

**FIT HOLDING CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2021 AND 2020**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

FIT HOLDING CO., LTD.  
DECEMBER 31, 2021 AND 2020 CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
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## FIT HOLDING CO., LTD.

### Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

FIT Holding Co., Ltd.

March 24, 2022

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21005347

To the Board of Directors and Shareholders of FIT Holding Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of FIT Holding Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Group’s

consolidated financial statements of the year ended December 31, 2021 are stated as follows:

### ***Recognition of construction revenue - assessment on the stage of completion***

#### **Description**

Please refer to Note 4(29) for accounting policy on construction contracts; Note 5(2) for the uncertainty of critical judgement, accounting estimates and assumptions applied to construction contracts and Note 6(24) for details of contract assets and contract liabilities, which amounted to NT\$3,216,453 thousand and NT\$2,293 thousand, respectively, as of December 31, 2021.

The Group's construction revenue and costs mainly arise from undertaking construction works. If the outcome of a construction contract can be estimated reliably, revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a construction contract is measured by the proportion of contract costs incurred for the construction performed as of the financial reporting date to the estimated total costs for the construction contract. The aforementioned estimated total costs are assessed by the management based on the different nature of constructions and the price fluctuations in the market to estimate the costs for each construction activity such as estimated subcontract charges and material and labour expenses. As the estimate of total cost affects the stage of completion and the recognition of construction revenue, the complexity of aforementioned total cost usually involves subjective judgement and contains a high degree of uncertainty, we consider the assessment on the stage of completion which was applied on construction revenue recognition as a key audit matter.

#### **How our audit addressed the matter**

We performed the following audit procedures on the above key audit matter on the stage of completion:

- A. Obtained an understanding on the nature of business and industry, and assessed the reasonableness of internal process applied to estimate total construction cost, including the basis for estimating the expected total cost for construction contracts of the same nature.
- B. Assessed and tested the internal controls used by the management to recognise construction revenue based on the stage of completion, including checking the supporting documents of additional or reduced constructions and significant constructions performed in the period.
- C. Sampled and tested the subcontracts that have been assigned, and assessed the basis and reasonableness of estimating costs for those that have not been assigned.

- D. Performed substantive procedures relating to the year-end construction profit or loss statement, including sampling and verifying the costs incurred in the period with the appropriate evidence, and recalculating and confirming that construction revenue calculated based on the stage of completion had been accounted for appropriately.

### ***Valuation of goodwill impairment***

#### **Description**

Please refer to Note 4(20) for accounting policies on impairment loss on non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(13) for details of intangible assets.

The amount of goodwill was generated from the acquisition of subsidiaries, Power Quotient International Co., Ltd. and Foxlink Image Technology Co., Ltd.. The Company valued the impairment of goodwill through the discounted cash flow method which measures the cash generating unit's recoverable amount. As the assumptions of expected future cash flows involved subjective judgement and a high degree of uncertainty which would cause a material impact on the valuation result, the valuation of goodwill impairment was identified as a key audit matter.

#### **How our audit addressed the matter**

We performed the following audit procedures on the above key audit matter:

- A. Obtained the external appraisal report on impairment valuation and examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
- B. Assessed that the valuation model used in the appraisal report was widely used and appropriate.
- C. Assessed the reasonableness of significant assumptions (including expected growth rate and discount rate) applied in the appraisal report.

### ***Valuation of property, plant and equipment impairment***

#### **Description**

Please refer to Note 4(20) for accounting policies on impairment loss on non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to property, plant and equipment impairment valuation, and Note 6(9) for details of property, plant and equipment.

As the 3C components' life cycles are relatively short and the market is highly competitive, there is a high risk of property and equipment incurring an impairment loss. The Company's subsidiaries valued the impairment of the cash generating unit's property, plant and equipment which had an indication of impairment. We mainly relied on the external appraisal report. As the external appraisal report on impairment valuation involved subjective judgement and a high degree of uncertainty which would cause a material impact on the valuation result, the valuation of property, plant and equipment impairment was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
- B. Verified whether the list of properties for the external appraiser is correct.
- C. Assessed that the valuation method used in the appraisal report was appropriate.
- D. Tested the external appraisal report's valuation basis adequacy.

***Other matter - Reference to the reports of other auditors***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates and the information disclosed in Note 13, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$212,883 thousand, constituting 0.87% of the consolidated total assets as at December 31, 2021, and the share of loss of associates and joint ventures accounted for under the equity method amounted to NT(\$2,358) thousand, constituting (2.41%) of the total comprehensive income for the year then ended.

***Other matter-Parent company only financial statements***

We have audited and expressed an unqualified opinion and an unqualified opinion with an other matters section on the parent company only financial statements of FIT Holding Co., Ltd. as at and for the years ended December 31, 2021 and 2020, respectively.



### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group’s financial reporting process.

### ***Auditors’ responsibilities for the audit of the consolidated financial statements***

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Se-Kai

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**FIT HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,968,346	20	\$ 5,148,889	23
1136	Current financial assets at amortised cost	6(4) and 8	2,096,938	8	5,574,504	24
1140	Current contract assets	6(24)	3,216,453	13	104,591	
1150	Notes receivable, net	6(5)	4,259	-	4,846	-
1170	Accounts receivable, net	6(5)	1,145,867	5	895,437	4
1180	Accounts receivable - related parties	7	51,547	-	394,721	2
1200	Other receivables		54,757	-	8,061	-
1220	Current tax assets		2,204	-	-	-
130X	Inventories	6(6)	1,359,049	6	867,146	4
1410	Prepayments	6(7)	2,617,461	11	401,542	2
1460	Non-current assets or disposal groups classified as held for sale, net	6(15)	15,599	-	-	-
1470	Other current assets	8	36,744	-	43,292	-
11XX	Current Assets		15,569,224	63	13,443,029	59
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	2,098,520	8	2,345,419	10
1535	Non-current financial assets at amortised cost	6(4) and 8	19,140	-	19,091	-
1550	Investments accounted for under equity method	6(8)	878,483	4	1,017,177	4
1600	Property, plant and equipment	6(9) and 8	3,469,151	14	3,411,488	15
1755	Right-of-use assets	6(10)	552,434	2	574,928	3
1760	Investment property, net	6(12)	400,811	2	391,072	2
1780	Intangible assets	6(13)	966,092	4	985,094	4
1840	Deferred income tax assets	6(30)	234,941	1	339,752	1
1915	Prepayments for business facilities		213,290	1	162,580	1
1990	Other non-current assets, others	6(14) and 8	141,750	1	117,379	1
15XX	Non-current assets		8,974,612	37	9,363,980	41
1XXX	Total assets		\$ 24,543,836	100	\$ 22,807,009	100

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**FIT HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(16)	\$ 3,086,000	13	\$ 3,129,800	14
2110	Short-term notes and bills payable	6(17)	1,596,522	6	307,237	1
2130	Current contract liabilities	6(24)	383,882	2	640,316	3
2150	Notes payable		150	-	155	-
2170	Accounts payable		2,732,866	11	982,146	4
2180	Accounts payable to related parties	7	5,317	-	22,070	-
2200	Other payables	6(18)	758,134	3	618,327	3
2220	Other payables to related parties	7	29,869	-	4,037,439	18
2230	Current income tax liabilities		173,693	1	29,029	-
2280	Current lease liabilities	7	61,639	-	70,164	-
2320	Long-term liabilities, current portion	6(19)	302,694	1	502,471	2
2399	Other current liabilities, others		162,645	1	203,411	1
21XX	Current Liabilities		9,293,411	38	10,542,565	46
Non-current liabilities						
2540	Long-term borrowings	6(19)	2,775,173	11	3,542,047	16
2570	Deferred income tax liabilities	6(30)	177,731	1	252,107	1
2580	Non-current lease liabilities	7	254,886	1	266,888	1
2600	Other non-current liabilities		52,117	-	26,147	-
25XX	Non-current liabilities		3,259,907	13	4,087,189	18
2XXX	Total Liabilities		12,553,318	51	14,629,754	64
Equity						
	Share capital	6(21)				
3110	Share capital - common stock		2,462,421	10	2,462,421	11
	Capital surplus	6(22)				
3200	Capital surplus		4,890,319	20	4,198,013	19
	Retained earnings	6(23)				
3310	Legal reserve		8,985	-	-	-
3320	Special reserve		8,361	-	8,361	-
3350	Unappropriated retained earnings		427,826	2	89,848	-
	Other equity interest					
3400	Other equity interest		( 220,768 )	( 1 )	299,956	1
31XX	Equity attributable to owners of the parent		7,577,144	31	7,058,599	31
36XX	Non-controlling interest		4,413,374	18	1,118,656	5
3XXX	Total equity		11,990,518	49	8,177,255	36
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 24,543,836	100	\$ 22,807,009	100

The accompanying notes are an integral part of these consolidated financial statements.

FIT HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(24) and 7	\$ 11,241,928	100	\$ 7,053,361	100
5000	Operating costs	6(6)(29) and 7	( 9,418,926) ( 84)		( 6,168,735) ( 87)	
5900	Gross profit		1,823,002	16	884,626	13
	Operating expenses	6(29)				
6100	Selling expenses		( 195,416) ( 2)		( 222,319) ( 3)	
6200	General and administrative expenses		( 603,111) ( 5)		( 498,526) ( 7)	
6300	Research and development expenses		( 395,088) ( 3)		( 383,683) ( 6)	
6450	Expect credit loss	12(2)	( 1,546) -		( 752) -	
6000	Total operating expenses		( 1,195,161) ( 10)		( 1,105,280) ( 16)	
6900	Operating profit (loss)		627,841	6	( 220,654) ( 3)	
	Non-operating income and expenses					
7100	Interest income	6(25)	41,084	-	30,038	-
7010	Other income	6(26)	145,258	1	200,938	3
7020	Other gains and losses	6(27)	96,074	1	316,501	5
7050	Finance costs	6(28) and 7	( 120,652) ( 1)		( 107,403) ( 2)	
7060	Share of profit of associates and joint ventures accounted for using equity method		59,995	1	72,033	1
7000	Total non-operating income and expenses		221,759	2	512,107	7
7900	<b>Profit before income tax</b>		849,600	8	291,453	4
7950	Income tax expense	6(30)	( 223,369) ( 2)		( 111,678) ( 1)	
8200	<b>Profit for the year</b>		\$ 626,231	6	\$ 179,775	3

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(20)	\$ 5,994	-	\$ 7,786	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 473,948)	( 4)	41,754	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		-	-	20	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	( 1,199)	-	( 1,557)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 469,153)	( 4)	48,003	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 75,883)	( 1)	( 27,551)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		1,143	-	480	-
8399	Income tax relating to the components of other comprehensive income	6(30)	15,447	-	4,658	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		( 59,293)	( 1)	( 22,413)	-
8300	<b>Other comprehensive (loss) income for the year</b>		<u>(\$ 528,446)</u>	<u>( 5)</u>	<u>\$ 25,590</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 97,785</u>	<u>1</u>	<u>\$ 205,365</u>	<u>3</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 434,012	4	\$ 83,599	1
8620	Non-controlling interest		192,219	2	96,176	2
	Total		<u>\$ 626,231</u>	<u>6</u>	<u>\$ 179,775</u>	<u>3</u>
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		(\$ 99,017)	( 1)	\$ 111,706	2
8720	Non-controlling interest		196,802	2	93,659	1
	Total		<u>\$ 97,785</u>	<u>1</u>	<u>\$ 205,365</u>	<u>3</u>
	Earnings per share					
9750	Basic earnings per share (in dollars)	6(31)	\$ 1.76		\$ 0.34	
9850	Diluted earnings per share (in dollars)		\$ 1.76		\$ 0.34	

The accompanying notes are an integral part of these consolidated financial statements.

FIT HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained Earnings				Other equity interest					
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations		Total	Non-controlling interest	Total equity
Notes											
<u>Year 2020</u>											
	Balance at January 1, 2020	\$ 2,462,421	\$ 4,237,390	\$ -	\$ 8,361	(\$ 281,965 )	(\$ 219,533 )	\$ 497,631	\$ 6,704,305	\$ 159,850	\$ 6,864,155
	Profit	-	-	-	-	83,599	-	-	83,599	96,176	179,775
	Other comprehensive income (loss)	-	-	-	-	6,249	( 19,896 )	41,754	28,107	( 2,517 )	25,590
	Total comprehensive income (loss)	-	-	-	-	89,848	( 19,896 )	41,754	111,706	93,659	205,365
	Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method	-	59,741	-	-	-	-	-	59,741	-	59,741
6(22)	Capital surplus used to cover accumulated deficit	-	( 281,965 )	-	-	281,965	-	-	-	-	-
6(22)	Changes in non-controlling interest	-	182,847	-	-	-	-	-	182,847	864,920	1,047,767
	Compensation costs	-	-	-	-	-	-	-	-	227	227
	Balance at December 31, 2020	\$ 2,462,421	\$ 4,198,013	\$ -	\$ 8,361	\$ 89,848	(\$ 239,429 )	\$ 539,385	\$ 7,058,599	\$ 1,118,656	\$ 8,177,255
<u>Year 2021</u>											
	Balance at January 1, 2021	\$ 2,462,421	\$ 4,198,013	\$ -	\$ 8,361	\$ 89,848	(\$ 239,429 )	\$ 539,385	\$ 7,058,599	\$ 1,118,656	\$ 8,177,255
	Profit	-	-	-	-	434,012	-	-	434,012	192,219	626,231
	Other comprehensive income (loss)	-	-	-	-	4,795	( 63,876 )	( 473,948 )	( 533,029 )	4,583	( 528,446 )
	Total comprehensive income (loss)	-	-	-	-	438,807	( 63,876 )	( 473,948 )	( 99,017 )	196,802	97,785
	Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method	-	4,858	-	-	( 871 )	-	-	3,987	-	3,987
6(22)	Cash dividends paid by additional paid-in capital	-	( 172,370 )	-	-	-	-	-	( 172,370 )	-	( 172,370 )
6(23)	Legal reserve	-	-	8,985	-	( 8,985 )	-	-	-	-	-
6(23)	Cash dividends to shareholders	-	-	-	-	( 73,873 )	-	-	( 73,873 )	-	( 73,873 )
6(32)	Changes in non-controlling interest	-	859,818	-	-	-	-	-	859,818	3,092,180	3,951,998
	Compensation costs	-	-	-	-	-	-	-	-	5,736	5,736
6(3)	Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	( 17,100 )	-	17,100	-	-	-
	Balance at December 31, 2021	\$ 2,462,421	\$ 4,890,319	\$ 8,985	\$ 8,361	\$ 427,826	(\$ 303,305 )	\$ 82,537	\$ 7,577,144	\$ 4,413,374	\$ 11,990,518

The accompanying notes are an integral part of these consolidated financial statements.



FIT HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 849,600	\$ 291,453
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	1,546	752
Depreciation (including investment property and right-of-use assets)	6(27)(29)	398,577	469,758
Amortisation	6(29)	13,335	15,823
Loss on disposal of property, plant and equipment	6(27)	( 21 )	1,555
Financial assets at fair value through profit or loss	6(2)(27)	-	( 1,387 )
Share of profit of associates and joint ventures accounted for using the equity method		( 59,995 )	( 72,033 )
Gain on disposal of investments	6(27)	( 112,689 )	( 266,613 )
Interest expense	6(28)	120,652	107,403
Interest income	6(25)	( 41,084 )	( 30,038 )
Dividend income	6(26)	( 72,193 )	( 72,193 )
Compensation cost		5,736	227
Deferred government grants revenue recognised	6(27)	( 7,709 )	( 11,233 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		-	129,202
Current contract assets	(	3,111,862 )	65,401
Notes receivable, net		587	3,790
Accounts receivable	(	251,976 )	176,357
Accounts receivable - related parties		343,174	( 348,424 )
Other receivables	(	45,451 )	( 4,900 )
Inventories	(	491,903 )	284,696
Prepayments	(	2,215,919 )	114,769
Other current assets		9,139	83,757
Changes in operating liabilities			
Contract liabilities - current	(	256,434 )	360,774
Notes payable	(	5 )	( 3,118 )
Accounts payable		1,750,720	( 321,197 )
Accounts payable to related parties	(	16,753 )	( 96,137 )
Other payables		93,610	246,787
Increase in other payables to related parties	(	7,570 )	4,104
Other current liabilities	(	40,766 )	50,730
Cash (outflow) inflow generated from operations	(	3,145,654 )	1,180,065
Interest received		39,839	32,365
Interest paid	(	120,616 )	( 107,214 )
Dividend received		72,193	168,111
Income tax paid	(	25,861 )	( 15,995 )
Net cash flows (used in) from operating activities	(	3,180,099 )	1,257,332

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ 128,776	\$ -
Increase in financial assets at amortised cost		3,477,517	( 4,085,922 )
Acquisition of investments accounted for using the equity method		( 216,760 )	( 210,000 )
Proceeds from disposal of investments accounted for using the equity method		138,721	73,620
Acquisition of property, plant and equipment		( 364,300 )	( 894,071 )
Proceeds from disposal of property, plant and equipment	6(9)	2,397	3,089
Acquisition of intangible assets	6(13)	( 3,810 )	( 3,431 )
Increase in prepayments for business facilities		( 57,205 )	-
(Increase) decrease in refundable deposits		( 7,535 )	4,830
Cash received due to disposal of subsidiaries		-	441,275
Proceeds from capital reduction of investments accounted for using equity method		-	342,528
Increase (decrease) in other non-current assets		( 16,836 )	4,612
Net cash flows from (used in) investing activities		<u>3,080,965</u>	<u>( 4,323,470 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		20,404,954	23,994,140
Decrease in short-term borrowings		( 20,448,754 )	( 22,861,084 )
Increase (decrease) in short-term notes payable		1,289,285	( 7,721 )
Increase in long-term borrowings		6,587,792	6,369,016
Decrease in long-term borrowings		( 7,554,444 )	( 5,915,480 )
Repayment of lease liabilities		( 87,721 )	( 75,122 )
Increase in other payables to related parties		( 4,000,000 )	4,000,000
Increase in guarantee deposits received		17,969	-
Increase in other non-current liabilities		15,710	6,702
Cash dividends paid	6(23)	( 73,873 )	-
Cash dividends paid by additional paid-in capital	6(22)	( 172,370 )	-
Proceeds from disposal of subsidiaries	6(32)	802,809	-
Subsidiary's cash dividends paid		( 55,396 )	-
Changes in non-controlling interest	6(32)	3,204,585	1,047,767
Net cash flows (used in) from financing activities		<u>( 69,454 )</u>	<u>6,558,218</u>
Changes in foreign currency exchange		<u>( 11,955 )</u>	<u>( 163,495 )</u>
Net (decrease) increase in cash and cash equivalents		( 180,543 )	3,328,585
Cash and cash equivalents at beginning of year		5,148,889	1,820,304
Cash and cash equivalents at end of year		<u>\$ 4,968,346</u>	<u>\$ 5,148,889</u>

The accompanying notes are an integral part of these consolidated financial statements.

FIT HOLDING CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

- A. FIT Holding Co., Ltd. (the “Company”) and its subsidiaries (collectively referred herein as the “Group”) were incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on October 1, 2018. The Group is primarily engaged in production, manufacturing and trading of optical instrument components, computer peripheral components, 3C products, image scanners and multifunction printers, investment and development of power plant and cleaning energy services.
- B. The Company’s subsidiaries, Glory Science Co., Ltd. (Glory Science), Power Quotient International Co., Ltd. (PQI) and Foxlink Image Technology Co., Ltd. (Foxlink Image) entered into a joint share swap agreement as approved by each of their Board of Directors in May 2018. The Company acquired 100% shares of Glory Science, PQI and Foxlink Image through share swap by exchanging 1 common share of PQI with 0.194 common share of the Company, 1 common share of Foxlink Image with 0.529 common share of the Company and 1 common share of Glory Science with 1 common share of the Company. The agreement was approved by the shareholders of Glory Science, PQI and Foxlink Image in June 2018, respectively. The transactions of joint shares swap were completed on October 1, 2018. The Company’s shares were listed on the Taiwan Stock Exchange (TSE) and approved by the regulatory authority on the same date.
- C. Cheng Uei Precision Industry Co., Ltd. became the ultimate parent company of the Company after acquiring over half of the seats in the Company’s Board of Directors due to the abovementioned shares swap.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 24, 2022.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	
(3) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>	
New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:	

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets at fair value through other comprehensive income.
  - (b) Defined benefit assets and liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
  - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
The Company	Glory Science Co., Ltd. (Glory Science)	Manufacture and sale of optical lens components and other products	100	100	
The Company	Foxlink Image Technology Co., Ltd. (Foxlink Image)	Manufacture and sale of image scanners and multifunction printers	100	100	
The Company	Power Quotient International Co., Ltd. (PQI)	Manufacture of electronic telecommunication components	100	100	
The Company	Shih Fong Power Co., Ltd. (Shih)	Energy service management	16.30	41.30	Note 3
Glory Science	GLORY TEK (BVI) CO.,LTD.(GLORY TEK)	General investments holding	100	100	
GLORY TEK	GLORY OPTICS (BVI) CO., LTD.(GLORY OPTICS)	Sales agent	100	100	
GLORY TEK	GLORY TEK (SAMOA) CO., LTD.(GLORY TEK (SAMOA))	General investments holding	100	100	
GLORY TEK	GLORYTEK SCIENCE INDIA PRIVATE LIMITED (GLORYTEK SCIENCE INDIA)	Manufacture and sale of the components of communication and consumer electronics	99.27	99.27	
GLORY TEK (SAMOA)	Glorytek (Suzhou) Co., Ltd. (Glorytek Suzhou)	Production and processing and sale of optical lens components and other	100	100	
GLORY TEK (SAMOA)	Glory Optics (Yancheng) Co., Ltd. (GOYC)	Production and processing and sale of optical lens components and other	35	35	Note 1
GLORY OPTICS	Glorytek (Yancheng) Co., Ltd. (Glorytek)	Production and processing and sale of optical lens components and other	100	100	
Glorytek Yancheng	Yancheng Yaowei Technology Co., Ltd. (YYWT)	Production and processing and sale of optical lens components and other	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
Glorytek Suzhou	Glory Optics (Yancheng) Co., Ltd. (GOYC)	Production and processing and sale of optical lens components and other	65	65	Note 1
Foxlink Image	ACCU-IMAGE TECHNOLOGY LIMITED (AITL)	Manufacture and sale of image scanners and multifunction printers	100	100	
Foxlink Image	Shih Fong Power Co., Ltd. (Shih Dong Guan Fu Zhang Precision Industry Co., Ltd.	Energy service management	34.70	34.70	Note 3
AITL	Dongguan Fu Wei Electronics Co., Ltd. (Dongguan Fu Wei)	Mould development and moulding tool manufacture	100	100	
AITL	Wei Hai Fu Kang Electric Co., Ltd. (WHFK)	Manufacture and sale of image scanners and multifunction printers	100	100	
AITL	Dong Guan HanYang Computer Co., Ltd. (DGHY)	Manufacture and sale of parts and moulds of photocopiers and scanners	100	100	
PQI	Power Quotient International (H.K.) Co., Ltd. (PQI H.K.)	Manufacture of image scanners and multifunction printers and investment of	100	100	
PQI	PQI Japan Co., Ltd. (PQI JAPAN)	Sale of electronic telecommunication components	100	100	
PQI	Syscom Development Co.,	Sale of electronic telecommunication	100	100	
PQI	PQI Mobility Inc. (PQI MOBILITY)	Specialized investments holding	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
PQI	Apix Limited	Specialized investments	100	100	
PQI	Power Sufficient International Co., Ltd. (PSI)	Sale of medical instruments	100	100	
PQI	Shinfox Energy Co. Ltd. (Shinfox)	Mechanical installation and piping engineering	50.18	58.74	Note 4
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	100	100	Note 4
Foxwell Energy	Beiyuan Wind Power Co., Ltd.	Wind energy and wholesale of machinery	-	-	Note 2
Foxwell Energy	Changyuan Wind Power Co., Ltd. (Changyuan)	Wind energy and wholesale of machinery	-	-	Note 2
Shinfox	Shinfox Natural Gas Co., Ltd. (Shinfox Natural Gas)	Energy service management	80	80	
Shinfox	Kunshan Jiuwei Info Tech Co., Ltd. (Kunshan Jiuwei)	Supply chain finance energy service management	100	100	
Shinfox	Foxwell Power Co., Ltd. (Foxwell)	Energy service management	99	99	
Shinfox	Shinfox Energy International Inc. (SHINFOX ENERGY)	Energy service management	-	-	Note 5
Shinfox	Shinfox Power Co., Ltd. (Shinfox)	Energy service management	-	-	Note 7
Shinfox	Junezhe Co., Ltd.	Dredging industry	33.50	-	Note 9 and 11
Shinfox	Fox Power Company Ltd.	Natural gas service management	100	-	Note11
SYSCOM	PQI Corporation (PQI USA)	Sale of electronic telecommunication	-	100	Note10



Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
SYSCOM	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	Manufacture of electronic telecommunication components	99.27	99.27	
APIX	(FOXLINK Sinocity Industries Limited (Sinocity)	Sales of electronic equipment	100	100	
APIX	Perennial Ace Limited (Perennial)	Specialised investments holding	100	100	
Sinocity	DG LIFESTYLE STORE LIMITED (DG)	Sales of electronic equipment	100	100	
PQI MOBILITY	Power Quotient Technology (YANCHENG) Co., Ltd. (PQI YANCHENG)	Manufacture and sales of electronic telecommunication components	100	100	
PQI YANCHENG	Jiangsu Foxlink New Energy Technology Co.,Ltd. (Jiangsu Foxlink)	Manufacture of electronic telecommunication components	-	-	Note 6
PQI YANCHENG	PQI (Xuzhou) New Energy Co.,Ltd. (PQI Xuzhou)	Manufacture of electronic telecommunication components	100	100	Note 8

Note 1: GLORY TEK (SAMOA) and Glorytek Suzhou jointly held 100% equity interest of GOYC.

Note 2: Foxwell Energy invested \$60,000 in Changyuan and Bei yuan for the year ended December 31, 2019, respectively. In November 2020, the Group lost its control over the subsidiaries, Changyuan and Bei yuan, as a result of the 100% stock disposal for the amount of \$559,337. The Group recognised profit of \$239,850 under ‘other gains and losses’ in the statement of comprehensive income. For information on cash flows of the subsidiaries, please refer to Note 6 (33).

Note 3: On June 14, 2019, the Company acquired 100% of the share capital of Shih Fong for \$280,000 and obtained control over Shih Fong. Shih Fong increased its capital for the year ended December 31, 2020. The Group’s subsidiary, Foxlink Image, acquired 34.7% of the share capital of Shih Fong for \$957,600. Also, in March 2021, the Company sold 25% of the share capital to third parties. The Company jointly held 51% of the share capital of Shih Fong with Foxlink Image and maintained the control over Shih Fong.

Note 4: Shinfox conducted a share swap by issuing new shares with Foxwell Energy on December 27, 2019. Shinfox became a subsidiary of PQI with 76.56% of shares held. Shinfox increased its capital for the years ended December 31, 2021 and 2020, respectively. The Group’s subsidiary, PQI, did not acquire shares proportionally to its interest and sold 1.9%

and 0.74% of shares. As a result, PQI decreased its share interest to 50.18% and maintained control over Shinfox. Please refer to Note 6(32) for more details.

Note 5: SHINFOX ENERGY has completed the cancellation of registration during the year ended December 31, 2020.

Note 6: Jiangsu Foxlink New Energy Technology Co., Ltd. increased its capital in April 2020. The Group did not acquire shares proportionally to its interest and lost its control. This investment is recognised in investments accounted for using the equity method. Subsequently, the Group reduced its capital in September 2020, decreased its share interest to 12.9% and lost its significant influence based on its assessment. It was recognised in financial assets at fair value through other comprehensive income.

Note 7: Shinfox Power Co., Ltd. was established by Shinfox Energy Co., Ltd. in 2020, and the Group lost its control over it as a result of the 100% stock disposal for the amount of \$45,000 in November 2020. The Group recognised profit of \$52 under 'other gains and losses' in the statement of comprehensive income. For information on cash flows of the subsidiary, please refer to Note 6 (33).

Note 8: PQI Xuzhou completed registration of incorporation in 2020.

Note 9: Although Shinfox holds 33.50% shareholding ratio of Junezhe, the Group obtained control of Junezhe as Shinfox entered into an agreement with its key shareholders whereby Shinfox and a designated person acquired two out of three seats on the Board of Directors, and obtained substantial control over the decision-making on activities of Junezhe.

Note 10: PQI Corporation cancelled its registration of incorporation in 2021.

Note 11: Junezhe Co., Ltd. and Fox Power Company Ltd. Completed its registration of incorporation in 2021.

#### C. Subsidiaries not included in the consolidated financial statements

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2020	Note
Foxlink Image	KLEINE DEVELOPMENTS LIMITED	Holding company and reinvestment business	–	Note

Note: On December 28, 2015, the Board of Directors has resolved the liquidation of the company, KLEINE and the registration has been completed in May 2020.

#### D. Adjustments for subsidiaries with different balance sheet dates

None.

#### E. Significant restrictions

None.

#### F. Subsidiaries that have non-controlling interests that are material to the Group

As of December 31, 2021 and 2020, the non-controlling interest amounted to \$4,413,374 and \$1,118,656, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
SHINFOX Energy Co., Ltd.	Taiwan	3,221,252	49.82	535,165	41.26

Summarised financial information of the subsidiaries:

Balance sheets

	SHINFOX Energy Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	\$ 8,793,451	\$ 6,305,684
Non-current assets	1,374,176	879,847
Current liabilities	( 3,512,181)	( 5,447,045)
Non-current liabilities	( 474,342)	( 457,677)
Total net assets	<u>\$ 6,180,104</u>	<u>\$ 1,280,809</u>

Statements of comprehensive income

	SHINFOX Energy Co., Ltd.	
	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	\$ 4,334,413	\$ 523,537
Profit before income tax	572,529	264,002
Income tax expense	( 115,889)	( 19,613)
Profit for the period	456,640	244,389
Other comprehensive loss, net of tax	( 101)	( 781)
Total comprehensive income for the period	<u>\$ 456,539</u>	<u>\$ 243,608</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 701</u>	<u>(\$ 463)</u>
Dividends paid to non-controlling interest	<u>\$ 55,396</u>	<u>\$ -</u>

Statements of cash flows

## SHINFOX Energy Co., Ltd.

	Year ended December 31, 2021	Year ended December 31, 2020
Net cash provided by (used in) operating activities	(\$ 3,361,054)	\$ 265,557
Net cash provided by (used in) investing activities	3,182,798	( 5,531,442)
Net cash provided by financing activities	1,094,736	5,457,065
Effect of exchange rates on cash and cash equivalents	( 271)	114
Increase in cash and cash equivalents	916,209	191,294
Cash and cash equivalents, beginning of period	367,079	175,785
Cash and cash equivalents, end of period	\$ 1,283,288	\$ 367,079

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation currency.

## A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

## B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- C. As the operating cycle of the Group's construction contracts are usually more than one year, the construction-related assets and liabilities are classified by operating cycle.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) - lease receivables/ operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
  - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.
  - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.
  - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts

previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 45 years
Machinery and equipment	2 ~ 20 years
Transportation equipment	5 years
Office equipment	2 ~ 8 years
Leasehold improvements	3 ~ 5 years
Molding equipment	1 ~ 2 year(s)
Other equipment	3 ~ 15 years

(17) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
  - (a) Fixed payments, less any lease incentives receivable;
  - (b) Variable lease payments that depend on an index or a rate;
  - (c) Amounts expected to be payable by the lessee under residual value guarantees;
  - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
  - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date;
  - (c) Any initial direct costs incurred by the lessee; and
  - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 5 ~ 50 years.

(19) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 year(s).

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved at the Board of Directors' meeting. Cash dividends are recorded as liabilities; stock dividends are recorded in the Company's financial statements in the period in which they are

approved by the Company's shareholders as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales revenue

- (a) The Group manufactures and sells optical instrument components, image scanners and electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides services such as products research, development and mold repair, energy-saving equipment maintenance and solar construction design and development. If the outcome of services provided can be estimated reliably or the milestone of the research and development project is reached, revenue should be recognised by reference to the stage of project or the point in time of billing.

C. Construction contract revenue

- (a) The Group's construction contracts revenue mainly arises from the construction contracts and belongs to performance obligation satisfied over time. If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the completion ratio for work performed to date. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognised as an expense as soon as such loss is probable.
- (b) Contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.
- (c) The excess of the cumulative costs incurred plus recognised profits (less recognised losses) over the progress billings on each construction contract is presented as an asset within 'contract assets'. While, the excess of the progress billings over the cumulative costs incurred plus recognised profits (less recognised losses) on each construction contract is presented as a liability within 'contract liabilities'.

D. Electricity sales revenue

The Group's electricity sales revenue is recognised as revenue mainly when the customer obtains control, that is, at a point in time when the contract requirements are completed to satisfy the performance obligations.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(31) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(13) for the information of goodwill impairment.

B. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

C. Construction revenue recognition

The Group's construction revenue is recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract.

As the estimated total costs and contract items are assessed and determined by the management based on different nature of constructions, estimated subcontract charges and material and labour expenses, etc., any changes in estimates might affect the calculation of profit or loss from construction contracts.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 12,439	\$ 10,055
Checking accounts and demand deposits	2,806,560	2,355,349
Cash equivalents		
Time deposits	2,149,347	2,783,485
	<u>4,968,346</u>	<u>5,148,889</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-capital guaranteed floating profit financial instruments	\$ -	\$ -

Amounts recognised in profit or loss in relation to financial assets/liabilities at fair value through profit or loss are listed below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Non-capital guaranteed floating profit financial instruments	\$ -	\$ 1,387
Forward foreign exchange contracts	-	-
	<u>\$ -</u>	<u>\$ 1,387</u>

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	\$ 1,263,416	\$ 1,263,416
Unlisted stocks	1,559,977	1,350,028
	2,823,393	2,613,444
Valuation adjustment	( 724,873)	( 268,025)
	<u>\$ 2,098,520</u>	<u>\$ 2,345,419</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,098,520 and \$2,345,419 as at December 31, 2021 and 2020, respectively.
- B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2021	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 473,948)	\$ 41,754
The accumulated loss on disposal reclassified to retained earnings	(\$ 17,100)	\$ -

- C. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Pledged time deposits	\$ 695	\$ 1,200,000
Restricted bank deposits	1,868,617	4,359,551
Time deposits maturing in excess of three months	227,626	14,953
	<u>\$ 2,096,938</u>	<u>\$ 5,574,504</u>
Non-current items:		
Restricted bank deposits	\$ 14,021	\$ 14,591
Pledged time deposits	5,119	4,500
	<u>\$ 19,140</u>	<u>\$ 19,091</u>

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31, 2021	
	2021	2020
Interest income	<u>\$ 11,844</u>	<u>\$ 17,611</u>

- B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 4,259	\$ 4,846
Accounts receivable	\$ 1,178,773	\$ 927,259
Less: Allowance for uncollectible accounts	( 32,906)	( 31,822)
	<u>\$ 1,145,867</u>	<u>\$ 895,437</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 962,715	\$ 4,259	\$ 862,431	\$ 4,846
Up to 30 days	183,817	-	53,405	-
31 to 90 days	21,192	-	348	-
91 to 180 days	-	-	160	-
Over 180 days	11,049	-	10,915	-
	<u>\$ 1,178,773</u>	<u>\$ 4,259</u>	<u>\$ 927,259</u>	<u>\$ 4,846</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$1,200,713.

C. The Group has no accounts receivable and notes receivable pledged to others.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

E. As at December 31, 2021 and 2010, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$4,259 and \$4,846; \$1,145,867 and \$895,437, respectively.

(6) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 920,533	(\$ 30,626)	\$ 889,907
Work in progress	30,664	( 2,794)	27,870
Finished goods	332,440	( 59,488)	272,952
Merchandise	173,903	( 5,583)	168,320
	<u>\$ 1,457,540</u>	<u>(\$ 98,491)</u>	<u>\$ 1,359,049</u>



December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 516,001	(\$ 32,427)	\$ 483,574
Work in progress	20,427	( 1,844)	18,583
Finished goods	303,583	( 41,286)	262,297
Merchandise	106,823	( 4,131)	102,692
	<u>\$ 946,834</u>	<u>(\$ 79,688)</u>	<u>\$ 867,146</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2021	2020
Cost of goods sold	\$ 8,385,968	\$ 5,752,458
Cost of services	865,790	197,122
Unamortised manufacturing expenses	148,393	205,085
Loss on (gain on reversal of) decline in market value	18,803	12,027
Loss on scrapping inventory	-	615
Loss on physical inventory	( 25)	2,678
Revenue from sale of scraps	( 3)	( 1,250)
	<u>\$ 9,418,926</u>	<u>\$ 6,168,735</u>

(7) Prepayment

	December 31, 2021	December 31, 2020
Advance payment to construction	\$ 2,123,863	\$ -
Others	493,598	401,542
	<u>2,617,461</u>	<u>401,542</u>

(8) Investments accounted for using the equity method

Investee companies	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Power Channel Limited	\$ 527,626	\$ 507,611
Foxwell Energy Co., Ltd.	-	209,077
Castles Technology Co., Ltd.	-	181,429
CHUNG CHIA POWER Co., Ltd.	177,038	-
Studio A Technology Limited	112,630	93,174
Synergy Co., Ltd.	35,845	-
Tegna Electronics Private Limited	25,344	25,886
	<u>\$ 878,483</u>	<u>\$ 1,017,177</u>

A. The Group's investments accounted for using the equity method for the years ended December 31, 2021 and 2020 were recognised based on the financial statements audited and attested by independent auditors.

B. Associates

The basic information of the associates that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2021</u>	<u>December 31, 2020</u>		
Power Channel	China (Note 1)	35.75%	35.75%	Note 2	Equity method
Studio A Technology	Hong Kong	24.50%	24.50%	Note 2	Equity method

Note 1: Registered location is Hong Kong.

Note 2: Holds 20% or more of the voting power.

- C. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	<u>Power Channel Limited</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ -	\$ -
Non-current assets	1,123,279	1,066,779
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 1,123,279</u>	<u>\$ 1,066,779</u>
Share in associate's net assets	401,572	381,373
Goodwill	126,054	126,238
Carrying amount of the associate	<u>\$ 527,626</u>	<u>\$ 507,611</u>

  

	<u>Studio A Technology</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 808,822	\$ 533,234
Non-current assets	74,803	57,018
Current liabilities	( 411,674)	( 205,265)
Non-current liabilities	( 12,238)	( 4,687)
Total net assets	<u>\$ 459,713</u>	<u>\$ 380,300</u>
Share in associate's net assets	\$ 112,630	\$ 93,174
Goodwill	-	-
Carrying amount of the associate	<u>\$ 112,630</u>	<u>\$ 93,174</u>

Statement of comprehensive income

		Power Channel Limited	
		Year ended December 31,	
		2021	2020
Revenue	\$	-	\$ -
Profit for the period from continuing operations	\$	105,697	\$ 113,196
Loss for the period from discontinued operations		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income	\$	105,697	\$ 113,196
Dividends received from associates	\$	-	\$ -

  

		Power Channel Limited	
		Year ended December 31,	
		2021	2020
Revenue	\$	2,352,246	\$ 1,666,133
Profit for the period from continuing operations	\$	92,473	\$ 58,309
Loss for the period from discontinued operations		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income	\$	92,473	\$ 58,309
Dividends received from associates	\$	-	\$ 95,918

- D. The carrying amount of the Group's interests in all individually immaterial associates (Note) and the Group's share of the operating results are summarised below:

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$238,227 and \$416,392, respectively.

		Year ended December 31,	
		2021	2020
(Loss) profit for the year from continuing operations	(\$	6,730)	\$ 191,740
Other comprehensive loss, net of tax	(	3,032)	( 136)
Total comprehensive income (loss)	(\$	9,762)	\$ 191,604

Note: Foxwell Energy Co., Ltd., Castles Technology Co., Ltd., Kleine Developments Limited (registration has been cancelled in May 2020) and Tegna Eletronics Private Limited., CHUNG CHIA POWER Co., Ltd. and Synergy Co., Ltd.

- E. As described in Note 4(3), Jiangsu Foxlink New Energy Technology Co., Ltd. was initially a subsidiary of the Group. The Group did not participate in the capital increase proportionally to its interest in April 2020 and lost its control. This investment is recognised in investments accounted for using the equity method. Subsequently, the Group reduced its capital in September 2020, decreased its share interest to 12.9% and lost its significant influence based on its assessment. It was recognised in financial assets at fair value through other comprehensive income. Gains on disposal of investments of \$9,579 was recognised due to the aforementioned transaction.
- F. The Group gradually sold its equity interests in Castles Technology Co., Ltd. in 2021. As a result, it assessed that it has lost significant influence over the investee after the disposals and subsequently recognised it as financial assets at fair value through other comprehensive income. A gain on disposal of investments amounting to \$110,320 was recognised due to the above transactions.
- G. The Company resigned from the Board of Directors of Foxwell Energy Co., Ltd. on May 20, 2021. As a result, it assessed that it has lost significant influence over the investee and subsequently recognised it as financial assets at fair value through other comprehensive income.

## (9) Property, plant and equipment

	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2021							
Cost	\$ 1,211,713	\$ 3,483,028	\$ 110,792	\$ 322,775	\$ 1,290,326	\$ 807,812	7,226,446
Accumulated depreciation	( 112,432)	( 2,054,427)	( 92,510)	( 298,281)	( 1,257,308)	-	( 3,814,958)
	<u>\$ 1,099,281</u>	<u>\$ 1,428,601</u>	<u>\$ 18,282</u>	<u>\$ 24,494</u>	<u>\$ 33,018</u>	<u>\$ 807,812</u>	<u>\$ 3,411,488</u>
2021							
Opening net book amount as at January 1	\$ 1,099,281	\$ 1,428,601	\$ 18,282	\$ 24,494	\$ 33,018	\$ 807,812	\$ 3,411,488
Additions	1,792	263,155	10,319	5,808	30,060	99,327	410,461
Disposals	( 896)	( 758)	( 721)	-	( 1)	-	( 2,376)
Disposal of subsidiaries	( 11,961)	16,914	-	914	( 6,343)	( 17,849)	( 18,325)
Reclassifications	-	( 15,599)	-	-	-	-	( 15,599)
Depreciation charge	( 22,954)	( 237,537)	( 8,761)	( 10,770)	( 25,693)	-	( 305,715)
Net exchange differences	( 5,731)	( 3,730)	( 1,196)	1,035	( 1,161)	-	( 10,783)
Closing net book amount as at December 31	<u>\$ 1,059,531</u>	<u>\$ 1,451,046</u>	<u>\$ 17,923</u>	<u>\$ 21,481</u>	<u>\$ 29,880</u>	<u>\$ 889,290</u>	<u>\$ 3,469,151</u>
At December 31, 2021							
Cost	\$ 1,194,497	\$ 3,699,907	\$ 115,597	\$ 327,649	\$ 1,262,733	\$ 889,290	\$ 7,489,673
Accumulated depreciation	( 134,966)	( 2,248,861)	( 97,674)	( 306,168)	( 1,232,853)	-	( 4,020,522)
	<u>\$ 1,059,531</u>	<u>\$ 1,451,046</u>	<u>\$ 17,923</u>	<u>\$ 21,481</u>	<u>\$ 29,880</u>	<u>\$ 889,290</u>	<u>\$ 3,469,151</u>
	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2020							
Cost	\$ 1,405,027	\$ 3,474,924	\$ 134,741	\$ 320,543	\$ 1,289,259	\$ 2,271,006	8,895,500
Accumulated depreciation	( 98,134)	( 1,932,257)	( 96,981)	( 279,614)	( 1,208,730)	-	( 3,615,716)
	<u>\$ 1,306,893</u>	<u>\$ 1,542,667</u>	<u>\$ 37,760</u>	<u>\$ 40,929</u>	<u>\$ 80,529</u>	<u>\$ 2,271,006</u>	<u>\$ 5,279,784</u>
2020							
Opening net book amount as at January 1	\$ 1,306,893	\$ 1,542,667	\$ 37,760	\$ 40,929	\$ 80,529	\$ 2,271,006	\$ 5,279,784
Additions	66,680	83,279	14,969	7,484	8,606	673,809	854,827
Acquired from business combinations	-	45	( 1,612)	( 2,369)	( 541)	( 167)	( 4,644)
Disposals	( 923,712)	( 1,479,389)	( 24,135)	-	( 1,763)	( 324,623)	( 2,753,622)
Reclassifications	655,878	1,550,602	-	-	-	( 1,806,348)	400,132
Depreciation charge	( 13,330)	( 277,968)	( 8,465)	( 21,737)	( 54,405)	-	( 375,905)
Net exchange differences	6,872	9,365	( 235)	187	592	( 5,865)	10,916
Closing net book amount as at December 31	<u>\$ 1,099,281</u>	<u>\$ 1,428,601</u>	<u>\$ 18,282</u>	<u>\$ 24,494</u>	<u>\$ 33,018</u>	<u>\$ 807,812</u>	<u>\$ 3,411,488</u>
At December 31, 2020							
Cost	\$ 1,211,713	\$ 3,483,028	\$ 110,792	\$ 322,775	\$ 1,290,326	\$ 807,812	\$ 7,226,446
Accumulated depreciation	( 112,432)	( 2,054,427)	( 92,510)	( 298,281)	( 1,257,308)	-	( 3,814,958)
	<u>\$ 1,099,281</u>	<u>\$ 1,428,601</u>	<u>\$ 18,282</u>	<u>\$ 24,494</u>	<u>\$ 33,018</u>	<u>\$ 807,812</u>	<u>\$ 3,411,488</u>

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(10) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings, machinery and equipment and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Carrying amount	Carrying amount
Land	\$ 288,041	\$ 295,676
Buildings	259,900	276,054
Transportation equipment (Business vehicles)	4,413	3,046
Office equipment (Photocopiers)	80	152
	<u>\$ 552,434</u>	<u>\$ 574,928</u>

  

	<u>Year ended December 31,</u>	<u>Year ended December 31,</u>
	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 11,245	\$ 11,427
Buildings	70,542	78,219
Transportation equipment (Business vehicles)	2,438	1,506
Office equipment (Photocopiers)	72	65
	<u>\$ 84,297</u>	<u>\$ 91,217</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$40,315 and \$72,453, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31,</u>	<u>Year ended December 31,</u>
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,711	\$ 4,594
Expense on short-term lease contracts	11,649	25,250
Expense on leases of low-value assets	1,438	584
Expense on variable lease payments	6,719	6,200

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflows for leases were \$112,238 and \$111,750, respectively.

#### F. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to sales generated from electricity sold. For aforementioned contracts, up to 26.53% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons and various lease payments that depend on sales are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.
- (b) A 1% increase in the aggregate sales amount with such variable lease contracts would increase total lease payments by approximately \$67.

#### (11) Leasing arrangements - lessor

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2020 and 2019, the Group recognised rent income in the amounts of \$13,805 and \$12,777, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
2021	-	13,724
2022	32,761	11,335
2023	32,679	6,720
After 2024	8,501	5,040
	<u>\$ 73,941</u>	<u>\$ 36,819</u>

(12) Investment property

	Land	Buildings and structures	Total
At January 1, 2020			
Cost	\$ 344,587	\$ 52,416	\$ 397,003
Accumulated depreciation	-	( 5,931)	( 5,931)
	<u>\$ 344,587</u>	<u>\$ 46,485</u>	<u>\$ 391,072</u>
<u>2021</u>			
Opening net book amount as at January 1	\$ 344,587	\$ 46,485	\$ 391,072
Reclassifications	-	18,304	18,304
Depreciation charge	-	( 8,565)	( 8,565)
Closing net book amount as at December 31	<u>\$ 344,587</u>	<u>\$ 56,224</u>	<u>\$ 400,811</u>
At December 31, 2021			
Cost	344,587	70,720	415,307
Accumulated depreciation	-	( 14,496)	( 14,496)
	<u>\$ 344,587</u>	<u>\$ 56,224</u>	<u>\$ 400,811</u>
	Land	Buildings and structures	Total
At January 1, 2020			
Cost	\$ 344,587	\$ 52,416	\$ 397,003
Accumulated depreciation	-	( 3,295)	( 3,295)
	<u>\$ 344,587</u>	<u>\$ 49,121</u>	<u>\$ 393,708</u>
<u>2020</u>			
Opening net book amount as at January 1	\$ 344,587	\$ 49,121	\$ 393,708
Depreciation charge	-	( 2,636)	( 2,636)
Closing net book amount as at December 31	<u>\$ 344,587</u>	<u>\$ 46,485</u>	<u>\$ 391,072</u>
At December 31, 2020			
Cost	344,587	52,416	397,003
Accumulated depreciation	\$ -	(\$ 5,931)	(\$ 5,931)
	<u>\$ 344,587</u>	<u>\$ 46,485</u>	<u>\$ 391,072</u>



A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31,	
	2021	2020
Rental income from investment property	\$ 32,049	\$ 13,805
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 8,565	\$ 2,636

B. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was \$498,470 and \$392,673, respectively, which was valued by external independent appraisers. Valuations were made using the comparison, income and cost approach.

C. The Group has no investment property pledged to others.

(13) Intangible assets

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021				
Cost	\$ 892,107	\$ 47,086	\$ 85,250	\$ 1,024,443
Accumulated amortisation and impairment	-	-	( 39,349)	( 39,349)
	<u>\$ 892,107</u>	<u>\$ 47,086</u>	<u>\$ 45,901</u>	<u>\$ 985,094</u>
<u>2021</u>				
Opening net book amount as at January 1	\$ 892,107	\$ 47,086	\$ 45,901	\$ 985,094
Additions	-	-	3,810	3,810
Reclassifications	-	-	6,325	6,325
Amortisation charge	-	-	( 13,335)	( 13,335)
Net exchange differences	( 14,462)	( 1,322)	( 18)	( 15,802)
Closing net book amount as at December 31	<u>\$ 877,645</u>	<u>\$ 45,764</u>	<u>\$ 42,683</u>	<u>\$ 966,092</u>
At December 31, 2021				
Cost	\$ 877,645	\$ 45,764	\$ 94,432	\$ 1,017,841
Accumulated amortisation and impairment	-	-	( 51,749)	( 51,749)
	<u>\$ 877,645</u>	<u>\$ 45,764</u>	<u>\$ 42,683</u>	<u>\$ 966,092</u>

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Others</u>	<u>Total</u>
At January 1, 2020				
Cost	\$ 919,223	\$ 49,566	\$ 143,336	\$ 1,112,125
Accumulated amortisation and impairment	-	-	( 84,430)	( 84,430)
	<u>\$ 919,223</u>	<u>\$ 49,566</u>	<u>\$ 58,906</u>	<u>\$ 1,027,695</u>
2020				
Opening net book amount as at January 1	\$ 919,223	\$ 49,566	\$ 58,906	\$ 1,027,695
Additions	-	-	3,431	3,431
Amortisation charge	-	-	( 15,823)	( 15,823)
Net exchange differences	( 27,116)	( 2,480)	( 613)	( 30,209)
Closing net book amount as at December 31	<u>\$ 892,107</u>	<u>\$ 47,086</u>	<u>\$ 45,901</u>	<u>\$ 985,094</u>
At December 31, 2020				
Cost	\$ 892,107	\$ 47,086	\$ 85,250	\$ 1,024,443
Accumulated amortisation and impairment	-	-	( 39,349)	( 39,349)
	<u>\$ 892,107</u>	<u>\$ 47,086</u>	<u>\$ 45,901</u>	<u>\$ 985,094</u>

A. Goodwill and trademark right (indefinite useful life) are allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Goodwill</u>	<u>Trademarks</u>	<u>Goodwill</u>	<u>Trademarks</u>
System and peripheral products	\$ 611,760	\$ -	\$ 611,760	\$ -
3C retail and peripheral products	<u>265,885</u>	<u>45,764</u>	<u>280,347</u>	<u>47,086</u>
	<u>\$ 877,645</u>	<u>\$ 45,764</u>	<u>\$ 892,107</u>	<u>\$ 47,086</u>

B. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill and trademark right (indefinite useful life) were not impaired. The recoverable amount of goodwill and trademark right (indefinite useful life) has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections and discount rate (13.77%~17.44%) based on financial budgets covering a five-year period.

(14) Other non-current assets, others

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee deposits paid (Note)	\$ 40,217	\$ 29,575
Net defined benefit asset	81,874	74,891
Other non-current assets	<u>19,659</u>	<u>12,913</u>
	<u>\$ 141,750</u>	<u>\$ 117,379</u>

Note: Please refer to Note 8.

(15) Non-current assets held for sale and discontinued operations

The assets and liabilities related to solar energy equipment have been reclassified as disposal group held for sale following the approval of the Group on July 31, 2021. The assets and liabilities of the disposal group held for sale as at December 31, 2021 amounted to \$15,599 and \$0, respectively.

(16) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 3,036,000	0.5134% ~ 1.95%	None Please refer to note 8
Secured borrowings	50,000	1.50%	
	<u>\$ 3,086,000</u>		
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 3,099,800	0.5134% ~ 1.29%	None Please refer to note 8
Secured borrowings	30,000	1.01%	
	<u>\$ 3,129,800</u>		

(17) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial papers	\$ 1,597,500	\$ 307,400
Discount amortisation	( 978)	( 163)
	<u>\$ 1,596,522</u>	<u>\$ 307,237</u>
Annual interest rate range	<u>1.22% ~ 1.788%</u>	<u>1.338% ~ 1.568%</u>

(18) Other account payables

	December 31, 2021	December 31, 2020
Payable on salary and bonus	\$ 302,564	\$ 273,584
Payable on employees' compensation and directors' and supervisors' remuneration	159,903	109,338
Payable on equipment	54,647	8,486
Others	241,020	226,919
	<u>\$ 758,134</u>	<u>\$ 618,327</u>

(19) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2021
Long-term bank borrowings				
Bank unsecured borrowings				
FIT Holding	Borrowing period is from September 2021 to November 2023; pay entire amount of principal when due, interest is repayable monthly.	1.17%~1.2%	\$ 470,000	\$ 530,000
Foxlink Image	Borrowing period is from March 2021 to December 2023; pay entire amount of principal when due, interest is repayable monthly.	0.94%~0.983%	2,968,800	1,658,000
PQI	Borrowing period is from July 2021 to July 2023; pay principal based on each bank's regulations, interest is repayable monthly.	1.25%	100,000	200,000
Glory Science	Borrowing period is from July 2019 to July 2024; pay principal and interest based on each bank's regulations.	1.04%~1.5%	64,000	273,000
Shinfox	Borrowing period is from February 2019 to February 2023; pay entire amount in installments.	1.71%	-	8,976
Foxwell Energy	Borrowing period is from January 2019 to December 2035; pay entire amount in installments.	1.4376%~1.4857%	286,721	39,188
Bank secured borrowings				
Glory Science	Borrowing period is from December 2019 to December 2024; pay principal in installments quarterly, interest is calculated monthly.	1.36%	-	65,000
Foxwell Energy	Borrowing period is from May 2018 to February 2036; pay entire amount in installments.	1.4376%~1.68%	371,283	303,703
				3,077,867
Less: Current portion (shown as other current liabilities)				( 302,694)
				<u>\$ 2,775,173</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2020
Long-term bank borrowings				
Bank unsecured borrowings				
FIT Holding	Borrowing period is from October 2020 to August 2022; pay entire amount of principal when due, interest is repayable monthly.	1.1%~1.22%	\$ -	\$ 400,000
Foxlink Image	Borrowing period is from February 2020 to August 2023; pay entire amount of principal when due, interest is repayable monthly.	0.94%~1.1%	544,800	2,440,000
PQI	Borrowing period is from December 2019 to December 2022; pay principal based on each bank's regulations, interest is repayable monthly.	1.23%~1.35%	4,200	365,800
Glory Science	Borrowing period is from April 2019 to July 2024; pay principal and interest based on each bank's regulations.	1.04%~1.5%	-	387,000
Shinfox	Borrowing period is from February 2019 to February 2023; pay entire amount in installments.	1.71%~1.76%	-	18,870
Foxwell Energy	Borrowing period is from January 2019 to September 2023; pay entire amount in installments.	1.4857%	292,775	38,451
Bank secured borrowings				
Shinfox	Borrowing period is from December 2019 to December 2024; pay principal in installments quarterly, interest is calculated monthly.	1.26%	-	80,000
Foxwell Energy	Borrowing period is from May 2018 to December 2034; pay entire amount in installments.	1.4857%~1.78%	294,832	314,397
				4,044,518
Less: Current portion (shown as other current liabilities)				( 502,471)
				<u>\$ 3,542,047</u>

1. The Group entered into the borrowing contracts with Bank SinoPac, EnTie Bank, Taishin Bank and Yuanta Commercial Bank, and the total credit line is \$2,500 thousand. As of December 31, 2021, the borrowings that have been used amounted to \$1,338 thousand. In the duration period of these contracts, the financial ratios in the semi-annual consolidated and annual consolidated

financial statements shall be as follows:

- (a) Current assets to current liabilities ratio of at least 1:1;
- (b) Liabilities not exceeding 200% of tangible net equity;
- (c) Interest coverage of at least 400%;
- (d) Tangible net equity of at least NT\$1,500,000 thousand to NT\$5,000,000 thousand; and
- (e) Net equity of at least NT\$1,800,000 thousand.

2. As of December 31, 2020, the borrowings that have been used amounted to as follows:

Company	Bank	Credit line	Amount of borrowings used
FIT Holding 、F	Jih Sun Bank(Note)	\$ 500,000	\$ 500,000
FIT Holding 、P	Hua Nan Bank(Note)	200,000	50,000
FIT Holding	Mega Bank	300,000	-
Foxlink Image	Hua Nan Bank	200,000	150,000
Foxlink Image	Taiwan Cooperative Bank	500,000	310,000
Foxlink Image	First Bank	250,000	113,000
Foxlink Image	Bank of Taiwan	300,000	300,000
Foxlink Image	E.SUN Bank(Note)	400,000	300,000
Foxlink Image	Cathay United Bank(Note)	USD 10, 000	-
Foxlink Image	KGI Bank(Note)	400,000	400,000
Glory Science	Hua Nan Bank	95,000	90,000
Glory Science	Chang Hwa Bank	125,000	120,000
Glory Science	Eximbank	192,000	128,000
Shinfox	SCSB	8,976	8,976
Foxwell Energy	Taishin Bank(Note)	197,745	53,836
Foxwell Energy	Mega Bank	218,791	218,791
Foxwell Energy	Bank SinoPac	584,358	70,264

## (20) Pensions

- A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued 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. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year.

If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations (\$	34,346)	(\$ 39,447)
Fair value of plan assets	116,220	114,338
Net defined benefit asset	<u>\$ 81,874</u>	<u>\$ 74,891</u>

(c) Movements in net defined benefit assets (liabilities) are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liability)
<u>2021</u>			
At January 1	(\$ 39,447)	\$ 114,338	\$ 74,891
Current service cost	( 690)	-	( 690)
Interest (expense) income	( 207)	646	439
Past service cost	1,098	-	1,098
	<u>( 39,246)</u>	<u>114,984</u>	<u>75,738</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,428	1,428
Change in demographic assumptions	( 25)	-	( 25)
Change in financial assumptions	646	-	646
Experience adjustments	3,945	-	3,945
	<u>4,566</u>	<u>1,428</u>	<u>5,994</u>
Pension fund contribution	-	142	142
Paid pension	332	( 332)	-
At December 31	<u>(\$ 34,348)</u>	<u>\$ 116,222</u>	<u>\$ 81,874</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liability)
<u>2020</u>			
At January 1	(\$ 45,054)	\$ 110,713	\$ 65,659
Current service cost	( 40)	-	( 40)
Interest (expense) income	( 402)	1,042	640
Past service cost	704	-	704
	<u>( 44,792)</u>	<u>111,755</u>	<u>66,963</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,547	3,547
Change in financial assumptions	( 854)	-	( 854)
Experience adjustments	5,093	-	5,093
	<u>4,239</u>	<u>3,547</u>	<u>7,786</u>
Pension fund contribution	-	142	142
Paid pension	1,106	( 1,106)	-
At December 31	<u>(\$ 39,447)</u>	<u>\$ 114,338</u>	<u>\$ 74,891</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.



(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2021	2020
Discount rate	0.7%~0.75%	0.04%~0.8%
Future salary increases	1%~5%	1%~5%

Assumptions regarding future mortality experience are set based on the 2nd Taiwan Annuity Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 2%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 1,163)	\$ 1,218	\$ 1,148	(\$ 1,054)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 1,399)	\$ 1,465	\$ 1,381	(\$ 1,269)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$142
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 11~20 years.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6%~8% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s foreign subsidiaries have established a defined contribution pension plan in accordance with the local regulations. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020, were \$57,608 and \$24,436, respectively.

(21) Share capital

As described in Note 1, the Company acquired 100% of the shares of Glory Science, PQI and Foxlink Image through share swap by exchanging 1 common share of Glory Science into 1 common share of the Company, 1 common share of PQI converted to 0.194 common share of the Company and 1 common share of Foxlink Image converted to 0.529 common share of the Company. As of December 31, 2021, the Company's authorised capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 30,000 thousand shares reserved for employee stock options), and the paid-in capital was \$2,462,421 with a par value of \$10 (in dollars) per share. Ordinary shares outstanding as at December 31, 2020 amounted to 246,242 thousand shares.

(22) Capital surplus

	2021				
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	\$ 3,955,425	\$ 57,400	\$ 125,447	\$ 59,741	\$ 4,198,013
Capital surplus used to issue cash to shareholders	( 172,370)	-	-	-	( 172,370)
Transactions with non-controlling interest	-	147,382	712,436	-	859,818
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	4,858	4,858
At December 31	<u>\$ 3,783,055</u>	<u>\$ 204,782</u>	<u>\$ 837,883</u>	<u>\$ 64,599</u>	<u>\$ 4,890,319</u>

	2021				
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	\$ 4,237,390	\$ -	\$ -	\$ -	\$ 4,237,390
Capital surplus used to cover accumulated deficits	( 281,965)	-	-	-	( 281,965)
Transactions with non-controlling interest		57,400	125,447	-	182,847
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	59,741	59,741
At December 31	\$ 3,955,425	\$ 57,400	\$ 125,447	\$ 59,741	\$ 4,198,013

A. In accordance with IFRS Q&A issued by Accounting Research and Development Foundation (ARDF) on October 26, 2018 and ARDF Interpretation 100-390, as described in Note 4, the share swap transactions between the Company and Glory Science were considered as a reorganisation under common control on October 1, 2018.

B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

C. The shareholders resolved the Company to distribute cash by capital surplus of \$172,370 (NT\$0.7 (in dollars) per share) on March 26, 2021.

(23) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. The remaining earnings shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.

According to the Company's dividend policy, no more than 90% of the distributable retained earnings shall be distributed as shareholders' bonus and cash dividend distributed in any calendar

- year shall be at least 20% of the total distributable earnings in that year based on future capital expenditures budget and capital requirements.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. Special reserve
- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) As described in Note 4(2), the Company is substantially a continuation of Glory Science. Therefore, the amount previously set aside by the Company as special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The special reserve increased as a result of retained earnings arising from the adoption of IFRS amounted to \$8,361 thousand.
- D. The shareholders resolved the Company to cover deficits by capital surplus of \$281,965 on June 24, 2020.
- E. In accordance with the Company's Articles of Incorporation and as resolved by the Board of Directors on March 26, 2021, the Company distributed cash dividends amounting to \$73,873. Also, the appropriation of 2020 earnings as proposed and resolved by the shareholders on July 20, 2021 are as follows:

	2020	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 8,985	
Cash dividends	73,873	\$ 0.30

For the information relating to the distribution of earnings as approved by the Board of shareholders, please refer to the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Operating revenue

- A. Disaggregation of revenue from contracts with customers

The Group derives revenue in the following major product lines and geographical regions:

Revenue from external customer contracts

<u>2021</u>	<u>China</u>	<u>Taiwan</u>	<u>Hong Kong</u>	<u>US</u>
System and peripheral products	\$ 1,076,557	\$ 4,242	\$ 162,872	\$ 1,355,732
3C retail and peripheral products	8,330	26,810	1,988,219	7,977
3C components	142,068	63,951	7,527	74
Others	22,245	4,312,087	-	-
	<u>\$ 1,249,200</u>	<u>\$ 4,407,090</u>	<u>\$ 2,158,618</u>	<u>\$ 1,363,783</u>
<u>2021</u>	<u>Europe</u>	<u>Others</u>		<u>Total</u>
System and peripheral products	\$ 614,010	\$ 1,346,613		\$ 4,560,026
3C retail and peripheral products	-	6,699		2,038,035
3C components	183	95,732		309,535
Others	-	-		4,334,332
	<u>\$ 614,193</u>	<u>\$ 1,449,044</u>		<u>\$11,241,928</u>
<u>2020</u>	<u>China</u>	<u>Taiwan</u>	<u>Hong Kong</u>	<u>US</u>
System and peripheral products	\$ 1,325,258	\$ 4,511	\$ 177,141	\$ 1,096,832
3C retail and peripheral products	14,109	95,680	1,484,488	11,829
3C components	263,241	88,799	19,195	1,176
Others	25,112	496,584	-	-
	<u>\$ 1,627,720</u>	<u>\$ 685,574</u>	<u>\$ 1,680,824</u>	<u>\$ 1,109,837</u>
<u>2020</u>	<u>Europe</u>	<u>Others</u>		<u>Total</u>
System and peripheral products	\$ 624,147	\$ 1,200,489		\$ 4,428,378
3C retail and peripheral products	-	12,238		1,618,344
3C components	1,042	111,490		484,943
Others	-	-		521,696
	<u>\$ 625,189</u>	<u>\$ 1,324,217</u>		<u>\$ 7,053,361</u>

#### B. Unfulfilled construction contracts

Aggregate amount of the transaction price allocated to and the year expected to recognise revenue for the unsatisfied performance obligations in relation to the contracted significant construction contracts as of December 31, 2021 are as follows:

<u>Year</u>	<u>Year expected to recognise revenue</u>	<u>Contracted amount</u>
December 31, 2021	Year 2021~2025	\$ 54,669,266
December 31, 2020	Year 2020~2021	52,532,010

#### C. Contract assets and contract liabilities

(a) The Group has recognised the following revenue-related contract assets and contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract assets:		
Contract assets – construction contracts	<u>\$ 3,216,453</u>	<u>\$ 104,591</u>
Contract liabilities:		
Contract liabilities – advance sales receipts	381,589	374,231
Contract liabilities – construction contracts	<u>2,293</u>	<u>266,085</u>
	<u>\$ 383,882</u>	<u>\$ 640,316</u>

(b) The aforementioned revenue-related contract assets and contract liabilities as at December 31, 2021 and 2020 are as follows:

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Total costs incurred and revenue recognised	\$ 4,366,249	\$ 977,551
Contractors' request for progress payment amounts (	<u>1,152,089)</u>	<u>( 1,139,045)</u>
	<u>\$ 3,214,160</u>	<u>(\$ 161,494)</u>
Contract assets- current	\$ 3,216,453	\$ 104,591
Contract liabilities- current	<u>( 2,293)</u>	<u>( 266,085)</u>
	<u>\$ 3,214,160</u>	<u>(\$ 161,494)</u>

(c) Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Unearned revenue	<u>\$ 77,051</u>	<u>\$ 130,226</u>

D. Information about the significant construction contracts contracted by the Group is provided in Note 9.

(25) Interest income

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 29,240	\$ 12,427
Interest income from financial assets measured at amortised cost	<u>11,844</u>	<u>17,611</u>
	<u>\$ 41,084</u>	<u>\$ 30,038</u>

(26) Other income

	Year ended December 31	
	2021	2020
Dividend income	\$ 72,193	\$ 72,193
Rent income	47,126	31,812
Compensation income	-	50,000
Others	25,939	46,933
	<u>\$ 145,258</u>	<u>\$ 200,938</u>

(27) Other gains and losses

	Year ended December 31	
	2021	2020
Foreign exchange gains (losses)	(\$ 23,153)	\$ 39,536
Gains on disposals of investments	112,689	266,613
Government grants revenue	7,709	11,233
Financial assets at fair value through profit or loss	-	1,387
Depreciation charge on investment property (	8,565)	( 2,636)
Gain (losses) on disposals of property, plant and equipment	21	( 1,555)
Others	7,373	1,923
	<u>\$ 96,074</u>	<u>\$ 316,501</u>

(28) Finance costs

	Year ended December 31	
	2021	2020
Interest expense		
Bank loans	\$ 86,188	\$ 80,683
Loans from related parties	29,753	22,126
Lease liabilities	4,711	4,594
	<u>\$ 120,652</u>	<u>\$ 107,403</u>

(29) Expenses by nature

Nature	Year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 788,459	\$ 619,345	\$ 1,407,804
Labour and health insurance fees	34,430	34,464	68,894
Pension costs	38,196	18,565	56,761
Other personnel expenses	36,777	24,232	61,009
	<u>\$ 897,862</u>	<u>\$ 696,606</u>	<u>\$ 1,594,468</u>
Depreciation charge	<u>\$ 223,326</u>	<u>\$ 166,686</u>	<u>\$ 390,012</u>
Amortisation charge	<u>\$ 495</u>	<u>\$ 12,840</u>	<u>\$ 13,335</u>

Nature	Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 739,772	\$ 523,803	\$ 1,263,575
Labour and health insurance fees	26,711	27,910	54,621
Pension costs	8,713	14,419	23,132
Other personnel expenses	37,986	24,104	62,090
	<u>\$ 813,182</u>	<u>\$ 590,236</u>	<u>\$ 1,403,418</u>
Depreciation charge	<u>\$ 277,290</u>	<u>\$ 189,832</u>	<u>\$ 467,122</u>
Amortisation charge	<u>\$ 1,780</u>	<u>\$ 14,043</u>	<u>\$ 15,823</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the year ended December 31, 2021, employees' compensation was accrued at \$30,000; while directors' and supervisors' remuneration was accrued at \$4,880. The aforementioned amounts were recognised in salary expenses.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 24, 2022 were \$30,000 and \$4,880, respectively, and will be distributed in the form of cash.



- D. The employees' compensation and directors' remuneration as resolved by the Board of Directors were the same as the estimated amount recognized in the 2020 financial statements.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense :

		Year ended December 31	
		2021	2020
Current tax:			
Current tax on profits for the year	\$	180,302	\$ 34,765
Tax on undistributed surplus earnings		1,584	-
Prior year income tax (over)			
underestimation		(3,200)	(3,039)
Total current tax		178,686	31,726
Deferred tax:			
Origination and reversal of temporary		44,683	79,952
differences			
Total deferred tax		44,683	79,952
Income tax expense	\$	223,369	\$ 111,678

- (b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

		Year ended December 31	
		2021	2020
Currency translation differences	\$	15,447	\$ 4,658
for the year			
Remeasurement of defined benefit			
obligations	(	1,199)	( 1,557)
	\$	14,248	\$ 3,101

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 240,681	\$ 21,831
Temporary difference not recognised as deferred tax assets	( 23,975)	115,515
Expenses disallowed by tax regulation	35,740 (	39,646)
Prior year income tax overestimation	( 3,200) (	3,039)
Effect from changes in tax regulation	28,028	17,017
Prior year loss carryforward income tax	( 53,905)	-
Income tax expense	<u>\$ 223,369</u>	<u>\$ 111,678</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2021			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Temporary differences:				
— Deferred tax assets:				
Loss carryforward	\$ 77,478	(\$ 4,980)	\$ -	\$ 72,498
Depreciation difference between tax and financial basis	51,146	(386)	-	50,760
Warranty cost of after-sale service	22,200	(8,498)	-	13,702
Currency translation differences	109,011	-	(82,996)	26,015
Unrealized loss on market price decline and obsolete and slow-moving inventory	14,236	1,152	-	15,388
Losses on doubtful debts	15,429	(372)	-	15,057
Unrealised gain on inter-affiliate accounts	27,328	( 6,426)	-	20,902
Others	<u>22,924</u>	<u>( 2,104)</u>	<u>( 201)</u>	<u>20,619</u>
	<u>\$ 339,752</u>	<u>(\$ 21,614)</u>	<u>(\$ 83,197)</u>	<u>\$ 234,941</u>
— Deferred tax liabilities:				
Unrealised exchange gain	(\$ 114,917)	\$ 2,078	\$ -	(\$ 112,839)
Others	<u>( 137,190)</u>	<u>( 25,147)</u>	<u>97,445</u>	<u>( 64,892)</u>
	<u>(\$ 252,107)</u>	<u>(\$ 23,069)</u>	<u>\$ 97,445</u>	<u>(\$ 177,731)</u>
	<u>\$ 87,645</u>	<u>(\$ 44,683)</u>	<u>\$ 14,248</u>	<u>\$ 57,210</u>

	2020			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Temporary differences:				
— Deferred tax assets:				
Loss carryforward	\$ 67,740	\$ 9,738	\$ -	\$ 77,478
Depreciation difference between tax and financial basis	36,541	14,605	-	51,146
Warranty cost of after-sale service	21,164	1,036	-	22,200
Currency translation differences	104,353	-	4,658	109,011
Unrealized loss on market price decline and obsolete and slow-moving inventory	12,940	1,296	-	14,236
Losses on doubtful debts	16,935	(1,506)	-	15,429
Unrealised gain on inter-affiliate accounts	40,107	(12,779)	-	27,328
Others	35,404	(12,077)	(403)	22,924
	<u>\$ 335,184</u>	<u>\$ 313</u>	<u>\$ 4,255</u>	<u>\$ 339,752</u>
— Deferred tax liabilities:				
Unrealised exchange gain	(\$ 34,986)	(\$ 79,931)	\$ -	(\$ 114,917)
Others	(135,702)	(334)	(1,154)	(137,190)
	<u>(\$ 170,688)</u>	<u>(\$ 80,265)</u>	<u>(\$ 1,154)</u>	<u>(\$ 252,107)</u>
	<u>\$ 164,496</u>	<u>\$ 79,952</u>	<u>\$ 3,101</u>	<u>\$ 87,645</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company's domestic subsidiaries are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012~2021	\$ 2,615,155	\$ 2,363,872	\$ 2,090,471	2022~2031

  

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011~2020	\$ 2,960,873	\$ 2,553,425	\$ 2,234,905	2021~2030

E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. The Company's domestic subsidiaries' income tax returns through 2018 and 2019 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	<u>\$ 434,012</u>	<u>246,242</u>	<u>\$ 1.76</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 434,012	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>956</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 434,012</u>	<u>247,198</u>	<u>\$ 1.76</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted loss per share</u>			
Profit attributable to the parent	<u>\$ 83,599</u>	<u>246,242</u>	<u>\$ 0.34</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,599	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>173</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 83,599</u>	<u>246,415</u>	<u>\$ 0.34</u>

(32) Transactions with non-controlling interest

A. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

In March 2021, the Group disposed of 25% of shares of its subsidiary - SHIH FONG Power Co., Ltd. for a total cash consideration of \$690,000. The carrying amount of non-controlling interest in SHIH FONG Power Co., Ltd. was \$588,281 at the disposal date. This transaction resulted in an

increase in the non-controlling interest by \$612,793 and an increase in the equity attributable to owners of the parent by \$77,207.

In November 2021, the Group disposed of 0.74% of shares of its subsidiary - Shinfox Energy Co., Ltd. for a total cash consideration of \$112,809. The carrying amount of non-controlling interest in Shinfox Energy Co., Ltd. was \$2,827,409 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$42,634 and an increase in the equity attributable to owners of the parent by \$70,175.

In November 2020, the Group disposed of 1.9% of shares of its subsidiary - Shinfox Energy Co., Ltd. for a total cash consideration of \$81,497. The carrying amount of non-controlling interest in Shinfox Energy Co., Ltd. was \$499,185 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$24,097 and an increase in the equity attributable to owners of the parent by \$57,400.

- B. The Group did not participate in the capital increase raised by the subsidiaries and second-tier subsidiary proportionally to its interest to the subsidiary.

The subsidiary, Shih Fong Power Co., Ltd. and the second-tier subsidiaries, Shinfox Energy Co., Ltd., Shinfox Natural Gas Co., Ltd. and Foxwell Power Co., Ltd. increased its capital by issuing new shares in 2020. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 34%, 16%, 20% and 1%, respectively. The transaction decreased non-controlling interest by \$125,447 and increased the equity attributable to owners of parent by \$125,447.

The Group did not conduct any transaction with non-controlling interest for the year ended December 31, 2019.

(33) Supplemental cash flow information

The Group sold 100% of its shares in the subsidiaries – Changyuan, Beiyuan and Shinfox Power on November 30, 2020 and therefore lost control over the subsidiaries (please refer to Note 4(3)B). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	December 31, 2021		
Carrying amount of the assets and liabilities of the subsidiaries	Changyuan	Beiyuan	Shinfox Power
Cash	\$ 3,287	\$ 6,400	\$21,108
Other current assets	37,784	38,351	114
Property, plant and equipment	729,847	740,911	24,039
Deferred tax assets	34	28	-
Other non-current assets	5,786	2,864	2,057
Other current liabilities	( 128,466)	( 130,331)	( 2,370)
Other non-current liabilities	( 454,612)	( 532,396)	-
Carrying amount of subsidiaries disposed	193,660	125,827	44,948
Gain on disposal of subsidiaries	125,490	114,360	52
Total consolidation received from disposal of subsidiaries	319,150	240,187	45,000
Cash and cash equivalents from disposal of subsidiaries	( 3,287)	( 6,400)	( 21,108)
Net cash charged due to disposal of subsidiaries	<u>\$ 315,863</u>	<u>\$233,787</u>	<u>\$23,892</u>

(34) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Other payables to related parties	Lease liability	Liabilities from financing activities-gross
January 1, 2021	\$ 3,129,800	\$ 307,237	\$ 4,044,518	\$ 4,000,000	\$ 337,052	\$ 11,818,607
Changes in cash flow from financing activities	( 43,800)	1,289,285	( 966,652)	( 4,000,000)	( 87,721)	( 3,808,888)
Changes in other non-cash items	-	-	-	-	63,771	63,771
Impact of changes in foreign exchange rate	-	-	-	-	3,423	3,423
December 31, 2021	<u>\$ 3,086,000</u>	<u>\$ 1,596,522</u>	<u>\$ 3,077,866</u>	<u>\$ -</u>	<u>\$ 316,525</u>	<u>\$ 8,076,913</u>

  

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Other payables to related parties	Lease liability	Liabilities from financing activities-gross
January 1, 2020	\$ 1,996,744	\$ 314,958	\$ 4,577,992	\$ -	\$ 346,816	\$ 7,236,510
Changes in cash flow from financing activities	1,133,056	( 7,721)	453,536	4,000,000	( 75,122)	5,503,749
Changes in other non-cash items	-	-	( 987,010)	-	69,763	( 917,247)
Impact of changes in foreign exchange rate	-	-	-	-	( 4,405)	( 4,405)
December 31, 2020	<u>\$ 3,129,800</u>	<u>\$ 307,237</u>	<u>\$ 4,044,518</u>	<u>\$ 4,000,000</u>	<u>\$ 337,052</u>	<u>\$ 11,818,607</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Cheng Uei Precision Industry Co., Ltd. (Cheng Uei)	Ultimate parent
Fugang Electronic (Dongguan) Co., Ltd. (FGEDG)	Other related party
Fugang Electronic (Xuzhou) Co., Ltd. (FG XuZhou)	Other related party
Kunshan Fugang Electric Trading Co., Ltd. (KFET)	Other related party
VA Product Inc. (VA)	Other related party
CU International Ltd. (CU)	Other related party
Studio A Technology Limited (Studio A Hong Kong)	Other related party
Studio A Inc. (Studio A)	Other related party
Straight A Inc. (Straight A)	Other related party
Sharetronic Data Technology Co., Ltd. (Sharetronic)	Other related party
Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Other related party
Foxwell Energy Co., Ltd.(Foxwell)	Other related party (Note)
Changyuan Wind Power Co., Ltd. (Zhangyuan)	Other related party (Note)
Beiyuan Wind Power Co., Ltd. (Beiyuan)	Other related party (Note)
Shinfox Power Co., Ltd. (Shinfox Power)	Other related party (Note)
Central Motion Picture Corporation (Central Motion Picture)	Other related party
Fugang Electric (Kunshan) Co., Ltd.	Other related party
Foxlink Technical India Private Ltd.	Other related party
Chern Feng Engineering Tech Co., Ltd.(Chern Feng)	Other related party

Note: Changyuan, Beiyuan and Shinfox Power were originally subsidiaries of the Group, but sold to Foxwell Energy and became other related parties since November 30, 2020. The Company resigned its seat on the Board of Directors of Foxwell Energy Co., Ltd. on May 20, 2021. Therefore, Foxwell Energy Co., Ltd. and its subsidiaries were non-related parties since May 20, 2021.

### (2) Significant related party transactions

#### A. Operating revenue

	Year ended December 31	
	2021	2020
Sales of services:		
Cheng Uei	\$ 56,060	\$ 121,022
Shinfox Power	391,510	-
Other related parties	124,475	67,696
	<u>\$ 572,045</u>	<u>\$ 188,718</u>

(a) Goods sold to the abovementioned related parties are based on mutual agreement and are not sold to the third parties. The collection terms are 90 to 120 days after monthly billings.

- (b) The Group's sales of services to the abovementioned related parties refer to construction revenue, service revenue and electricity sales revenue charged from the contracted construction agreements, contracted agreements for development, design, manufacture and supervision of construction and the operation and maintenance contract for wind turbine generator system (WTGS) entered with other related parties, and the transaction price and credit terms are the same with the market situation or the general customers.

#### B. Purchases

	Year ended December 31	
	2021	2020
Purchases of goods:		
Cheng Uei	\$ 16,916	\$ 38,077
Studio A	2,460	16,007
Others	462	432
	<u>\$ 19,838</u>	<u>\$ 54,516</u>

The prices and terms are determined in accordance with mutual agreement, and the payment term is 90 to 120 days after monthly billings.

#### C. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
Shinfox Power	\$ -	\$ 284,899
Beiyuan	-	35,308
Cheng Uei	15,097	22,195
Other related parties	36,450	52,319
	<u>\$ 51,547</u>	<u>\$ 394,721</u>

#### D. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
Cheng Uei	\$ 2,376	\$ 21,333
Other related parties	2,941	737
	<u>\$ 5,317</u>	<u>\$ 22,070</u>
Other payables:		
Cheng Uei	\$ 10,650	\$ 14,734
Other related parties	19,219	22,705
	<u>\$ 29,869</u>	<u>\$ 37,439</u>

- (a) Payables to related parties mainly arose from purchases, and the payment terms are 90 to 120 days after monthly billings.



(b) Other payables to related parties mainly arose from management, legal and system maintenance fees payable.

#### E. Related Party Transactions

			<u>Year ended December 31, 2020</u>	
<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain/(loss)</u>
Disposal of financial assets:				
Other related parties				
Foxwell Energy	Investments accounted for using the equity method - subsidiaries	23,000 Changyuan	\$ 319,150	\$ 125,490
	Investments accounted for using the equity method - subsidiaries	16,000 Beiyuan	240,187	114,360
	Investments accounted for using the equity method - subsidiaries	4,500 Shinfox Power	45,000	52
			<u>\$ 604,337</u>	<u>\$ 239,902</u>

The Group sold 100% of its shares in Changyuan Wind Power Ltd., Beiyuan Wind Power Ltd. and Shinfox Power Co., Ltd. to Foxwell Energy Co., Ltd. on November 30, 2020 and therefore lost control over the subsidiaries, of which the consideration of Changyuan Wind Power Ltd. and Beiyuan Wind Power Ltd. was reasonable after consulting with an external appraiser. The details of the consideration received from the transactions and assets and liabilities relating to the subsidiaries are provided in Note 6(33).

#### F. Lease transactions — lessee

(a) The Group leases buildings from the ultimate parent company and other related parties. Rental contracts are typically made for periods from 2013 to 2028 years. Rents are paid monthly.

(b) Acquisition of use-of-right assets

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Ultimate parent	\$ 28,122	\$ 37,249

(c) Lease liability

i. Outstanding balance

	December 31, 2021	December 31, 2020
Cheng Uei	\$ 144,112	\$ 129,961
Other related parties		
CU	21,929	40,625
	<u>\$ 166,041</u>	<u>\$ 170,586</u>

ii. Interest expense

	Year ended December 31	
	2021	2020
Cheng Uei	\$ 2,186	\$ 1,665
Other related parties	356	591
	<u>\$ 2,542</u>	<u>\$ 2,256</u>

G. Rental revenue

	Year ended December 31	
	2021	2020
Cheng Uei	\$ 18,244	\$ -
Other related parties	23,922	18,007
	<u>\$ 42,166</u>	<u>\$ 18,007</u>

H. Loans from related parties:

Loans from related parties (shown as other payables to related parties):

(a) Outstanding balance:

	December 31, 2021	December 31, 2020
Cheng Uei	\$ -	\$ 4,000,000

(b) Interest expense

	Year ended December 31	
	2021	2020
Cheng Uei	\$ 29,753	\$ 22,126

The loans are settled at maturity. Interest rate for the year ended December 31, 2020 was 1.5% per annum.

I. Loans to others and guarantee/endorsement: Please refer to Notes 13(1)A and 13(1) B.

(3) Key management compensation

	Year ended December 31	
	2021	2020
Salaries and other short-term employee benefits	\$ 10,406	\$ 11,671
Post-employment benefits	135	216
	<u>\$ 10,541</u>	<u>\$ 11,887</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Time deposits (shown as financial assets at amortised cost- current)	158,617	159,551	Guarantee for fast Customs Clearance and issuance of material purchasing guarantee and security deposit
Guarantee deposits paid (shown as other non-current assets)	18,605	2,284	Guarantee for construction performance and bank
Guarantee deposits paid (shown as other current assets)	2,657	3,107	Guarantee for construction performance
Restricted bank deposits (shown as financial assets at amortised cost-current)	1,710,695	5,400,000	Impound and guarantee for construction performance and guarantee for notes
Time deposits (shown as financial assets at amortised cost-non-	4,500	4,500	Guarantee for lease performance
Restricted bank deposits (shown as financial assets at amortised cost-non-current)	14,640	14,591	Impound, guarantee for construction performance and notes
Property, plant and equipment	<u>917,568</u>	<u>951,953</u>	Short-term and long-term borrowings
	<u>\$ 2,827,282</u>	<u>\$ 6,535,986</u>	

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

1. Central Motion Picture Corporation (the “Central Motion Picture”), a financial asset at fair value through other comprehensive income of the Group, amounting to \$257,656, was determined to be an affiliate organisation of the Kuomintang by the Ill-gotten Party Assets Settlement Committee (the “Ill-gotten Party”) in its written disposition, Dang-Chan-Chu-Zi No. 107007, issued on October 9, 2018. Under paragraph 1, Articles 5 and 9 of the Act Governing the Settlement of Ill-gotten Properties by Political Parties and Their Affiliate Organisations (the “Act”), properties were held by the Central Motion Picture when the Act was released on August 10, 2016 are considered as unjustly received properties. The presumed ill-gotten party assets as prescribed in the preceding paragraph 1 of Article 5 are prohibited from being transferred or disposed since from the date of promulgation of this Act. However, this limit is not applicable if it is necessary to perform its legal duties or other justifiable reasons. The properties held by the Central Motion Picture are considered as unjustly received properties; however, their existing rights in leases, superficies, mortgage, or pawnage are not affected if Ill-gotten Party considers such assets as unjustly received assets and then orders the bona fide third party to transfer such assets to the State, local self-governing bodies, or original owners. Under Article 16, the Central Motion Picture may file an administrative litigation (an action for revocation) in the Taipei High Administrative Court within two months after the aforementioned written disposition was served. In addition, the Central Motion Picture may file for a suspension of execution under Paragraph 2, Article 116 of the Administrative Litigation Act. On December 12, 2018, Central Motion Picture Corporation submitted cause of action to the Taipei High Administrative Court, which ruled to approve the suspension of execution in January 2020. However, Ill-gotten Party subsequently filed an appeal against the ruling, and it was dismissed by the High Administrative Court in February 2020. Meanwhile, Central Motion Picture filed a revocation action with the Taipei High Court, and it was pending approval as of January 14, 2020. Central Motion Picture entered into an administrative contract with the Ill-gotten Party on August 24, 2021 and reached a settlement at the Taipei High Administrative Court on September 17, 2021. The original action would be revoked if Central Motion Picture remitted NT\$950 million to the account designated by the Ill-gotten Party before October 23, 2021. On September 24, 2021, Central Motion Picture remitted the payment based on the agreement and the litigation was terminated.
2. The Company carried out a “Shih Fong Power’s FongPing River and Its Tributary Hydroelectric Project” (the “Project”) in Hualien County and planned to build a weir in FongPing River for hydropower plants to generate electricity. Since 2000, the Company has successively obtained the permit to build the infrastructure as an electricity enterprise and the work permit to operate power generation equipment as an electricity enterprise (the “Work Permit”). As the construction was unable to be completed on time, the Company has applied 15 times for an extension of the Work Permit as approved by the Ministry of Economic Affairs. The most recent one was extended from

December 31, 2020 to December 31, 2021. However, the local indigenous peoples (the “Petitioners”) filed a petition on May 14, 2021 according to the Article 21 of the Indigenous Peoples Basic Law (the “Law”), stating that the land used in the construction was the “indigenous land, tribe and their adjoin-land which owned by governments”, and it shall consult and obtain consent by indigenous peoples or tribes or even their participation in accordance with the Law. The regulatory authority issued the Work Permit before the consultation and consent processes are implemented, which is not in compliance with the Law. Thus, the Petitioners filed a petition with the Executive Yuan, requesting “the suspension of the Project” and “the revocation of work permit in 2021”. The Executive Yuan dismissed the petition concerning “the suspension of the Project”, but the Petitioners filed an administrative litigation with the Taipei High Administrative Court. On December 3, 2021, the Taipei High Administrative Court rendered a judgement that the Project is suspended until the administrative litigation is finalised. The Company filed a counterappeal according to the laws to suspend the effect of the ruling. On January 24, 2022, the case was transferred to the Supreme Administrative Court for final judgement. As of the financial reporting date, the possible result of this litigation cannot be determined. In addition, regarding the dispute on “the revocation of work permit in 2021”, the Company received a letter on March 14, 2022 issued by the Ministry of Economic Affairs per Jing-Shou-Neng-Zi Letter. No. 11103002490, dated March 10, 2022. The letter is issued based on the administrative appeal decision rendered by the Executive Yuan, which requests the Company to carry out the consultation and consent processes pursuant to the Article 21 of the “Indigenous Peoples Basic Law” as the Law is applicable to the Company during the extension period, and send the consultation and consent documents obtained thereby to the Ministry of Economic Affairs.

## (2) Commitments

- A. Information on endorsement/guarantee of the Company is provided in Note 13(2).
- B. As of December 31, 2021 and 2020, the letters of guarantee to be issued by the bank, which are required for the Group’s performance guarantee for the property procurement and installation of Taiwan Power Company’s offshore wind power project, both amounted to \$5,400,000, of which the amounts provided by the Group to banks as pledges (shown as financial assets at amortised cost) were \$1,620,000 and \$5,400,000, respectively, the endorsement and guarantee amount provided by the Company was \$4,700,000 and \$0, respectively, and the amounts pledged by the letter of guarantee assigned by subcontractors were \$1,608,370 and \$0, respectively.
- C. As of December 31, 2021 and 2020, the letters of guarantee to be issued by the bank, which are required for performance guarantee under the contracted photovoltaic electric systems, amounted to \$100,699 and \$282,681, respectively.
- D. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:
  - (a) As of December 31, 2021 and 2019, equipment purchases agreements contracted but not recognised and paid amounted to \$162,902 and \$26,618, respectively.

- (b) The Company entered into a construction cooperation contract with non-related parties with a total consideration of \$37,360,969. As of December 31, 2021, the consideration of \$4,702,289 was settled.
- E. On August 13, 2020, the Group entered into an equipment procurement contract and an operation and maintenance contract with Taiwan Power Company for the Phase II of Taipower's Offshore Wind Power Project, the "Wind Farm Property Procurement and Installation Project" amounting to \$56,588,000 and \$6,300,000, respectively. The terms of the equipment procurement contract specifies that the Company shall complete the foundation construction for WTGS and offshore substation as of September 30, 2024, shall complete all WTGS which shall be under the security constrained dispatch process as of December 31, 2025, shall complete the whole construction as of December 31, 2025 and shall provide 2 years warranties from the date of completion and acceptance of the whole construction. In addition, the equipment shall provide guaranteed generating capacity. The performance term of this project is divided into stages progress and the final completion deadline. The default penalty shall be computed until the termination date of the contract according to each stage of the project. The operation and maintenance contract specifies the terms such as the guaranteed annual availability and default penalty of all WTGS as well as the relevant rights and obligations of both parties. The contract period is 5 years from the time when all WTGS are under the security constrained dispatch process. As of December 31, 2021, the Group's construction projects were completed on schedule and there was no compensation loss incurred due to overdue projects.
- F. The Group entered the operation and maintenance contract with Changyuan Wind Power Ltd., Bei yuan Wind Power Ltd. and Shinfox Power Co., Ltd. for WTGS and solar energy equipment. The contract specifies the terms such as the bonus and penalty of operation and maintenance as well as the relevant rights and obligations of both parties. The contract period is 20 years from the parallel connection date. Please refer to Note 7 for the payment charged.
- G. Foxwell Energy entered into a 'Transportation and Installment Contract of Wind Turbines in Wind Farm Site No. 26' with a Singapore contractor, Teras Offshore Pte. Ltd. As the contractor failed to submit the essential documents within the time frame prescribed in the contract, Foxwell Energy has the right to revoke the contract and has notified the contractor in writing of the termination of the contract. After receiving the written notice from Foxwell Energy, the contractor entrusted a lawyer on December 11, 2021 to rely and request for compensation from Foxwell Energy, and state that it will refer the matter to arbitration if the compensation is not paid. On December 24, 2021, Foxwell Energy also appointed a lawyer to send a lawyer's letter stating that it was a lawful termination of the contract and it will reserve the right to claim compensation from the contractor. As of March 7, 2022, Foxwell Energy has not yet received the notice of arbitration submitted by the contractor to the arbitration institution, and the termination of the contract has no impact on the original construction contract and subsequent performance obligations.

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

- A. The appropriation of 2021 earnings had been approved by the Board of Directors on March 24, 2022. Details are summarized below:

	2020	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 42,083	
Special reserve	220,768	
Cash dividends	123,121	\$ 0.50

- B. The cash payment from capital surplus amounting to \$246,242 (\$1 per share) had been approved by the Board of Directors on March 24, 2022.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 2,098,520	\$ 2,345,419
Financial assets at amortised cost		
Cash and cash equivalents	\$ 4,968,346	\$ 5,148,889
Financial assets at amortised cost	2,116,078	5,593,595
Notes receivable	4,259	4,846
Accounts receivable	1,197,414	1,290,158
(including related parties)		
Other receivables	54,757	8,061
Guarantee deposits paid	42,874	32,682
	<u>\$ 8,383,728</u>	<u>\$ 12,078,231</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,086,000	\$ 3,129,800
Short-term notes and bills payable	1,596,522	307,237
Notes payable	150	155
Accounts payable (including related parties)	2,738,183	1,004,216
Other payables (including related parties)	788,003	4,655,766
Long-term borrowings (including current portion)	3,077,867	4,044,518
Guarantee deposits received	19,901	1,932
	<u>\$ 11,306,626</u>	<u>\$ 13,143,624</u>
Lease liability	<u>\$ 316,525</u>	<u>\$ 337,052</u>

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group entities are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign



currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021					
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	54,092	27.6800	\$	1,497,267
RMB:NTD		226,975	4.3440		985,979
JPY:NTD		468,261	0.2405		112,617
HKD:NTD		2,830	3.5490		10,044
EUR:NTD		168	31.3200		5,262
HKD:RMB		8,268	0.8170		29,343
USD:RMB		10,494	6.3739		290,474
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$	34,187	27.6800	\$	946,296
RMB:NTD		105,110	4.3440		456,598
JPY:NTD		14,252	0.2405		3,428
USD:RMB		3,972	6.3739		109,945
USD:HKD		10,377	7.7880		287,235
December 31, 2020					
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	57,883	28.4800	\$	1,648,508
RMB:NTD		293,127	4.3770		1,283,017
JPY:NTD		468,634	0.2760		129,343
HKD:NTD		3,440	3.6730		12,635
EUR:NTD		164	35.0200		5,743
HKD:RMB		4,890	0.8390		17,961
USD:RMB		13,805	6.5070		393,166
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$	27,203	28.4800	\$	774,741
RMB:NTD		62,317	4.3770		272,762
JPY:NTD		23,942	0.2760		6,608
USD:RMB		2,405	6.5070		68,494
USD:HKD		4,434	7.7540		126,280

D. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to (\$23,153) and \$39,536, respectively.

E. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss before tax		Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	\$	14,973	\$	-
RMB:NTD	1%		9,860		-
JPY:NTD	1%		1,126		-
HKD:NTD	1%		100		-
EUR:NTD	1%		53		-
HKD:RMB	1%		293		-
USD:RMB	1%		2,905		-
Financial liabilities					
Monetary items					
USD:NTD	1%	\$	9,463	\$	-
RMB:NTD	1%		4,566		-
JPY:NTD	1%		34		-
USD:RMB	1%		1,099		-
USD:HKD	1%		2,872		-

Year ended December 31, 2020					
Sensitivity analysis					
Degree of variation		Effect on profit or loss before tax		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	\$	16,485	\$	-
RMB:NTD	1%		12,830		-
JPY:NTD	1%		1,295		-
HKD:NTD	1%		126		-
EUR:NTD	1%		57		-
HKD:RMB	1%		180		-
USD:RMB	1%		3,932		-
Financial liabilities					
Monetary items					
USD:NTD	1%	\$	7,747	\$	-
RMB:NTD	1%		2,728		-
JPY:NTD	1%		66		-
USD:RMB	1%		685		-
USD:HKD	1%		1,263		-

Price risk

There is no significant effect.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings were denominated in the NTD and USD.
  - ii. If the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have increased/decreased by \$7,760 and \$7,482, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
  - ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard

payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable and contract assets in accordance with default situation. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2021</u>			
Not past due	0.03%	\$ 962,715	\$ 289
Up to 30 days past due	0.03%~5%	183,817	17,330
31~90 days past due	20%	21,192	4,238
91~180 days past due	100%	-	-
Over 180 days past due	100%	11,049	11,049
		<u>\$ 1,178,773</u>	<u>\$ 32,906</u>
	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2020</u>			
Not past due	0.03%	\$ 862,431	\$ 259
Up to 30 days past due	0.03%~5%	53,405	20,140
31~90 days past due	20%	-	-
91~180 days past due	100%	508	508
Over 180 days past due	100%	10,915	10,915
		<u>\$ 927,259</u>	<u>\$ 31,822</u>

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2021
	<u>Accounts receivable</u>
At January 1	\$ 31,822
Provision for impairment	1,546
Effect of foreign exchange	( 462)
At December 31	<u>\$ 32,906</u>
	2020
	<u>Accounts receivable</u>
At January 1	\$ 93,520
Provision for impairment	752
Write-offs	( 62,493)
Effect of foreign exchange	43
At December 31	<u>\$ 31,822</u>

(c) Liquidity risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2020	<u>Less than 1 year</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,092,766	\$ -	\$ -
Short-term notes and bills payable	1,596,522	-	-
Notes payable	150	-	-
Accounts payable	2,738,183	-	-
Other payables	788,003	-	-
Lease liability	70,063	137,947	242,783
Long-term borrowings (including current portion)	335,993	2,626,169	189,678

### Non-derivative financial liabilities

December 31, 2019	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 3,141,899	\$ -	\$ -
Short-term notes and bills payable	307,237	-	-
Notes payable	155	-	-
Accounts payable	1,004,216	-	-
Other payables	4,655,766	-	-
Lease liability	73,877	142,639	160,940
Long-term borrowings (including current portion)	541,696	3,368,598	199,466

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 1.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable and other payables are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 1,087,743</u>	<u>\$ -</u>	<u>\$ 1,010,777</u>	<u>\$ 2,098,520</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 1,295,391</u>	<u>\$ -</u>	<u>\$ 1,050,028</u>	<u>\$ 2,345,419</u>

E. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. Price information and parameters used in valuation was carefully assessed and was adjusted according to current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality

- F. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- G. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021	2020
At January 1	\$ 1,050,028	\$ 970,031
Transfer in	210,529	73,997
Loss (gain) recognised in other comprehensive income	( 249,200)	6,000
Effect of exchange rate changes	( 580)	-
At December 31	<u>\$ 1,010,777</u>	<u>\$ 1,050,028</u>

- H. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.
- I. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:



	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 450,800	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	559,977	Net asset value	Not applicable	–	Not applicable

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 700,000	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	350,028	Net asset value	Not applicable	–	Not applicable

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2021			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input	Change			
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 22,540 (\$ 22,540)

		December 31, 2020			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change			
Financial assets					
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 31,271 (\$ 31,271)

(4) Other matters

Because of the Covid-19 pandemic and the government's promotion of multiple epidemic prevention measures, there is no significant impact to the Group's financial condition and financial performance.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
  - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Note 13(1) G.
  - (b) The amount and percentage of sales and the balance and percentage of the related receivables

at the end of the period: Please refer to Note 13(1) G.

(c) The amount of property transactions and the amount of the resulting gains or losses: None.

(d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2020: Please refer to 13(1) B.

(e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2014: Please refer to Note 13(1) A.

(f) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service: None.

(4) Major shareholders information

Please refer to table 10.

#### 14. Segment Information

##### (1) General information

The Group has classified the reportable operating segments based on product types. The Company's operations and segmentation are both developed according to the product types. The current main product types are: 3C component, systems and peripheral products, 3C product retail and others.

##### (2) Measurement of segment information

The Board of Directors assesses the performance of the operating segments based on the operating income (loss).

##### (3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2021

	Systems and peripheral products department	3C product retail department	3C component department	Energy service management	Adjustment and elimination	Total
Revenue from external customer	\$ 4,560,026	\$ 2,038,034	\$ 309,536	\$ 4,334,413	(\$ 81)	\$ 11,241,928
Inter-segment revenue	-	-	-	-	-	-
Segment Revenue	<u>\$ 4,560,026</u>	<u>\$ 2,038,034</u>	<u>\$ 309,536</u>	<u>\$ 4,334,413</u>	<u>(\$ 81)</u>	<u>\$ 11,241,928</u>
Segment income (loss)	<u>\$ 415,504</u>	<u>\$ 44,782</u>	<u>(\$ 387,814)</u>	<u>\$ 608,794</u>	<u>(\$ 53,425)</u>	<u>\$ 627,841</u>

Year ended December 31, 2020

	Systems and peripheral products department	3C product retail department	3C component department	Others	Adjustment and elimination	Total
Revenue from external customer	\$ 4,428,378	\$ 1,618,544	\$ 484,943	\$ 528,000	(\$ 6,504)	\$ 7,053,361
Inter-segment revenue	-	(183)	-	-	183	-
Segment Revenue	<u>\$ 4,428,378</u>	<u>\$ 1,618,361</u>	<u>\$ 484,943</u>	<u>\$ 528,000</u>	<u>(\$ 6,321)</u>	<u>\$ 7,053,361</u>
Segment income (loss)	<u>\$ 294,923</u>	<u>(\$ 7,115)</u>	<u>(\$ 489,218)</u>	<u>\$ 85,444</u>	<u>(\$ 104,688)</u>	<u>(\$ 220,654)</u>

(4) Reconciliation for segment income (loss)

The external revenue and segment profit (loss) reported to the chief operating decision-maker are measured in a manner consistent with revenue and profit (loss) before tax in the financial statements. Therefore, no reconciliation was needed.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2020 and 2019 is provided as follows:

	Year ended December 31	
	2021	2020
Reportable segments income/(loss)	\$ 627,841	(\$ 220,654)
Unrealised financial instrument gains		
Non-operating income and expenses, net	221,759	512,107
Income before tax from continuing operations	<u>\$ 849,600</u>	<u>\$ 291,453</u>

(5) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Hong Kong	\$ 2,158,618	\$ 564,324	\$ 1,680,824	\$ 584,684
China	1,249,200	1,400,358	1,627,720	1,562,178
USA	1,363,783	-	1,109,838	-
Taiwan	4,407,090	3,497,030	692,078	3,232,030
Others	2,063,237	140,066	1,942,901	146,270
	<u>\$ 11,241,928</u>	<u>\$ 5,601,778</u>	<u>\$ 7,053,361</u>	<u>\$ 5,525,162</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31			
	2021		2020	
	Revenue	Segment	Revenue	Segment
I Company	\$ 2,445,998	Energy service management	\$ -	Energy service management
J Company	\$ 1,504,282	Energy service management	\$ 150,618	Energy service management
D Company	\$ 1,348,606	Systems and peripheral products department	\$ 1,401,613	Systems and peripheral products department
H Company	\$ 948,599	Systems and peripheral products department	\$ 732,348	Systems and peripheral products department

FIT HOLDING CO., LTD.  
Loans to others  
Year ended December 31, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted	Footnote
					December 31, 2021	December 31, 2021							Item	Value			
0	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	\$ 131,520	\$ -	\$ -	0.98%~1.20%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,273,143	\$ 3,030,857	
0	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	289,344	-	-	0.98%~1.20%	2	-	Operations	-	-	-	2,273,143	3,030,857	
0	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	600,000	-	-	1.56%	2	-	Operations				2,273,143	3,030,857	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Other receivables	Y	300,000	300,000	300,000	1.20%	2	-	Operations	-	-	-	1,074,528	1,074,528	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	218,000	217,200	217,200	1.50%	2	-	Operations	-	-	-	1,074,528	1,074,528	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	600,000	-	-	0.89-1.23%	2	-	Operations				1,074,528	1,074,528	
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	254,272	-	-	1.50%	2	-	Operations	-	-	-	152,457	152,457	
3	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	28,058	27,802	27,802	3%	2	-	Operations	-	-	-	369,064	369,064	
3	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	219,200	217,200	173,760	5%	2	-	Operations	-	-	-	369,064	369,064	
4	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	300,000	300,000	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
4	Shinfox Energy Co. Ltd.	Foxwell Power Co., Ltd.	Other receivables	Y	50,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
4	Shinfox Energy Co. Ltd.	Shinfox Natural Gas Co., Ltd.	Other receivables	Y	60,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
5	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	523,200	521,280	521,280	1.50%	2	-	Group capital movement	-	-	-	693,916	693,916	

Note 1: Fill in the nature of the loan as follows:  
(1) Fill in 1 for business transaction.  
(2) Fill in 2 for short-term financing

Note 2: The Company's and its subsidiaries' limits on loans to singal party and total loans are calculated based on the Company's and its subsidiaries' "Procedures for Provision of Loans".  
(a) Total limit on loans granted to the companies having business relationship with the Company is 40% of the Company's net assets, limit on loans granted to a single party is 150% of the amount of business transactions between the creditor and borrower in the current year; the amount of business transactions means the higher between sales and purchases.  
(b) Limit on total loans to parties with short-term financing is 40% of the Company's net assets; but limit on loans to a single party is 30% of the Company's net assets.  
(c) Ceiling on total loans granted between foreign companies whose voting shares are 100% held by the Company directly or indirectly, or on loans granted to the Company by such foreign companies is 100% of their net asset value.  
The total amount of loans granted to a single company should not exceed 100% of the net assets. Financing period shall not be more than 3 years.  
(d) Among the Company and the parent company or subsidiaries, or loans between the Company's subsidiaires, excluding the loans to others qualifying the abovementioned condition, (c), the authorised limit on the Company's or the Company's subsidiaries' loans to a singal party shall be lower than 10% of the company's net assets based on the company's lastest financial statements.  
(e) Limit on total loans and individual limit on lonas to others of the Company's subsidiaries are both under 40% of the Company's net assets.

Table 2

FIT HOLDING CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	2	\$ 11,365,716	\$ 735,642	\$ 535,638	\$ 215,638	\$ -	7.07	\$ 11,365,716	Y	N	N	
0	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	2	11,365,716	1,419,270	1,020,320	683,320	\$ -	13.47	11,365,716	Y	N	N	
0	FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	2	10,608,001	3,000,000	3,000,000	-	\$ -	39.59	11,365,716	Y	N	N	
0	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	2	10,608,001	515,020	\$ -	\$ -	\$ -	\$ -	11,365,716	Y	N	N	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	2	3,760,849	600,000	\$ 600,000	\$ 500,000	\$ -	\$ 8	4,029,482	N	N	N	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	2	3,760,849	600,000	\$ 300,000	\$ 300,000	\$ -	\$ 4	4,029,482	N	N	N	
2	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	4	8,828,139	4,700,000	4,700,000	4,700,000	\$ -	62.03	8,828,139	Y	N	N	

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 2: Total limit or limit on loans to a singal party of the Company's and subsidiaires is calculated in accordance with the Company's "Procedures for Provision of Endorsements and Guarantees".

- (1) Limit on total endorsements is 150% of the Company's net asset.
- (2) Limit on endorsements to a single party is 140% of the Company's net asset.
- (3) Limit on total endorsements granted by the Company and its subsidiaries is 150% of the Company's net asset.
- (4) Total limit on the Company's and its subsidiaries endorsement/guarantee to a singal party is 140% of the Company's net assets and to the subsidiaries that the Company owned more than 90% (included) voting shares is 150% of the Company's net assets.
- (5) For business transaction with the Company, the guarantee amount should not exceed 150% of the amount of business transaction, which is the higher between sales and purchases.
- (6) The companies whose voting rights are 90% owned directly and indirectly by the Company can provide endorsement/guarnatee each other with a limat of 10% of the Company's net assets, but not available for the companies whose voting rights are 100% owned directly and indirectly by the Company.
- (7) The Company's subsidiary who prepared to provide endorsement/guarnatee to others due to business transaction shall implement in accordance with the Company's procedures, and the calculation of the Company's net assets shall use the subsidiary's net assets.



FIT HOLDING CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
FIT Holding Co., Ltd.	LeadsunFox Greenergy Investment Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	21,000	\$ 210,529	14.00	\$ 210,529	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	TAIWAN STAR TELECOM CORPORATION LIMITED	Not applicable	Financial assets at fair value through other comprehensive income-non-current	50,000	225,400	0.91	225,400	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Central Motion Picture Corporation	Investee of the Company's parent company which is accounted for using equity method	Financial assets at fair value through other comprehensive income-non-current	4,294	257,656	4.00	257,656	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	The Company's parent company	Financial assets at fair value through other comprehensive income-non-current	27,503	1,087,743	5.37	1,087,743	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Wellgen Medical Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,500	18,375	15.56	18,375	Not pledged as collateral
Power Quotient International Co., Ltd.	SAINT SONG CORP.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	127	-	1.05	-	Not pledged as collateral
Power Quotient International Co., Ltd.	OURS TECHNOLOGY INC.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	13	-	0.21	-	Not pledged as collateral
Power Quotient International Co., Ltd.	INNOPLUS CO., LTD.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	160	-	12.00	-	Not pledged as collateral
Power Quotient International Co., Ltd.	TAIWAN STAR TELECOM CORPORATION LIMITED	Not applicable	Financial assets at fair value through other comprehensive income-non-current	50,000	225,400	0.91	225,400	Not pledged as collateral
Power Quotient International Co., Ltd.	STACK DEVICES CORP.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	70	-	0.11	-	Not pledged as collateral

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	-	73,417	12.90	73,417	Not pledged as collateral
Shinfox Co., Ltd.	Corvus Energy Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	22	-	0.04	-	Not pledged as collateral
Shinfox Co., Ltd.	SEC INTERNATIONAL INC.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	54	-	9.00	-	Not pledged as collateral
Foxwell Energy Corporation Ltd.	Full Entertainment Marketing Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	300	-	3.00	-	Not pledged as collateral

FIT HOLDING CO., LTD.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2021		Addition		Disposal			Gain (loss) on disposal	Balance as at December 31, 2021	
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value		No. of shares (in thousands)	Amount
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Investment accounted for using equity method	C&C INVESTMENT CORPORATION	Third parties	95,000,000	\$ 1,000,903	-	\$ -	57,500,000	\$ 690,000	\$ 612,793	\$ -	37,500,000	\$ 386,629
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Investment accounted for using equity method	Note1	Subsidiary	58,743,000	740,111	15,860,610	1,364,012	1,085,000	112,809	42,633	70,175	73,518,610	2,953,307

Note1 : Due to cash capital increase °

FIT HOLDING CO., LTD.  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions					
		Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Sales	(\$ 203,883)	-0.58	Flexible collection, depending on the capital requirement	Mutual agreement	None	\$ 50,694	56%		
ACCU-IMAGE TECHNOLOGY LIMITED	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	203,883	100%	Flexible collection, depending on the capital requirement	Mutual agreement	None	( 50,694)	-100%		
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Sales	( 771,631)	-91%	90 days after monthly billings	Mutual agreement	None	253,110	89%		
Foxlink Image Technology Co., Ltd.	Dongguan Fu Wei Electronics Co., Ltd.	Affiliate	Purchases	771,631	78%	90 days after monthly billings	Mutual agreement	None	( 253,110)	-54%		
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Sales	( 179,685)	-0.96	Flexible collection, depending on the capital requirement	Mutual agreement	None	182,406	87%		
Foxlink Image Technology Co., Ltd.	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Affiliate	Purchases	179,685	18%	Flexible collection, depending on the capital requirement	Mutual agreement	None	( 182,406)	-39%		
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Sales	( 142,634)	-41%	Flexible collection, depending on the capital requirement	Mutual agreement	None	40,068	44%		
Foxlink Image Technology Co., Ltd.	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	142,634	4%	Flexible collection, depending on the capital requirement	Mutual agreement	None	( 40,068)	-9%		
Shinfox Co., Ltd.	Shinfox Power Co., Ltd.	Affiliate	Sales	( 391,510)	-9%	Flexible collection, depending on the capital requirement	Mutual agreement	None	-	0%	Note1	
Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	Affiliate	Sales	( 131,767)	-43%	Flexible collection, depending on the capital requirement	Mutual agreement	None	43,816	57%		
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	Purchases	131,767	31%	Flexible collection, depending on the capital requirement	Mutual agreement	None	( 43,186)	-38%		

Note1: SHINFOX ENERGY CO., LTD. has not been a related party of the Group since May 20, 2021. Please refer to Note VII (1) for details.

FIT HOLDING CO., LTD.  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
Year ended December 31, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Affiliate	\$ 300,000	Note1	\$ -	-	\$ -	\$ -
Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	217,200	Note1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	335,949	0.06	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	129,751	Note1	-	-	-	-
Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	256,028	Note1	-	-	-	-
Yancheng Yaowei Technology Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	Affiliate	137,293	0.00	-	-	-	-
Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	178,452	Note1	-	-	-	-
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	253,110	3.57	-	-	90,372	-
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	182,406	1.26	-	-	19,603	-
Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	521,280	Note1	-	-	-	-

Note 1: It was recognised in other receivables, therefore it was not applicable.

FIT HOLDING CO., LTD.  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	3	Other receivables	\$ 300,000	Based on the Company's policies	1%
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	217,200	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	256,028	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	335,949	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	129,751	Based on the Company's policies	1%
3	Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	3	Sales revenue	131,767	Based on the Company's policies	1%
4	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	178,452	Collected depending on the capital requirement after offsetting receivables and payables	1%
5	Yancheng Yaowei Technology Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	3	Accounts receivable	137,293	Based on the Company's policies	1%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales revenue	771,631	Flexible collection, depending on the capital requirement	7%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	253,110	Flexible collection, depending on the capital requirement	1%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales revenue	179,685	Flexible collection, depending on the capital requirement	2%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	182,406	Flexible collection, depending on the capital requirement	1%

Number (Note 1)	Company name	Counterparty	Relationship (Note2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
7	Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Sales revenue	203,883	Flexible collection, depending on the capital requirement	2%
7	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales revenue	142,634	Flexible collection, depending on the capital requirement	1%
8	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	521,280	Based on the Company's policies	2%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to.

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Percentage of total consolidated revenues or total assets is calculated using the total consolidated assets at the end of the year when the subject of transaction is an asset/liability, and is calculated by total consolidated revenues during the year when the subject of transaction is a revenue/expense.

Note 4: The inter-company transactions not exceeding \$0.1 billion are not disclosed. In addition, counterparty related parties' transactions are not disclosed.

FIT HOLDING CO., LTD.  
Information on investees  
Year ended December 31, 2021

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sales of optical instruments	\$ 2,214,868	\$ 2,214,868	95,970,371	100.00	\$ 381,144	(\$ 386,782)	(\$ 386,782)	Subidiary (Note 1)
FIT Holding Co., Ltd.	Foxlink Image Technology Co., Ltd.	Taiwan	Manufacture of image scanners and multifunction printers	3,011,140	3,011,140	164,993,974	100.00	3,426,039	510,733	504,520	Subidiary (Note 1)
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture and sales of telecommunication electronic components	3,372,180	2,172,180	444,690,529	100.00	4,414,241	396,198	395,957	Subidiary (Note 1)
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	299,952	760,000	37,500,000	16.30	386,629	( 8,560)	( 1,481)	Subidiary (Note 1)
FIT Holding Co., Ltd.	Synergy Co., Ltd.	Taiwan	Optoelectronics Industry 、Renewable energy and Energy technical services	36,760	-	3,676,000	36.76	35,845	( 2,488)	( 915)	Subidiary (Note 1)
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,001,376	1,001,376	13,241,034	100.00	1,531,815	173,844	-	Second-tier subsidiary (Note 1)
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	957,600	957,600	79,800,000	34.70	954,227	( 8,560)	-	Investee (Note 1)
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	135,632	135,632	3,575	35.75	527,626	463,698	-	Investee (Note 1)
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin Islands	General investments business	1,379,545	1,379,545	40,699,819	100.00	335,032	( 274,232)	-	Second-tier subsidiary (Note 1)
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments business	780,074	780,074	25,050,628	100.00	525,662	( 161,299)	-	Third-tier subsidiary (Note 1)



Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	494,837	494,837	16,000,000	100.00	( 171,357) (	113,038)	-	Third-tier subsidiary (Note 1)
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	India	Trading and manufacturing	99,927	99,927	21,773,105	99.27	81,351	108	-	Third-tier subsidiary (Note 1)
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,181	11,181	3,001,000	10.00	12,759	3,736	-	Investee (Note 1)
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	376,549	376,549	106,100,000	100.00	( 4,638) (	87)	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	PQI JAPAN CO., LTD	Japan	Sales of electronic telecommunication components	23,129	23,129	24,300	100.00	( 155,683)	-	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD.	British Virgin Islands	Specialised investments holding	300,687	300,687	10,862,980	100.00	84,000	458,114	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	2,864,027	2,864,027	12,501	100.00	1,122,827	102,062	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	PQI Mobility Inc.	Samoa	Specialised investments holding	276,800	276,800	10,000,000	100.00	693,916	4,315	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sales of medical equipment	10,000	10,000	1,000,000	100.00	13,053	3,926	-	Investee (Note 1)
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	1,880,146	561,482	73,518,610	50.18	2,953,307	455,939	-	Second-tier subsidiary (Note 1)
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	3,000,000	672,000	300,000,000	100.00	3,099,949	88,453	-	Second-tier subsidiary (Note 1)
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Taiwan	Energy service management	120,000	120,000	12,000,000	80.00	89,973 (	16,878)	-	Investee (Note 1)
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	99,000	99,000	9,900,000	99.00	102,258	2,082	-	Third-tier subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Shinfox Co., Ltd.	Junezhe Co., Ltd.	Taiwan	Dredging industry	134,000	-	13,400,000	34	136,595	7,747	-	Third-tier subsidiary (Note 2)
Shinfox Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	30,000	-	3,000,000	100.00	29,954 (	46)	-	Third-tier subsidiary (Note 1)
Shinfox Co., Ltd.	CHUNG CHIA POWER Co., Ltd.	Taiwan	Combined Heat and Power	180,000	-	12,000,000	20.00	177,038 (	18,476)	-	Third-tier subsidiary (Note 1)
SYSCOM DEVELOPMENT CO., LTD	PQI CORPORATION	USA	Sales of electronic telecommunication components	-	199,360	-	0.00	-	455,779	-	Third-tier subsidiary (Note 1)
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	India	Sales of electronic telecommunication components	93,087	93,087	21,790,000	99.27	81,641	4	-	Third-tier subsidiary (Note 1)
Apix LIMITED	Sinocity Industries Co., Ltd.	Hong Kong	Sales of electronic product	2,395,575	2,395,575	6,000,000	100.00	886,953	79,406	-	Third-tier subsidiary (Note 1)
Apix LIMITED	Perennial Ace Limited	British Virgin Islands	Specialised investments holding	589,584	589,584	-	100.00	235,746	22,656	-	Third-tier subsidiary (Note 1)
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Sales of electronic product	345	345	100,000	100.00 (	717) (	1,351)	-	Fourth-tier subsidiary (Note 1)
Perennial Ace Limited	Studio A Technology Limited	Hong Kong	Sales of electronic product	4,998	4,998	1,225,000	24.50	112,630	92,472	-	Investee (Note 1)
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,181	11,181	3,001,000	10.00	12,585	3,736	-	Investee (Note 1)

Note 1: It was recognised based on the company's financial statements reviewed by the independent auditors.

Note 2: The company has completed the dissolution and liquidation.

FIT HOLDING CO., LTD.  
Information on investments in Mainland China  
Year ended December 31, 2021

Table 9

Expressed in thousands of NTD (Except as otherwise indicated)													Footnote
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	investment income remitted back to Taiwan as of December 31, 2021	
					Remitted to Mainland China	Remitted back to Taiwan							
Dong Guan Han Yang Computer Limited	Manufacture of image scanners and multifunction printers and investment in property	\$ 168,926	Note 2	\$ 168,926	\$ -	\$ -	\$ 168,926	\$ 25,470	100	\$ 25,470	\$ 271,194	\$ -	Note 7
Sharetronic Data Technology Co., Ltd.	Manufacutre and sales of mobile phone, LCD TV Connector and electronic components	897,287	Note 2	118,747	-	-	118,747	546,838	7.13	37,789	401,578	-	Note 7
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Mould development and moulding tool manufacture	224,547	Note 2	165,125	-	-	165,125	( 44,262)	100	( 44,262)	214,762	-	Note 7
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	221,440	Note 2	138,400	-	-	138,400	10,438	100	10,438	258,992	-	Note 7
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sales of image scanners, multifunction and printers and its accessories	166,080	Note 2	146,935	-	-	146,935	- 147,083	100	- 147,083	362,626	-	Note 7
Glorytek (Suzhou) Co., Ltd.	Trading and manufacturing	387,520	Note 2	399,490	-	-	399,490	( 104,137)	100	( 104,137)	369,064	-	Note 7
Glorytek (Yancheng) Co., Ltd.	Trading and manufacturing	249,120	Note 2	256,815	-	-	256,815	( 111,457)	100	( 111,457)	( 415,158)	-	Note 7
Yancheng Yao Wei Technology Co., Ltd	Trading and manufacturing	43,440	Note 3	-	-	-	-	( 506)	100	( 506)	141,835	-	Note 7
Glory Optics (Yancheng) Co., Ltd.	Trading and manufacturing	937,292	Note 4	326,960	-	-	326,960	( 163,866)	100	( 163,866)	461,742	-	Note 7
Power Quotient Technology (YANCHENG) Co., Ltd.	Manufacture and sales of electronic components	553,600	Note 2	註5	-	-	-	4,315	100	4,315	693,916	-	Note 7
Jiangsu Foxlink New Energy Technology Co.,Ltd.	Manufacture and sales of electronic components	43,440	Note 3	註6	-	-	-	109	100	109	43,561	-	Note 7
Kunshan Jiuwei Info Tech Co., Ltd.	Supply chain finance energy service management	1,384	Note 1	1,384	-	-	1,384	4,401	100	4,401	18,014	-	Note 7

Note 1: Directly go to the Mainland China for investment.  
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.  
Note 3: As the investment is invested through an existing company in Mainland China, which then invested in the investee.  
Note 4: An investee established in the third area and an reinvestee in Mainland China invested by an investee in Mainland China.  
Note 5: The capital of an indirect investment of PQI, Power Quotient Technology (YANCHENG) Co., Ltd., was remitted by the financing from the investee in the third party.  
Note 6: The capital of an indirect investment of PQI (Xuzhou) New Energy Co., Ltd. , was remitted by a capital from Power Quotient Technology (YANCHENG) Co., Ltd.  
Note 7: It was recognised based on the investee's financial statements reviewed by the independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Foxlink Image Technology Co., Ltd.	\$ 749,282	\$ 896,275	\$ 1,611,792
Glory Science Co., Ltd.	983,265	1,161,176	229,053
Power Quotient International Co., Ltd.	1,384	604,670	4,637,498

FIT HOLDING CO., LTD.  
Major shareholders information  
December 31, 2021

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxlink International Investment Ltd.	58,303,464	23.67%
Zhi De Investment Co., Ltd.	21,055,687	8.55%
Fu Uei International Investment Ltd. (FUII)	14,690,257	5.96%