk was mainly focused on investments and borrowings at floating rates at the end date of the financial reporting period. With an assumption that such investments and borrowings are held for one fiscal year, when the interest rate increased/decreased by 0.1%, the Group's profit or loss for 2022 and 2021 would have decreased/increased by NT\$1,144 thousand and NT\$1,117 thousand, respectively.

Equity price risk

The fair values of unlisted equity securities held by the Group will be affected by the uncertainty about their future values. The unlisted equity securities held by the Group are included in the category measured at fair value through other comprehensive income. The Group manages the price risk of equity securities by diversifying investments and setting limits for investments in single and overall equity securities. The information on the investment portfolio of equity securities should be regularly provided to the Group's senior management, and the Board of Directors should review and approve all decisions about investments in equity securities.

The fair values of other equity instruments belong to Level 3. Please refer to Note 12.8 for the sensitivity analysis information.

4. Credit risk management

Credit risk refers to the risk of financial loss arising from the default by counterparties on contract obligations. The Group's credit risk is derived from its operating activities (mainly from accounts and notes receivables) and financial activities (mainly from bank deposits and various financial instruments).

Each unit of the Group follows the credit risk policy, procedures, and control mechanism to manage credit risk. The credit risk assessment of all transaction counterparties is based on factors, such as each counterparty's financial position, ratings by credit rating agencies, historical trading experience from the past, current economic environment, and the Group's internal rating criteria. The Group also uses certain credit enhancement tools (such as advance sales receipts and insurance) at appropriate times to reduce specific counterparties' credit risk.

As of December 31, 2022 and 2021, the Group's accounts receivable from the top ten clients accounted for 84.34% and 81.32% of the balances of the Group's accounts receivable, respectively. The credit concentration risk for the remaining receivables is relatively insignificant.

The Group's finance department manages the credit risk of bank deposits, fixed-income securities, and other financial instruments in accordance with the Group's policies. The Group's counterparties are determined based on internal control procedures, such as banks with good credit ratings, financial institutions with investment-grade ratings, corporate organizations, and government agencies, so there is no significant credit risk.

The Group adopts the IFRS 9 standard to assess expected credit losses. Except for an allowance for losses on receivables that is estimated at lifetime expected credit losses, for investments in debt instruments that are not measured at fair value through profit or loss and purchased due to a low credit risk, the Group assesses if the credit risk arising from such investments has increased significantly since the initial recognition on each balance sheet date, to determine the method of estimating an allowance for losses and an loss ratio. Also, when the Group believes that a financial asset cannot be reasonably expected to be recovered as per the assessment (e.g., the issuer or the debtor has significant financial difficulties or has gone bankrupt), it will be written off.

5. Liquidity risk management

The Group maintains financial flexibility through cash and cash equivalents, bank borrowings, and other relevant contracts. The table below summarizes the maturity of the payments contained in the contracts of the Group's financial liabilities. It is compiled based on the earliest possible date for repayment and its undiscounted cash flow. The amounts listed also include the agreed interest. For the interest cash flow paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1–3 years	3–4 years	5 years or more	Total
2022.12.31					
Borrowings	\$801,705	\$370,276	\$78,569	\$89,426	\$1,339,976
Payables	89,320	-	-	-	89,320
Lease liabilities	6,160	9,725	-	-	15,885
2021.12.31					
Borrowings	\$691,247	\$364,725	\$75,880	\$130,412	\$1,262,264
Payables	96,086	-	-	-	96,086

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
2022.01.01	\$611,973	\$633,288	\$2,250	\$-	\$1,247,511
Cash flows	108,027	(30,332)	-	(2,595)	75,100
Non-cash changes	-	-	-	17,798	17,798
2022.12.31	\$720,000	\$602,956	\$2,250	\$15,203	\$1,340,409

Information on reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
2021.01.01	\$690,000	\$496,903	\$6,250	\$1,193,153
Cash flows	(78,027)	136,385	(4,000)	54,358
2021.12.31	\$611,973	\$633,288	\$2,250	\$1,247,511

7. Fair values of financial instruments

(1) Valuation techniques and assumptions adopted to measure the fair values

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The methods and assumptions adopted by the Group to measure or disclose the fair values of its financial assets and financial liabilities are as follows:

- A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of their fair values, mainly due to the short durations of such instruments.
- B. The fair values of equity instruments not traded in an active market (unlisted companies' stocks) are estimated with a market approach. The fair values are estimated at the prices of the transactions of the same or comparable companies' equity instruments in the market and other relevant information (such as discount for lack of marketability, price-earnings ratios of similar companies' stocks, or price-to-book ratios of similar companies' stocks).
- C. Regarding debt instrument investments without quoted prices in an active market, bank borrowings, and other non-current liabilities, the fair values are determined based on the counterparties' quotes or valuation techniques. The valuation techniques are determined on the basis of discounted cash flow analysis; the assumptions about interest rates and discount rates are made with reference to on similar instruments (such

as the Taipei Exchange's yield curves for reference, the average quotes of Reuters commercial paper interest rates, and credit risks).

D. As for derivative financial instruments without quoted prices in an active market, if they are non-option derivatives, their fair values are determined based on the counterparties' quotes or the yield curves that apply during the duration of the discounted cash flow analysis; if they are option derivatives, the fair values are determined based on counterparties' quotes, appropriate option pricing models (such as Black-Scholes) or other valuation approaches (such as Monte Carlo Simulation).

(2) Fair values of financial instruments at amortized cost

Except as stated in the table below, the carrying amounts of the Group's partial financial assets and financial liabilities at amortized cost are reasonable approximations of the fair values thereof.

(3) Information on the financial instrument fair value hierarchy

See Note 12.8 for information on the Group's financial instrument fair value hierarchy.

8. Fair value hierarchy

(1) Definitions of fair value levels

All assets and liabilities measured or disclosed at fair value are the lowest level inputs, which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

(2) Information on hierarchy of fair value measurement

The Group does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Financial assets at fair value through other comprehensive income				
Stocks	\$-	\$-	\$9,333	\$9,333

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Financial assets at fair value through other comprehensive income				
Stocks	\$-	\$-	\$3,333	\$3,333

Transfer between Level 1 and Level 2 fair values

The Group's assets and liabilities measured at fair value on a recurring basis during 2022 and 2021 were not transferred between Level 1 and Level 2.

Details of movements at Level 3 fair value on a recurring basis

If the Group's assets and liabilities measured at fair value on a recurring basis that belong to Level 3 fair value during the years ended December 31, 2022 and 2021, the reconciliation

of the opening and ending balances is listed as follows:

	Assets
	Measured at fair value through other comprehensive income
	Stocks
January 1, 2022	\$3,333
Acquired during 2022	6,000
December 31, 2022	\$9,333

	Assets
	Measured at fair value through other comprehensive income
	Stocks
January 1, 2021	\$3,333
December 31, 2021	\$3,333

Significant unobservable Level 3 fair value inputs

Regarding the Group's assets at Level 3 fair value on a recurring basis, the significant unobservable inputs at fair value are as follows:

December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relations between input and fair value	Sensitivity analysis of the relations between inputs and fair values
Financial assets:					
Financial assets at fair value through other					

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comprehensive

income

Stocks	Market approach	Discount for lack of marketability	-%	The higher the illiquidity, the lower the estimated fair value	When the percentage of lack of marketability increased (decreased) by 10%, the Group's equity would have decreased/increased by NT\$933 thousand.
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December 31, 2021:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relations between input and fair value	Sensitivity analysis of the relations between inputs and fair values
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	-%	The higher the illiquidity, the lower the estimated fair value	When the percentage of lack of marketability increased (decreased) by 10%, the Group's equity would have decreased/increased by NT\$333 thousand.

Valuation process for Level 3 fair value

The Group's finance department is responsible for fair value verification, using data from independent sources to bring the valuation results closer to the market, confirming that the sources of the data are independent, reliable, consistent with other resources and represent executable prices, while analyzing the changes in the value of assets and liabilities that must be remeasured or re-valuated in accordance with the Group's accounting policies at each balance date, to ensure that the valuation results are reasonable.

(3) Information on those not measured at fair value but need to be disclosed

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets with only fair value disclosed:				
Investment property (see Note 6.10)	\$-	\$-	\$59,269	\$59,269

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets with only fair value disclosed:				
Investment property (see Note 6.10)	\$-	\$-	\$61,474	\$61,474

9. Information on the foreign currency financial assets and liabilities with significant impact is as follows:

The Group's foreign currency financial assets and liabilities with significant impact are as follows:

	Unit of currency: In thousands of dollars 2022.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			

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USD	<u>\$2,147</u>	30.75	<u>\$66,011</u>
CNY	<u>\$15,247</u>	4.41	<u>\$67,193</u>
<u>Financial liability</u>			
Monetary items:			
USD	<u>\$-</u>	-	<u>\$-</u>
CNY	<u>\$646</u>	4.41	<u>\$2,846</u>
2021.12.31			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>			
Monetary items:			
USD	<u>\$1,774</u>	27.68	<u>\$49,100</u>
CNY	<u>\$12,734</u>	4.34	<u>\$55,303</u>
<u>Financial liability</u>			
Monetary items:			
USD	<u>\$-</u>	-	<u>\$-</u>
CNY	<u>\$514</u>	4.34	<u>\$2,231</u>

The exchange gains or losses on monetary items (financial assets and liabilities) are as follows:

	<u>2022</u>	<u>2021</u>
USD	<u>\$6,984</u>	<u>\$(4,501)</u>

The above information is disclosed in the foreign currency carrying amount (already converted to the functional currency).

10. Capital management

The Group's capital management aims to confirm and maintain appropriate credit ratings and suitable capital ratios to facilitate business operations and maximize shareholders' equity. The Group manages and adjusts the capital structure based on the economic conditions and may maintain and adjust the capital structure by adjusting dividend payments, returning capital, or issuing new shares.

XIII. Other Disclosures

(I) Information on Significant Transactions

1. Loans to others by the Company: Table 1.
2. Endorsements/guarantees provided to others by the Company: Table 2.
3. Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures): Table 3.
4. Securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital by the Company during this period: None.
5. Acquisition of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties by the Company amounting to at least NT\$100 million or 20% of the paid-in capital: None.
8. The Company's receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Derivative trading by the Company: None.
10. The business relations between the parent company and its subsidiaries and among subsidiaries, and important intercompany transactions and amounts: Table 6.

(II) Information on Investees

1. When the Group has significant influence or control over an investee, the information on the investee (excluding investees in China) shall be disclosed: Table 4.
2. When the Group has the ability to control an investee, it shall disclose the information on the investee as in Note 13. (1):

- 2.1. Loans to others: None.
- 2.2. Endorsements/guarantees provided to others by the Company: Table 5.
- 2.3. Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures): None.
- 2.4. Securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital by the Company during this period: None.
- 2.5. Acquisition of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- 2.6. Disposal of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- 2.7. Total purchases from or sales to related parties by the Company amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 2.8. The Company's receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 2.9. Derivative trading by the Company: None.

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(III) Information on Investment in China:

1. Names of investees in China, main business scope, paid-in capital, investment methods, outward and inward capital remittance, shareholdings, investment income and loss, book values of investments at the end of the period, investment income and loss repatriated, and maximum investments in China:

Unit: NT\$ thousand

Name of Investee in China	Main business	Paid-in capital	Investment method	Opening balance of cumulative investment remitted from Taiwan during this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Investment income or loss on investees	Shareholding s of direct or indirect investments	Investment income or loss recognized for this period	Book value of investments at the end of this period	Cumulative investment income repatriated as of the end of this period	Ending balance of cumulative outward remittances for investment in mainland China	Investment amount approved by Investment Commission, MOEA	Maximum investment amount stipulated the Investment Commission, MOEA
					Outward remittance	Repatriation									
Super Dragon Environmental Protection Technology (Suzhou) Limited Company	Recycling, production, and sales of various business waste	\$307,100 (Note 2)	(Note 1)	\$313,242 (Note 2)	\$-	\$-	\$313,242	\$(18,013) (Notes 2 and 3)	100%	\$(18,013) (Notes 2, 3, and 4)	\$142,071 (Notes 2, 3, and 4)	\$-	\$313,242 (Note 2)	\$322,455 (Note 2)	\$837,861

Note 1: A company was established through an investment in a third region to invest in companies in China.

Note 2: The foreign currency amounts are translated into NTD at the exchange rates prevailing on the balance sheet date.

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Note 3: Investment income or losses is recognized in the financial statements audited and certified by CPAs.

Note 4: The above amounts related to Jialong Environmental Protection Technology (Suzhou) Limited Company have been written off when the consolidated financial statements were prepared.

2. Amount of purchases and percentage and ending balance of payables: None.
3. Amount of sales amount and percentage and ending balance of receivables: None.
4. Amount of property transactions and the resulting gains and losses: None.
5. Note endorsement and guarantee or ending balance and purpose of guarantees: None.
6. Highest balance of loans, ending balance, interest rate range, and total interest for this period: None.
7. Other transactions with a significant impact on the current profit or loss or financial position, such as the provision or receipt of services: None.

(IV) Information on Major Shareholders:

Shares Name of major shareholder	Number of shares held	Shareholding
Yao-Hsun Wu	29,856,515	28.92%
Wistron Corporation	5,676,005	5.49%
Chun-Yao Lin	5,525,000	5.35%

XIV. Segment Information

1. The Group's revenue mainly comes from the manufacturing and trading of precious metals. The Group's chief operating decision maker reviews the Company's operating performance to make decisions on its resources and evaluates its overall performance, so it is a single operating segment, and it is prepared on the same basis as the summary of important accounting policies mentioned in Note 4.

2. Information by region

Revenue from external clients:

	2022	2021
Taiwan	\$559,319	\$669,615
China	602,589	814,633
Total	\$1,161,908	\$1,484,248

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Revenue is classified by the country where each client operates business.

Non-current assets:

	2022.12.31	2021.12.31
ortization Taiwan	\$1,989,022	\$1,997,531
China	66,174	63,648
Total	<u>\$2,055,196</u>	<u>\$2,061,179</u>

Information on important clients:

The external clients who accounted for 10% or more of Company' and its subsidiaries' sales revenue are as follows:

<u>Name of client</u>	2022	2021
Client A	\$565,104	\$739,898
Client B	155,087	172,297
Client C	111,001	(Note)
	<u>\$831,192</u>	<u>\$912,195</u>

Note: The net sales to client A did not exceed 10% of the Group's net operating revenue in 2022, so it will not be disclosed.

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Table 1

Loans to others

Unit: NT\$ thousand

No. (Note 1)	Lender	Borrower	Account (Note 2)	Related party status	Highest balance during this period (Notes 4 and 6)	Ending balance (Note 6)	Amount drawn	Interest rate range	Nature of loan (Note 3)	Transaction amount	Reason for the need for short- term loan	Amount of allowance for losses	Collateral		Maximum loan to each entity (Note 5)	Total maximum amount of loans (Note 5)
													Name	Value		
0	Super Dragon Technology Co., Ltd.	Chang Pwu Industrial Co., Ltd.	Other receivables related parties	- Yes	\$20,000	\$20,000	\$-	1.2%	2	\$-	Business turnover	\$-	-	\$-	\$46,548	\$139,643

Note 1: No. column is filled out in a way as follows:

1. The issuer should be coded “0”.
2. The investees are coded sequentially beginning from “1” one by one.

Note 2: Accounts receivable from affiliates, accounts receivable from related parties, transactions with shareholders, prepayments, and temporary debits, shall be entered if they belong to loans to others.

Note 3: The nature of loans to others is filled out in a way as follows:

1. Where there are business dealings, please enter 1.
2. Where there is a need for a short-term loan, please enter 2.

Note 4: The maximum balance of loans to others throughout the year.

Note 5: The maximum loan to each entity and the total maximum loans as stipulated in the operating procedures for loans others shall be entered; the method of calculating loans to individual entities and the total maximum loans shall be indicated in the Remarks column.

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Note 6: If the publicly listed company puts each loan to others to the Board of Directors for resolution as per Article 14, paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even if the loan is not yet disbursed, the company shall include the amount as resolved in the balance to be announced, to disclose the risks it bears; however, if the loan is repaid later, the balance after repayment shall be disclosed to reflect the adjustment to the risks assumed. If the publicly listed company delegates its chairman to disburse a loan in installments within a certain amount or use them in a revolving manner over a period of one year by the resolution of the board of directors in accordance with Article 14, paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the loan approved by the board of directors shall still be included the balance to be announced and reported. Although repayments will be made later, as funds may be disbursed again, the amount of the loan approved by the board of directors shall still be adopted as the balance to be announced and reported.

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Table 2

Endorsements/guarantees provided to others

Unit: NT\$ thousand

Endorsements/ guarantees provided to others		Party endorsed/ guaranteed		Limits on endorsement/gu arantee to each enterprise (Note 3)	Maximum balance of endorsement / guarantee for this period	Ending balance of endorsem ents/ guarantees	Amount drawn	Amount of endorsement/gu arantee secured by property	Ratio of cumulative endorsement/ guarantee to the net worth as stated in the latest financial statements	Maximum endorsement/ guarantee to be provided (Note 3)	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by subsidiary to parent company	Endorsement/ guarantee to entity in China
No. (Note 1)	Name	Name of company	Relations (Note 2)										
0	Super Dragon Technology Co., Ltd.	Chang Pwu Industrial Co., Ltd.	A subsidiary 100% directly (indirectly) owned by the Company	\$279,287	\$26,500	\$26,500	\$26,000	\$-	1.9%	\$558,574	Y	N	N

Note 1: No. column is filled out in a way as follows:

1. The issuer should be coded “0”.
2. The investees are coded sequentially beginning from “1” one by one.

Note 2: There are seven types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; just indicate the code:

1. Companies with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company directly or indirectly holds more than 50% of the voting shares in the Company.
4. A company in which the Company directly or indirectly holds 90% or more of the voting shares.
5. Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contractual provisions based on the needs for contracting construction projects.
6. A company that is endorsed and guaranteed by all shareholders of the Company in proportion to their shareholdings due to a joint investment relationship.
7. The companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Consumer Protection Act.

Note 3: As per the Operating Procedures for Endorsements and Guarantees for Others of Super Dragon Technology Co., Ltd., the total amount of the endorsements/guarantees provided to external entities shall not exceed 40% of the Company's net worth for the period. The amount of endorsements/guarantees for a single enterprise shall not exceed 20% of the Company's net worth as stated in the latest financial statements, while that for a single overseas affiliate shall be limited to 10% of the Company's net worth as stated in the latest financial statements.

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 3

Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures)

Unit: NT\$ thousand										
Holder	Types and names of securities	Relations between the issuer and the Company	Account	End of the period				Collateral, pledge, or other restrictions		
				Number of shares	Carrying amount	Shareholding	Fair value	Number of shares	Carrying amount	Remarks
Super Dragon Technology Co., Ltd.	Stocks: Big Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	350,000	<u>\$3,333</u>	8.17%	<u>\$3,333</u>	-	<u>\$-</u>	
Super Dragon Technology Co., Ltd.	Rainter Water Resource Technology Corp.	None	Financial assets at fair value through other comprehensive income - non-current	480,000	<u>\$6,000</u>	10%	<u>\$6,000</u>	-	<u>\$-</u>	

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 4

Information on investees with significant influence or control (excluding investees in China)

Unit: NT\$ thousand

Name of investor	Investee	Location	Main business	Initial investment amount		Holdings at the end of the period			Investment income or loss on investees	Investment income or loss recognized for this period	Remarks
				End of this period	End of last year	Number of shares	Shareholding	Carrying amount			
Super Dragon Technology Co., Ltd.	Chang Pwu Industrial Co., Ltd.	No.323, Huanke Rd., Neighborhood 1, Datan Vil., Guanyin Dist., Taoyuan City	Collection of business waste	\$179,988	\$179,988	18,000,000	100.00%	\$168,513	\$1,650	\$1,650	Note
Super Dragon Technology Co., Ltd.	Ron Pwu Applied Materials Technology Co., Ltd.	No. 1, Yuanyuan St., Guanyin Dist., Taoyuan City	Manufacturing, wholesale, and retail of chemicals and wholesale of recycled materials	9,400	9,400	1,000,000	100.00%	9,991	3	3	Note

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Super Dragon Technology Co., Ltd.	Super Dragon International Co., Ltd.	Rm 51, 5th Britannia House, Jalan Cator, Bandar Seri Begawan BS 8811, Brunei Darussalam	Sales of environmental protection devices and mixed hardware waste	271,127	271,127	7,005,365	100.00%	143,560	(18,013)	(18,013)	Note
Chang Pwu Industrial Co., Ltd.	Pau Hz Energy Corp.	8F, No. 463, Xingshan Rd., Neihs Dist., Taipei City	Energy technology services and power generation and distribution machinery manufacturing	15,000	-	1,500,000	30.00%	14,684	(316)	(316)	Note

Note: It has been written off when the consolidated financial statements were prepared.

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 5

Endorsements/guarantees provided to others

Unit: NT\$ thousand

Endorsements/ guarantees provided to others		Party endorsed/ guaranteed		Limits on endorsement/ guarantee to each enterprise (Note 3)	Maximum balance of endorsement/ guarantee for this period	Ending balance of endorsements/ guarantees	Amount drawn	Amount of endorsement/ guarantee secured by property	Ratio of cumulative endorsement/ guarantee to the net worth as stated in the latest financial statements	Maximum endorsement/ guarantee to be provided (Note 3)	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by subsidiary to parent company	Endorsement/ guarantee to entity in China
No. (Note 1)	Name	Name of company	Relations (Note 2)										
1	Chang Pwu Industrial Co., Ltd.	Super Dragon Technology Co., Ltd.	3	\$505,347	\$370,000	\$370,000	\$210,000	\$370,000	219.65%	\$505,347	N	Y	N

Note 1: No. column is filled out in a way as follows:

1. The issuer should be coded “0”.
2. The investees are coded sequentially beginning from “1” one by one.

Note 2: There are seven types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; just indicate the code:

1. Companies with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company directly or indirectly holds more than 50% of the voting shares in the Company.
4. A company in which the Company directly or indirectly holds 90% or more of the voting shares.
5. Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contractual provisions based on the needs for contracting construction projects.
6. A company that is endorsed and guaranteed by all shareholders of the Company in proportion to their shareholdings due to a joint investment

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

relationship.

7. The companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the Consumer Protection Act.

Note 3: As per the Operating Procedures for Endorsements and Guarantees for Others of the subsidiary, Chang Pwu Industrial Co., Ltd., the limit of endorsement/guarantee for the parent company (Super Dragon Technology Co., Ltd.) is 300% of the company's net worth as stated in its latest financial statements. The amount of endorsements/guarantees for a single enterprise other than the parent company shall not exceed 20% of the Company's net worth as stated in the latest financial statements.

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 6

Business relations and important transactions between the parent company and the subsidiaries

Unit: NT\$ thousand

No. (Note 1)	Name of trader	Transaction counterparty	Relations with the trader	Transaction			
				Account	amount	Transaction conditions	As a % of the total consolidated revenue or total assets
0	<u>2022</u> Super Dragon Technology Co., Ltd.	Chang Pwu Industrial Co., Ltd.	1	Expenses payable	\$201 3,514	Method of offsetting debts	-% 0.3%
1	Industrial Co., Ltd.	Super Dragon Technology Co., Ltd.	2	Revenue from	24	against creditor's rights	-%
2	Chang Pwu Industrial Co., Ltd.	Super Dragon Technology Co., Ltd.	2	provision of services	24	As agreed in contract	-%
	Ron Pwu Applied Materials Technology Co., Ltd.	Super Dragon Technology Co., Ltd.		Rent expense		As agreed in contract	
		Super Dragon Technology Co., Ltd.		Rent expense		As agreed in contract	

Note 1: The information on business transactions between the parent company and subsidiaries shall be indicated in the No. column. The number should be entered as follows:

1. Enter 0 for parent company.
2. The subsidiaries are coded sequentially beginning from "1" one by one.

Note 2: The relations with the transaction counterparties are classified into three categories as follows; just enter the code:

Notes to Consolidated Financial Statements of Super Dragon Technology Co., Ltd. and Its Subsidiaries (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. The parent company to a subsidiary.
2. A subsidiary to the parent company.
3. A subsidiary to another one.

Note 3: The transaction amount as a percentage of the total consolidated revenue or total assets should be calculated as the ratio of the ending balance to the total consolidated assets if it is an asset or liability item, or as the ratio of the ending cumulative amount to the total consolidated revenue if it is a profit or loss item.

Stock code: 9955

Super Dragon Technology Co., Ltd.

**Parent Company Only Financial Statements and Independent Auditor's
Report**

For the Years Ended December 31, 2022 and 2021

Address: No.323, Huanke Rd., Guanyin Dist., Taoyuan City
Tel.: (03)473-6566

Parent Company Only Financial Statements
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Independent Auditors' Report

Super Dragon Technology Co., Ltd. is hereby submitted for your review.

Audit opinion

The Parent Company Only Balance Sheets of Super Dragon Technology Co., Ltd. as of December 31, 2022 and December 31, 2021, and the Parent Company Only Comprehensive Profit and Loss Statement, Parent Company Only Statement of Changes in Equity and Parent Company Only Statement of Cash Flows for the periods from January 1 to December 31, 2022 and January 1 to December 31, 2021, And the Notes to the Parent Company Only Financial Statements (including the summary of significant accounting policies) have been verified by the Accountant.

In the opinion of the Accountant, the above Parent Company Only Financial Statements have been prepared in all material respects in accordance with Financial Reporting Standards for Securities Issuers. It is sufficient to express the Parent Company Only financial position of Super Dragon Technology Co., Ltd. and its subsidiaries as of December 31, 2022 and December 31, 2021, and the financial performance and cash flows of Super Dragon Technology Co., Ltd. from January 1 to December 31, 2022 and January 1 to December 31, 2021.

Basis of Audit Opinion

The Accountant perform the audit work in accordance with Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Audit Standard. The responsibilities of the Accountant under these standards will be further explained in the section of the accountant's responsibilities for checking the financial statements. In accordance with the professional ethics code of accountants, the staff of the firm to which the Accountant belongs has maintained independence from Super Dragon Technology Co., Ltd., and fulfilled other responsibilities under the code. The Accountant believes that sufficient and appropriate audit evidence has been obtained to form a basis for the audit opinion.

Key audit items

Key audit items refer to the items that are the most important in the audit of the 2022 Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. in accordance with the professional judgment of the accountant. Such matters have been taken into account in the audit of

the Parent Company Only Financial Statements as a whole and in the formation of the examination opinion, and the Accountant does not express an opinion on such matters alone.

Recognition of revenue

The operating income of Super Dragon Technology Co., Ltd. in 2022 is NT \$1,118,454,000, which is material to the Parent Company Only Financial Statements. Due to the complexity and particularity of the transaction of the environmental protection industry operated by the Company and its sales locations including Taiwan, Hong Kong and other multinational markets, As a result, the time and amount of sales revenue recognition are significantly risky, so the accountant decides to list revenue recognition as its key audit item. The audit procedures of the Accountant include (but are not limited to) understanding various sales models, evaluating the reasonability of accounting policies for revenue recognition related to performance obligations under each model, including reviewing the transaction conditions of the parties, testing the effectiveness of internal controls related to the time point of revenue recognition of performance obligations in the sales cycle, and performing detailed tests on selected samples of sales details, including checking the original orders or sales contracts of major customers and other sales documents, reviewing the transaction conditions and confirming whether the revenue recognition time of each performance obligation is consistent with the performance obligations and satisfaction time set forth in the contract or order, and performing the verification procedures such as sales revenue cut-off test and significant sales return and discount after the review period for a period of time before and after the balance sheet date. The accountant also considers the appropriateness of the disclosure of operating income in Notes 4 and 6 to the Parent Company Only Financial Statements.

Valuation of inventories

The net inventory of Super Dragon Technology Co., Ltd. as of December 31, 2022 was NT\$435,979,000, accounting for 15% of the total assets, which is material to the Parent Company Only Financial Statements. As most of the inventories are gold, platinum and silver, in addition to the complex management of asset preservation and the need for close control, these precious metals are vulnerable to frequent and large price changes in the international market, and their inventory storage patterns are also diversified. These factors affect the complexity of the calculation of net realization and involved management personnel's judgement. Therefore, the Accountant has determined that valuation of inventory is a key audit item. The audit procedures of the accountant include (but are not limited to) the execution of the evaluation of the inventory plan of the management level, the selection of major inventory items to test the effective implementation of its internal control and the

confirmation of inventory quantity and status. Select samples to test and evaluate the net realized value estimated by management personnel for valuation of inventory (including the determination of inventory quantity in process), etc. The accountant also considers the appropriateness of the disclosure of inventory in Notes 5 and 6 to the Parent Company Only Financial Statements.

Responsibilities of management personnel and governance unit for Parent Company Only Financial Statements

It is the responsibility of management to prepare Parent Company Only Financial Statements that are permitted to be expressed in accordance with the Financial Reporting Standards of Securities Issuers and to maintain such internal control as is necessary in connection with the preparation of Parent Company Only Financial Statements to ensure that the Parent Company Only Financial Statements are free from material misrepresentation due to fraud or error.

In preparing the Parent Company Only Financial Statements, management's responsibility also includes evaluating the ability of Super Dragon Technology Co., Ltd. to continue as a going concern, disclosure of related matters, and adoption of a going concern accounting basis, unless management intends to liquidate Super Dragon Technology Co., Ltd. or cease business, or no practicable alternative other than liquidation or suspension of business.

The governance unit of Super Dragon Technology Co., Ltd. should be responsible for supervising the process of financial reporting.

Accountant's responsibilities of auditing the Parent Company Only Financial Statements

The purpose of Accountant's audit of the Parent Company Only Financial Statement is to obtain reasonable assurance as to whether the Parent Company Only Financial Statements as a whole contain material misrepresentations due to fraud or error, and to issue a verification report. Reasonable assurance is a high degree of assurance, but there is no guarantee that an audit conducted in accordance with the audit standards will detect a material misrepresentation in the Parent Company Only Financial Statements. Misrepresentation may lead to fraud or error. Misrepresentations of individual amounts or aggregate amounts are considered material if they can reasonably be expected to affect economic decisions made by users of the Parent Company Only Financial Statements.

The Accountant uses professional judgement and professional skepticism when auditing in accordance with Auditing Standards. The Accountant also performs the following duties:

1. Identify and assess the risk of material misrepresentation due to fraud or error in the Parent

Company Only Financial Statements; Design and implement appropriate responses to the risks assessed; And obtain sufficient and appropriate audit evidence to form a basis for the audit opinion. Because fraud may involve collusion, forgery, willful omission, misrepresentation, or overstepping internal controls, the risk of failing to detect material misrepresentation due to fraud is higher than that due to error.

2. Obtain the necessary understanding of the internal controls relevant to the audit in order to design audit procedures appropriate for the circumstances, provided that the purpose is not to express an opinion on the effectiveness of the internal controls of Super Dragon Technology Co., Ltd.
3. Evaluate the appropriateness of the accounting policies, and the reasonability of accounting estimate and related disclosure which the management personnel adopted.
4. According to the obtained audit evidence, conclude the appropriateness of management personnel's adoption of the accounting basis for a going concern, and conclude the events or conditions whether there is a material uncertainty about the ability of Super Dragon Technology Co., Ltd. to continue as a going concern. In the opinion of the Accountant, if there is material uncertainty of the event and condition, I should alert users of the Parent Company Only Financial Statements to the relevant disclosure of Parent Company Only Financial Statements in the audit report or amend the audit opinion if such disclosure is inappropriate. The conclusions of the Accountant is based on the audit evidence available as of audit report date. However, future events or conditions may cause Super Dragon Technology Co., Ltd. to no longer be able to continue as a going concern.
5. Evaluate whether the related transaction and events in the overall expression, structure and content of Parent Company Only Financial Statements (including related Notes), and Parent Company Only Financial Statements are expressed appropriately.
6. Obtain the adequate and appropriate audit evidence of the parent company only financial information to issue the opinions about the Parent Company Only Financial Statements. The accountant is responsible for the guidance, supervision and execution of group audit cases, and the formation of group audit opinions.

The matters communicated by the accountant with the governing unit include the planned scope and timing of the audit and significant audit findings (including significant lack of internal control identified during the audit).

The accountant also provides the governing unit with a statement that the personnel of the accounting firm subject to the independence code have complied with the Independence Code of Professional Ethics for Accountants, and communicates with the governing body all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of accountants.

Based on the matters communicated with the governance unit, the Accountant decides the key matters for the audit of the 2022 Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. The Accountant states such matters in the audit report, unless public disclosure of a particular matter is prohibited by statute, or in very rare circumstances, the Accountant decides not to communicate a particular matter in the audit report because it can reasonably be expected that the negative impact of such communication will outweigh the public interest enhanced.

Ernst & Young Accounting Firm

The competent authority approve the public issuance of the
Company's financial reports

Audit Document No.: (2014) Jin Guan Zheng Shen Zi No.
1030025503

(1998) Tai Cai Zheng (VI) No. 65315

Ching-Piao, Cheng

Certified Public Accountant:

Mao-I, Hung

March 23, 2023

Super Dragon Technology Co., Ltd.

Parent Company Only Balance Sheet

December 31, 2022 and 2021

(Unit: NT\$ thousand)

Assets			December 31, 2022		December 31, 2021	
Code	Accounting title	Note	amount	%	amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6.1	\$98,624	4	\$71,859	2
1136	Financial assets at amortized cost	4, 6.4, and 8	86,602	3	85,575	3
1150	Notes receivable, net	4 and 6.5	-	-	1,262	-
1170	Accounts receivable, net	4 and 6.6	29,907	1	29,824	1
1200	Other receivables		152	-	132	-
1310	Inventory, net	4 and 6.7	435,979	15	431,934	15
1410	Prepayments		5,888	-	44,456	2
11XX	Total current assets		657,152	23	665,042	23
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income	4 and 6.3	9,333	-	3,333	-
1550	Investments using the equity method	4 and 6.8	322,000	11	335,894	12
1600	Property, plant and equipment	4, 6.9, and 8	1,712,915	61	1,730,296	61
1755	Right-of-use assets	4, 6.22, and 7	16,052	1	-	-
1760	Investment Property	4, 6.10, and 8	59,269	2	61,474	2
1840	Deferred tax assets	4 and 6.26	21,938	1	21,956	1
1900	Other non-current assets	6.11 and 8	30,715	1	29,494	1
15XX	Total non-current assets		2,172,222	77	2,182,447	77
1XXX	Total assets		\$2,829,374	100	\$2,847,489	100

(See notes to parent company only financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd.
Parent Company Only Balance Sheet (continued)
December 31, 2022 and 2021
(Unit: NT\$ thousand)

Liabilities and equity		Note	December 31, 2022		December 31, 2021	
Code	Accounting title		amount	%	amount	%
	Current liabilities					
2100	Short-term borrowings	6.12 and 8	\$720,000	25	\$603,000	21
2150	Notes payable		17,320	1	14,235	-
2170	Accounts payable		27,904	1	34,585	1
2200	Other payables	6.13	43,521	2	46,684	2
2220	Other payables - related parties	7	201	-	300	-
2280	Lease liabilities	4 and 6.22	5,743	-	-	-
2300	Other current liabilities	4 and 6.14	75,616	3	74,245	3
21XX	Total current liabilities		890,305	32	773,049	27
	Non-current liabilities					
2540	Long-term borrowings	6.17 and 8	503,589	18	559,673	20
2570	Deferred tax liabilities	4 and 6.26	5,753	-	5,265	-
2580	Lease liabilities	4 and 6.22	9,460	-	-	-
2600	Other non-current liabilities	4, 6.15, and 6.16	23,832	1	17,118	1
25XX	Total non-current liabilities		542,634	19	582,056	21
2XXX	Total liabilities		1,432,939	51	1,355,105	48
	Equity attributable to owners of the parent company					
3100	Share capital					
3110	Common shares	6.19	1,032,082	36	1,032,082	36
3200	Capital surplus	6.19	958,405	34	958,405	34
3300	Retained earnings	6.19				
	Undistributed earnings (deficit to be offset)		(579,364)	(20)	(481,391)	(17)
3350			(14,688)	(1)	(16,712)	(1)
3400	Other equity interest					
3XXX	Total equity		1,396,435	49	1,492,384	52
	Total liabilities and equity		\$2,829,374	100	\$2,847,489	100

(See notes to parent company only financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022
and January 1 to December 31, 2021
(Unit: NT\$ thousand, except for earnings per share)

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Net operating revenue	4 and 6.20	\$1,118,454	100	\$1,409,273	100
5000	Operating cost		(1,119,171)	(100)	(1,421,732)	(101)
5900	Gross profit (loss)		(717)	-	(12,459)	(1)
6000	Operating expense					
6100	Selling expense		(5,342)	-	(4,121)	-
6200	Administrative expenses		(72,938)	(7)	(63,838)	(5)
6300	Research and development expenses		(2,424)	-	(4,285)	-
6450	Expected credit impairment (loss) gain	4 and 6.21	-	-	655	-
	Total operating expenses		(80,704)	(7)	(71,589)	(5)
6900	Operating income (loss)		(81,421)	(7)	(84,048)	(6)
7000	Non-operating income and expenses	6.24				
7010	Other income		14,028	1	12,847	1
7020	Other gains and losses		4,603	-	(12,439)	(1)
7050	Financial costs		(19,603)	(2)	(13,873)	(1)
7070	Share of profit or loss of subsidiaries, associates, or joint ventures recognized using the equity method		(16,424)	(1)	(870)	-
	Total non-operating income and expenses		(17,396)	(2)	(14,335)	(1)
7900	Net profit (loss) before tax		(98,817)	(9)	(98,383)	(7)
7950	Tax benefit (expense)	4 and 6.26	-	-	-	-
8200	Net income (loss) for this period		(98,817)	(9)	(98,383)	(7)
8300	Other comprehensive income	6.25				
8310	Items not reclassified to profit or loss					
8311	Remeasurement of the defined benefit plan		844	-	1,965	-
8331	Remeasurement of defined benefit plans of subsidiaries, associates, and joint ventures		-	-	755	-
8360	Items that may be subsequently reclassified to profit or loss					
8381	Exchange differences arising from the translation of the financial statements of foreign operations of subsidiaries, associates, and joint ventures		2,530	-	(1,262)	-
8399	Income taxes related to items that may be reclassified to profit or loss		(506)	-	252	-
	Other comprehensive income for this period (net of tax)		2,868	-	1,710	-
8500	Total comprehensive income of the current period		\$ (95,949)	(9)	\$ (96,673)	(7)
9750	Basic earnings (losses) per share (NTD)	6.27	\$ (0.96)		\$ (0.95)	
9850	Diluted earnings (losses) per share (NTD)		\$ (0.96)		\$ (0.95)	

(See notes to parent company only financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022
and January 1 to December 31, 2021
(Unit: NT\$ thousand)

	Item	Share capital	Capital surplus	Retained earnings	Other equity items	Total
				Undistributed earnings (deficit to be offset)	Exchange differences arising from the translation of the financial statements of foreign operations	
Code		3100	3200	3350	3410	31XX
A1	Balance on January 1, 2021	\$1,032,082	\$958,405	\$(385,728)	\$(15,702)	\$1,589,057
D1	Net loss for 2021			(98,383)		(98,383)
D3	Other comprehensive income for 2021			2,720	(1,010)	1,710
Z1	Balance on December 31, 2021	1,032,082	958,405	(481,391)	(16,712)	1,492,384
D1	Net loss for 2022			(98,817)		(98,817)
D3	Other comprehensive income for 2022			844	2,024	2,868
Z1	Balance on December 31, 2022	\$1,032,082	\$958,405	\$(579,364)	\$(14,688)	\$1,396,435

(See notes to parent company only financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd.
Parent Company Only Cash Flow Statement
January 1 to December 31, 2022
and January 1 to December 31, 2021
(Unit: NT\$ thousand)

Code	Item	2022	2021	Code	Item	2022	2021
AAAA	Cash flow of operating activities:			BBBB	Cash flow of investing activities:		
A00010	Net loss before tax	\$ (98,817)	\$ (98,383)	B00010	Acquisition of financial assets at fair value through other comprehensive income	(6,000)	-
A20000	Adjustments:			B00060	Decrease (increase) in financial assets at amortized cost	(1,027)	(57,377)
A20010	Income or expenses that do not affect cash flows:			B01800	Acquisition of investments using the equity method	-	(218)
A20100	Depreciation expenses (including investment property)	52,539	47,425	B02700	Acquisition of property, plant and equipment	(29,910)	(48,826)
A20300	Expected credit impairment (gain) loss	-	(655)	B03800	Disposal of property, plant and equipment	47	-
A20400	Financial assets at fair value through profit or loss and net loss (gain) from liabilities	-	5,705	B03700	Decrease (increase) in guarantee deposits paid	(3,405)	(8,530)
A20900	Interest expense	19,603	13,873		Net cash inflows (outflows) from investing activities	(40,295)	(114,951)
A21200	Interest income	(159)	(101)	CCCC	Cash flow of financing activities:		
A21300	Dividend income	(277)	(265)	C00100	Increase (decrease) in short-term borrowings	117,000	(87,000)
A22300	Associates & Joint Ventures Accounted for Using Equity Method and share of loss of joint ventures	16,424	870	C01600	Long-term borrowings	20,100	210,000
A22500	Loss (gain) on disposal of property, plant and equipment	(47)	-	C01700	Repayment of long-term borrowings	(74,844)	(73,615)
A29900	Government grants	(207)	(208)	C03000	Increase (decrease) in guarantee deposits received	-	(4,000)
A30000	Changes in assets/liabilities related to operating activities:			C04020	Repayment of lease principal	(2,595)	-
A31110	Decrease (increase) in financial assets held for trading	-	(4,678)	CCCC	Net cash inflows (outflows) from financing activities	59,661	45,385
A31130	Decrease (increase) in notes receivable	1,262	(1,173)				
A31150	Decrease (increase) in accounts receivable	(83)	(15,296)	EEEE	Increase (decrease) in cash and cash equivalents during this period	26,765	(22,035)
A31180	Decrease (increase) in other receivables	(140)	389	E00100	Opening balance of cash and cash equivalents	71,859	93,894
A31200	Decrease (increase) in inventory, net	(4,045)	132,930	E00200	Ending balance of cash and cash equivalents	\$98,624	\$71,859
A31230	Decrease (increase) in prepayments	38,568	(41,927)				
A32130	Increase (decrease) in notes payable	3,085	7,931				
A32150	Increase (decrease) in accounts payable	(6,681)	27,752				
A32180	Increase (decrease) in other payables	(2,490)	(7,554)				
A32190	Increase (decrease) in other payables - related parties	(99)	(46)				
A32230	Increase (decrease) in other current liabilities	31	(500)				
A32240	Increase (decrease) in net defined benefit liability	7,765	(5,126)				
A33000	Cash inflows (outflows) from operations	26,232	60,963				
A33100	Interest received	159	101				
A33200	Dividends received	277	265				
A33300	Interest paid	(19,389)	(13,873)				
A33500	Income taxes paid	120	75				
AAAA	Net cash inflows (outflows) from operating activities	7,399	47,531				

(See notes to parent company only financial statements)

Chairman: Chieh-Hsin Wu

Manager: Chieh-Hsin Wu

Chief Accounting Officer: Cheng Tuan-Mu

Super Dragon Technology Co., Ltd.
Notes to Parent Company Only Financial Statements
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Super Dragon Technology Co., Ltd. (hereinafter referred to as “the Company”) was approved to be incorporated and registered on September 25, 1996. The original registered company name was "Super Dragon Engineering Co., Ltd." and then renamed “Super Dragon Technology Co., Ltd.” on December 2, 1999. The main business scope includes the collection and treatment of business waste (including general and hazardous) and the trading of copper, lead, zinc, iron, tin, aluminum, gold-plated, silver-plated, and palladium-plated materials, as well as single precious metals (gold, silver, and palladium). The Company's stock has been traded on Taipei Exchange since December 30, 2003 and on Taiwan Stock Exchange since January 21, 2008. Its registered business is located at No.323, Huanke Rd., Datan Vil., Guanyin Dist., Taoyuan City. The main operating sites are located at No. 12, Ronggong South Rd., Caoluo Vil., Guanyin Dist., Taoyuan City and No. 323, Huanke Rd., Datan Vil., Guanyin Dist., Taoyuan City.

II. Approval Date and Procedures of the Consolidated Financial Statements

The 2022 and 2021 consolidated financial statements of the Company were released after being approved by the Board of Directors on March 23, 2023.

III. Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies due to the initial application of the IFRSs:

The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations ("IFRSs") that have been endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2022, and the initial application of the newly issued and amended standards and interpretations caused no material impact on the Company.

2. The new or amended IFRSs published by IASB and endorsed by the FSC not yet adopted by the Company:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023

2	Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
3	Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

(1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The disclosure of accounting policies to provide more useful information to investors and other major users of financial statements was improved in the amendments.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

Accounting estimates are directly defined, and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” was further amended to help an enterprise distinguish between changes in accounting policies and changes in accounting estimates.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The scope of deferred tax recognition exemption under paragraphs 15 and 24 of IAS 12 “Income Tax” was narrowed so that the exemption does not apply to transactions that result in the same amounts of taxable and deductible temporary differences upon initial recognition.

The Company evaluated the new, revised, and amended standards and interpretations that have been published by the IASB and endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2023 and determined that they did not cause any material impact on the Company.

3. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Company:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint	To be determined by the IASB

	Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	
2	IFRS 17 Insurance Contracts	January 1, 2023
3	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
4	Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
5	Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

- (1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments aim to address the inconsistency regarding the loss of control due to the investment in an associate or a joint venture through a subsidiary between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 28 stipulates that when non-monetary assets are invested in exchange for the equity in an associate or a joint venture, the share of the resulting profit or loss shall be eliminated as the treatment method adopted for downstream transactions. IFRS 10 stipulates that the total gain or loss upon loss of control over a subsidiary shall be recognized. The amendments restrict the above requirements of IAS 28: when assets that constitute a business as defined in IFRS 3 are sold or purchased, the total resulting gain or loss shall be recognized.

In the amendments, IFRS 10 was amended so that when an investor sells or invests in a subsidiary (associate or joint venture) that does not constitute a business as defined by IFRS 3, only the profit or loss arising therefrom within the scope not belonging to the investor shall be recognized.

- (2) IFRS 17 Insurance Contracts

This standard provides a comprehensive model of insurance contracts, including all accounting-related elements (recognition, measurement, presentation, and disclosure

principles). The core of the standard is a regular model. Under this model, during the initial recognition, the group of insurance contracts are measured at the aggregate amount of fulfillment cash flows and contractual service margins. The carrying amount at the end of each reporting period is the sum of the liabilities for the remaining coverage and the liabilities for incurred claims.

In addition to the regular model, it also provides a specific applicable method for contracts with direct participation features (variable fee approach and a simplified method for short-term contracts) (premium allocation approach).

After this standard was published in May 2017, the amendments were published in 2020 and 2021. In these amendments, the effective date in the transitional provisions will be postponed for two years (that is, from January 1, 2021 postponed through January 1, 2023) with additional exemptions provided, while some regulations are simplified to reduce the cost of adopting this standard, and some regulations are amended to make some scenarios easier to interpret. After this standard becomes effective, it will supersede the transitional provisions (i.e. IFRS 4 “Insurance Contracts”).

(3) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1 “Classification of Liabilities as Current or Non-current” was amended.

(4) Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

The amendments are to improve the consistent application of the standard by adding additional accounting treatment for IFRS 16 “Leases” in the seller and lessee’s sales and leaseback.

(5) Amendments to IAS 1 “Non-current Liabilities with Covenants”

The amendments are to enhance the information on long-term liability contracts provided enterprises. It clarifies that the contractual agreement to be followed within 12 months after the end of the reporting period does not affect the classification of such liabilities as current or non-current at the end of the reporting period.

The date of applying the above standards or interpretations that have been published by the

IASB but have not yet been endorsed by the FSC shall be subject to the decisions made by the FSC. As per the Company's assessment, the above new or revised standards or interpretations did not impose a significant impact on the Company.

IV. Summary of Significant Accounting Policies

1. Statement of compliance

The Company's parent company only financial statements for 2022 and 2021 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

The Company prepared the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. As per Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company-only financial statements are the same as the share of the current profit or loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis; and the owner's equity in the parent company-only financial statements is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Therefore, the investment in subsidiaries is presented as "investments using the equity method" in the parent company only financial statements, with necessary valuation adjustments made.

The parent company only financial statements have been prepared on the historical cost basis except for the financial instruments at fair value. The parent company only financial statements are presented in NT\$ thousand, unless otherwise specified.

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NTD as the functional currency.

Transactions in foreign currencies are recognized at the exchange rates prevailing on the transaction dates. On each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate prevailing on that date. Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on that

date when the fair value is measured. Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rates prevailing on the initial transaction dates.

Except as stated below, exchange differences arising from settlement or translation of monetary items are recognized in profit or loss for the period in which they occur.

- (1) Regarding foreign-currency borrowings incurred to acquire an eligible asset, if the resulting exchange difference is regarded as an adjustment to interest costs, it is part of the borrowing cost and is capitalized as the cost of the asset.
- (2) Foreign-currency items to which IFRS 9 "Financial Instruments" applies are handled in accordance with the accounting policies for financial instruments.
- (3) Regarding monetary items that form part of a reportable entity's net investment in foreign operations, exchange differences arising therefrom are initially recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed of.

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

4. Translation of foreign currency financial statements

Each foreign operation of the Company determines its own functional currency and measures its financial statements in the functional currency accordingly. When the parent company only financial statements were prepared, the assets and liabilities of the foreign operations were translated into NTD at the closing exchange rate on the balance sheet date. Income and expense items were translated at the average exchange rates for the period. Any exchange differences arising from translation were recognized in other comprehensive income. When the foreign operations were disposed of, the cumulative exchange differences were previously been recognized in other comprehensive income as an independent component under equity was reclassified from equity to profit or loss when the gains or losses on disposal were recognized. When control, significant influence, or joint control over foreign operations is lost with some equity retained, it is still treated as disposal.

Regarding the partial disposal of a subsidiary with foreign operations (over which the control

is not lost), the cumulative exchange difference recognized in other comprehensive income is adjusted in proportion through "investment using the equity method" and is not recognized in profit or loss. The partial disposal of an associate or a jointly controlled entity with foreign operations (over which the significant influence or joint control is not lost) , when part of the disposal includes associates or jointly controlled entities of foreign operating institutions, the cumulative exchange difference is reclassified to profit or loss in proportion.

The goodwill arising from the acquisition of a foreign operation and the adjustment to the fair value of the carrying amounts of its assets and liabilities are regarding as the foreign operation's assets and liabilities and presented in its functional currency.

5. Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets, otherwise they are non-current assets:

- (1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed;
- (2) Assets held primarily for the purpose of trading;
- (3) Assets expected to be realized within 12 months after the balance sheet date;
- (4) Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle liabilities for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities, otherwise they are non-current liabilities:

- (1) Liabilities expected to be settled in the normal operating cycle;
- (2) Liabilities held primarily for the purpose of trading;
- (3) Liabilities expected to be settled within 12 months after the balance sheet date;
- (4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

6. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term time deposits and investments that are highly liquid and readily convertible into a fixed amount of cash at any time with little risk of value changes (including time deposits within a duration of three months).

7. Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are measured at fair value upon initial recognition; the transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except financial assets and financial liabilities classified as at fair value through profit or loss) are added to or subtracted from the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

The Company classifies financial assets as those subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on the two bases below:

- A. The business model for financial asset management
- B. Contractual cash flow characteristics of financial assets

Financial assets at amortized cost

Financial assets that meet both of the following criteria are measured at amortized cost and are recognized in the balance sheet as notes or accounts receivable, financial assets at amortized cost, or other receivables:

A. Business model for financial asset management: Holding financial assets to collect contractual cash flows.

B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

Such financial assets (excluding those for hedging) are subsequently measured at the amortized cost [the amount measured upon initial recognition, less the principal repaid, plus or less the cumulative amortization of the differences between the initial amount and the due amount (using the effective interest approach), with the allowance for losses adjusted]. The gain or loss is recognized in profit or loss upon de-recognition, through the amortization process, or when an impairment gain or loss is recognized.

Interest accrued using an effective interest method (effective interest rate multiplied by the total carrying amount of a financial asset) or based on the situations below is recognized in profit or loss:

A. In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;

B. If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

Financial assets at fair value through other comprehensive income

Financial assets that meet both of the following criteria are measured at fair value through other comprehensive income and recognized in the balance sheet as financial assets at fair value through other comprehensive income:

A. The business model for financial asset management: Collection of contractual cash flows and sales of financial assets.

B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

The recognition of relevant gains and losses on such financial assets is specified below:

A. Before de-recognition or reclassification, except for impairment gains or losses and

foreign currency exchange gains or losses that are recognized in profit or loss, such gains or losses are recognized in other comprehensive income.

B. Upon de-recognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest accrued using an effective interest method (effective interest rate multiplied by the total carrying amount of a financial asset) or based on the situations below is recognized in profit or loss:

- (a) In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
- (b) If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

In addition, regarding equity instruments within the scope of IFRS 9 that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group, upon initial recognition, elects (irrevocably) to recognize the subsequent changes in the fair values thereof in other comprehensive income. The amount recognized in other comprehensive income must not be subsequently reclassified to profit or loss (when such equity instruments are disposed of, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings) and is recognized in the balance sheet as a financial asset at fair value through other comprehensive income. Investment dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

Except for the above financial assets in alignment with specific criteria that are measured at amortized cost or fair value through other comprehensive income, financial assets are measured at fair value through profit or loss and recognized in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value, and any gain or loss arising from remeasurement is recognized in profit or loss. The gain or loss recognized in profit or loss includes any dividends or interest received due to the financial asset.

(2) Impairment of financial assets

The Company's investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost are recognized as expected credit losses with an allowance for losses provided. An allowance for losses on an investment in a debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income without the carrying amount of the investment reduced.

The Company measures expected credit losses in a way that reflects the following:

- A. An unbiased, probability-weighted amount determined by evaluating each potential outcome
- B. Time value of money
- C. Reasonable and corroborative information related to past events, present conditions, and future economy forecasts (which can be accessed without an excessive cost or investment on the balance sheet date)

The methods of measuring an allowance for losses are specified below:

- A. Measured at 12-month expected credit losses: Including financial assets with the credit risk not increasing significantly since the initial recognition or those with an estimated low credit risk on the balance sheet date. Also, it also includes an allowance for the lifetime expected credit losses during the prior reporting period, without meeting the indicator that the credit risk has significantly increased since the initial recognition on the balance sheet date of this period.
- B. Measured at lifetime expected credit losses: Including financial assets with the credit risk increasing significantly since the initial recognition or credit-impaired financial assets purchased or created.
- C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures an allowance for lifetime expected credit losses.

On each balance sheet date, the Company evaluates whether the credit risk of a financial instrument has increased significantly after the initial recognition by comparing the default risk of the financial instrument on the balance sheet date and the initial recognition date. Please refer to Note 12 for relevant credit risk information.

(3) Derecognition of financial assets

The Company derecognizes a financial asset held in the case of any of the following circumstances:

- A. The contractual rights to receive the cash flows from the financial asset have expired.
- B. A financial asset is transferred with all the risks and rewards attached to the ownership of the asset substantially transferred to the counterparty.
- C. All the risks and rewards attached to the ownership of the asset are neither substantially transferred nor retained, but the control over the asset is transferred.

When a financial asset as a whole is de-recognized, the difference between its carrying amount and the sum of the consideration received or receivable plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities and equity

Liabilities and equity instruments issued by the Company are classified as financial liabilities or equity as per the substance of the agreement and the definitions of financial liabilities and equity instruments.

Equity instrument

Equity instrument refers to any contract that demonstrates the Company's remaining interest in assets less all of its liabilities. Equity instruments issued by the Company are recognized at the acquisition prices, less the direct issuance cost.

Financial liability

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

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest rate method after the initial recognition. When financial liabilities are de-recognized and amortized using the effective interest rate method, the relevant gains or losses and amortizations are recognized in profit or loss.

The amortized cost is calculated with the discount or premium and the transaction cost upon acquisition taken into account.

Derecognition of financial liabilities

When the obligations of financial liabilities are lifted, cancelled, or expire, the financial liabilities are derecognized.

When the Company exchanges debt instruments with materially different terms with a creditor or significantly changes all or part of the terms of the existing financial liabilities (financial difficulties or not), the initial liabilities are derecognized and new liabilities are recognized. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including the non-cash assets transferred or the liabilities assumed) is recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities can only be offset and presented in the balance sheet as a net amount when the recognized amount is legally entitled to be offset with an intension to be settled in a net amount or realize the asset and settle the liability at the same time.

8. Derivatives

The derivatives held or issued by the Company are used to hedge the exchange rate risk and the interest rate risk. Among them, those designated to effectively hedge risks are recognized as financial assets or liabilities for hedging purposes in the balance sheet; the remaining not designated to effectively hedge risks, it is presented in the balance sheet as financial assets or financial liabilities at fair value through profit or loss.

A derivative is initially recognized at fair value at the date the derivative contract is signed and subsequently measured at fair value. When the fair value of the derivative is a positive figure,

it is a financial asset; a negative figure, it is a financial liability. Any change in the fair value of the derivative is recognized directly in profit or loss, but if hedging is involved and effective, the derivative is recognized in profit or loss or equity depending on the type of hedging.

Where a master contract is about a non-financial asset or financial liability, if the economic characteristics and risks of the derivative embedded in the master contract are not closely related to the master contract, and the master contract is not measured at fair value through profit or loss, the embedded derivative should be regarded as an independent derivative.

9. Fair value measurement

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. It is assumed that the sale of the asset or transfer of the liability takes place in one of the markets below when the fair value is measured:

- (1) The principal market for the asset or liability, or
- (2) If there is no principal market, the most favorable market for the asset or liability.

The principal or most favorable market should be accessible for the Company to trade.

The measurement of the fair value of an asset or a liability serves as an assumption that market participants would adopt when pricing the asset or liability in the in the best economic interest of the market participants.

The fair value of a non-financial asset is measured based on market participants' ability to make the most of or put the asset to the best use or by selling the asset to another market participant who will make the most of or put the asset to the best use to generate economic benefits.

The Company measures the fair value using a valuation technique that is appropriate in relevant situations with sufficient information available and maximizes the use of relevant observable inputs while minimizing the use of unobservable inputs.

10. Inventories

Inventories are valued at the lower of cost or net realizable value with an item-by-item comparison method.

Costs refer to the costs incurred in bringing inventories to a condition and location ready for sale or production.

Raw materials are valued at the actual purchase cost with a weighted average method.

Finished goods and work in process include direct raw materials, labor, and fixed manufacturing overhead apportioned based on normal production capacity, excluding the borrowing costs.

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required till completion in the ordinary course of business.

The provision of services is handled in accordance with IFRS 15 outside the scope of inventories.

11. Investments using the equity method

As per Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in its subsidiaries are presented as "investments using the equity method" with necessary valuation adjustments made, to bring the current profit or loss and other comprehensive income in the parent company-only financial statements to be the same as the share of the current profit or loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis; and the owner's equity in the parent company-only is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Such adjustments are mainly made to the treatment of investments in subsidiaries in the consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements" and the differences in the application of IFRS by reportable entities at different levels, while being debited to or credited from "investments using the equity method", "share of profit or loss of subsidiaries, associates, or joint ventures using the equity method", or "share of other comprehensive income of subsidiaries, associates, or joint ventures using the equity method".

The Company's investments in associates are accounted for using the equity method, except for assets that are classified as assets held for sale. Associates refer to those on which the Company has significant influence.

With an equity method adopted, an investment in an associate recognized in the balance sheet is the amount of cost, plus the amount of the net change in the Company's net assets in the

associate after the acquisition in proportion to the Company's shareholding. After the carrying amount of the investment in the associate and other relevant long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of the said associate. Unrealized gains or losses arising from transactions between the Company and its associates are eliminated in proportion to its equity in the associates.

When a change in the equity in an associate does not occur due to an item under profit or loss or other comprehensive income and does not affect the Company's shareholding, the Company recognizes the change in ownership interests in proportion to its shareholding. Therefore, when the associate is subsequently disposed of, the capital surplus recognized is transferred to profit or loss in proportion to the disposal.

In the event of issuance of new shares by an associate, when the Company does not subscribe in proportion to its shareholding, resulting in a change in the proportion of investment and an increase or decrease in the Company's share in the associate's net assets, "capital surplus" and "investments using the equity method" are adjusted accordingly. When the proportion of investment decreases, the relevant items previously recognized in other comprehensive income will be reclassified to profit or loss or other appropriate accounts depending on the percentage of the decrease. When the associate is subsequently disposed of, the above capital surplus recognized is transferred to profit or loss in proportion to the disposal.

Each associate's financial statements are prepared for the same reporting period as the Company's and adjusted to align their accounting policies with the Company's.

At the end of each reporting period, the Company confirms if there is objective evidence indicating any impairment of its investments in associates in accordance with "IAS 39 — Investments in Associates and Joint Ventures". If it is the case, the Company calculates the impairment based on the difference between the recoverable amount and the carrying amount of the associate in accordance with IAS 36 "Impairment of Assets" and recognizes the amount in the profit or loss on the associate. If the value in use of the investment is adopted for the above recoverable amount, the Company determines the relevant values in use based on the estimates below:

- (1) The Company's share of the present value of the estimated future cash flows generated from an associate, including the cash flow generated by the associate due to its operations and the proceeds from the disposal of the investment; or
- (2) The present value of the estimated future cash flows from dividends from the investment that the Company expects to receive and the proceeds from the disposal of the investment.

As the components of goodwill that constitute the carrying amount of an investment in an affiliate are not separately recognized, it is not necessary to apply IAS 36 "Impairment of Assets" regarding the goodwill impairment test.

When the significant influence on an associate or joint control over a joint venture is lost, the Company measures and recognizes the retained investment at fair value. When the significant influence or joint control is lost, the difference between the carrying amount of the investment in an associate or a joint venture and the fair value of the retained investment, plus the proceeds from the disposal, is recognized in profit or loss. Also, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company continues to adopt the equity method without re-measuring the retained equity.

12. Property, plant and equipment

Property, plant and equipment are accounted for on the basis of acquisition cost and recognized after accumulated depreciation and impairment are deducted. The above costs include the cost of dismantling or removing of property, plant and equipment and restoring the location, and necessary interest expenses arising from unfinished projects. Each component of property, plant and equipment is depreciated separately if it is significant. When a major component of property, plant and equipment needs to be replaced regularly, the Company regards it as an individual asset and recognizes it separately with a specific useful life and a depreciation methods. The carrying amount of the replaced part should be derecognized in accordance with the requirement for derecognition under IAS 16 "Property, Plant and Equipment". If a major examination or repair cost meets the criteria for recognition, it is regarded as a replacement cost and recognized as part of the carrying amount of plant and equipment, while other repair and maintenance expenses are recognized in profit or loss.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Buildings		1–50 years
Machinery	and	1–20 years
equipment		
Transportation		3–10 years
equipment		
Office equipment		2–10 years
Leasehold		34 years
improvements		

Other equipment 3–10 years

After the initial recognition of property, plants and equipment or any important component, if it is disposed of or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of property, plants and equipment are assessed at the end of each fiscal year. If the expected value is different from the previous estimate, the change is considered as a change in accounting estimates.

13. Investment property

The Company's self-owned investment property is initially measured at cost, including transaction cost of the property. The carrying amount of investment property includes the cost of repairing or adding to the existing investment property under the condition that the cost can be recognized; however, the repair or maintenance costs that usually occur on a daily basis are not included as part of the cost. After initial recognition, except for those meeting the criteria for being classified as those held for sale (or included in the disposal group classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"; As per IAS 16 "Property, Plant and Equipment" regarding such a situation, if such an asset is held by the lessee as a right-of-use asset and is not held for sale as per IFRS 5, it is handled in accordance with IFRS 16.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Buildings 5–30 years

Investment property is derecognized and recognized in profit or loss when it is disposed of or will never be used again without future economic benefits expected to be generated from the disposal.

The Company decides to transfer an asset in or out of investment property depending on the actual use of the assets.

When a property meets or no longer meets the definition of investment property with evidence showing that the purpose has changed, the Company will reclassify the property as investment property or transfer it out of investment property.

14. Leasing

The Company assesses whether or not an arrangement is (or includes) a lease arrangement on the inception of the agreement. If an agreement transfers control over the use of an identified asset for a period of time in exchange for consideration, the agreement is (or includes) a lease arrangement. In order to assess whether the agreement transfers control over the use of the identified asset for a period of time, the Company assesses whether it meets both of the following conditions during the entire period of use:

- (1) Obtaining the right to almost all economic benefits from the use of the identified asset;
and
- (2) The right to direct the use of the identified asset.

For the agreement that belongs to (or includes) a lease arrangement, the Company treats each lease component in the agreement as a separate lease and treats it separately from the non-lease component in the agreement. For the agreement that includes one lease component and one or more additional lease or non-lease components, the Company adopts the relative standalone price of each lease component and the aggregate standalone prices of the non-lease components as the basis to distribute the consideration in the agreement to the lease component. The relative standalone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If an observable standalone price is not readily available, the Company maximizes the use of observable information to estimate the standalone price.

The Company as a lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Company is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Company measures the lease liabilities on the inception date based on the present value of the lease payments not yet paid on that date. If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used. On the inception date, the lease payments included in the lease liabilities include the following payments related to the right to use the underlying assets during the lease period and not yet paid on that date:

- (1) Fixed payment (including substantive fixed payment) less any lease incentives that can be collected;
- (2) Lease payment that depends on changes in an index or rate (using the index or rate on the inception date for initial measurement);
- (3) The amount expected to be paid by the lessee under the residual value guarantee;
- (4) If the Company can reasonably determine the exercise price of call option, it will exercise the option; and
- (5) The penalty payable for the termination of a lease, if there is sign that the lessee, in the lease period, will exercise the option of terminating the lease.

After the inception date, the Company measures the lease liabilities at amortized cost, and increases the carrying amount of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the carrying amount of the lease liabilities.

On the inception date, the Company measures the right-of-use assets at cost. The cost of the right-of-use assets includes:

- (1) The monetary amount of the lease liability initially measured;
- (2) Any lease payments made on or before the inception date less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e. the cost model is applied to measure the right-of-use assets.

If the ownership of the underlying asset is transferred to the Company when the lease period expires, or if the cost of the right-of-use assets reflects that the Company will exercise the call option, the right-of-use assets will be depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use assets from the inception date to the end of the useful life of the right-of-use assets or to the expiration of the lease period, whichever is earlier.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Company chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses over the lease term.

The Company as a lessor

The Company classifies each of its leases as operating leases or financial leases on the contract inception date. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it does not transfer said matters, it is classified as an operating lease. On the inception date, the Company recognizes the assets held under the finance leases in the balance sheet and presents them as financial lease receivables based on the net lease investment.

For agreements that include lease components and non-lease components, the Company applies IFRS 15 to distribute the consideration in the agreements.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on change in some index or rate are recognized as rental income when they occur.

15. Impairment of non-financial assets

The Company at the end of each reporting period assesses whether all assets subject to IAS 36 “Impairment of Assets” are showing signs of impairment. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Group tests the individual asset or the cash-generating unit to which the asset belongs. If the carrying amount of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of the net fair value or value in use.

At the end of each reporting period, the Company assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount is increased due to the change in the estimated service potential of the asset, the impairment amount is reversed. However, the reversed carrying amount shall not exceed that before recognizing impairment loss and after deducting depreciation or amortization.

The impairment loss and reversal amount of the continuing operations are recognized in profit or loss.

16. Revenue recognition

The Company's revenue from customer contracts mainly includes the sales of goods and provision of services. The accounting treatments are specified below:

Merchandise sales

The Company manufactures and sells merchandise and recognizes revenue when the promised merchandise are delivered to a client and the customer client the control over it (i.e., the client's ability to guide the use of the merchandise and obtain almost all the remaining benefits of the merchandise). Its main products are precious metals, and the sales are recognized in revenue at the prices stated in the contracts.

The credit period of the Company's merchandise sold is T/T-120 days. Most contracts are recognized as accounts receivable when the control of the merchandise is transferred with an unconditional right to receive consideration. These accounts receivable are usually short-term and do not contain significant financial components. A small number of contracts, for which the merchandise has been transferred to a client but the Group has not had the right to unconditionally receive the consideration, are recognized as contract assets. Meanwhile, contract assets should be measured as an allowance for lifetime expected credit losses in accordance with IFRS 9.

Provision of services

The Company mainly provides cleaning and processing services. Such services are individually priced or negotiated and are provided on the basis of the contract period. As the Company provides cleaning and processing services during the contract period, a client will

obtain the benefits from such services during the contract period, which is a performance obligation to be satisfied at a certain point in time. Thus, the provision of services is recognized as revenue at one go once it is completed.

Most of the Company's agreed payments per contract are collected in a lump sum during the contract period after the cleaning and processing services are provided. When the services has been transferred to a client but the Group has not had the right to unconditionally receive the consideration, it is recognized as a contract asset. However, regarding some contracts, as part of the consideration is collected from the clients at the time of signing contracts, the Company assumes the obligation to provide services in the future; thus, such contracts are recognized as contract liabilities.

The period during which the Company's above contractual liabilities are transferred to revenue usually does not exceed one year and does not result in significant financial components.

17. Borrowing costs

Borrowing costs that can be directly attributable to the acquisition, construction, or production of qualified assets are capitalized as part of the costs of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in relation to borrowings.

18. Government grants

The Company recognizes an amount in government grants when it is reasonably sure that it will meet the conditions set by the government for such grants and can receive the inflow of economic benefits from the government grants. When a grant is related to assets, the government grants are recognized in deferred income and recognized in income in installments over the estimated useful lives of the relevant assets. When a government grant is related to an expense, the grant is recognized in income in a reasonable and systematic manner for a period in which relevant costs are expected to be incurred.

When the Company receives a non-monetary government grant, the asset and grant received are recognized at the nominal amount, and the income is recognized in the statement of comprehensive income in equal installments over the estimated useful lives of the underlying assets based on the benefit consumption pattern. The loans with interest rates lower than the market level or similar supports obtained from the government or relevant institutions are regarded as additional government grants.

19. Post-employment benefit plan

The pension plan for the Company's employees applies to all full-time employees. The employee pension fund is fully contributed to the Labor Pension Reserves Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Pension Reserves Committee, which is completely separated from the Company, so it is not included in the parent company only financial statements in the preceding paragraph.

For the defined contribution pension plan, the monthly pension payable rate of the Company shall not be less than 6% of the employees' monthly salary, and the amount of the provision shall be recognized in current expenses.

The post-employment benefit plan that is a defined benefit plan is accounted for using the projected unit benefit method based on an actuarial report on the end date of the annual reporting period. The remeasurement of the net defined benefit liabilities (assets) includes any movements in the return on the plan asset and the effects of asset cap, less the amount of net interest included in the net defined benefit liabilities (assets) and actuarial gains and losses.

The net defined benefit liability (asset) remeasurement is included in other comprehensive income when incurred and immediately recognized in the retained earnings. Past service cost, which is the change in the present value of the defined benefit obligation, results from a plan amendment or curtailment and is recognized as an expense at the earlier of the following dates:

- (1) When a plan amendment or curtailment occurs; or
- (2) When the Company recognizes relevant restructuring costs or termination benefits.

The net interest on the net defined benefit liability (asset) is determined with the net defined benefit liability (asset) multiplied by the discount rate, both determined at the beginning of the annual reporting period, and based on any changes in net defined benefit liability (asset) due to contributions and benefit payments during the period.

20. Income taxes

Income tax expenses (income) refer to the sum related to current income tax and deferred tax included in the current profit or loss.

Current income tax

The current income tax liabilities (assets) related to this and the prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss.

A surtax of the profit-seeking enterprise income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved in the shareholders' meeting.

Deferred tax

The deferred tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the carrying amount on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred tax liabilities except for the following two items:

- (1) The initial recognition of goodwill, or the initial recognition of an asset or liability that does not arise from a business combination and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted;
- (2) The taxable temporary difference arising from the investment in subsidiaries, associates, and joint ventures. Also, the timing of reversal is controllable, and it is not likely to be reversed in the foreseeable future;

Except for the following two items, deductible temporary difference and deferred tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

- (1) It is related to the deductible temporary difference from the initial recognition of an asset or liability that does not arise from a business combination and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted;

- (2) It is related to the deductible temporary differences arising from the investment in subsidiaries, associates, and interests in joint ventures. It is recognized within the range of probable reversal in the foreseeable future and there is sufficient taxable income at the time the temporary difference occurred.

Deferred tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the book value of the liability is settled at the end of the reporting period. If the deferred tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred tax assets are reexamined and recognized at the end of each reporting period.

Deferred tax assets and liabilities can be legally offset against each other only in the current period, and the deferred tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

When the parent company only financial statements are prepared by the Company, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the disclosures of income, expenses, assets, and liabilities, and contingent liabilities. However, the uncertainty of these significant assumptions and estimates may result in a significant adjustment to the book value of an asset or liability in the future period.

1. Estimation and assumption

The main source of information on the estimation and assumption with uncertainty at the end of the reporting period has significant risks that result in significant adjustments to the carrying amounts of assets and liabilities in the next fiscal year. The explanations are given as follows:

(1) Fair values of financial instruments

When the fair values of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from the active market, the fair value will be determined using

evaluation techniques, including the income approach (such as, cash flow discount model) or market approach. The changes in the assumptions of the said approaches will affect the fair value of the financial instruments reported. See Note 12 for details.

(2) Valuation of inventories

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required until the completion in the ordinary course of business. Such estimates are based on the market conditions and historical sales experience of similar products, and changes in the market conditions may significantly influence the results of such estimates.

(3) Post-employment benefit plan

The defined benefit cost and the present value of the defined benefit obligations to the post-employment benefit plan depend on the actuarial valuation results. Actuarial valuation involves various assumptions, including discount rate and changes in expected salary increase/decrease. Please refer to Note 6 for the details of the assumptions used to measure the defined benefit costs and defined benefit obligations.

(4) Income taxes

The uncertainty of income tax exists in the interpretation of complex tax regulations and the amount and timing of future taxable income. Due to a wide range of international business relationships and the long-term and complexity of contracts, the differences between actual results and assumptions made, or changes in such assumptions in the future, may cause the booked income tax income and expenses to be adjusted in the future. The recognition of income tax is a reasonable estimation made according to the possible audit results of the local tax authorities of the countries in which the Company operates. The amount recognized is based on different factors, such as previous tax audit experience and the difference in tax law interpretation between the tax entity and the tax authority. The difference in interpretation may result in a variety of issues due to the local situation of the country where an individual enterprise of the Company operates.

The carryforwards of the taxable loss and income tax credit and deductible temporary differences are recognized as deferred tax assets within the range of probable future taxable income or taxable temporary differences. The amount of the deferred income tax assets to be recognized is estimated according to the possible timing and level of the future taxable

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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income and taxable temporary difference, as well as the future tax planning strategy. Please refer to Note for the Company's unrecognized deferred tax assets as of December 31, 2022.

VI. Description of significant account titles

1. Cash and cash equivalents

	2022.12.31	2021.12.31
Cash and petty cash	\$50	\$50
Checking and demand deposits	98,574	71,809
Total	<u>\$98,624</u>	<u>\$71,859</u>

2. Financial assets at fair value through profit or loss

The Company engages in the trading of derivative financial instruments, including options and futures contracts, for its precious metal inventories to get prepared for price changes in product sales but does not designate them as a hedging tool.

Details as of December 31, 2022 and 2021 are as follows:

	2022.12.31		2021.12.31	
	Nominal principal (in thousands of NTD)	Carrying amount	Nominal principal (in thousands of NTD)	Carrying amount
Designated as at fair value through profit or loss on initial recognition:				
Derivatives				
Precious metals	\$-	\$-	\$-	\$-
futures				

(I) Futures

- (1) The amount recognized as current unrealized gain or loss on the financial assets due to the changes in fair values of the futures contracts signed with the futures merchants

is NT\$0 for both periods ended December 31, 2022 and 2021 and the recognized current realized gains or losses on the financial assets were NT\$0 and NT\$(5,705) thousand for the two periods, respectively.

(2) The Company's financial assets at fair value through profit or loss were not provided as collateral.

3. Financial assets at fair value through other comprehensive income

	2022.12.31	2021.12.31
Investments in equity instruments measured at fair value through other comprehensive income-		
non-current:		
Unlisted stocks	\$9,333	\$3,333

The Company's financial assets at fair value through other comprehensive income were not provided as collateral.

4. Financial assets at amortized cost

	2022.12.31	2021.12.31
Restricted cash in banks	\$86,602	\$85,575
Current	\$86,602	\$85,575

Please refer to Note 8 for the details of collateral provided by the Company for financial assets at amortized cost.

5. Notes receivable

	2022.12.31	2021.12.31
Notes receivable arising from operations	\$-	\$1,262
Less: Allowance for losses	-	-
Total	\$-	\$1,262

The Company did not provide notes receivable as collateral.

The Company evaluated impairment losses in accordance with IFRS 9. See Note 6.21 for information on allowances for losses and Note 12 for information on credit risks.

6. Accounts receivable, net

(1) The details of accounts receivable, net, are as follows:

	2022.12.31	2021.12.31
Accounts receivable	\$29,907	\$29,824
Less: Allowance for losses	-	-
Total	<u>\$29,907</u>	<u>\$29,824</u>

The Company did not provide accounts receivable as collateral.

(2) The Company's credit period for clients is usually T/T to 120 days after the end of a month. The total carrying amounts as of December 31, 2022 and 2021 were NT\$29,907 thousand and NT\$29,824 thousand, respectively. Please refer to Note 6.21 for the information on an allowance for losses and Note 12 for the information on credit risks for the years ended December 31, 2022 and 2021.

7. Inventories

(1) The details of inventories are as follows:

	2022.12.31	2021.12.31
Raw materials	\$157,681	\$138,787
Work in progress	234,966	236,532
Finished goods	43,332	56,615
Total	<u>\$435,979</u>	<u>\$431,934</u>

(2) Inventory costs recognized as expenses for 2022 and 2021 by the Company were NT\$1,119,171 thousand and NT\$1,421,732 thousand, respectively, including NT\$0 and

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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NT\$4,215 thousand for inventory valuation losses.

(3) The above inventories were not provided as collateral.

8. Investments using the equity method

Investee	2022.12.31		2021.12.31	
	amount	Shareholdin g	amount	Shareholdin g
Investment in subsidiaries:				
Chang Pwu Industrial Co., Ltd.	\$168,449	100.00%	\$166,863	100.00%
Ron Pwu Applied Materials Technology Co., Ltd.	9,991	100.00%	9,988	100.00%
SUPER DRAGON INTERNATIONAL CO., LTD.	143,560	100.00%	159,043	100.00%
Total	<u>\$322,000</u>		<u>\$335,894</u>	

(1) Investment in subsidiaries

The investment in subsidiaries is presented as "investments using the equity method" in the parent company only financial statements, with necessary valuation adjustments made.

(2) None of the above investments using the equity method was provided as collateral or pledged.

9. Property, plant and equipment

(1) Property, plant and equipment for self-use

Land	Buildings	Machinery and equipment	Office equipment	Transport ation equipment	Other equipment	Unfinished construction work and	Total
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Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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							equipment to be accepted	
Costs:								
2022.01.0								
1	\$270,244	\$1,503,308	\$243,127	\$18,775	\$21,715	\$70,523	\$24,833	\$2,152,525
Additions	-	2,867	455	1,239	-	5,160	16,885	26,606
Disposal	-	-	-	-	(562)	-	-	(562)
Reclassifi cation	-	5,298	-	305	-	27,253	(28,041)	4,815
2022.12.3								
1	<u>\$270,244</u>	<u>\$1,511,473</u>	<u>\$243,582</u>	<u>\$20,319</u>	<u>\$21,153</u>	<u>\$102,936</u>	<u>\$13,677</u>	<u>\$2,183,384</u>
2021.01.0								
1	\$270,244	\$1,475,008	\$238,669	\$17,845	\$21,715	\$67,496	\$15,263	\$2,106,240
Additions	-	8,317	2,597	930	-	3,027	29,553	44,424
Disposal	-	-	-	-	-	-	-	-
Reclassifi cation	-	19,983	1,861	-	-	-	(19,983)	1,861
2021.12.3								
1	<u>\$270,244</u>	<u>\$1,503,308</u>	<u>\$243,127</u>	<u>\$18,775</u>	<u>\$21,715</u>	<u>\$70,523</u>	<u>\$24,833</u>	<u>\$2,152,525</u>
Depreciation and impairment:								
2022.01.0								
1	\$-	\$167,786	\$197,444	\$16,397	\$13,851	\$26,751	\$-	\$422,229
Depreciati on	-	31,676	6,948	1,344	1,797	7,037	-	48,802
Disposal	-	-	-	-	(562)	-	-	(562)
2022.12.3								
1	<u>\$-</u>	<u>\$199,462</u>	<u>\$204,392</u>	<u>\$17,741</u>	<u>\$15,086</u>	<u>\$33,788</u>	<u>\$-</u>	<u>\$470,469</u>
2021.01.0								
1	\$-	\$136,956	\$190,572	\$15,358	\$12,054	\$22,096	\$-	\$377,036
Depreciati on	-	30,830	6,872	1,039	1,797	4,655	-	45,193
Disposal	-	-	-	-	-	-	-	-
2021.12.3								
1	<u>\$-</u>	<u>\$167,786</u>	<u>\$197,444</u>	<u>\$16,397</u>	<u>\$13,851</u>	<u>\$26,751</u>	<u>\$-</u>	<u>\$422,229</u>

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Net carrying amount:

2022.12.31

1	\$270,244	\$1,312,011	\$39,190	\$2,578	\$6,067	\$69,148	\$13,677	\$1,712,915
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2021.12.31

1	\$270,244	\$1,335,522	\$45,683	\$2,378	\$7,864	\$43,772	\$24,833	\$1,730,296
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(2) The major components of the Company's buildings are main buildings and ancillary equipment and are depreciated over their useful lives of 5 to 50 years and 1 to 33 years, respectively.

(3) Please refer to Note 8 for the property, plant and equipment provided as collateral.

10. Investment property

Investment property includes that owned by the Company. The Company signed a commercial property lease contract on its own investment property over a lease term of ten years. The lease contract includes a clause on the rent adjustment with the market situation per year.

	Land	Buildings	Total
Costs:			
2022.01.01	\$38,245	\$73,738	\$111,983
Transfer-in from property, plant and equipment	-	-	-
2022.12.31	\$38,245	\$73,738	\$111,983
2021.01.01	\$38,245	\$73,738	\$111,983
Transfer-in from property, plant and equipment	-	-	-
2021.12.31	\$38,245	\$73,738	\$111,983
Depreciation and impairment:			
2022.01.01	\$-	\$50,509	\$50,509
Transfer-in from property, plant and equipment	-	-	-
Depreciation during this period	-	2,205	2,205
2022.12.31	\$-	\$52,714	\$52,714
2021.01.01	\$-	\$48,277	\$48,277

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Transfer-in from property, plant and equipment	-	-	-
Depreciation during this period	-	2,232	2,232
2021.12.31	\$-	\$50,509	\$50,509

Net carrying amount:

2022.12.31	\$38,245	\$21,024	\$59,269
2021.12.31	\$38,245	\$23,229	\$61,474

	2022	2021
Rental income from investment property	\$9,360	\$9,360
Less: Direct operating expenses from investment property that generates rental income in this period	(2,205)	(2,232)
Total	\$7,155	\$7,128

Please refer to Note 8 for the investment property provided as collateral.

The investment property held by the Company is not measured at fair value with only the fair value information disclosed, and its fair value belongs to Level 3 fair value. The fair values of the investment property held by the Company were NT\$65,692 thousand and NT\$62,344 thousand as of December 31, 2022 and 2021, respectively. The above fair values were assessed by the Company using the income approach.

11. Other non-current assets

	2022.12.31	2021.12.31
Prepayments for business facilities	\$5,522	\$7,706
Guarantee deposits paid	25,193	21,788
Total	\$30,715	\$29,494

12. Short-term borrowings

	Interest rate range (%)	2022.12.31	2021.12.31
Unsecured borrowings	2.05%	\$400,000	\$-
Secured borrowings	1.20%~2.47%	320,000	603,000

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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Interest rate range (%)	2022.12.31	2021.12.31
	<u>\$720,000</u>	<u>\$603,000</u>

As of December 31, 2022 and 2021, the Company's unused short-term borrowings were about NT\$0 and NT\$117,000 thousand, respectively.

Secured borrowings from banks are secured by property and factory buildings. Please refer to Note 8 for details of the collateral.

13. Other payables

	2022.12.31	2021.12.31
Expenses payable	\$16,999	\$19,489
Balance payable - machinery and equipment	26,522	27,195
Total	<u>\$43,521</u>	<u>\$46,684</u>

14. Other current liabilities

	2022.12.31	2021.12.31
Other current liabilities	\$661	\$630
Long-term borrowings due within one year	74,955	73,615
Total	<u>\$75,616</u>	<u>\$74,245</u>

15. Other non-current liabilities

	2022.12.31	2021.12.31
Net defined benefit liabilities	\$12,419	\$5,498
Long-term unearned revenue	9,163	9,370
Guarantee deposits received	2,250	2,250
Total	<u>\$23,832</u>	<u>\$17,118</u>

16. Unearned revenue

Government grants

	2022	2021
Opening balance	\$9,370	\$9,578
Government grants received during this period	-	-
Recognized in profit or loss	(207)	(208)
Ending balance	\$9,163	\$9,370
	2022.12.31	2021.12.31
Unearned revenue related to assets - non-current	\$9,163	\$9,370

To facilitate the development of the environmental protection industry, the Taoyuan City Government has signed the Taoyuan Environmental Science and Technology Park Subsidy contract with the Company. After the Company has acquired the land, the entity will provide the Company with the first installments of the subsidy of NT\$10,354 thousand, to facilitate the industry development. The amounts were recognized as long-term unearned revenue, and after the construction of the plant is completed, the amounts will be recognized as government grants in installments over the useful life of the plant.

17. Long-term borrowings

The details of the long-term borrowings as of December 31, 2022 and 2021 are as follows:

Creditor	Nature of borrowing	Due year	Interest rate (%)	Amount of borrowings 2022.12.31	Repayment method
	s				
Bank of Taiwan	Secured	2013.01.31	Bank of Taiwan's time	\$54,808	Note 1

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- Longtan Branch	borrowing	~2027.09.18	deposit floating interest rate + 0.105%		
Bank of Taiwan	Secured	2013.04.08	Bank of Taiwan's time	58,462	Note 1
- Longtan Branch	borrowing	~2027.09.18	deposit floating interest rate + 0.105%		
Bank of Taiwan	Secured	2013.04.24	Bank of Taiwan's time	36,538	Note 1
- Longtan Branch	borrowing	~2027.09.18	deposit floating interest rate + 0.105%		
Bank of Taiwan	Secured	2013.06.24	Bank of Taiwan's time	35,077	Note 1
- Longtan Branch	borrowing	~2027.09.18	deposit floating interest rate + 0.105%		
Bank of Taiwan	Secured	2014.04.23	Bank of Taiwan's time	43,481	Note 1
- Longtan Branch	borrowing	~2027.09.18	deposit floating interest rate + 0.105%		
Bank of Taiwan	Secured	2014.09.01	Bank of Taiwan's time	84,769	Note 1
- Longtan Branch	borrowing	~2027.09.18	deposit floating interest rate + 0.105%		
Bank of Taiwan	Secured	2014.09.17	Bank of Taiwan's time	36,538	Note 1
- Longtan Branch	borrowing	~2027.09.18	deposit floating interest rate + 0.105%		
Taishin International Bank Co. Ltd.	Secured borrowing	2021.12.29~2024.12.29	Fixed interest rate of 1.49%	210,000	Note 2
- Jianbei Branch					
Bank SinoPac	Secured	2022.1.21~2029.1.21	Fixed interest rate of 1.85%	18,871	Note 3
- Taoyuan Branch	borrowing				
Total				578,544	
Less: Due within one year				(74,955)	
Due beyond one year				\$503,589	

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Creditor	Nature of borrowing s	Due year	Interest rate (%)	Amount of borrowings	Repayment method
				2021.12.31	
Bank of Taiwan - Longtan Branch	Secured borrowing s	2013.01.31 ~2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	\$66,346	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowing s	2013.04.08 ~2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	70,769	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowing s	2013.04.24 ~2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	44,231	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowing s	2013.06.24 ~2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	42,461	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowing s	2014.04.23 ~2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	52,635	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowing s	2014.09.01 ~2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	102,615	Note 1
Bank of Taiwan - Longtan Branch	Secured borrowing s	2014.09.17 ~2027.09.18	Bank of Taiwan's time deposit floating interest rate + 0.105%	44,231	Note 1
Taishin International Bank Co. Ltd. - Jianbei Branch	Secured borrowing s	2021.12.29 ~2024.12.29	Fixed interest rate of 1.49%	210,000	Note 2
Total				633,288	
Less: Due within one year				(73,615)	
Due beyond one year				\$559,673	

Note 1: The loan will be disbursed in installments within one year after the borrowing date with a grace period of two years. During the grace period, the interest will be accrued and collected on a monthly basis. After the end of the grace period, the principal will be amortized per month in 156 installments, and the interest will still be accrued and collected per month.

Note 2: After the contract is signed, the term is three years. The bank will check if the Company's financial ratios meet the standard per quarter as the basis for renewal of the contract. The interest is paid monthly, and the principal will be settled in one lump sum once the loan is due.

Note 3: After the contract is signed, the term is seven years, and the interest is paid monthly, and the principal is amortized in 180 installments.

The Company used partial land and buildings as the first mortgage to secure the loans from the Bank of Taiwan, Taishin International Bank, and Bank SinoPac. See Note 8 for details of the collateral.

18. Post-employment benefit plan

Defined contribution plan

The Company's employee retirement plan stipulated in accordance with the Labor Pension Act is a defined contribution plan. According to the Act, the Company's monthly labor pension contribution rate shall not be less than 6% of employees' monthly salary. The Company makes a monthly contribution equivalent to 6% of the employees' monthly salary to the personal pension account with the Bureau of Labor Insurance.

The amount of expenses of the defined contribution pension plan recognized by the Company for 2022 and 2021 was NT\$1,971 thousand and NT\$1,805 thousand, respectively.

Defined benefit plan

The defined benefit pension regulations established by the Company in accordance with the

provisions of the Labor Standards Act, are a defined benefit plan. The employee pension is calculated based on the number of units granted according to the length of service and the approved monthly average salary at the time of retirement. Two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution equal to 2% of the total salaries per month as a pension fund and deposit it in the account in the name of the Labor Pension Funds Supervisory Committee with the Bank of Taiwan. In addition, the Company assess the balance in the aforementioned labor pension reserve account at the end of per year. If the account balance is insufficient to pay the pension calculated with the aforementioned method to the employees who are expected to qualify for retirement in the following year, the Company will make a contribution to make up for the difference by the end of March of the following year.

The Ministry of Labor allocates the assets accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The investment using the fund is made by its own and by a brokerage and managed actively and passively according to the medium- and long-term investment strategies. Considering market, credit, liquidity, and other risks, the Ministry of Labor has set fund risk limits and control plans to flexibly achieve the target return without the need to take an excessive risk. For the use of this fund, the minimum income from the annual final accounts should not be lower than the income calculated at the local bank's interest rate for two-year time deposits. If there is any shortage, it should be made up by the national treasury after approval by the competent authority. As the Company has no right to participate in the operation and management of the fund, it is unable to disclose the fair values of the plan assets classified in accordance with paragraph 142 of IAS 19. As of December 31, 2022, the Company plans to contribute NT\$51 thousand to the defined benefit plan for the following year.

The table below summarizes the costs of the defined benefit plan recognized in profit or loss:

	2022	2021
Current service cost	\$-	\$-
Interest cost	110	82
Estimated return on plan assets	(62)	(29)
Total	\$48	\$53

The reconciliation of the present value of the defined benefit obligation and the fair value of plan assets is as follows:

	2022.12.31	2021.12.31
Defined benefit obligation	\$12,419	\$12,597

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	2022.12.31	2021.12.31
Fair value of plan assets	-	(7,093)
Other non-current liabilities - net defined benefit liabilities (assets) recognized	\$12,419	\$5,504

Reconciliation of net defined benefit liabilities (assets)

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2021.01.01	\$19,591	\$(6,996)	\$12,595
Current service cost	-	-	-
Interest expense (income)	82	(29)	53
Subtotal	82	(29)	53
Remeasurement of defined benefit liabilities (assets):			
Actuarial gain or loss on changes in demographic assumptions	245	-	245
Actuarial gain or loss on changes in financial assumptions	(2,418)	-	(2,418)
Experience adjustments	305	-	305
Remeasurement of defined benefit assets	-	(97)	(97)
Subtotal	(1,868)	(97)	(1,965)
Benefit paid	(5,208)	5,208	-
Employer's contribution	-	(5,179)	(5,179)
2021.12.31	12,597	(7,093)	5,504
Current service cost	-	-	-
Interest expense (income)	110	(62)	48
Subtotal	110	(62)	48
Remeasurement of defined benefit liabilities (assets):			
Actuarial gain or loss on changes in financial assumptions	(240)	-	(240)
Experience adjustments	(48)	-	(48)
Remeasurement of defined benefit assets	-	(556)	(556)
Subtotal	(288)	(556)	(844)

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	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Employer's contribution	-	(51)	(51)
Others	-	7,762	7,762
2022.12.31	<u>\$12,419</u>	<u>\$-</u>	<u>\$12,419</u>

The main assumptions below are used to determine the Company's defined benefit plan:

	2022.12.31	2021.12.31
Discount rate	1.48%	0.87%
Expected salary increase	1.00%	0.50%

Sensitivity analysis for each major actuarial assumption:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Increase in discount rate by 0.5%	\$-	\$(1,052)	\$-	\$(1,130)
Decrease in discount rate by 0.5%	1,154	-	1,247	-
Expected salary increase by 0.5%	1,154	-	1,245	-
Expected salary decrease by 0.5%	-	(1,062)	-	(920)

The sensitivity analysis above is based on the impact of a single assumption (e.g., discount rate or expected salary) which changed while the other conditions remain unchanged on the defined benefit obligation. As some actuarial assumptions are related to each other, in practice, the fact that only a single actuarial assumption changed is rare, so there are limitations for this analysis.

The methods and assumptions used in the sensitivity analysis for this period are the same as those for the prior period.

19. Equity

(1) Ordinary shares

As of both December 31, 2022 and 2021, the Company's authorized capital was NT\$1,500,000 thousand, and issued share capital amounted to NT\$1,032,082 thousand in 103,208,229 shares, with a par value of NT\$10.

(2) Capital surplus

	2022.12.31	2021.12.31
Additional paid-in capital	\$948,152	\$948,152
Treasury shares traded	10,253	10,253
Total	<u>\$958,405</u>	<u>\$958,405</u>

As per law, paid-in capital shall not be used for any purpose except for making up for the Company's losses. When the Company has no loss, a certain percentage of the paid-in capital from the stock premium and the gift can be applied to replenish the capital per year. The aforementioned paid-in capital can be allocated in cash to shareholders in proportion to their shareholdings.

(3) Earnings distribution and dividend policy

A. Earnings distribution

According to the Articles of Incorporation, where the Company has net income after tax for a fiscal year, the income shall be first used for paying taxes, offsetting a cumulative deficit, providing 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital. The special reserve shall be appropriated or reversed in accordance with the provisions of the Act or the competent authority. The Board of Directors shall prepare a proposal for the surplus distribution of the remaining surplus, together with any undistributed surplus at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

B. Dividend policy

The Company's dividend policy is to distribute dividends to shareholders in cash or in shares, with cash dividends being no less than 10% of the total dividends, in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders.

C. As the Company has cumulative losses for 2022 and 2021, there was no earnings distribution proposal made by the Board of Directors and resolved by the shareholders' meeting.

See Note 6.23 for details of the basis for estimation and recognized amounts of employee remuneration and director remuneration.

(4) Legal reserve

As per the Company Act, the Company shall provide a legal reserve unless its total amount has reached the amount of the total capital. The legal reserve may be used to offset a deficit. When the Company has no loss, the portion of the legal reserve that exceeds 25% of the paid-in capital may be used to distribute shares or cash to shareholders in proportion to their shareholdings.

(5) Special reserve

When distributing the distributable earnings, the Company retroactively sets aside a special reserve for the difference between the balance of the special reserve and the net deduction of other equity items as per law when the IFRS is adopted for the first time. If there is a subsequent reversal of the net deduction of other equity, the special reserve may be reversed for the portion of the net deduction of other equity reversed to distribute earnings.

In accordance with the Letter Jin-Guan-Zheng- Fa No. 1090150022 issued by the FSC dated March 31, 2021, a special reserve shall be set aside for the unrealized revaluation gains and cumulative translation adjustment (gains), which were reclassified to retained earnings on the conversion date due to the adoption of exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" when IFRS was first adopted. When the Company uses, disposes of, or reclassifies the relevant assets later, it may reverse the portion of the special reserve in the same percentage to distribute earnings.

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20. Operating revenue

	2022	2021
Revenue from contracts with customers		
Revenue from product sales	\$1,110,680	\$1,402,106
Revenue from provision of services	7,774	7,167
Total	<u>\$1,118,454</u>	<u>\$1,409,273</u>

The information on the Company's revenue from customer contracts during the years ended December 31, 2022 and 2021 is as follows:

(1) Breakdown of revenue

	2022	2021
Sales - precious metals	\$583,547	\$789,559
Sales - precious metals Materials - potassium gold cyanide	497,228	584,498
Sales - others	24,277	28,049
Revenue from provision of services	7,774	7,167
Revenue from solar power generated	5,628	-
Total	<u>\$1,118,454</u>	<u>\$1,409,273</u>

Timing of revenue recognition:

At a certain point in time	<u>\$1,118,454</u>	<u>\$1,409,273</u>
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(2) Transaction price apportioned to outstanding performance obligations: None.

(3) Assets recognized from costs of obtaining or fulfilling contracts with customers: None.

21. Expected credit impairment (gain) loss

2022	2021
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Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Operating expenses - expected credit impairment loss (gain on value recovery)		
Accounts receivable	\$-	\$(655)

Please refer to Note 12 for relevant credit risk information.

The Company's allowance for losses on receivables (including notes and accounts receivable) are measured at the lifetime expected credit losses. The information on the amounts of the allowance for losses estimated as of December 31, 2022 and 2021 is as follows:

Regarding accounts receivable, counterparties' credit ratings, regions, industries, and other factors are considered for classification, and a provision matrix is adopted to measure the allowances for losses; the relevant information is as follows:

2022.12.31

	Not past due (Note)	Number of days past due					Total
		Less than 30 days	31-60 days	61-90 days	91-365 days	Over 365 days	
Total carrying amount	\$20,863	\$9,044	\$-	\$-	\$-	\$-	\$29,907
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	\$20,863	\$9,044	\$-	\$-	\$-	\$-	\$29,907

2021.12.31

	Not past due (Note)	Number of days past due					Total
		Less than 30 days	31-60 days	61-90 days	91-365 days	Over 365 days	
Total carrying amount	\$28,308	\$2,778	\$-	\$-	\$-	\$-	\$31,086
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	\$28,308	\$2,778	\$-	\$-	\$-	\$-	\$31,086

Note: None of the Company's notes receivable was past due.

The changes in the allowances for losses on the Company's notes and accounts receivable for 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable
2022.01.01	\$-	\$-
Amount of additions (reversals) during this period	-	-
Write-off due to irrecoverability	-	-
2022.12.31	<u>\$-</u>	<u>\$-</u>
2021.01.01	\$-	\$655
Amount of additions (reversals) during this period	-	(655)
Write-off due to irrecoverability	-	-
2021.12.31	<u>\$-</u>	<u>\$-</u>

22. Leasing

(1) The Company as a lessee

The Company has leased in a number of different assets, including buildings and machinery and equipment. The lease term of each contract is three years. Some of the contracts stipulate that the lessee, without the lessor's consent, shall not lend, sublease, transfer, or use in other disguised methods all or part of the leased property, or transfer the right to lease to another party.

The impact of leasing on the Company's financial position, financial performance, and cash

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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flows is specified below:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2022.12.31	2021.12.31
Buildings	\$5,408	\$-
Machinery and equipment	10,644	-
Total	\$16,052	\$-

(b) Lease liabilities

	2022.12.31	2021.12.31
Lease liabilities	\$15,203	\$-
Current	\$5,743	\$-
Non-current	9,460	-
Total	\$15,203	\$-

B. Amounts recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2022	2021
Buildings	\$126	\$-
Machinery and equipment	1,406	-
Total	\$1,532	\$-

C. Lessee's income and expenses related to leasing activities

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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	2022	2021
Expenses relating to short-term leases	\$2,293	\$2,193

D. Lessee's cash outflows from leasing activities

The amounts of the Company's cash outflows from the leasing activities during 2022 and 2021 were NT\$4,888 thousand and NT\$2,193 thousand.

(2) The Company as a lessor

Please refer to Note 6.10 for details of the disclosures of the investment property owned by the Company. The investment property owned by the Group is classified as an operating lease as almost all the risks and rewards attached to the ownership of the underlying asset are not transferred.

	2022	2021
Lease income recognized under operating leases		
Income related to fixed lease payments	\$11,082	\$10,685

The undiscounted lease payments of the operating lease contracts signed by the Company to be received and the total amount for the remaining years as of December 31, 2022 and 2021 are as follows:

	2022.12.31	2021.12.31
Less than one year	\$9,360	\$9,360
More than one year but less than two years	9,734	9,360
More than two years but less than three years	9,734	9,734
More than three years but less than four years	9,734	9,734
More than four years but less than five years	10,124	9,734
More than five years	10,968	21,092
Total	\$59,654	\$69,014

23. Employee benefits, depreciation, depletion, and amortization expenses by function is as

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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follows:

By nature \ By function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$16,024	\$31,670	\$47,694	\$16,963	\$26,191	\$43,154
Labor and health insurance costs	2,029	2,570	4,599	2,059	2,222	4,281
Pension costs	814	1,205	2,019	863	995	1,858
Remuneration of directors	-	2,688	2,688	-	2,598	2,598
Other employee benefit expenses	1,867	4,799	6,666	1,065	3,963	5,028
Depreciation expenses	31,608	20,931	52,539	27,899	19,526	47,425

Notes: 1. As of December 31, 2022 and 2021, the Company has 70 and 70 employees, respectively, of which the number of directors who did not concurrently serve as employees was five for both years.

2. Companies whose stocks are listed on Taiwan Stock Exchange or Taipei Exchange shall disclose the following information additionally:

- (1) The average employee benefit expenses for this year and the prior year were NT\$938 thousand and NT\$820 thousand, respectively.
- (2) The average employee salaries for this year and the prior year were NT\$734 thousand and NT\$664 thousand, respectively.
- (3) The average employee salary increase is 10.54%.
- (4) The Company has set up an Audit Committee to replace supervisors in accordance with the regulations, so the remuneration to the supervisors was not recognized.
- (5) The Company's remuneration policy: In accordance with the Articles of Incorporation, the Company shall provide 3.6%–8.6% of a profit, if any, as employee remuneration and no greater than 3.6% as directors' remuneration, while the Company shall reserve an amount in advance to offset a cumulative deficit, if any. Regarding employee remuneration, in addition to the base salary, the Company pays out bonuses based on operating performance. For the annual salary increase, the salary adjustment increase items and amounts are determined based

on each employee's job level and performance. In addition, as per Article 4 of the Articles of Incorporation, when the directors of the Company perform their duties, it may pay monthly remuneration to them regardless of the company's profitability. The remuneration shall be determined by the resolution of the Board of Directors depending on their duties and the level of their participation in the Company's daily operations and management. The Remuneration Committee's suggestions about the remuneration to directors and managers shall be submitted to the Board of Directors for a resolution in accordance with regulations.

In accordance with the Articles of Incorporation, the Company shall provide 3.6%–8.6% of a profit, if any, as employee remuneration and no greater than 3.6% as directors' remuneration, while the Company shall reserve an amount in advance to offset a cumulative deficit, if any. The above employee remuneration may be distributed in stock or cash, which shall be approved by half of all directors present at a board meeting attended by more than two-thirds of all directors and then reported to the shareholders' meeting. Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

As of December 31, 2022 and 2021, the Company still has a deficit to be compensated, so no employee remuneration and director remuneration were estimated.

24. Non-operating income and expenses

(1) Other income

	2022	2021
Interest income	\$159	\$101
Rental income	11,082	10,685
Government grants	207	208
Dividend income	277	265
Other income - others	2,303	1,588
Total	<u>\$14,028</u>	<u>\$12,847</u>

(2) Other gains and losses

	2022	2021
Gain on disposal of property, plant and equipment	\$47	\$-

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Loss on financial assets (liabilities) at fair value through profit or loss	-	(5,705)
Net foreign currency exchange gain or loss	6,992	(4,501)
Other expenses	(2,436)	(2,233)
Total	<u>\$4,603</u>	<u>\$(12,439)</u>

(3) Financial costs

	2022	2021
Interest on bank borrowings	<u>\$19,603</u>	<u>\$13,873</u>

25. Components of other comprehensive income

The components of 2022 other comprehensive income are as follows:

	Arising during this period	Reclassification adjustments during this period	Subtotal	Tax benefit (expense)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of the defined benefit plan	\$844	\$-	\$844	\$-	\$844
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations of subsidiaries, associates, and joint ventures	2,530	-	2,530	(506)	2,024
Total other comprehensive income	<u>\$3,374</u>	<u>\$-</u>	<u>\$3,374</u>	<u>\$(506)</u>	<u>\$2,868</u>

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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for this period

The components of 2021 other comprehensive income are as follows:

	Arising during this period	Reclassifica tion adjustments during this period	Subtotal	Tax benefit (expense)	Amount after tax
Items not reclassified to profit or loss:					
Remeasurement of the defined benefit plan	\$1,965	\$-	\$1,965	\$-	\$1,965
Remeasurement of defined benefit plans of subsidiaries, associates, and joint ventures	755	-	755	-	755
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations of subsidiaries, associates, and joint ventures	(1,262)	-	(1,262)	252	(1,010)
Total other comprehensive income for this period	\$1,458	\$-	\$1,458	\$252	\$1,710

26. Income taxes

(1) The main components of income tax expenses (income) for 2022 and 2021 are as follows:

Income tax recognized in profit or loss

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	2022	2021
Current income tax expenses (income):		
Income tax payable for this period	\$-	\$-
Deferred tax expenses (income):		
Deferred tax expenses related to the initial temporary differences and reversal of temporary differences	-	-
Income tax expense (income)	\$-	\$-

Income tax recognized in other comprehensive income

	2022	2021
Deferred tax expenses (income):		
Exchange differences arising from the translation of the financial statements of foreign operations	\$506	\$(252)

(2) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2022	2021
Net income (loss) before tax of the continuing operations	\$(98,817)	\$(98,383)
Amounts of taxes calculated at relevant countries' domestic tax rates applicable to income	\$(19,763)	\$(19,676)
Income tax effect of non-deductible expenses on tax returns	120	1,009
Income tax effect of the tax-free income	(318)	-
Income tax effect of deferred tax assets/liabilities	19,961	18,667
Total income tax expense (income) recognized in profit or loss	\$-	\$-

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(3) Balances of deferred tax assets (liabilities) related to the following items:

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensiv e income	Ending balance
Temporary difference				
Overdue payables reclassified to income	\$51	\$-	\$-	\$51
Unrealized exchange (gain) loss	(18)	46	-	28
Unrealized gain or loss on financial assets	175	-	-	175
Investment income or loss	20,382	(46)	-	20,336
Pension	709	-	-	709
Unused paid leave liability	639	-	-	639
Exchange differences arising from the translation of the financial statements of foreign operations	(5,247)	-	(506)	(5,753)
Deferred tax income (expenses)		\$-	\$(506)	
Deferred tax assets/liabilities, net	\$16,691			\$16,185
Deferred tax assets	\$21,956			\$21,938
Deferred tax liabilities	\$(5,265)			\$(5,753)

2021

	Opening balance	Recognized in profit or	Recognized in other	Ending balance
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Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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		loss	comprehensive income	
Temporary difference				
Overdue payables			\$-	
reclassified to income	\$51	\$-		\$51
Unrealized exchange (gain)	187	(205)	-	(18)
loss				
Unrealized gain or loss on	175	-	-	175
financial assets				
Investment income or loss	20,177	205	-	20,382
Pension	709	-	-	709
Unused paid leave liability	639	-	-	639
Exchange differences	(5,499)		252	(5,247)
arising from the		-		
translation of the				
financial statements of				
foreign operations				
Deferred tax income (expenses)		\$-	\$252	
Deferred tax assets/liabilities,	\$16,439			\$16,691
net				
Deferred tax assets	\$21,938			\$21,956
Deferred tax liabilities	\$(5,499)			\$(5,265)

(4) Unrecognized deferred tax assets

As of December 31, 2022 and 2021, the total amounts of deferred tax assets not recognized by the Company were NT\$174,057 thousand and NT\$154,096 thousand, respectively .

(5) As of December 31, 2022, the amounts of the Company's unused loss credits and deadlines are as follows:

Year	Amount of unused loss credit	Last valid year
2015	\$69,315	2025
2016	55,362	2026
2017	58,237	2027

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2018	134,259	2028
2019	170,869	2029
2020	101,751	2030
2021	93,554	2031
2022	81,565	2032
Total	<u>\$764,912</u>	

(6) Income tax return filings and approval

As of December 31, 2022, the income tax turns filed by the Company are as follows:

	Income tax return filings and approval
The Company	Approved up to 2020

27. Earnings per share

The basic earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the parent company divided by the weighted average number of ordinary share outstanding in the current period.

The diluted earnings per share is calculated by with the net income attributable to the holders of the ordinary shares of the parent company (after being adjusted for the effect of dilution) divided by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares were converted into ordinary shares.

	2022	2021
(1) Basic earnings per share		
Net income (loss) for this period (in thousands of NTD)	<u>\$(98,817)</u>	<u>\$(98,383)</u>
Weighted average number of ordinary shares for the basis earnings per share (in thousand shares)	<u>103,208</u>	<u>103,208</u>
Basic earnings (losses) per share (NTD)	<u>\$(0.96)</u>	<u>\$(0.95)</u>

(2) Diluted earnings per share

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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Net income (loss) after being adjusted and diluted attributable to the holders of ordinary shares of the parent company (NT\$ thousand)	<u>\$ (98,817)</u>	<u>\$ (98,383)</u>
Weighted average number of ordinary shares for the basis earnings per share (in thousand shares)		
Dilution effect:	103,208	103,208
Employee remuneration - stock (in thousand shares)	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares with the dilution effect adjusted (in thousand shares)	<u>103,208</u>	<u>103,208</u>
Diluted earnings (losses) per share (NTD)	<u>\$ (0.96)</u>	<u>\$ (0.95)</u>

There was no other transaction made to cause significant changes to the outstanding ordinary shares or the potential ordinary shares after the reporting period and before the financial statements approved for release.

VII. Related Party Transactions

The related parties with transactions with the Company during the financial reporting period are as follows:

Name of related party and relations

<u>Name of related party</u>	<u>Relations with the Company</u>
Chang Pwu Industrial Co., Ltd.	A subsidiary of the Company
Ron Pwu Applied Materials Technology Co., Ltd.	A subsidiary of the Company
Super Dragon Environmental Protection Technology (Suzhou) Limited Company	A sub-subsidiary of the Company
Enormous Vastness Investment Company Limited	Other related parties of the Company
Fukang Investment Co., Ltd.	Other related parties of the Company
Rising Dragon Investment Development Co., Ltd.	Other related parties of the Company
Rainter Water Resource Technology Corp.	Other related parties of the Company

Major transactions with related parties

1. Expenses payable

	2022.12.31	2021.12.31
Chang Pwu Industrial Co., Ltd.	\$201	\$300

2. The costs of waste disposal and sorting by Chang Pwu Industrial Co., Ltd. appointed by the Company for 2022 and 2021 are NT\$3,514 thousand and NT\$3,081 thousand, respectively, which were recognized as overhead - freight and overhead - miscellaneous expenses.

3. Remuneration to the Company's key management personnel

	2022	2021
Short-term employee benefits	\$11,956	\$11,924
Post-employment benefits	-	-
Total	\$11,956	\$11,924

4. The Company's income from leasing plants and equipment to related parties during 2022 and 2021 is listed as follows:

	Account	2022	2021
Chang Pwu Industrial Co., Ltd.	Rental income	\$24	\$24
Other related parties	Rental income	96	96
Total		\$120	\$120

As of December 31, 2022, the major assets leased by related parties from the Company under operating leases are as follows:

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Lessee	Property leased	Lease term	Monthly rent and payment method
Chang Pwu Industrial Co., Ltd.	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01~2026.12. 31	Monthly rent of NT\$2 thousand
Ron Pwu Applied Materials Technology Co., Ltd.	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01~2026.12. 31	Monthly rent of NT\$2 thousand
Enormous Vastness Investment Company Limited	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01~2026.12. 31	Monthly rent of NT\$2 thousand
Fukang Investment Co., Ltd.	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01~2026.12. 31	Monthly rent of NT\$2 thousand
Rising Dragon Investment Development Co., Ltd.	No.323, Huanke Rd., Guanyin Dist., Taoyuan City	2020.01.01~2026.12. 31	Monthly rent of NT\$2 thousand

5. The equipment leased by the Group from related parties is listed as follows:

	Account	2022.12.31	2021.12.31
Other related parties	Right-of-use assets	\$10,644	\$-

The situations in which the Group indirectly leases assets from related parties under finance leases are as follows:

Lessor	Property leased	Lease term	Monthly rent and payment method
Rainter Water Resource Technology Corp.	Wastewater treatment equipment	2022.06.23~ 2025.06.22	Monthly rent of NT\$369 thousand

6. As of December 31, 2022, the Company provided Chang Pwu Industrial Co., Ltd. with a secured borrowing facility of NT\$26,500 thousand; Chang Pwu Industrial Co., Ltd. provided the Company with a secured borrowing facility of NT\$370,000 thousand.

VIII. Assets Pledged

The Company provides the following assets as collateral:

Item	Carrying amount		Details of guarantee
	2022.12.31	2021.12.31	
Guarantee deposits paid	\$25,193	\$21,788	Performance bond and security deposit for buildings
Property, plant and equipment - land	270,244	270,244	Secured borrowing facility
Property, plant and equipment - plant	1,312,011	1,335,522	Secured borrowing facility
Property, plant and equipment - other equipment	22,535	-	Secured borrowing facility
Investment property - land	38,245	38,245	Secured borrowing facility
Investment property - plant	21,024	23,229	Secured borrowing facility
Financial assets at amortized cost	86,602	85,575	Deposit to the National Taxation Bureau, performance bond, and performance bond account
Total	<u>\$1,775,854</u>	<u>\$1,774,603</u>	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2022, please refer to Note 7.6 for the secured borrowing facilities provided by the Company to the subsidiaries or the subsidiaries to the Company.

X. Losses Due to Major Disasters

None.

XI. Material Events After the Balance Sheet Date

In January 2023, the Company acquired 5,000,000 shares in Forcera Materials Co., Ltd. from non-related parties and appointed experts to appraise the value of the shares and independent accountants to express their opinions on the reasonability of the price before making the

transaction.

XII. Others

1. Types of financial instruments

Financial assets

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets at fair value through other comprehensive income	\$9,333	\$3,333
Financial assets at amortized cost (Note)	215,285	188,652
Total	<u>\$224,618</u>	<u>\$191,985</u>

Financial liability

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial liabilities at amortized cost:		
Short-term borrowings	\$720,000	\$603,000
Payables	88,946	95,804
Lease liabilities (current and non-current)	15,203	-
Long-term borrowings (including those due within one year)	578,544	633,288
Total	<u>\$1,402,693</u>	<u>\$1,332,092</u>

Note: Including cash and cash equivalents, financial assets at amortized cost, notes receivable, as well as accounts receivable and other receivables.

2. Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market, credit, and liquidity risks related to operating activities. The Company identifies, measures, and manages the above risks as per its policies and risk preferences.

The Company has established appropriate policies, procedures, and internal control system in accordance with applicable regulations on the above financial risk management; important financial activities should be reviewed by the Board of Directors and the Audit Committee in accordance with applicable regulations and the internal control system. During the implementation of the financial management activities, the Company should comply with the applicable regulations on financial risk management.

3. Market risk

The Company's market risk refers to the risk arising from the fluctuations in the fair values or cash flows of financial instruments due to changes in market prices. Market risk mainly includes exchange rate risk and interest rate risk.

In practice, one movement by a single change in risk variables is rare, and changes in risk variables are always interrelated; however, the sensitivity analysis of the following risks did not consider the interaction between relevant risks and variables.

Exchange rate risk

The Company's exchange rate risk is mainly related to operating activities (when a currency used for income or expenses is different from the Company's functional currency) and net investment in foreign operations.

The Company's foreign currency receivables and foreign currency payables are partially in the same currency. Thus, there will be a natural hedging effect for a part of the foreign currency position; also, the net investment in foreign operations is a strategic investment, so the Company has not adopted a hedging approach thereto.

The sensitivity analysis of the Company's exchange rate risk is mainly focused on the main foreign currency monetary items on the end date of the financial reporting period and the impact of relevant foreign currency appreciation/depreciation on the Company's profit and loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD. The sensitivity analysis information is as follows:

When the NTD appreciated/depreciated by 1% against the USD, the Company's profit or loss for the year ended December 31, 2022 and 2021 would have decreased/increased by NT\$642 thousand and NT\$420 thousand, respectively.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to the changes in market interest rates. The Company's interest rate risk is mainly from investments at floating rates as well as borrowings at fixed and floating rates, which are classified as loans and receivables.

The sensitivity analysis of the Company's interest rate risk was mainly focused on investments and borrowings at floating rates at the end date of the financial reporting period. With an assumption that such investments and borrowings are held for one fiscal year, when the interest rate increased/decreased by 0.1%, the Company's profit or loss for 2022 and 2021 would have decreased/increased by NT\$1,200 thousand and NT\$1,164 thousand, respectively.

Equity price risk

The fair values of unlisted equity securities held by the Company will be affected by the uncertainty about their future values. The unlisted equity securities held by the Company are included in the category measured at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying investments and setting limits for investments in single and overall equity securities. The information on the investment portfolio of equity securities should be regularly provided to the Company's senior management, and the Board of Directors should review and approve all decisions about investments in equity securities.

The fair values of other equity instruments belong to Level 3. Please refer to Note 12.8 for the sensitivity analysis information.

4. Credit risk management

Credit risk refers to the risk of financial loss arising from the default by counterparties on contract obligations. The Company's credit risk is derived from its operating activities (mainly from accounts and notes receivables) and financial activities (mainly from bank deposits and various financial instruments).

Each unit of the Company follows the credit risk policy, procedures, and control mechanism to manage credit risk. The credit risk assessment of all transaction counterparties is based on factors, such as each counterparty's financial position, ratings by credit rating agencies, historical trading experience from the past, the current economic environment, and the Company's internal rating criteria. The Company also uses certain credit enhancement tools (such as advance sales receipts and insurance) at appropriate times to reduce specific counterparties' credit risk.

As of December 31, 2022 and 2021, the Company's accounts receivable from the top ten clients accounted for 84.34% and 81.32% of the balances of the Company's accounts

receivable, respectively. The credit concentration risk for the remaining receivables is relatively insignificant.

The Company's finance department manages the credit risk of bank deposits, fixed-income securities, and other financial instruments in accordance with the Company's policies. The Company's counterparties are determined based on internal control procedures, such as banks with good credit ratings, financial institutions with investment-grade ratings, corporate organizations, and government agencies, and there is no major concern about their contract performance, so there is no significant credit risk.

The Company adopts the IFRS 9 standard to assess expected credit losses. Except for an allowance for losses on receivables that is estimated at lifetime expected credit losses, for investments in debt instruments that are not measured at fair value through profit or loss and purchased due to a low credit risk, the Group assesses if the credit risk arising from such investments has increased significantly since the initial recognition on each balance sheet date, to determine the method of estimating an allowance for losses and an loss ratio.

Also, when the Company believes that a financial asset cannot be reasonably expected to be recovered as per the assessment (e.g., the issuer or the debtor has significant financial difficulties or has gone bankrupt), it will be written off.

5. Liquidity risk management

The Company maintains financial flexibility through cash and cash equivalents, bank borrowings, and other relevant contracts. The table below summarizes the maturity of the payments contained in the contracts of the Company's financial liabilities. It is compiled based on the earliest possible date for repayment and its undiscounted cash flow. The amounts listed also include the agreed interest. For the interest cash flow paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1–3 years	4 to 5 years	5 years or more	Total
2022.12.31					
Borrowings	\$799,535	\$366,031	\$76,495	\$70,303	\$1,312,364
Payables	88,946	-	-	-	88,946

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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Lease liabilities	6,160	9,725	-	-	15,885
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2021.12.31

Borrowings	\$691,247	\$364,725	\$75,880	\$130,412	\$1,262,264
Payables	95,804	-	-	-	95,804

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
2022.01.01	\$603,000	\$633,288	\$2,250	\$-	\$1,238,538
Cash flows	117,000	(54,744)	-	(2,595)	59,661
Non-cash changes	-	-	-	17,798	17,798
2022.12.31	\$720,000	\$578,544	\$2,250	\$15,203	\$1,315,997

Information on reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Total liabilities from financing activities
2021.01.01	\$690,000	\$496,903	\$6,250	\$1,193,153
Cash flows	(87,000)	136,385	(4,000)	45,385
2021.12.31	\$603,000	\$633,288	\$2,250	\$1,238,538

7. Fair values of financial instruments

(1) Valuation techniques and assumptions adopted to measure the fair values

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The methods and assumptions adopted by the Company to measure or disclose the fair values of its financial assets and financial liabilities are as follows:

- A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of their carrying amounts, mainly due to the short durations of such instruments.
- B. The fair values of equity instruments not traded in an active market (unlisted companies' stocks) are estimated with a market approach. The fair values are estimated at the prices of the transactions of the same or comparable companies' equity instruments in the market and other relevant information (such as discount for lack of marketability, price-earnings ratios of similar companies' stocks, or price-to-book ratios of similar companies' stocks).
- C. Regarding debt instrument investments without quoted prices in an active market, bank borrowings, and other non-current liabilities, the fair values are determined based on the counterparties' quotes or valuation techniques. The valuation techniques are determined on the basis of discounted cash flow analysis; the assumptions about interest rates and discount rates are made with reference to on similar instruments (such as the Taipei Exchange's yield curves for reference, the average quotes of Reuters commercial paper interest rates, and credit risks).
- D. As for derivative financial instruments without quoted prices in an active market, if they are non-option derivatives, their fair values are determined based on the counterparties' quotes or the yield curves that apply during the duration of the discounted cash flow analysis; if they are option derivatives, the fair values are determined based on counterparties' quotes, appropriate option pricing models (such as Black-Scholes) or other valuation approaches (such as Monte Carlo Simulation).

(2) Fair values of financial instruments at amortized cost

Except as stated in the table below, the carrying amounts of the Company's financial assets and financial liabilities at amortized cost are reasonable approximations of the fair values thereof.

(3) Information on the financial instrument fair value hierarchy

See Note 12.8 for information on the Company's financial instrument fair value hierarchy.

8. Fair value hierarchy

(1) Definitions of fair value levels

All assets and liabilities measured or disclosed at fair value are the lowest level inputs, which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

(2) Information on hierarchy of fair value measurement

The Company does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Financial assets at fair value through other comprehensive income				
Stocks	\$-	\$-	\$9,333	\$9,333

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December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Financial assets at fair value through other comprehensive income				
Stocks	\$-	\$-	\$3,333	\$3,333

Transfer between Level 1 and Level 2 fair values

The Company's assets and liabilities measured at fair value on a recurring basis during 2022 and 2021 were not transferred between Level 1 and Level 2.

Details of movements at Level 3 fair value on a recurring basis

If the Company's assets and liabilities measured at fair value on a recurring basis that belong to Level 3 fair value during the years ended December 31, 2022 and 2021, the reconciliation of the opening and ending balances is listed as follows:

	Assets
	Measured at fair value through other comprehensive income
	Stocks
January 1, 2022	\$3,333
Acquired during 2022	6,000
December 31, 2022	\$9,333
	Assets
	Measured at fair value through other comprehensive income
	Stocks
January 1, 2021	\$3,333
December 31, 2021	\$3,333

Significant unobservable Level 3 fair value inputs

Regarding the Company's assets at Level 3 fair value on a recurring basis, the significant unobservable inputs at fair value are as follows:

December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relations between input and fair value	Sensitivity analysis of the relations between inputs and fair values
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	-%	The higher the illiquidity, the lower the estimated fair value	When the percentage of lack of marketability increased (decreased) by 10%, the Group's equity would have decreased/increased by NT\$933

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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thousand.

December 31, 2021:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relations between input and fair value	Sensitivity analysis of the relations between inputs and fair values
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	-%	The higher the illiquidity, the lower the estimated fair value	When the percentage of lack of marketability increased (decreased) by 10%, the Company's equity would have decreased/increased by NT\$333 thousand.

Valuation process for Level 3 fair value

The Company's finance department is responsible for fair value verification, using data from independent sources to bring the valuation results closer to the market, confirming that the sources of the data are independent, reliable, consistent with other resources and represent executable prices, while analyzing the changes in the value of assets and liabilities that must be remeasured or re-valuated in accordance with the Company's accounting policies at each balance date, to ensure that the valuation results are reasonable.

(3) Information on those not measured at fair value but need to be disclosed

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets with only fair value disclosed:				
Investment property (see Note 6.10)	\$-	\$-	\$59,269	\$59,269

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets with only fair value disclosed:				
Investment property (see Note 6.10)	\$-	\$-	\$61,474	\$61,474

9. Information on the foreign currency financial assets and liabilities with significant impact is as follows:

The Company's foreign currency financial assets and liabilities with significant impact are as follows:

Unit of currency: In thousands of dollars			
2022.12.31			
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	\$2,099	30.75	\$64,522
Non-monetary items:			
USD	\$4,675	30.71	\$143,560

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
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	2021.12.31		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	<u>\$1,524</u>	27.68	<u>\$42,194</u>
Non-monetary items:			
USD	<u>\$5,746</u>	27.68	<u>\$159,043</u>

The exchange gains or losses on monetary items (financial assets and financial liabilities) are as follows:

	2022	2021
USD	<u>\$6,992</u>	<u>\$(4,501)</u>

The above information is disclosed in the foreign currency book value (already converted to the functional currency).

10. Capital management

The Company's capital management aims to confirm and maintain appropriate credit ratings and suitable capital ratios to facilitate business operations and maximize shareholders' equity. The Company manages and adjusts the capital structure based on the economic conditions and may maintain and adjust the capital structure by adjusting dividend payments, returning capital, or new shares.

XIII. Other Disclosures

(I) Information on Significant Transactions

1. Loans to others: Table 1.
2. Endorsements/guarantees provided to others: Table 2.
3. Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures): Table 3.
4. Securities acquired and disposed at costs or prices at least NT\$300 million or 20% of

- the paid-in capital by the Company during this period: None.
5. Acquisition of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties by the Company amounting to at least NT\$100 million or 20% of the paid-in capital: None.
8. The Company's receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Derivative trading by the Company: None.

(II) Information on Investees

1. When the Group has significant influence or control over an investee, the information on the investee (excluding investees in China) shall be disclosed: Table 4.
2. When the Group has the ability to control an investee, it shall disclose the information on the investee as in Note 13. (1):
- 2.1. Loans to others: None.
- 2.2. Endorsements/guarantees provided to others by the Company: Table 5.
- 2.3. Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures): None.
- 2.4. Securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital by the Company during this period: None.
- 2.5. Acquisition of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- 2.6. Disposal of real estate by the Company amounting to at least NT\$300 million or 20% of the paid-in capital: None.

2.7. Total purchases from or sales to related parties by the Company amounting to at least NT\$100 million or 20% of the paid-in capital: None.

2.8. The Company's receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

2.9. Derivative trading by the Company: None.

Notes to Parent Company Only Financial Statements of Super Dragon Technology Co., Ltd. (continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(III) Information on Investment in China:

1. Names of investees in China, main business scope, paid-in capital, investment methods, outward and inward capital remittance, shareholdings, investment income and loss, book values of investments at the end of the period, investment income and loss repatriated, and maximum investments in China:

Unit: NT\$ thousand

Name of Investee in China	Main business and effect on the Company's business	Paid-in capital	Investment method	Opening balance of cumulative investment remitted from Taiwan during this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Investment income or loss on investees	Shareholdings of direct or indirect investments	Investment income or loss recognized for this period	Book value of investments at the end of this period	Cumulative investment income repatriated as of the end of this period	Ending balance of cumulative outward remittances for investment in mainland China	Investment amount approved by Investment Commission, MOEA	Maximum investment amount stipulated the Investment Commission, MOEA
					Outward remittance	Repatriation									
Super Dragon Environmental Protection Technology (Suzhou) Limited Company	Recycling, production, and sales of various business waste	\$307,100 (Note 2)	(Note 1)	\$313,242 (Note 2)	\$-	\$-	\$313,242	\$(18,013) (Notes 2 and 3)	100%	\$(18,013) (Notes 2 and 3)	\$142,071 (Notes 2 and 3)	\$-	\$313,242 (Note 2)	\$322,455 (Note 2)	\$837,861

Note 1: A company was established through an investment in a third region to invest in companies in China.

Note 2: The foreign currency amounts are translated into NTD at the exchange rates prevailing on the balance sheet date.

Note 3: Investment income or losses is recognized in the financial statements audited and certified by CPAs.

2. Amount of purchases and percentage and ending balance of payables: None.
3. Amount of sales amount and percentage and ending balance of receivables: None.
4. Amount of property transactions and the resulting gains and losses: None.
5. Note endorsement and guarantee or ending balance and purpose of guarantees: None.
6. Highest balance of loans, ending balance, interest rate range, and total interest for this period: None.
7. Other transactions with a significant impact on the current profit or loss or financial position, such as the provision or receipt of services: None.

(IV) Information on Major Shareholders:

Shares Name of major shareholder	Number of shares held	Shareholding
Yao-Hsun Wu	29,856,515	28.92%
Wistron Corporation	5,676,005	5.49%
Chun-Yao Lin	5,525,000	5.35%

XIV. Segment Information

The Company has disclosed the information on the operating segment in the consolidated financial statements.



Super Dragon Technology Co., Ltd.

Chairman

Chieh-Hsin Wu