

Stock code: 3712

FIT Holding Co., Ltd.

2020
Annual Report

Printed on May 15, 2021

Annual report inquiry URL: Market Observation Post System

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

The company's URL <http://www.fit-holding.com>

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The company has no overseas securities listed for trading as of the date of publication.
- VI. Company website: www.fit-holding.com

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I. Report to Shareholders

The company's consolidated operating income in 2020 was NT\$7,053,361 thousand, a decline of 20.21% from the consolidated operating income of NT\$8,840,159 thousand in 2019. The 2020 after-tax net profit attributable to the parent company was NT\$83,599 thousand, an increase of 144.22% from the after-tax net loss attributable to the parent company of NT\$189,059 thousand in 2019. In addition to the decrease in the loss of the subsidiary Glory Science Co., Ltd. under the efforts of the team compared with the previous year, the subsidiary Shinfox Energy Co., Ltd. recognized technical service and engineering income as the Group's profit, and brought a great deal of help to the Group. The other subsidiaries Foxlink Image Technology Co., Ltd. and Power Quotient International Co., Ltd. maintained their revenues and profits at the previous year's level. The company was able to grow and profit in the severe global outbreak of COVID-19 in 2020. As the epidemic slows down this year, the company's good operating performance this year can be expected. I would like to thank all employees and shareholders for your contribution and support in the past year.

The important strategic growth of the Group in the next phase will still focus on the areas of "clean energy" and "energy saving and carbon reduction." The company is striving for a layout in the green energy and carbon reduction industry. At present, the Group comprises Shih Fong Power Co., Ltd. in charge of hydropower, Shinfox Energy in charge of land wind power and solar power plant turnkey projects and maintenance, and Foxwell Energy Corporation Ltd. in charge of offshore wind power and solar power plant investment, development and operation; Shinfox Natural Gas Co., Ltd. has obtained the import permit of liquefied natural gas (LNG) to improve air pollution and serve as a cleaner alternative fuel, and it is estimated that the supply operations of the first batch of imported natural gas will be completed by the end of August 2021; Foxwell Power Co.,Ltd offers green power trading and integrates energy-saving services and power services such as energy storage system to form a comprehensive energy service platform through e-commerce. FIT Holding Group is looking forward to creating a sustainable living environment, building competitiveness for new energy and energy saving industries, and contributing to the wellbeing of the earth.

The company will thrive on a stable basis and create greater profits for shareholders. Therefore, we need to be prepared to face challenges and solve problems, so as to ensure the growth of the company's revenue and profit. Lastly, I hope that all shareholders can continue to support and encourage the company, and I wish all shareholders the best of everything.

Chairman T.C. Gou

I. 2020 Business Results

(I) Business Plan Implementation Results

Unit: NT\$ thousand

Item	2020	2019	Growth rate
Operating income	7,053,361	8,840,159	(20.21%)
Operating cost	6,168,735	8,226,631	(25.02%)
Operating margin	884,626	613,528	44.19%
Operating expenses	1,105,280	1,146,824	(3.62%)
Operating loss	(220,654)	(533,296)	58.62%
Non-operating income and expenditure	512,107	305,166	67.81%
Net profit (loss) before tax	291,453	(228,130)	227.76%
Net profit (loss) for the period	179,775	(197,033)	191.24%
Net profit (loss) attributable to the parent company	83,599	(189,059)	144.22%

(II) Budget Implementation Status

The company did not prepare the 2020 financial forecast, so this is not applicable.

(III) Profitability Analysis

Year		2020	2019
Return on assets (%)		1.20	(0.65)
Return on shareholders' equity (%)		2.39	(2.79)
Percentage of paid-in capital (%)	Business interest	(8.96)	(21.66)
	Net profit before tax	11.84	(9.26)
Net profit rate (%)		2.55	(2.23)
Basic earnings per share (NT\$) (note)		0.34	(0.77)

Note: The ratios above are based on the figures in the consolidated financial statements, and the earnings per share are calculated based on the number of shares after retrospective adjustment.

(IV) R&D Status

3C Components:

1. Patent application.
2. Mold technology and forming technology.
3. Improved automation capabilities.
4. Process efficiency and yield.
5. R&D of new materials.

6. Development and application of new technologies and new products.
7. Application and cooperative development of other optical products.

3C Retail and Peripheral Products:

1. In response to the needs of the fast charging market, a series of fast charging products have been launched, including fast chargers with output requirements of GaN 65W, 36W and 24W. In the future, fast charging products for 50W and 100W will be developed to meet simultaneous charging requirements for multiple devices.
2. A 10000mAh PD 18W portable power bank is launched, and a 20000mAh PD 45W high-output power bank is planned to be developed in the future, which can provide mobile charging requirements for tablets/small laptops.
3. The SSD external mobile hard drive is launched to provide light, stable and high-performance data transmission.
4. Power assisted bicycles are planned to be launched in response to the world trend of green energy and carbon reduction.
5. Forehead temperature gun products are introduced in line with new life measures for epidemic prevention.

Energy Service Management:

1. Developing renewable energy and clean energy markets.
2. The project contracting business of power plants and improvement of the operation efficiency of power plant maintenance.

System and Peripheral Products:

1. Participating in the development process of customers' new products to providing customers with various solutions and technical support.
2. Actively striving to cultivate R&D talents across the strait, including talents of software, firmware, optics and institutions, strengthening on-the-job training, and enriching the capability of the R&D team.
3. To meet environmental protection needs, comprehensively promote the control of prohibited substances, promote lead-free products, and develop materials and products that meet environmental protection requirements.
4. Continuing to develop related products such as digital imaging and automatic paper feeder modules and actively investing in mold development to increase the company's core mold technology and enhance mold competitiveness to strengthen one-stop service to customers.
5. Establishing a complete testing center to provide rapid testing and verification services during the R&D phase and improve product design quality.

II. Summary of 2021 Business Plan

(I) Business Policy

1. Business purpose:

After the establishment of the company, Glory Science Co., Ltd., Power Quotient International Co., Ltd. and Foxlink Image Technology Co., Ltd. will further strengthen each other's advantages in their respective professional fields, and then join Shih Fong Power Co., Ltd. and Shinfox Energy Co., Ltd. to expand their energy service territories. Under the complementary resource sharing and full cooperation of marketing, procurement and R&D, each

company's resources are integrated to give full play to the advantage of integrated marketing. After the vertical integration between upstream and downstream products, the scale of operations will be expanded to increase economic benefits and improve overall operating performance and competitiveness, thereby increasing the future room for growth between each other. At the same time, commanding heights and new opportunities for the future development and sustainable operation of the optoelectronic, communication and digital imaging businesses can be obtained to provide customers with quality, efficient and comprehensive services so as to create the company's best operating performance and seek the maximum profit for shareholders.

The company assists in the integration of resources within the Group so that each business entity can focus on its business while taking into account the flexibility and efficiency of its independent operation and development and improving the efficiency of the corporate division of labor.

(II) Expected sales volume and its basis

The Group's products are mainly consumer electronics. As the industry growth trend of mobile phone lens modules and optical connectors remains unchanged, and the system and peripheral product businesses are actively expanding customer bases and developing new products, the sales volume of each product is expected to reach a trend of stable growth. In terms of energy services, as it is mainly energy-saving services, equipment maintenance services and solar engineering design and development, the sales volume cannot be calculated.

(III) Important production and marketing policies

The Group will enhance its internal management capabilities to reduce various production costs, continue to expand production capacity, actively cultivate talents, strengthen employee training, make good use of group resources, as well as provide customers with the best service and technical resources and establish a good cooperative relationship with customers, in order to achieve a win-win goal.

III. Future Company Development Strategy

The subsidiaries of the Group have strengthened each other's advantages in their respective professional fields. Under the complementary resource sharing and full cooperation of marketing, procurement and R&D, the resources of each company are integrated to give full play to the advantage of integrated marketing. After the vertical integration between upstream and downstream products, the scale of operations will be expanded to increase economic benefits and improve overall operating performance and competitiveness, thereby increasing the room for future growth between each other. At the same time, commanding heights and new opportunities for the future development and sustainable operation of the optoelectronic, communication and digital imaging businesses can be obtained to provide customers with quality, efficient and comprehensive services.

IV. Impact of External Competition Environment, Legal Environment and Overall Business Environment

Faced with the rapidly changing industry and operating environment, the Group will further implement business management, improve operating efficiency, and respond to the company's operations with a more positive attitude and service. In addition to continuing to control fixed marketing costs, the Group will also use its relevant resources to develop and produce products to strengthen its cost competitiveness and timeliness. In the meantime, the company will integrate the technical guidance of the Group to develop forward-looking products, strengthen product differentiation and enhance competitiveness. Green energy is supported by current policies and regulations and will bring a greater vision to the FIT Holding Group.

II. Company Profile

I. Date of Establishment: October 1, 2018

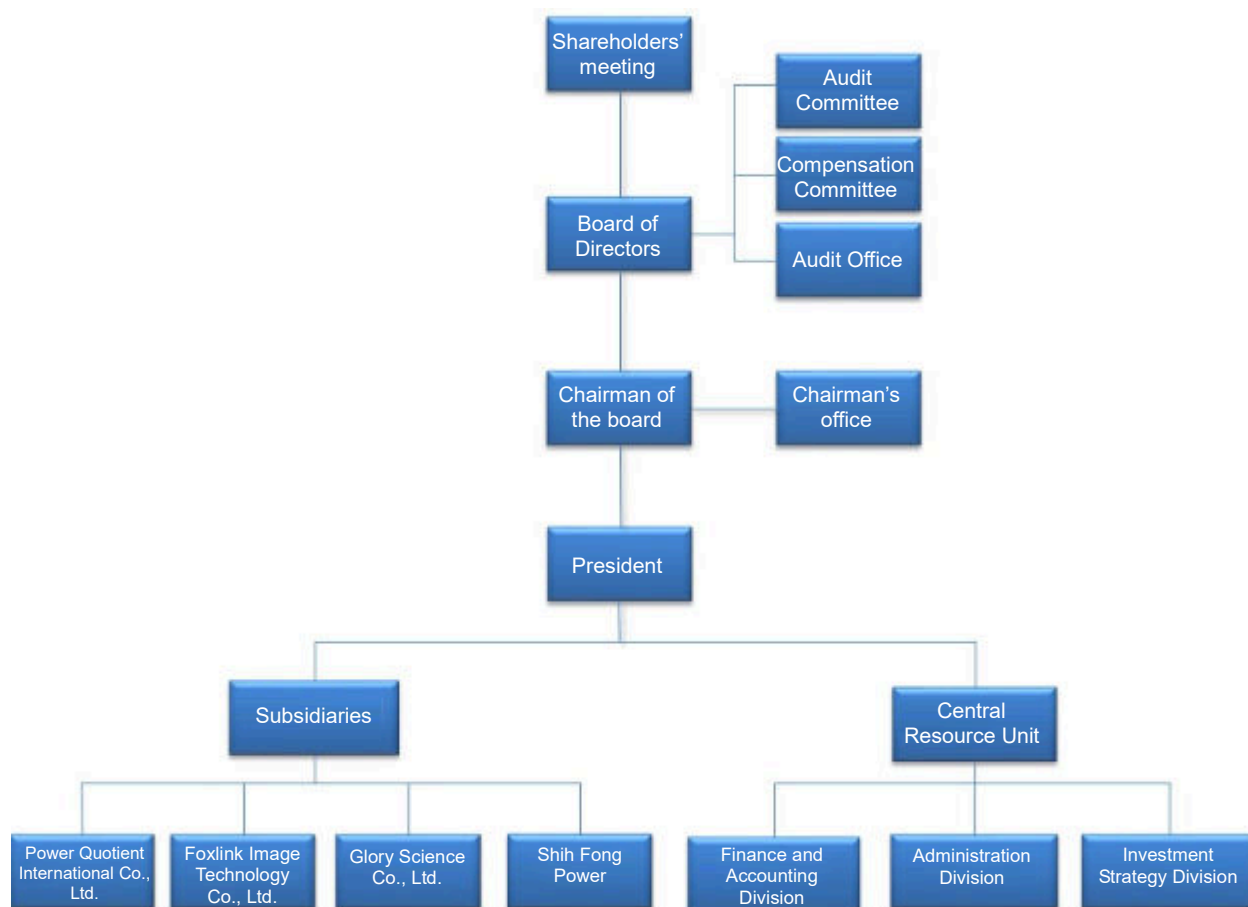
II. Company History:

- | | |
|------|--|
| 2018 | <ul style="list-style-type: none">• The company was jointly established by Glory Science Co., Ltd., Power Quotient International Co., Ltd. and Foxlink Image Technology Co., Ltd. on October 1, 2018, and is listed on the Taiwan Stock Exchange. After the share swap, Foxlink Image Technology Co., Ltd., Glory Science Co., Ltd. and Power Quotient International Co., Ltd. became wholly-owned subsidiaries of the company, and terminated their trading on the centralized (OTC) market on the same day. |
| 2019 | <ul style="list-style-type: none">• In compliance with the establishment of the Audit Committee, the directors were re-elected in advance, and 9 seats of directors were elected, including 3 seats of independent directors.• Established the Audit Committee to replace supervisors.• Invested in hydropower related businesses and obtained 100% equity of Shih Fong Power .• Subsidiary Foxwell Energy Corporation Ltd. swapped shares with Hsingwei Co., Ltd. and became a 100% subsidiary of Hsingwei Co., Ltd. Power Quotient International Co., Ltd. holds 76.56% of the shares of Shinfox Energy Co., Ltd. |
| 2020 | <ul style="list-style-type: none">• Subsidiary Shih Fong Power handled capital increase, and the Group holds 80% of its equity.• Subsidiary Shinfox Energy Co., Ltd. handles capital increase, and the Group holds 58.74% of its equity.• The subsidiary Shinfox Energy Co., Ltd. was publicly issued on September 30, 2020; it was registered on the Taipei Exchange on December 7, 2020. |

III. Corporate Governance Report

I. Organizational System

(1) Organizational Structure



(II) The business of each main department

Department	Business
Audit Office	<ul style="list-style-type: none"> Audit of the operation of the company's internal control cycle system. Checking and evaluation of the integrity and effectiveness of the company's internal control system.
Finance and Accounting Division	<ul style="list-style-type: none"> Planning of the company's overall finance and tax. Capital scheduling and risk management. Planning and drafting of the company's financial and accounting systems and operating procedures.
Administration Division	<ul style="list-style-type: none"> Planning and execution of human resources, administrative management, human development, personnel management, salary and benefits. Establishment and implementation of a customized talent cultivation system. Maintenance and planning of general affairs.
Investment Strategy Division	<ul style="list-style-type: none"> Strategic planning and investment management for reinvestment within the Group. Handling of relevant legal documents and litigation cases within the Group.
Subsidiaries	<ul style="list-style-type: none"> Developing customers and maintaining customer relationships. Preparing and implementing sales plans. Product development and manufacturing. Responsible for improving and enhancing manufacturing technology and efficiency management.

II. Information of Directors, Supervisors, President, Vice Presidents, Senior Managers and Heads of Various Departments and Branches

(I) Directors and Supervisors

Information of Directors and Supervisors (I)

April 24, 2021 Unit: share

Job Title	Nationality or place of registration	Name	Gender	Date of election (taking office)	Term of office	Date of first appointment	Shareholding at the time of appointment		Current shareholding		Shareholding of spouse and minor children s		Shareholdings in the names of other people		Major work experience (education background)	Positions at the company and other companies concurrently held at the moment	Other managers, directors or supervisors with a spouse or second-tier relative relationship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman of the board	Republic of China	Foxlink International Investment Ltd.	-	June 21, 2019	3 years	June 19, 2018	58,303,464	23.68%	58,303,464	23.68%	0	0%	0	0%	None	None	None	None	None	None
	Republic of China	T.C. Gou (note 1)	Male	June 21, 2019	3 years	June 19, 2018	0	0%	0	0%	0	0%	0	0%	Department of Law, Chung Hsing University President of Hon Hai Precision Industry Co., Ltd.	note 3	None	None	None	note 4
Director	Republic of China	Foxlink International Investment Ltd.	-	June 21, 2019	3 years	June 19, 2018	58,303,464	23.68%	58,303,464	23.68%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Republic of China	Kufn Lin (note 1)	Male	June 21, 2019	3 years	June 19, 2018	6,310	0%	6,310	0%	0	0.00%	0	0.00%	Department of Accounting, Fu Jen Catholic University Special Assistant to the Chairman's Office of Cheng Uei Precision Industry Co., Ltd.	note 3	None	None	None	None
Director	Republic of China	Foxlink International Investment Ltd.	-	June 21, 2019	3 years	June 19, 2018	58,303,464	23.68%	58,303,464	23.68%	0	0%	0	0%	None	None	None	None	None	None
	Republic of China	Jeffery Cheng (note 1)	Male	June 21, 2019	3 years	June 21, 2019	0	0%	0	0%	0	0%	0	0%	Department of Foreign Languages, National Taiwan University (Evening Class) Vice President of Cheng Uei Precision Industry Co., Ltd.	note 3	None	None	None	None
Director	Republic of China	Fu Uei International Investment Ltd.	-	June 21, 2019	3 years	June 19, 2018	14,690,257	5.97%	14,690,257	5.97%	0	0.00%	0	0.00%	None	None	None	None	None	None

Job Title	Nationality or place of registration	Name	Gender	Date of election (taking office)	Term of office	Date of first appointment	Shareholding at the time of appointment		Current shareholding		Shareholding of spouse and minor children s		Shareholdings in the names of other people		Major work experience (education background)	Positions at the company and other companies concurrently held at the moment	Other managers, directors or supervisors with a spouse or second-tier relative relationship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
	Singapore	Hwee Kian Lim (note 2)	Female	December 16, 2019	3 years	December 16, 2019	281,851	0.11%	281,851	0.11%	0	0.00%	0	0.00%	Department of Mechanical Engineering, Nanyang Technological University President of Foxlink Image Technology Co., Ltd.	note 3	None	None	None	None
Director	Republic of China	Fu Uei International Investment Ltd.	-	June 21, 2019	3 years	June 19, 2018	14,690,257	5.97%	14,690,257	5.97%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Republic of China	Semi Wang (note 2)	Male	June 29, 2020	3 years	June 29, 2020	0	0%	0	0%	0	0.00%	0	0.00%	MBA, University of Leicester, UK President and Vice Chairman of NexPower Optoelectronics Co., Ltd.	note 3	None	None	None	None
Director	Republic of China	Fu Uei International Investment Ltd.	-	June 21, 2019	3 years	June 19, 2018	14,690,257	5.97%	14,690,257	5.97%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Republic of China	Wilson Hu (note 2)	Male	June 21, 2019	3 years	June 21, 2019	0	0%	0	0%	0	0.00%	0	0.00%	EMBA in Information Management, National Taiwan University President and Director of Hsingwei Co., Ltd. Chairman of Foxwell Energy Corporation Ltd.	note 3	None	None	None	None
Independent Director	Republic of China	Ralph Chen	Male	June 21, 2019	3 years	June 21, 2019	0	0%	0	0%	0	0.00%	0	0.00%	Department of Accounting, Tunghai University CPA of Shangjin Certified Public Accountants	note 3	None	None	None	None
Independent Director	Republic of China	Chen-Rong Chian	Male	June 21, 2019	3 years	June 21, 2019	0	0%	0	0%	0	0.00%	0	0.00%	PhD in Business Administration, University of Maryland, USA Chairman of the Taiwan Pollution Control Equipment Industry Association, "Domestic Environmental Protection Equipment Quality Certification Review Committee" of the Industrial Bureau of the Ministry of Economic Affairs	note 3	None	None	None	None
Independent Director	Republic of China	Wei-Lin Wang	Male	June 21, 2019	3 years	June 21, 2019	0	0%	0	0%	0	0.00%	0	0.00%	PhD in Law, Washington University, St. Louis, USA Full-time Professor and Dean of the Department of Finance and Law, School of Law, Ming Chuan University	note 3	None	None	None	None

Note 1: Legal representative of Foxlink International Investment Ltd.

Note 2: Legal representative of Fu Uei International Investment Ltd.

Note 3:

Directors:	Positions at the company and other companies concurrently held at the moment
T.C. Gou	Chairman of Cheng Uei Precision Industry Co., Ltd., Foxlink Image Technology Co., Ltd., Microlink Communications Inc., DU Precision Industry, Studio A Inc., Power Quotient International Co., Ltd., Hsin Hung International Investment t, Foxlink International Investment, Central Motion Picture, Central Motion Picture Corporation, CMPC Cultural & Creative, CMPC Bade, CMPC Cultural City, CMPC International, Deepwaters Digital Support, Shinfox Energy Co., Ltd., Shinfox Natural Gas, Shih Fong Power , Central Motion Picture USA Corporation and Luminy's Systems Corp.
Kufn Lin	<p>Director of Foxlink Image Technology Co., Ltd., Well Shin Technology Co., Ltd., Microlink Communications Inc., Darts Technologies, Studio A Inc., Foxwell Energy, Chuangshiji, Power Quotient International Co., Ltd., Power Sufficient International, Trinity Investment Corporation, Central Motion Picture, CMPC Cultural & Creative, CMPC International, Deepwaters Digital Support, An Attitude Film, Xinhong International Investment, Foxlink International Investment, Foxlink International Investment, Taifu International Investment, Fulian International Investment, Zhi De Investment, Taiwan Star Telecom Corporation Limited, Shinfox Energy Co., Ltd., Shinfox Natural Gas, Straight A, Jing Jing Technology, Glory Science Co., Ltd., Wellgen Medical, Shih Fong Power, Foxwell Energy, Fu Uei Power, Studio A Macau, Fushineng Electronics (Kunshan), Foxlink Automotive Technology (Kunshan), Power Quotient Technology (Yancheng), Ashop Co., Ltd., Sharetronic Data Technology Co., Ltd., and Fu Gang Electronic (Nan Chang)</p> <p>Chairman of VA Product, CMPC Management Consulting, Dachuan HsuanHsiu, Shengji Music, Fresh Air, Fu Uei International Investment, Chengfa Investment, Chichun International Investment, Fujshishiang (Kunshan), Glorytek (Suzhou) Co., Ltd., Glorytek (Yancheng) Co., Ltd., Glory Optics (Yancheng) Co., Ltd., Yancheng Yaowei, Dong Guan Fu Zhang Precision Industry, Wei Hai Fu Kang Electric, Dong Guan HanYang Computer and Shanghai Fugang Electric</p> <p>Director of Studio A Hong Kong, CU International, CULINK International, New Start Industries, Benefit Right, Foxlink Technology, Glory Tek (BVI), Glory Optics (BVI), Glory Tek (Samoa), Power Channel Limited, Foxlink Technical India Private Electric, Foxlink India Electric Private Limited, Sinobest Brothers, Foxlink Myanmar Company, Glorytek Science India Private Limited, Hong Kong Hualinde, Value Success Ltd., Capital Guardian Ltd. and Accu Image Technology Limited.</p> <p>Special Assistant to the Chairman's Office of Cheng Uei Precision Industry Co., Ltd. President of Culink Tianjin and Foxlink Energy (Tianjin) Vice Chairman of Fugang Electronic (Dongguan) Supervisor of CYN Design Co., Ltd. Supervisor of Fugang Electric (Xuzhou) and Fuzhan Electronics (Shanghai) Co., Ltd. Legal representative of Fugang Electric (Yancheng), Fuqiang Electric (Yancheng), Fugang Electric (Kunshan), Dongguan Fuqiang Electronics, Fugang Electric (Maanshan), Fuqiang Electric (Ma'anshan), Dongguan Fu Uei Electronics, Kunshan Fugang Electric , Kunshan Fugang Investment, Suzhou Keyu Rui Automobile Technology and Power Channel</p>
Jeffery Cheng	<p>Chairman of Jing Jing Technology, Jingsheng Technology and Ashop Co., Ltd.</p> <p>Director of VA Product International, Power Quotient International Co., Ltd., Power Sufficient International, Kunshan Fugang Electric Trading, Jingshi Hong Kong, Jingshi Macau, Shanghai Fugang Electronic Trading, Kunshan Fu Shi You Trading, Sinocity Industries Limited, Shanghai Benchmarking Information and DG Lifestyle Store Limited</p> <p>President of Jingshi Technology, Shanghai Fugang Electric Trading and Kunshan Fu Shi You Trading</p>
Hwee Kian Lim	<p>President of Foxlink Image Technology Co., Ltd.</p> <p>Director of Dongguan Fu Uei , Dong Guan Fu Zhang Precision Industry and Wei Hai Fu Kang Electric</p>
Semi Wang	Chairman of Minghsing Creative Management Consulting Company and Chairman of Minghsiang Culture Company, Independent Director of KYEC, Independent Director and Remuneration Committee Convener of Creative Sensor Inc., Supervisor of Guoguang Electric Power Company, Director of Taiwan Electrical and Electronic Manufacturers' Association and Vice President of Zero Energy Building Technology Alliance
Wilson Hu	<p>President and Director of Shinfox Energy Co., Ltd.</p> <p>Chairman of Foxwell Energy, Fu Uei Power and Junzhe Company</p> <p>Director of Shinfox Natural Gas and Shih Fong Power</p> <p>Legal representative of Kunshan Jiuwei Info Tech</p>
Ralph Chen	Certified Public Accountant of Shangjin Certified Public Accountants, Independent Director of Ruibao Gene Co., Ltd., Independent Director and Remuneration Committee Member of Triocean Filament Yarns, and Independent Director and Remuneration Committee Member of TungThih Electronic Co., Ltd.
Chen-Rong Chian	Chairman and President of Taiwan-Asahi Environmental Technology Co., Ltd., Chairman and President of Diamond Technical & Trading Corp., Independent Director and Remuneration Committee Convener of Shampo Co., Ltd., Independent Director and Remuneration Committee Member of Alpha Networks Inc. and Independent Director and Remuneration Committee Member of Sheng Nan Electronics Co., Ltd.
Wei-Lin Wang	Director of the Institute of Technology Law of the Institute for Information Industry, Independent Director and Remuneration Committee Member of Ant Precision Industry Co., Ltd. and Remuneration Committee Member of Win Foundry Co., Ltd.

Note 4: The Chairman of the company concurrently serves as the President mainly to improve the efficiency of operation and management and the execution of decision-making; in addition, the Chairman closely communicates with the directors on the company's current operating conditions and the planning guidelines to implement corporate governance. In the future, the company

plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function.

Major Shareholders of Corporate Shareholders

April 24, 2021

Corporate shareholder's name	Major shareholders of corporate shareholders
Foxlink International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd. (100%)
Zhi De Investment Co., Ltd.	Fu Uei International Investment Ltd. (100%)
Fu Uei International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd. (100%)

Major Shareholders of Major Shareholders That Are Corporates

April 24, 2021

Name of the corporate	Major shareholders of the corporate
Cheng Uei Precision Industry Co., Ltd.	Hsin Hung International Investment Co., Ltd. (19.62%), Central Motion Picture Corporation (6.36%), Foxlink Image Technology Co., Ltd. (5.37%), Special Investment Account of Citibank as Custody for the Central Bank of Norway (1.62%), Cooperative Bank of Taiwan (1.41%), T.C. Gou (1.17%), Special Investment Account of Chase Manhattan Bank as Custodian for Vanguard Group Emerging Market Fund (1.13%), Special Investment Account of Chase Manhattan Bank as Custodian for Advanced Starlight Advanced Aggregate International Stock Index (1.01%), Mei-Ying Sulian (0.69%), Yu-Fa Chiu (0.68%)

Information of Directors and Supervisors (II)

Name	Conditions	Has more than five years of work experience and the following professional qualifications or not			Meeting the independence requirements or not (note 4)												Number of independent director position concurrently held at other public offering companies
		Lecturer or above in public or private colleges or universities in legal affairs, finance, accounting or relevant disciplines required for the company's business.	Judge, prosecutor, lawyer, accountant or other type of professional and technical personnel who has passed the national examination and obtained the certificate required for the company's business.	Work experience in legal affairs, finance, accounting or other disciplines required for the company's business.	1	2	3	4	5	6	7	8	9	10	11	12	
T.C. Gou (note 1)			✓				✓			✓		✓	✓	✓	✓		None
Kufn Lin (note 1)			✓				✓			✓	✓	✓	✓	✓	✓		None
Jeffery Cheng (note 1)			✓				✓			✓	✓	✓	✓	✓	✓		None
Hwee Kian Lim (note 2)			✓				✓			✓	✓	✓	✓	✓	✓		None
Semi Wang (note 2)			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		None
Wilson Hu (note 2)			✓				✓			✓	✓	✓	✓	✓	✓		None
Ralph Chen		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Chen-Rong Chian	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Wei-Lin Wang	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: Legal representative of Foxlink International Investment Ltd.

Note 2: Legal representative of Fu Uei International Investment Ltd.

Note 3: If the director or supervisor meets the following conditions in the two years before their election and during the term of office, please mark "✓" in the space below each condition code.

- (1) The director is not an employee of the company or its affiliated enterprises.
- (2) The director is not a director or supervisor of the company or its affiliated enterprises (except for concurrent independent directors of the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).
- (3) The director or supervisor, or his/her spouse or minor children or in another person's name, does not hold more than 1% of the total issued shares of the company or is not a top ten individual shareholder.
- (4) The director or supervisor is not a manager in (1) or the spouse, second-tier relative or third-tier relative of the persons listed in (2) or (3).
- (5) The director or supervisor is not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the company, or a top five shareholder, or which appoints its representative as the company's director or supervisor in accordance with paragraph 1 or 2 of Article 27 of the Company Act (except for concurrent independent directors of the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).
- (6) The director or supervisor is not a director, supervisor or employee of another company that has a seat on the board of directors, or more than half of its shares with voting rights are controlled by the same owner of this company (except for concurrent independent directors of the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).
- (7) The director or supervisor is not a director, supervisor or employee of another company or institution who is the same person or spouse as the Chairman, President or an equivalent position of the company (except

for concurrent independent directors of the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).

- (8) The director or supervisor is not a director, supervisor or manager of another company or institution which has financial or business dealings with the company or is a shareholder holding more than 5% of the shares of the company (not applicable if the company or institution holds more than 20% but no more than 50% of the total issued shares of the company, with concurrent independent directors of the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).
- (9) The director or supervisor is not a professional, sole proprietor, partner, business owner or partner, or a director, supervisor, manager or the spouse of the above of a company or institution which provides audit services to the company or its affiliated enterprises, or the cumulative remuneration amount of which in the past two years exceeds NT\$500,000 for business, legal affairs, finance or accounting related services. However, this does not apply to the members of the Compensation Committee, public takeover review committee or special merger and acquisition committee who perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) The director or supervisor has no spouse or second-tier relative relationship with other directors.
- (11) There are no such circumstances as in Article 30 of the Company Act.
- (12) The director or supervisor is not a government agency, legal person, or representative as stipulated in Article 27 of the Company Act.

(II) Information of President, Vice Presidents, Senior Managers and Heads of Various Departments and Branches

April 24, 2021 Unit: share

Job Title	Nationality	Name	Gender	Date of election (taking office)	Shareholding		Shareholdings of spouse and minor children		Shareholdings in the names of other people		Major work experience (education background)	Concurrent positions at other companies	Managers with a spouse or second-tier relative relationship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
President	Republic of China	T.C. Gou	Male	June 21, 2019	0	0%	0	0%	0	0%	University graduate President of Hon Hai Precision Industry Co., Ltd.	Chairman of Cheng Uei Precision Industry Co., Ltd., Foxlink Image Technology Co., Ltd., Microlink Communications Inc., DU Precision Industry, Well Shin Technology Co., Ltd., Studio A Inc., Power Quotient International Co., Ltd., Hsin Hung International Investment t, Foxlink International Investment, Central Motion Picture, Central Motion Picture Corporation, CMPC Cultural & Creative, CMPC Bade, CMPC Cultural City, CMPC International, Deepwaters Digital Support, Shinfox Energy Co., Ltd., Shinfox Natural Gas, Shih Fong Power , Central Motion Picture USA Corporation and Luminys Systems Corp.	None	None	None	None
Head of Finance and Accounting	Republic of China	Kufn Lin	Male	June 21, 2019	6,310	0%	0	0%	0	0%	University graduate Cheng Uei Precision Industry Co., Ltd. Special Assistant, Chairman's Office	Director of Foxlink Image Technology Co., Ltd., Well Shin Technology Co., Ltd., Microlink Communications Inc., Darts Technologies, Studio A Inc., Foxwell Energy, Chuangshiji, Power Quotient International Co., Ltd., Power Sufficient International, Trinity Investment Corporation, Central Motion Picture, CMPC Cultural & Creative, CMPC International, Deepwaters Digital Support, An Attitude Film, Xinhong International Investment, Foxlink International Investment, Foxlink International Investment, Taifu International Investment, Fulian International Investment, Zhi De Investment, Taiwan Star Telecom Corporation Limited, Shinfox Energy Co., Ltd., Shinfox Natural Gas, Straight A, Jing Jing Technology, Glory Science Co., Ltd., Wellgen Medical, Shih Fong Power , Foxwell Energy, Fu Uei Power, Studio A Macau, Fushineng Electronics (Kunshan), Foxlink Automotive Technology (Kunshan), Power Quotient Technology (Yancheng), Ashop Co., Ltd., Sharetronic Data Technology Co., Ltd., and Fu Gang Electronic (Nan Chang) Chairman of VA Product, CMPC Management Consulting, Dachuan HsuanHsiu, Shengji Music, Fresh Air, Fu Uei International Investment, Chengfa Investment, Chichun International Investment, Fujshishiang (Kunshan), Glorytek (Suzhou) Co., Ltd., Glorytek (Yancheng) Co., Ltd., Glory Optics (Yancheng) Co., Ltd., Yancheng Yaowei, Dong Guan Fu Zhang Precision Industry, Wei Hai Fu Kang Electric, Dong Guan HanYang Computer and Shanghai Fugang Electric Director of Studio A Hong Kong, CU International, CULINK International, New Start Industries, Benefit Right, Foxlink Technology, Glory Tek (BVI), Glory Optics (BVI), Glory Tek (Samoa), Power Channel Limited, Foxlink Technical India Private, Foxlink India Electric Private Limited, Sinobest Brothers, Foxlink Myanmar Company, Glorytek Science India Private Limited, Hong Kong Hualinde, Value Success Ltd., Capital Guardian Ltd. and Accu Image Technology Limited. Special Assistant to the Chairman's Office of Cheng Uei Precision Industry Co., Ltd. President of Culink Tianjin and Foxlink Energy (Tianjin) Vice Chairman of Fugang Electronic (Dongguan) Supervisor of CYN C Design Co., Ltd. Supervisor of Fugang Electric (Xuzhou) and Fuzhan Electronics (Shanghai) Co., Ltd. Legal representative of Fugang Electric (Yancheng), Fuqiang Electric (Yancheng), Fugang Electric (Kunshan), Dongguan Fuqiang, Fugang Electric (Maanshan), Fuqiang Electric (Ma'anshan), Dongguan Fu Uei Electronics, Kunshan Fugang Electronics, Kunshan Fugang Investment, Suzhou Keyu Rui Automobile Technology and Power Channel	None	None	None	None

Note: The Chairman of the company concurrently serves as the President mainly to improve the efficiency of operation and management and the execution of decision-making; in addition, the Chairman closely communicates with the directors on the company's current operating conditions and the planning guidelines to implement corporate governance. In the future, the company plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function.

III. Remuneration paid to Directors, Supervisors, President and Vice Presidents in the Last Year

1. Remuneration paid to Directors, Supervisors, President and Vice Presidents in 2020

(1) Remuneration of General and Independent Directors

Unit: 1000 shares, NT\$ thousand

Job title	Name	Remuneration of directors								Ratio of the total of A, B, C and D to net income after tax (%)		Remuneration received for concurrent employee positions								Ratio of the total of A, B, C, D, E, F and G to net income after tax (%)		Remuneration received from a non-subsidiary reinvested enterprise or parent company	
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)		Business execution fee (D)				Salary, bonus and special fee (E)		Retirement pension (F)		Employee's remuneration (G)							
		All companies	in the financial report of the company	All companies	in the financial report of the company	All companies	in the financial report of the company	All companies	in the financial report of the company	All companies	in the financial report of the company	All companies	in the financial report of the company	All companies	in the financial report of the company	All companies		in the financial report of the company		All companies	in the financial report of the company		
																Cash amount	Monetary amount of shares	Cash amount	Monetary amount of shares				
Director	Foxlink International Investment Ltd.	1,300	1,300	0	0	1,200	3,800	370	370	3.43%	6.54%	0	7,879	0	108	0	0	5,300	0	3.43%	22.44%	17,419	
	Corporate representative: T.C. Gou																						
	Corporate representative: Kufn Lin																						
	Corporate representative: Jeffery Cheng																						
Director	Fu Uei International Investment Ltd.	1,300	1,300	0	0	1,200	3,800	370	370	3.43%	6.54%	0	7,879	0	108	0	0	5,300	0	3.43%	22.44%	17,419	
																							Corporate representative: Hwee Kian Lim
																							Corporate representative: Julius Chu (resigned)
																							Corporate representative: Semi Wang (new)
	Corporate representative: Wilson Hu																						

Independent Director	Ralph Chen																					
Independent Director	Chen-Rong Chian																					
Independent Director	Wei-Lin Wang																					

1. The remuneration policy, system, standard and structure for independent directors, and the correlation between the amount of remuneration and factors such as responsibilities, risks and time invested: When the independent directors of the company perform their duties, the company pays a fixed amount of remuneration regardless of its profit or loss, with reference to the level of the industry. In addition, in accordance with the evaluation results of the "Measures for the Performance Evaluation of the Board of Directors" and the "Compensation Committee Organizational Rules," the independent director's individual responsibility and time invested are taken into account. The individual performance achievement rate and contribution are also referred to in order to give appropriate remuneration. The proposal shall be approved by the Compensation Committee and then submitted to the board meeting for resolution.

2. Except as disclosed in the table above, the remuneration received by the company's directors for providing services (such as serving as non-employee consultants) for all companies in the financial report in the last year: None.

Note: 1. All the 2020 retirement pension amount is the amount allocated under the old and new pension systems.

2. The proposed amount is calculated according to the proportion of the actual amount allocated last year according to the amount of remuneration to be distributed approved by the board meeting in 2020.

3. Julius Chu, the former representative of Fu Uei International Investment Ltd., resigned and was re-placed by Semi Wang on June 29, 2020.

Remuneration Tier Table

Tiers of Remuneration Paid to Each Director of the Company	Director's name			
	The total amount of the first four remuneration amounts (A+B+C+D)		The total amount of the first seven remuneration amounts (A+B+C+D+E+F+G)	
	All companies	in the financial report of the company	All companies	in the financial report of the company
Less than NT\$1,000,000	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., T.C. Gou, Jeffery Cheng, Kufn Lin, Hwee Kian Lim, Julius Chu, Semi Wang, Wilson Hu Independent directors: Ralph Chen, Chen-Rong Chian, Wei-Lin Wang	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., T.C. Gou, Jeffery Cheng, Kufn Lin, Hwee Kian Lim, Julius Chu, Semi Wang Independent directors: Ralph Chen, Chen-Rong Chian, Wei-Lin Wang	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., T.C. Gou, Jeffery Cheng, Kufn Lin, Hwee Kian Lim, Julius Chu, Semi Wang, Wilson Hu Independent directors: Ralph Chen, Chen-Rong Chian, Wei-Lin Wang	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., T.C. Gou, Jeffery Cheng, Kufn LIN, Hwee Kian Lim, Julius Chu, Semi Wang Independent directors: Ralph Chen, Chen-Rong Chian, Wei-Lin Wang
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	General director: Wilson Hu	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-	-	General director: Hwee Kian Lim, Wilson Hu
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	12	12	12	12

(2) Remuneration of President and Vice Presidents

December 31, 2020 Unit: 1,000 shares, NT\$ thousand

Job title	Name	Salary (A)		Retirement pension (B)		Bonus and special subsidies (C)		Employee remuneration (D)				Ratio of the total of A, B, C and D to net income after tax (%)		Remuneration received from a non-subsidiary reinvested enterprise or parent company
		All companies	in the financial report of the company	All companies	in the financial report of the company	All companies	in the financial report of the company	All companies		in the financial report of the company		All companies	in the financial report of the company	
								Cash amount	Monetary amount of shares	Cash amount	Monetary amount of shares			
President	T.C. Gou	0	0	0	0	0	0	0	0	0	0	0%	0%	9,028

Remuneration Tier Table

Tiers of Remuneration of President and Vice Presidents of the Company	Name of President and Vice Presidents	
	All companies	in the financial report of the company
Less than NT\$1,000,000	T.C. Gou	T.C. Gou
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	1	1

Managers Receiving Employees' Remuneration:

December 31, 2020 Unit: NT\$ thousand

	Job title	Name	Monetary amount of shares	Cash amount	Total	Percentage of net profit after tax (%)
Manager	President	T.C. Gou	0	0	0	0%
	Head of Finance and Accounting	Kufn Lin				

2. An analysis of the proportion of the total remuneration paid to the Directors, Supervisors, President and Vice Presidents of the company and all the companies in the consolidated statements to the net profit after tax in the last two years, and an explanation of the policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance and future risks:

(1) The proportion of the total remuneration paid to the company's Directors, President and Vice Presidents to the net profit after tax in the last two years:

Job title	Item	Total remuneration as a percentage of the net profit after tax				Percentage of increase or decrease	
		2020		2019			
		All companies	in the financial report of the company	All companies	in the financial report of the company	All companies	in the financial report of the company
Director							
President and Vice Presidents		3.43%	6.54%	-0.32%	-1.36%	3.75%	7.9%

(2) The policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance and future risks:

- A. The remuneration of the Directors of the company shall be paid in accordance with the provisions of the company's Articles of Association.
- B. The remuneration of the President and Vice Presidents of the company is divided into salary, bonus and employees' remuneration. The salary and bonus are handled in accordance with the relevant provisions of the company's personnel regulations; the total amount of employees' remuneration is decided by the board meeting according to the profit status of the distribution year and the Articles of Association and reported to the shareholders' meeting.
- C. The company has set up the "Measures for the Performance Evaluation of the Board of Directors" and the "Measures for the Performance Evaluation" for managers and employees. The performance evaluation of the board of directors includes the measurement items such as the degree of participation in the operation of the company, the manager evaluation items include

financial indicators and other performance indicators, and the employees' remuneration of directors and managers is based on the results of performance evaluation.

IV. Corporate Governance Status:

(I) Operation of the board of directors:

In the last year (2020), the board of directors held 6 meetings (A) and the voting and non-voting attendance of directors is as follows:

Job title	Name	Number of actual (voting and non-voting) attendance (B)	Number of attendance by proxy	Actual (voting and non-voting) attendance rate	Remarks
Chairman of the board	T.C. Gou (note 1)	6	6	100	
Director	Kufn Lin (note 1)	6	6	100	
Director	Jeffery Cheng (note 1)	6	6	100	
Director	Hwee Kian Lim (note 2)	6	5	83.3	
Director	Julius Chu (note 2)	3	3	100	Resignation on June 29, 2020.
Director	Semi Wang (note 2)	3	3	100	Taking office on June 29, 2020.
Director	Wilson Hu (note 2)	6	6	100	
Independent Director	Ralph Chen	6	6	100	
Independent Director	Chen-Rong Chian	6	6	100	
Independent Director	Wei-Lin Wang	6	6	100	

Other items to be recorded:

I. In case of any of the following circumstances in the operation of the board of directors, state the date of the board meeting, the number of the meeting session, the contents of the proposal, all the opinions of the independent directors and the company's handling of such opinions of the independent directors:

(I) Items in Article 14-3 of the Securities and Exchange Act: Please refer to page 51 for all resolutions of the board meetings in 2020. Independent directors have approved all the resolutions on matters listed in Article 14-3 of the Securities and Exchange Act.

(II) In addition to the matters above, other resolutions of the board meeting with objections or reservation of independent directors and records or written statements: None.

II. For the implementation of avoidance of motions by directors due to a conflict of interest involved, state the name of the director, the content of the motion, the reason for withdrawal from the meeting for interest avoidance and the voting results:

1. On March 31, 2020, the board meeting made a resolution to amend the company's "Measures for the Remuneration of Directors and Managers."

Independent Directors Ralph Chen, Chen-Rong Chian and Wei-Lin Wang had their personal interests in the case, and avoided the discussion and voting in accordance with the law. The remaining eight directors approved the case without objection.

2. On September 30, 2020, the board meeting made a resolution on the remuneration of the directors of the subsidiary Foxlink Image Technology Co., Ltd. for 2019. Directors T.C. Gou, Hwee Kian Lim and Hwee Kian Lim avoided the discussion and voting in accordance with the law, and the remaining eight directors approved the case without objection.

3. On September 30, 2020, the board meeting made a resolution on the employees' remuneration of the managers of the subsidiary Foxlink Image Technology Co., Ltd. for 2019. Director Hwee Kian Lim avoided the discussion and voting in accordance with the law, and the remaining eight directors approved the case without objection.

III. A listed or OTC company shall disclose information such as the evaluation cycle, period, scope, method and content of the board of directors' self (or peer) evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Carried out once a year.	January 1, 2020 to December 31, 2020	Board of Directors	Internal Self-evaluation of the Board of Directors	1. Degree of participation in the company's operation 2. Improvement in the decision-making quality of the board. 3. Composition and structure of the board of directors. 4. Election and continuing study of directors. 5. Internal control.

IV. Objectives of strengthening the functions of the board of directors in the current year and the latest year (such as setting up an audit committee, improving information transparency, etc.) and evaluation of the implementation status: The company has set up a compensation committee and an audit committee to assist the board of directors to respectively perform their supervisory duties.

Note 1: Legal representative of Foxlink International Investment Ltd.

Note 2: Legal representative of Fu Uei International Investment Ltd.

(II) Information on the Operation of the Audit Committee

In the last year (2020), the Audit Committee held 6 meetings (A) and the voting and non-voting attendance of independent directors is as follows:

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)(note)	Remarks
Convener	Ralph Chen	6	0	100	-
Members	Chen-Rong Chian	6	0	100	-
Members	Wei-Lin Wang	6	0	100	-

Other items to be recorded:

- I. In case of any of the following circumstances in the operation of the Audit Committee, state the date of the board meeting, the number of the meeting session, the contents of the proposal, the resolution of the Audit Committee members and the company's handling of the opinion of the Audit Committee:
 - (I) Items in Article 14-5 of the Securities and Exchange Act: Approved by the Audit Committee and submitted to the board of directors.
 1. Approved in the board meeting of the 5th session of the 2nd term on March 31, 2020
 - (1) 2019 financial report
 - (2) Endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd.
 - (3) 2019 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement."
 2. Approved in the board meeting of the 6th session of the 2nd term on May 5, 2020.
 - (1) Endorsement and guarantee quota for the subsidiary Glory Science Co., Ltd.
 3. Approved in the board meeting of the 7th session of the 2nd term on June 24, 2020:
 - (1) The company's intended loan extension to Glorytek (Yancheng) Co., Ltd. and Glory Optics (Yancheng) Co., Ltd.
 - (2) Endorsement and guarantee for the subsidiary Power Quotient International Co., Ltd.
 - (3) Cancellation of the quota restriction on the endorsement and guarantee for the subsidiary Glory Science Co., Ltd.
 4. Approved in the board meeting of the 8th session of the 2nd term on August 13, 2020:
 - (1) The company's consolidated financial report for the second quarter of 2020.
 - (2) Intended endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd.
 5. Approved in the board meeting of the 8th session of the 2nd term on September 30, 2020:
 - (1) Disposal of the equities of Changyuan Wind Power Ltd. and Beiyuan Wind Power Ltd. by the subsidiary Foxwell Energy Corporation Ltd.
 6. Approved in the board meeting of the 10th session of the 2nd term on November 11, 2020:
 - (1) Revision of the company's "Internal Control System."

- (2) Endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd.
 - (3) The company's intended disposal of the equity of Shih Fong Power Co., Ltd.
- (II) Except for the matters previously mentioned, the other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.
- II. For the implementation of avoidance of motions by independent directors due to a conflict of interest involved, the name of the independent director, the content of the motion, the reason for withdrawal from the meeting for interest avoidance and the voting results shall be stated: None.
- III. Communication between independent directors and the internal audit director and the accountant (including major matters, methods and results of communication on the company's finance and business conditions).
 - 1. The company's internal audit supervisor regularly communicates with independent directors on the results of audit reports and regularly sends audit reports to independent directors for review, and reports on the implementation of internal audits in each Audit Committee meeting. If there is any special situation, he will immediately report to the independent directors. There was no such special situation in 2020. The independent directors of the company and the internal audit supervisor have been in good communication.
 - 2. After being reviewed or checked by the independent auditor, the company's financial statements are sent to the Audit Committee for discussion and then submitted to the board of directors for reporting or resolution after approval. When reviewing the financial report quarterly, the independent auditor issues a written communication letter to the independent directors, explaining the content and results of the review and the important accounting estimates and adjustment entries. In addition, the independent auditor attended the Audit Committee meeting on March 26, 2021, and reported to the independent directors on the results of the financial report audit, the impact of KY incidents on the audit, the audit arrangements under the epidemic, the audit findings, and the update of relevant laws and regulations. After discussion and communication, the independent directors have no opinion on the independent auditor's report. The independent directors of the company and the independent auditor have been in good communication.
- IV. Annual Work Focus and Operation Status of the Audit Committee:
 - (I) The Audit Committee of the company convened 6 meetings in 2020, and all members attended each meeting. Its main work priorities and responsibilities are as follows:
 - 1. Establish or amend the internal control system in accordance with the provisions of Article 14-1 of the Securities and Exchange Act.
 - 2. Evaluate the effectiveness of the internal control system.
 - 3. Formulate or amend the procedures of major financial activities such as acquisition or disposal of assets, engagement in derivative transactions, extending loans to others, and endorsements or guarantees to others.
 - 4. Matters involving the interests of the directors themselves.
 - 5. Significant asset or derivative transactions.
 - 6. Significant loan extensions, endorsements or guarantees.
 - 7. Raising, issuing or private placement of equity securities.
 - 8. Appointment, dismissal or remuneration of the independent auditor.
 - 9. Appointment and dismissal of financial, accounting or internal audit

supervisors.

10. Annual financial report and quarterly financial report.

11. Implementation status of internal audit operations.

12. Other major matters stipulated by the company or the competent authority.

(II) Operation of the Audit Committee in 2020:

Meeting date	Proposal contents, resolution status and follow-up processing
March 31, 2020	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. Items regarding communication with the independent auditor. 3. Discussion on the company's 2019 financial report. 4. Discussion on the company's 2019 allocation of earnings or loss compensation. 5. Discussion on the endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 6. Discussion on the independence and competency assessment report on the independent auditor. 7. Discussion on the 2019 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement." <p>II. Results of the resolution of the Audit Committee: After discussion and communication, all members of the Audit Committee agreed to approve.</p> <p>III. The company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present</p>
May 5, 2020	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. Report on the company's consolidated financial report for the first quarter of 2020. 3. Discussion on the company's abandonment of subscription to the shares from the cash capital increase of the subsidiary Shih Fong Power Co., Ltd. 4. Discussion on the endorsement and guarantee for the subsidiary Glory Science Co., Ltd. <p>II. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve.</p> <p>III. The company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present</p>
June 23, 2020	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. The company's financial report for May 2020. 3. Report on the bid winning of TaiPower's "Wind Farm Property Procurement and Installation for Offshore Wind Power Phase II Project" by the subsidiary, Foxwell Energy Corporation Ltd. 4. Report on loan extension to and overrun of subsidiaries and

	<p>improvement plan.</p> <ol style="list-style-type: none"> 5. Discussion on the endorsement and guarantee for the subsidiary Foxlink Image Technology Co., Ltd. 6. Discussion on the adjustment to the loan extension quota for the subsidiary Foxlink Image Technology Co., Ltd. 7. Discussion on the company's abandonment of subscription to the shares from the 2020 cash capital increase of the subsidiary Shinfox Energy Co., Ltd. (formerly Hsingwei Co., Ltd., Shinfox Energy Co., Ltd. hereinafter), which is indirectly held by the company, due to its future plan of listing on the TWSE (TPEX), and the plan to have all shareholders of the company participate in the subscription. 8. In order to motivate and enhance the loyalty of employees, the company plans to implement the first buyback of its shares and transfer them to employees. 9. Discussion on the company's intended loan extension to Glorytek (Yancheng) Co., Ltd. and Glory Optics (Yancheng) Co., Ltd. 10. Discussion on the endorsement and guarantee for the subsidiary Power Quotient International Co., Ltd. 11. Discussion on the cancellation of the quota restriction on the endorsement and guarantee for the subsidiary Glory Science Co., Ltd. <p>II. Results of the resolution of the Audit Committee: With the exception of case 8, which is suspended, all members of the Audit Committee agreed to approve the rest.</p> <p>III. The company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present</p>
August 13, 2020	<ol style="list-style-type: none"> I. Proposal contents: <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. Report on the budget of each subsidiary of FIT Holding in the second half of the year 3. Discussion on the loan extension to the subsidiary Foxlink Image Technology Co., Ltd. 4. Report on the contract signing by the subsidiary Foxwell Energy Corporation Ltd. with TaiPower on the "Wind Farm Property Procurement and Installation for Offshore Wind Power Phase II Project." 5. Report on the civil engineering project of the first power plant and the second power plant of the hydropower development plan of the subsidiary Shih Fong Power Co., Ltd. 6. Discussion on the company's consolidated financial report for the second quarter of 2020. 7. Discussion on the intended endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. II. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve. III. The company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors

	present
September 30, 2020	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Discussion on the endorsement and guarantee for the subsidiary Shinfox Energy Co., Ltd. 2. Discussion on the disposal of the equities of Changyuan Wind Power Ltd. and Beiyuan Wind Power Ltd. by the subsidiary Foxwell Energy Corporation Ltd. <p>II. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve.</p> <p>III. The company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present</p>
November 11, 2020	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. Discussion on the loan extension to the subsidiary Foxlink Image Technology Co., Ltd. 3. Discussion on the endorsement and guarantee for the subsidiary Foxlink Image Technology Co., Ltd. 4. Report on the TPEX listing of the subsidiary Shinfox Energy Co., Ltd. 5. Discussion on the company's consolidated financial report for the third quarter of 2020. 6. Discussion on the company's 2021 internal audit plan. 7. Discussion on the revision of company's "Internal Control System." 8. Discussion on the endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 9. Discussion on the company's planned disposal of the equity of Shih Fong Power Co., Ltd. 10. Discussion on the reduction of the company's shareholding ratio of Jiangsu Foxlink New Energy Technology Co., Ltd. by more than 10%. <p>II. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve.</p> <p>III. The company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present</p>

(III) The operation of corporate governance and the difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the company been in compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed the company's own corporate governance best practice principles?	✓		The company has established its "Corporate Governance Best Practice Principles," and disclosed them on the company's website for inquiry.	No difference.
II. Equity structure and shareholders' equity of the company				
(I) Has the company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and lawsuits, and implemented them in accordance with the procedures?	✓		(I) The company has a spokesperson, an acting spokesperson and a stock affairs unit to handle shareholder related issues. Legal issues will be transferred to the company's Legal Department or legal counsel for handling.	No difference.
(II) Does the company have a list of major shareholders and ultimate controllers of major shareholders who actually control the company?	✓		(II) The company regularly keeps track of the list of major shareholders of the company based on the register of shareholders provided by the stock affairs agency on the book-closing date, and regularly discloses the pledge and increase or decrease of shareholdings of shareholders holding more than 10% of the company's shares.	
(III) Has the company established and implemented risk control and firewall mechanisms with affiliated enterprises?	✓		(III) The company has established affiliated enterprise trading procedures and risk control management measures to control various operating procedures and various risk issues, in order to jointly eliminate exceptional trading.	
(IV) Does the company have internal regulations that prohibit insiders of the company from buying and selling securities using non-public information?	✓		(IV) The company has set up the "Measures for the Processing of Major Internal Information," which is publicized to insiders at least once a year.	
III. Composition and Responsibilities of the Board of Directors				
(I) Has the board of directors formulated and strictly implemented diversification policies on the composition of its members?	✓		(I) The company, based on the Sample Template of "Procedures for Election of Directors" issued by the TWSE, integrates the concept of diversity into the measures for directors election and takes into	There is no difference except for the second item, which is still under planning.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(II) In addition to setting up the Compensation Committee and the Audit Committee according to law, has the company voluntarily set up other functional committees?		√	<p>consideration the overall configuration of the board of directors. The specific objective is that the board of directors is composed of directors of different genders, ages, nationalities, professional knowledge and backgrounds. At present, the company's board of directors has 9 seats of directors (including 3 seats of independent directors), including one female director. The company's board members have diversified backgrounds, with their professional knowledge and skills covering the fields of business management, law, finance and accounting, machinery, aviation and electro machines, and the diversification objective for the board members is fully met. In addition to their professional knowledge and skills, the directors may contribute to supervision and decision-making through the operation of functional committees in corporate governance, environmental sustainability and legal compliance.</p> <p>(II) The company has established a Compensation Committee in accordance with the law, and the Audit Committee was established in 2019. The rest of the corporate governance operations are conducted by each department according to its responsibilities. In the future, other functional committees will be set up in accordance with the company's corporate governance requirements.</p>	
(III) Has the company established performance evaluation measures and methods for the board of directors, conducted performance evaluation annually and regularly, reported performance evaluation results to the board of directors, and applied them to the reference of salary and remuneration of individual directors and nomination and renewal?	√		<p>(III) The company has set up the "Measures for the Performance Evaluation of the Board of Directors," and the scope of evaluation includes the performance evaluation of the overall board of directors, individual directors and functional committees; the methods of performance evaluation include internal self-evaluation of the board of directors, self-evaluation of directors, appointment of external professional bodies, experts or other appropriate methods; the</p>	

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Does the company regularly evaluate the independence of the independent auditor?	√		<p>measurement items of the performance evaluation of the board of directors of the company cover the following five aspects:</p> <ol style="list-style-type: none"> 1. Degree of participation in the company's operations. 2. Improvement in the decision-making quality of the board. 3. Composition and structure of the board of directors. 4. Election and continuing study of directors. 5. Internal control. <p>(IV) The board of directors of the company regularly evaluates the independence and competency of the independent auditor every year, and the accounting unit of the company conducts the evaluation with reference to the proforma independence assessment items of the Certified Public Accountant Act and the Bulletin of Professional Standards No. 10. On March 26, 2021, the board meeting passed a resolution to assess the independence and competency of the independent auditor.</p> <p>Our independent auditor provides to the company its "Declaration of Transcendent Independence" every year. In addition, relevant regulations shall be complied with for the rotation of the independent auditors of the company.</p>	
IV. For a listed or OTC company, is it equipped with a competent and appropriate number of corporate governance personnel, and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors in complying with laws and regulations, managing related matters of the board meeting and shareholders' meeting in accordance with laws,	√		On March 26, 2021, the board meeting of the company approved the establishment of the position of Corporate Governance Director, which is concurrently taken by the Chief Financial Officer. He has more than three years of experience in the financial and stock affairs of public companies. He will complete professional training in accordance with the laws and regulations before the expiration of his term of office in 2022. The main responsibilities of the Corporate Governance Director are to supervise the stock affairs unit in the handling of the convening of board meetings and shareholders' meetings	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
taking minutes of the board meeting and shareholders' meeting, etc.)?			and the arrangement of the agenda, prepare the minutes and disclose the information, provide the information needed by the directors to carry out the business, assist the directors in legal compliance, and assist the directors in taking office and further study.	
V. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder area on the company's website, and properly responded to major corporate social responsibility issues of concern to stakeholders?	✓		The company has a spokesman and acting spokesmen who act as the communication channel with interested parties. There is a special contact area on the company's website for the exchange of views at any time.	No difference.
VI. Has the company appointed a professional agency to handle the affairs of the shareholders' meeting?	✓		The company has appointed a professional stock affairs agency, the stock Affairs Agency Department of Fubang Securities Co., Ltd., to handle the stock affairs of the company.	No difference.
VII. Information Disclosure (I) Has the company set up a website to disclose financial and corporate governance information? (II) Does the company adopt other ways of information disclosure (such as setting up an English website, appointing a dedicated person to be responsible for the collection and disclosure of the company's information, implementing the spokesperson system, and placing on the company's website the process of the seminar for institutional investors)? (III) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second and third quarter financial report and the operation of each month ahead of the required time limit?	✓ ✓	 ✓	(I) The company has set up a website to disclose various financial information and corporate governance related information. (II) The company has designated personnel to collect and disclose the company's information and strictly implements the spokesperson system. (III) As the company has a large number of subsidiaries, it is unable to announce and declare the annual financial report within two months after the end of the accounting year; however, the financial reports for the first, second and third quarters and the operation of each month are all announced and declared before the specified deadlines.	There is no difference between the first and second items, and the third item is completed before the specified deadline.
VIII. Does the company have other important	✓		(I) Employee rights and interests: The company has	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
information to help understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, the status of directors' and supervisors' further education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance policy for directors and supervisors, etc.)?			<p>formulated a number of employee welfare policies and management procedures, which comply with local laws and regulations on labor relations, labor conditions and social responsibility and protect a number of employee rights and interests.</p> <p>(II) Employee care: In order to expand the scope of employees' leisure activities, the company subsidizes employees' club activities and signs contracts with a number of leisure sports centers for employees to keep fit. In addition, the company regularly carries out staff health examinations and provides medical consultations to maintain the physical and mental health of employees, and continuously improves the working environment of employees to meet the needs of international norms. Therefore, all employees are able to complete the work agreed with the company according to their wishes, without physical or psychological coercion, and without discrimination on the basis of race, gender, age, religion or political orientation.</p> <p>(III) Investor relations: A stock affairs department and a spokesperson system are set up to handle stock affairs, shareholder suggestions and disputes.</p> <p>(IV) Supplier relations: The company has signed purchase contracts with suppliers and has always been able to maintain a good relationship with them.</p> <p>(V) Rights of interested parties: The company has a spokesperson system in place. Interested parties can communicate with the company through the company's website, telephone and fax. At the same time, the company's supervisors and audit department personnel can directly contact and talk with interested parties if they think it necessary.</p> <p>(VI) Directors' further study: All directors of the company have industrial and professional backgrounds and practical management</p>	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			<p>experience, and the company arranges directors to attend seminars on corporate governance from time to time. Please refer to page 276 of the annual report for details of directors' and supervisors' further studies.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The company focuses on its core business, complies with relevant laws and regulations to implement and promote various policies, and establishes various standard operation standards to reduce and avoid any possible risks. For details of the implementation of the company's risk management policies and risk measurement standards, please refer to page 271 of the annual report.</p> <p>(VIII) Implementation of customer policies: The company has operating bases at home and abroad and has business service offices to serve as channels to answer customer queries or provide services. The company can maintain good relations with customers and create profits for the company.</p> <p>(IX) Purchase of liability insurance for directors and supervisors: The company has purchased liability insurance for directors and supervisors.</p>	No difference.
<p>IX. Please explain the improvement of the corporate governance evaluation results according to the findings issued by the Corporate Governance Center of the Taiwan Stock Exchange for the latest year, and put forward the priorities and measures for those that have not been improved: The company has set up an audit committee on June 21, 2019 and a corporate governance supervisor on March 26, 2021 to strengthen corporate governance related matters.</p>				

(IV) Composition and operation status of the Compensation Committee:

1. Information of Compensation Committee members

Identity type (note 1)	Conditions	Has more than five years of work experience and the following professional qualifications or not			Compliance with the independence criteria (note 2)										Number of compensation committee member position concurrently held at other public offering companies	Remarks
		A lecturer or above of a public or private college or university in a relevant department of commerce, legal affairs, finance, accounting or disciplines required for the company's business.	Judge, prosecutor, lawyer, accountant or other type of professional and technical personnel who has passed the national examination and obtained the certificate required for the company's business.	Work experience in commerce, legal affairs, finance, accounting or disciplines required for the company's business.	1	2	3	4	5	6	7	8	9	10		
Independent Director	Wei-Lin Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None
Independent Director	Chen-Rong Chian	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	None
Independent Director	Ralph Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None

Note 1: Please fill in the identity as a director, independent director or other.

Note 2: For members who meet the following conditions two years before and during their term of office, please type "✓" in the space below each condition code.

- (1) The director is not an employee of the company or its affiliated enterprises.
- (2) Not a director or supervisor of the company or its affiliated enterprises. (except for concurrent independent directors of the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations) .
- (3) The director or supervisor, or his/her spouse or minor children or in another person's name, does not hold more than 1% of the total issued shares of the company or is not a top ten individual shareholder.
- (4) The director or supervisor is not a manager in (1) or the spouse, second-tier relative or third-tier relative of the persons listed in (2) or (3).
- (5) Not a director, supervisor or employee of a corporate shareholder which directly holds more than 5% of the total issued shares of the company, or a top five shareholder, or which appoints its representative as the company's director or supervisor in accordance with paragraph 1 or 2 of Article 27 of the Company Act (except for concurrent independent directors of the Company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).
- (6) Not a director, supervisor or employee of another company which has a seat on the board of directors, or more than half of its shares with voting rights are controlled by the same owner of this company (except for concurrent independent directors of the Company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).

- (7) Not a director, supervisor or employee of another company or institution who is the same person or spouse as the Chairman, President or an equivalent position of the Company (except for concurrent independent directors of the Company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).
- (8) Not a director, supervisor or manager of another company or institution which has financial or business dealings with the Company, or is a shareholder holding more than 5% of the shares of the Company (not applicable if the company or institution holds more than 20% but no more than 50% of the total issued shares of the Company, with concurrent independent directors of the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).
- (9) Not a professional, sole proprietor, partner, business owner or partner, or a director, supervisor, manager or the spouse of the above of a company or institution which provides audit services to the company or its affiliated enterprises, or the cumulative remuneration amount of which in the past two years exceeds NT\$500,000 for business, legal affairs, finance or accounting related services. However, this does not apply to the members of the Compensation Committee, public takeover review committee or special merger and acquisition committee who perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) There are no such circumstances as in Article 30 of the Company Act.

2. Information on the Operation of the Compensation Committee

- (1) There are three members on the Compensation Committee of the company.
- (2) Term of office of current members: from August 14, 2019 to June 20, 2022. In the last year, the Compensation Committee held 2 meetings (A), and the member qualification and attendance are as follows:

Job title	Name	Number of actual attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A) (note)	Remarks
Convener	Wei-Lin Wang	2	0	100	-
Members	Chen-Rong Chian	2	0	100	-
Members	Ralph Chen	2	0	100	-

Other items to be recorded:

I. Scope of responsibilities of the Compensation Committee:

- (I) Members of the Committee shall faithfully fulfill the following responsibilities with the attention of good managers, be responsible to the board of directors, and submit their suggestions to the board of directors for discussion:
 1. Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and compensation of directors, supervisors and managers.
 2. Regularly evaluate and determine the remuneration of directors, supervisors and managers.
- (II) The Committee shall fulfill the responsibilities above in accordance with the following principles:
 1. For the performance evaluation and remuneration of directors, supervisors and

managers, references shall be made to the general level of payment in the same industry. The reasonable association with personal performance, company performance and future risks shall be taken into consideration.

2. Directors and managers shall not be guided to engage in behaviors beyond the company's risk appetite in pursuit of compensation.
3. The proportion of short-term performance bonuses paid to directors and senior managers and the payment time of partial variable salaries shall be determined by considering the industry characteristics and the nature of the company's business.

(III) The salary and remuneration referred to in the preceding two paragraphs include cash remuneration, stock options, stock dividends, retirement benefits or severance payment, various allowances and other measures with substantial incentives.

- II. If the board meeting does not adopt or amends the recommendation of the Compensation Committee, state the date, period, content of the proposal, resolution results of the board meeting, and the Company's handling of the opinions of the Compensation Committee (if the compensation adopted by the board meeting is better than the proposal of the Compensation Committee, state the difference and reason): None.
- III. In case of any objection or reservation of any member to the resolution of the Compensation Committee with a record or written statement in place, please state the date, period, proposal content, opinions of all members and the handling of the opinions of the members: None.
- IV. The date, the number of the meeting session, the contents of the proposal and the resolution of the Compensation Committee meetings in the latest year, and the company's handling of the opinions of the Compensation Committee:

Compensation Committee	Proposal Contents	Resolution on the proposal contents	The company's handling of the opinions of the Compensation Committee
2nd session of the 2nd term March 31, 2020	1. Amendment to the "Measures for Remuneration of Directors and Managers." 2. Allocation of remuneration of employees, directors and supervisors of the company and its major subsidiaries for 2019	Approved by all the members present according to the proposal contents.	Submitted to the board meeting and approved by all the directors present.
3rd session of the 2nd term September 30, 2020	1. Remuneration distribution to directors and supervisors of the subsidiary Foxlink Image Technology Co., Ltd. 2. Remuneration distribution to managers and employees of the subsidiary Foxlink Image Technology Co., Ltd. 3. Proposal to review the relevant measures for the remuneration of the company's directors and managers.	Approved by all the members present according to the proposal contents.	Submitted to the board meeting and approved by all the directors present.

(V) Performance of social responsibility and differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
I. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality and formulate relevant risk management policies or strategies?	√		The company complies with relevant laws and regulations on environmental, social and corporate governance related issues in its implementation of corresponding measures and regularly reviews them.	No difference.
II. Has the company set up a full-time (part-time) unit to promote corporate social responsibility, which is managed by the senior management under the board of directors' authorization, and reports to the board of directors of the handling status?	√		The "Corporate Social Responsibility Manual" of the company clearly sets up the responsibility units to promote corporate social responsibility.	No difference.
III. Environmental Issues				
(I) Has the company established an appropriate environmental management system according to its industrial characteristics?	√		(I) The company has obtained the relevant system certification and strictly implemented it in daily work and life to fulfill the corporate responsibility of an earth citizen.	No difference.
(II) Is the company committed to improving resource utilization efficiency and using recycled materials with low impact on the environment?	√		(II) The company strictly implements the environmental protection policy and declares the treatment according to the Regulations on the Control of Industrial Waste by the Environmental Protection Agency. The waste is classified according to its nature, and the resources are recycled and reused. At the same time, the company promotes the Smoke Prevention Act and implements the policy of non-smoking in public places.	
(III) Does the company assess the potential risks	√		(III) In response to global warming and to	

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
<p>and opportunities of climate change for the enterprise now and in the future and take measures to deal with climate-related issues?</p> <p>(IV) Does the company prepare statistics of greenhouse gas emissions, water consumption and the total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?</p>	√		<p>effectively mitigate the impact of climate change, the company actively promotes the energy-saving strategy and responds to the reduction of the use of disposable tableware.</p> <p>(IV) The company implements energy saving and carbon reduction measures, including improvement of lighting equipment, use of electronic forms and documents, energy saving and resource and energy recycling, and will continue to promote the energy saving policy.</p>	
<p>IV. Social Issues</p> <p>(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?</p> <p>(II) Has the company established and implemented reasonable employee welfare measures (including compensation, vacation and other benefits) and properly reflected the operating performance or results in employee compensation?</p>	<p>√</p> <p>√</p>		<p>(I) The company formulates relevant rules and measures according to the Labor Standards Act and related labor laws and regulations for the management and employees to follow to protect the legitimate rights and interests of employees.</p> <p>(II) The company provides a wealth of employee welfare measures based on the corporate culture to meet the needs of employees. It handles various activities and subsidies through the Employee Welfare Committee. In addition, “increasing profits and revenue” and “reducing operating expenses” are the company’s overall goals to ensure that the operating performance of each department is achieved, and the establishment of real-time performance tracking, improvement and management mechanisms in order to reflect</p>	No difference.

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
(III) Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	√		<p>operating performance results in employee compensation.</p> <p>In addition, the Articles of Association of the company also stipulate the following: Article 26: If the company makes a profit during the year (the so-called profit refers to the profit before tax minus the distribution of employees' and directors' remuneration), no less than 6% of it shall be allocated as employees' remuneration and no more than 3 % as the directors' remuneration. However, when the company still has a cumulative loss, it shall reserve the compensation amount in advance.</p> <p>The employee remuneration mentioned in the preceding paragraph can be paid in stocks or cash. The payment objects include employees of controlling or affiliated companies who meet certain conditions. The board of directors is authorized to make a resolution on the conditions and distribution methods. Directors' remuneration can only be paid in cash.</p> <p>(III) The company provides employees with a safe and healthy working environment and regularly conducts safety and health training for employees. The content is as follows: 1. Access control security: The company has monitors or access control equipment for all external and internal access control to strictly control the access status, and has</p>	No difference.

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
			<p>a police team to patrol day and night; the company has also established the "Factory Access Management Measures" and "Building Access Control Management Measures..", etc. which clearly regulate the movement of personnel, vehicles, and articles entering and exiting the factory to maintain the safety of employees.</p> <p>2. Occupational safety and disaster prevention measures and response: (1) New employees must undergo labor safety and health training to increase their occupational safety awareness. According to the annual training plan, 10 new employee safety and health training sessions have been completed, with a total of 40 person-times. (2) The company has in place the "Occupational Health and Safety Management Procedures," "Emergency Response Procedures," "Accident Handling and Investigation Management Measures.." etc. which clearly regulate the timely handling and investigation of accidents occurred and existing, in order to minimize the degree of damage and prevent similar accidents from recurring after investigation and review of the causes and prevention methods. (3) Due to the company's good occupational safety and health control, there were no occupational injury cases</p>	

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
			<p>this year.</p> <p>3. Equipment maintenance: (1) In accordance with the provisions of the Fire Services Act, inspections of fire safety equipment and refuge facilities are carried out monthly, and 12 safety inspections and maintenance operations have been completed this year. (2) In accordance with the Occupational Safety and Health Management Measures, regular maintenance and inspection of various equipment in the working environment have been completed, and environmental testing has been completed twice this year; the results of the environmental testing are in compliance with the requirements of the regulations. (3) An annual inspection on electrical equipment and circuit inspections has been completed, and the results are all in compliance with relevant national safety regulations. The electrical equipment has fusible insurance and leakage protection, the insulation performance is good, and there are reliable grounding or zero-connection protection measures.</p> <p>4. Health and hygiene: (1) New recruits are required to undergo a physical examination before taking up their jobs, while the company assists incumbents in arranging health examinations every two</p>	

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
			<p>years, and the frequency is superior to that in the regulations. The labor physics and health examination results are analyzed and evaluated by professionals. (2) The company regularly organizes health and hygiene lectures to improve the employees' relevant health knowledge and health care. (3) The company implements plans and activities to prevent human hazards and labor overload, protect maternal health, and prevent illegal infringements. (4) The company has a mother-friendly working environment and has a nursing room available. (5) To prevent workplace violence and sexual harassment, the company has formulated the "Sexual Harassment Prevention and Management Measures," which provides and establishes complaint channels and punishment measures. (6) The company appoints medical (nursing) personnel to provide on-site services for labor health services. (7) The company regularly conducts environmental disinfection in the factory. Professionals maintain the environmental cleaning, and deep cleaning is regularly arranged to ensure a healthy working environment. 6 environmental disinfection and cleaning sessions have been completed this year.</p> <p>5. Insurance: The company provides</p>	

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
<p>(IV) Has the company established an effective career development training program for its employees?</p> <p>(V) Does the company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?</p> <p>(VI) Does the company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>employee group insurance, which covers term life insurance, critical illness insurance, accident insurance, accidental medical insurance as well as hospitalization, cancer medical insurance and preferential family insurance.</p> <p>(IV) The company organizes training for employees from time to time every year.</p> <p>(V) The marketing and labeling of the company's products and services are handled in accordance with relevant laws and international standards. The company also has dedicated personnel and an e-mail box to deal with issues related to company complaints and deal with consumer complaints immediately.</p> <p>(VI) The company attaches great importance to environmental and social protection, so before dealing with suppliers, it will consider whether the suppliers have followed relevant regulations in the past on environmental protection, occupational safety and health, or labor human rights.</p>	
V. Does the company prepare the corporate social responsibility report and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification unit?		✓	The company currently has not met the criteria of relevant laws and regulations to prepare the corporate social responsibility report, so the report is not yet prepared.	In the future, the company will make an assessment based on actual needs.

Evaluation items	Operation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
VI. If the company has its own corporate social responsibility best practice principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies,” please state the implementation status and the differences: No difference. In accordance with the requirements of relevant regulations and standards, the company has formulated the “Corporate Social Responsibility Handbook” and formulated appropriate management plans to ensure that the goals are achieved.				
VII. Any other important information that may help to understand the operation of corporate social responsibility: The company and the companies of the group make donations to related charity organizations in Taiwan and mainland China every year, and hold living material raising activities and second-hand book raising activities, donate second-hand clothes, second-hand shoes and daily necessities to children in remote areas, and care for disadvantaged groups at the end of the year and donate money to help them tide over the cold winter. The company also organizes visits to social welfare organizations and volunteer activities from time to time and holds employee blood donation activities to make a contribution to society.				

(VI) Performance of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:

Evaluation items	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
<p>I. Establishment of ethical corporate management policy and plans</p> <p>(I) Does the company have an ethical corporate management policy approved by the board of directors, and clearly state the ethical corporate management policy and practice in the internal regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the corporate management policy?</p> <p>(II) Has the company established an evaluation mechanism for the risk of unethical behavior, regularly analyzed and evaluated the business activities with high unethical behavior risk within the business scope, and formulated a plan to prevent unethical behavior accordingly, which at least covers the preventive measures for the behaviors in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(III) Does the company stipulate the operating procedures, behavior guidelines, and disciplinary and grievance systems in its unethical behavior prevention plan and implement them, and regularly review and revise the plan?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(I) The company has established the “Ethical Corporate Management Best Practice Principles”; the audit unit is responsible for formulating and supervising the ethical corporate management policy and prevention plan and regularly reports to the board meeting.</p> <p>(II) In order to ensure the implementation of ethical corporate management, all employees of the companies of the group have signed the “Integrity Commitment Letter” to prevent through the inspection mechanism of the internal audit unit the occurrence of unethical business activities and bribery giving and taking, and regular reviews are conducted.</p> <p>(III) During the regular inspection, the internal audit unit also includes in its inspection whether there is any unethical behavior internally. Employees with unethical behaviors will be punished in accordance with the “Employee Reward and Punishment Measures” based on the circumstances and impact.</p>	No difference.
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the company assess its counterparties’ ethical</p>	√		(I) The company and its suppliers have signed	The company is in compliance with the

Evaluation items	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
<p>corporate management records and specify the ethical corporate management terms in the contracts it enters into with them?</p> <p>(II) Has the company set up a dedicated unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?</p> <p>(III) Does the company have a conflict of interest prevention policy to provide appropriate channels for explanation and implement it?</p> <p>(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the status of unethical behavior prevention</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>the “Manufacturer’s Integrity Commitment.” When signing the contract, the rights and obligations of both parties are specified in detail, and all suppliers are required to abide by them.</p> <p>(II) The company’s audit unit is responsible for the formulation and supervision of the implementation of ethical corporate management policies and prevention plans. As of the announcement date of the annual report, the company has not yet reported the implementation status to the board meeting but will in the future arrange to regularly report the company’s ethical corporate management implementation status to the board meeting.</p> <p>(III) The company’s employees have signed the “Employee Integrity Commitment Letter,” and complaint channels are available. For any violations and petitions, employees can report to their direct supervisors, Human Resources or the audit unit.</p> <p>(IV) The company has established an effective accounting system and internal control system, and formulates an internal audit plan every year. According to the audit plan, the internal audit unit implements various audit operations; in case of special circumstances, special inspections will be arranged</p>	<p>second item, and there is no difference from the rest.</p>

Evaluation items	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary description	
<p>accordingly, or entrusted an independent auditor to carry out the audit?</p> <p>(V) Does the company regularly conduct internal and external ethical corporate management?</p>			<p>separately.</p> <p>(V) The company occasionally promotes its ethical corporate management philosophy at internal meetings.</p>	
<p>III. Operation of the company's accusation system</p> <p>(I) Does the company have a specific accusation and reward system, establish a convenient accusation channel, and assign appropriate personnel to the accused person?</p> <p>(II) Has the company established the standard operating procedures for the investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism?</p> <p>(III) Does the company take measures to protect the accuser from improper treatment due to the accusation?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The company has a dedicated line and mailbox for appeals and has dedicated personnel to handle related affairs.</p> <p>(II) The company has established operating procedures and related confidentiality mechanisms for accepting accusation matters.</p> <p>(III) The company protects the identity of the accuser and avoids improper handling and threats to him/her due to the accusation.</p>	No difference.
<p>IV. Enhancement of information disclosure</p> <p>Does the company disclose the content and promotion effect of its ethical corporate management best practice principles on its website and MOPS?</p>	✓		The company has set up a website and will gradually enrich the effectiveness of ethical corporate management related promotion in the future.	No difference.
<p>V. If the company has its own ethical corporate management best practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please state the differences between its operation and the principles.</p>				
<p>VI. Other important information helpful to understand the company's ethical corporate management operation: (such as the company's review and amendment of the ethical corporate management best practice principles)</p> <p>The company has formulated relevant prevention plans to prevent unethical behaviors from occurring. The prevention plans formulated shall comply with the relevant laws and regulations of where the company and the group companies and organizations operate.</p>				

- (VII) Disclose the inquiry method if the company has formulated the code of corporate governance and relevant rules and regulations: Please visit the Market Observation Post System or the company's official website.
- (VIII) Other important information which may improve the understanding of the operation of the company's corporate governance: None.
- (IX) Status of internal control system implementation:
1. Internal Control System Statement

FIT Holding Co., Ltd.
Internal Control System Statement

Date: March 26, 2021

Based on the results of the self-assessment of the company's internal control system in 2020, the company hereby states the following:

- I. The company acknowledges that it is the responsibility of the board of directors and the managers of the company to establish, implement and maintain the internal control system, which has already been established by the company. Its purpose is to provide reasonable assurance in achieving the objectives of operation effectiveness and efficiency (including profitability, performance and asset safety), in order to assure reliability, timeliness and transparency of reports, and compliance with relevant norms and regulations.
- II. The internal control system has its inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and situation, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once a shortcoming is identified, the company will immediately take corrective action.
- III. The company judges the effectiveness of the design and implementation of the internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the Regulations). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Regulations" for these items.
- IV. The company has adopted the aforesaid internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.
- V. Based on the assessment results, it is believed that the company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2020, including the understanding of the operational effectiveness and the extent to which the efficiency objectives have been achieved, the reliability, timeliness and transparency of the report, and the design and implementation of the internal control

system on the compliance with relevant norms, laws and regulations are effective and can reasonably assure the achievement of the objectives above.

- VI. This Statement will be the company's annual report and prospectus' main content and will be made public. If the above-mentioned contents are false or concealing, the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall be involved.
- VII. This Statement has been approved by the board meeting of the company on March 26, 2021. Of the nine directors present, there was no objection, and the rest agreed with the contents of this Statement.

FIT Holding Co., Ltd.

Chairman: T.C. Gou Signature and seal

President: T.C. Gou Signature and seal

2. If an independent auditor is entrusted with auditing the internal control system, the independent auditor's report shall be disclosed: None.
- (X) During the most recent year and up to the date of printing of the annual report, the punishment of the company and its insiders in accordance with the law, the company's punishment on its insiders for violating the provisions of the internal control system, and the major deficiencies and improvement: None.
- (XI) Important resolutions of shareholders' meetings and board meetings in the most recent year and as of the date of printing of the annual report:
1. Important resolutions of board meetings

Date	Important resolutions
June 24, 2020	<ol style="list-style-type: none"> 1. Approved the company's abandonment of subscription to the shares from the 2020 cash capital increase of the subsidiary Shinfox Energy Co., Ltd. (formerly Hsingwei Co., Ltd., Shinfox Energy Co., Ltd. hereinafter), which is indirectly held by the company, due to its future plan of listing on the TWSE (TPEX), and the plan to have all shareholders of the company participate in the subscription. 2. Approved the company's intended loan extension to Glorytek (Yancheng) Co., Ltd. and Glory Optics (Yancheng) Co., Ltd. 3. Approved the endorsement and guarantee for the subsidiary Power Quotient International Co., Ltd. 4. Approved the cancellation of the quota restriction on the endorsement and guarantee for the subsidiary Glory Science Co., Ltd.
August 13, 2020	<ol style="list-style-type: none"> 1. Approved the company's consolidated financial report for the second quarter of 2020. 2. Approved the intended endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 3. Approved the contract signing with financial institutions for credit lines.
September 30, 2020	<ol style="list-style-type: none"> 1. Approved the remuneration distribution to directors and supervisors of the subsidiary Foxlink Image Technology Co., Ltd. 2. Approved the remuneration distribution to managers and employees of the subsidiary Foxlink Image Technology Co., Ltd. 3. Approved the disposal of the equities of Changyuan Wind Power Ltd. and Beiyuan Wind Power Ltd. by the subsidiary Foxwell Energy Corporation Ltd.
November 11, 2020	<ol style="list-style-type: none"> 1. Approved the company's 2021 internal audit plan. 2. Approved the company's "Internal Control System." 3. Approved the endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 4. Approved the company's intended disposal of the equity of Shih Fong Power Co., Ltd. 5. Approved the reduction of the company's shareholding ratio of Jiangsu Foxlink New Energy Technology Co., Ltd. by more than 10%.
January 21, 2021	<ol style="list-style-type: none"> 1. Approved the company's intended loan extension to the subsidiary Foxwell Energy Corporation Ltd.
March 26, 2021	<ol style="list-style-type: none"> 1. Approved the company's 2021 business plan. 2. Approved the company's 2020 financial statements and business report. 3. Approved the company's 2020 earnings distribution plan. 4. Approved the company's cash distribution from capital reserve. 5. Approved the company's and its important subsidiaries' allocation of remuneration of employees, directors and supervisors. 6. Approved the company's subscription to the new shares from cash capital increase by the subsidiary Power Quotient International Co., Ltd. 7. Approved the setup of the corporate governance director position. 8. Approved the performance evaluation results of the company's board of directors. 9. Approved the independence and competency assessment report on the independent auditor. 10. Approved the 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement." 11. Approved the company's "Measures for Director Election." 12. Approved the company's "Measures for the Performance Evaluation of the Board of Directors."

Date	Important resolutions
	13. Approved the contract signing with financial institutions for credit lines. 14. Approved the discussion on the convening of the company's 2021 general shareholders' meeting and its proposals
May 14, 2021	1. The Company's intended endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 2. Formulation of the company's "Corporate Governance Best Practice Principles". 3. Revision of the company's "Rules of Procedure of the Board Meeting".

2. Review of important resolutions of the shareholders' meeting and their implementation:

Meeting date	Important resolutions	Implementation status
June 24, 2020	(1) Approved the company's financial statements for 2019. (2) Approved the company's earnings distribution and loss compensation for 2019. (3) Approved the company's "Procedures of Loan extension to Others." (4) Approved the company's "Procedure of Endorsement and Guarantee."	The "Procedures of Loan extension to Others" and the "Procedure of Endorsement and Guarantee" have been announced on the company's website and the revised procedures shall prevail.

(XII) In the most recent year and as of the date of printing the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board of directors' meeting with recorded or written statements in place, the main contents are: None.

(XII) Summary of resignations and dismissals of relevant persons of the company (including Chairman, President, accounting director, financial director, internal audit director, corporate governance director and R&D director, etc.) in the most recent year and as of the date of printing of the annual report: None.

V. Independent Auditor Fee Information

Tiers of public accountant fees

Name of accounting firm	Name of independent auditor		Audit period	Remarks
PwC Taiwan	Yi-Chang Liang	Se-Kai Lin	January 1 2020 ~ December 31, 2020	-

Unit: NT\$ thousand

Fee item		Audit fee	Non-audit fee	Total
Amount tier				
1	Below NT\$2000		✓	
2	NT\$2,000 (inclusive) ~ NT\$4,000	✓		
3	NT\$4,000 (inclusive) ~ NT\$6,000			
4	NT\$6,000 (inclusive) ~ NT\$8,000			
5	NT\$8,000 (inclusive) ~ NT\$10,000			
6	Above NT\$10,000 (inclusive)			

(1) If the non-audit fee is paid to the independent auditor, the firm to which the independent auditor belongs and its affiliated enterprises account for more than a quarter of the audit

fee, disclose the audit and non-audit fees and the non-audit service content: None.

Public accountant fee information

Unit: NT\$ thousand

Name of accounting firm	Name of independent auditor	Audit fee	Non-audit fee					Audit period	Remarks
			System design	Business registration	Human resources	Others	Subtotal		
PwC Taiwan	Yi-Chang Liang Se-Kai Lin	2,100	-	-	-	300	300	January 1, 2020 ~ December 31, 2020	

Note: Other non-audit fees include financial report translation and consultation service fees.

(II) If the accounting firm is changed and the audit fee paid in the year of change is less than that in the year before the change, disclose the amount reduced, percentage and reason: None.

(III) If the audit fee is reduced by more than 15% compared with the previous year, disclose the amount reduced, percentage and reason: None.

VI. Change of Independent Auditor: None.

VII. Whether the chairman, president, or manager in charge of financial or accounting affairs of the company has worked in the firm of the independent auditor or its affiliated enterprises in the past year: None.

VIII. Equity transfer and equity pledge by directors, supervisors, managers, and shareholders with a shareholding ratio of more than 10%:

(I) Changes in shareholdings of directors, supervisors, managers and major shareholders

Unit: share

Job title	Name	2020		2021 as of April 24	
		Increase (decrease) of shares held	Increase (decrease) of pledged shares	Increase (decrease) of shares held	Increase (decrease) of pledged shares
Director and major shareholder	Foxlink International Investment Ltd.	0	0	0	0
Chairman and President	Corporate representative: T.C. Gou	0	0	0	0
Director and finance and accounting supervisor	Corporate representative: Kufn Lin	0	0	0	0
Director	Corporate representative: Jeffery Cheng	0	0	0	0
Director and major shareholder	Fu Uei International Investment Ltd.	0	0	0	0
Director	Corporate representative: Hwee Kian Lim	0	0	0	0
Director	Corporate representative: Semi Wang	0	0	0	0
Director	Corporate representative: Wilson Hu	0	0	0	0
Independent Director	Ralph Chen	0	0	0	0
Independent Director	Chen-Rong Chian	0	0	0	0
Independent Director	Wei-Lin Wang	0	0	0	0

(II) The counterparty of share transfer or share pledge is a related party: No such situation.

IX. Information on the relationship among the top ten shareholders in terms of shareholding ratio who are related persons, spouses or second-tier relatives:

Name	The shareholder's own shareholding		Shareholdings of spouse and minor children		Shareholdings in the names of others		Names and relationships of the top ten shareholders who are related persons, spouses or second-tier relatives		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Foxlink International Investment Ltd. Representative: T.C. Gou	58,303,464	23.68%	0	0%	0	0%	Hsin Hung International Investment Co., Ltd.	Concurrently serving as the Chairman.	
	0	0%	0	0%	0	0%	Fulian International Investment Co., Ltd. Taifu International Investment	The Chairman is the spouse. The Chairman is a second-tier relative.	
Zhi De Investment Co., Ltd. Representative: Vivien Liu	21,055,687	8.55%	0	0%	0	0%	Taiwan Foxlink Investment Co., Ltd.	Concurrently serving as the Chairman.	
	0	0%	0	0%	0	0%			
Fu Uei International Investment Ltd. Representative: Kufn Lin	14,690,257	5.97%	0	0%	0	0%	Cheng-Fa Investment Co., Ltd.	Concurrently serving as the Chairman.	
	6,310	0%	0	0%	0	0%			
Fulian International Investment Co., Ltd. Representative: Yu-Chen Luo	4,197,772	1.71%	0	0%	0	0%	Foxlink International Investment Ltd.	The Chairman is the spouse.	
	0	0%	0	0%	0	0%	Hsin Hung International Investment Co., Ltd. Taifu International Investment	The Chairman is the spouse The Chairman is a second-tier relative.	
Hsin Hung International Investment Co., Ltd. Representative: T.C. Gou	3,738,329	1.52%	0	0%	0	0%	Foxlink International Investment Ltd.	Concurrently serving as the Chairman.	
	0	0%	0	0%	0	0%	Fulian International Investment Co., Ltd. Taifu International	The Chairman is the spouse. The Chairman is	

Name	The shareholder's own shareholding		Shareholdings of spouse and minor children		Shareholdings in the names of others		Names and relationships of the top ten shareholders who are related persons, spouses or second-tier relatives		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
							Investmen	a second-tier relative.	
Taiwan Foxlink Investment Co., Ltd. Representative: Vivien Liu	2,771,276	1.13%	0	0%	0	0%	Zhi De Investment Co., Ltd.	Concurrently serving as the Chairman.	
	5,248	0%	0	0%	0	0%			
Yi-Ching Chuang	2,527,000	1.03%	0	0%	0	0%	-	-	
Cheng-Fa Investment Co., Ltd. Representative: Kufn Lin	1,766,000	0.72 %	0	0%	0	0%	Fu Uei International Investment Ltd.	Concurrently serving as the Chairman.	
	6,310	0%	0	0%	0	0%			
Taifu International Investment Representative: Freddy Kuo	1,749,836	0.71 %	0	0%	0	0%	Foxlink International Investment Ltd. Fulian International Investment Co., Ltd. Hsin Hung International Investment Co., Ltd.	The Chairman is a second-tier relative.	
	0	0%	0	0%	0	0%			
Hong-Yang Venture Capital Co., Ltd. Representative: De-Tsai Huang	1,638,842	0.67%	0	0%	0	0%	-	-	
	0	0%	0	0%	0	0%			

- X. The number of shares held by the company, its directors, supervisors, managers, and the company's indirectly controlled enterprises in the same reinvested enterprise, and the consolidated shareholding ratio:

Reinvested enterprises	Investment of the company		Investment by directors, supervisors, managers and enterprises directly or indirectly controlled by the company		Total number of investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Glory Science Co., Ltd.	95,970,371	100%	0	0%	95,970,371	100%
Foxlink Image Technology Co., Ltd.	164,993,974	100%	0	0%	164,993,974	100%
Power Quotient International Co., Ltd.	324,690,529	100%	0	0%	324,690,529	100%
Shih Fong Power Co., Ltd.	37,500,000	16.30%	79,800,000	34.70%	117,300,000	51%

IV. Fund Raising Status

I. Capital and Shares

(I) Source of capital

1. Source of capital

April 30, 2021 Unit: 1000 shares; NT\$ thousand

Month/ year	Issue price (NT\$)	Approved share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Share capital paid with assets other than cash	Reference number of approval
October 2018	10	300,000	3,000,000	246,242	2,462,421	Initial investment NT\$2,462,421 thousand	None	October 1, 2018 ref. Jing-Shou-Shang No. 10701125670

2. Types of shares issued

April 24, 2021 Unit: share

Share type	Approved share capital				Remarks
	Outstanding shares (note)	Unissued shares	Reserved shares for the issuance of employee stock options	Total	
Ordinary shares	246,242,146	23,757,854	30,000,000	300,000,000	

Note: Listed shares.

3. Information related to the blanket declaration system: Not applicable.

(II) Shareholder structure

April 24, 2021 Unit: shares1000

Shareholder structure Quantity	Government agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
Total number	0	1	54	55	32,723	32,833
Number of shares held	0	86	114,538,789	3,803,837	127,899,434	246,242,146
Shareholding ratio	0.00%	0.00%	46.52%	1.54%	51.94%	100.00%

(III) The situation of diversification of equity

1. Diversified holdings of ordinary shares

April 24, 2021 Unit: share

Shareholding level	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	14,432	3,926,155	1.59%
1,000 to 5,000	14,098	29,233,974	11.87%
5,001 to 10,000	2,216	16,916,307	6.87%
10,001 to 15,000	687	8,714,143	3.54%
15,001 to 20,000	459	8,365,981	3.40%
20,001 to 30,000	354	9,020,310	3.66%
30,001 to 40,000	137	4,892,597	1.99%
40,001 to 50,000	108	4,946,621	2.01%
50,001 to 100,000	194	13,746,755	5.58%
100,001 to 200,000	80	11,263,870	4.57%
200,001 to 400,000	40	10,556,512	4.29%
400,001 to 600,000	12	5,758,458	2.34%
600,001 to 800,000	2	1,370,000	0.56%
800,001 to 1,000,000	1	924,000	0.38%
1,000,001 or more	13	116,606,463	47.35%
Total	32,833	246,242,146	100.00%

2. Diversified holdings of preferred shares: The company has not issued preferred shares.

(IV) List of major shareholders

April 24, 2021 Unit: share

Shares Name of major shareholder	Number of shares held	Shareholding ratio
Foxlink International Investment Ltd.	58,303,464	23.68%
Zhi De Investment Co., Ltd.	21,055,687	8.55%
Fu Uei International Investment Ltd.	14,690,257	5.97%
Fulian International Investment Co., Ltd.	4,197,772	1.71%
Hsin Hung International Investment Co., Ltd.	3,738,329	1.52%
Taiwan Foxlink Investment Co., Ltd.	2,771,276	1.13%
Yi-Ching Chuang	2,527,000	1.03%
Cheng-Fa Investment Co., Ltd.	1,766,000	0.72%
Taifu International Investment	1,749,836	0.71%
Hong-Yang Venture Capital Co., Ltd.	1,638,842	0.67%

(V) Stock market prices, net values, earnings, dividends and related information for the last two years

Item \ Year		2019	2020	2021 as of March 31, 2021
Market price per share (NT\$)	Highest	27.7	51.7	32.9
	Lowest	18.3	9.09	24.7
	Average	21.66	27.71	29.04
Net value per share (NT\$)	Before distribution	27.88	33.21	36.02
	After distribution	27.88	33.21	36.02
Earnings per share	Weighted average number of shares (thousand shares)		246,242	246,242
	Earnings per share (NT\$)	Before retrospective adjustment	(0.77)	0.34
		After retrospective adjustment	(0.77)	0.34
Dividend per share (NT\$)	Cash dividend		0	1
	Free share allotment	Share allotment from earnings	None	None
		Share allotment from capital reserve	None	None
	Accumulated unpaid dividends		None	None
Return on investment analysis	P/E ratio		(28.13)	81.50
	Price-dividend ratio		Not applicable	27.71
	Cash dividend yield		Not applicable	3.61%

(VI) Company dividend policy and implementation status

1. Dividend policy:
The company's dividend policy is to distribute the company's distributable earnings up to 90% to shareholders in the form of dividends. According to the future capital expenditure budget and capital demand situation, the cash dividend of the company's dividends will not be less than 20%.
2. Dividend distribution proposal at the shareholders' meeting:
The company will allocate NT\$73,872,644 as shareholders' cash dividend from the distributable earnings of 2020, at NT\$0.3 per share, and a capital reserve of NT\$172,369,503 in excess of the par value of shares issued will be distributed in cash at NT\$0.7 per share. The board meeting has approved this proposal, and the chairman is authorized to set the ex-dividend date, payment date and other related matters.

- (7) Impact of the free share allotment proposed by the shareholders' meeting on the company's operating performance and earnings per share

Item		Year	2021
Paid-in capital at the beginning of the period			2,462,421
Dividend distribution this year	Cash dividend per share		NT\$1 per share
	Number of allotment shares per share due to transfer of earnings to capital increase		None
	Number of allotment shares per share due to transfer of capital reserve to capital increase		None
Changes in business performance	Business interest		The company did not prepare 2021 financial forecasts, so it is not applicable.
	Increase (decrease) ratio of operating profit over the same period last year		
	Net profit after tax		
	Rate of increase (decrease) in net profit after tax over the same period last year		
	Earnings per share (NT\$) (before retrospective adjustment)		
	Increase (decrease) ratio of earnings per share over the same period last year		
	Annual average return on investment (the reciprocal of the annual average P/E ratio)		
Proforma earnings per share and P/E ratio	If the earnings transferred to capital increase are all distributed in cash dividend	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment	
	If no capital reserve is transferred to capital increase	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment	
	If no capital reserve is processed and the earnings transferred to capital increase are to be distributed in cash dividend	Proforma earnings per share (NT\$)	
		Proforma annual average return on investment	

Note: The 2020 earnings distribution plan was approved by the board meeting.

(VIII) Remuneration of employees, directors and supervisors

- The amount or range of the remuneration of employees, directors and supervisors as stated in the company's articles of association:
If the company makes a profit during the year (the so-called profit refers to the profit before tax minus the distribution of remuneration of employees, directors and

supervisors), no less than 6% of it shall be allocated as employees' remuneration and no more than 3 % as the directors' remuneration. However, when the company still has a cumulative loss, it shall reserve the compensation amount in advance.

The employee remuneration mentioned in the preceding paragraph can be paid in stocks or cash. The payment objects include employees of controlling or affiliated companies who meet certain conditions. The board of directors is authorized to make a resolution on the conditions and distribution methods. Directors' remuneration can only be paid in cash.

2. The basis for the estimated amount of remuneration for employees, directors and supervisors in the current period, the calculation basis for the number of shares of employees' remuneration distributed in stock, and the accounting treatment if the actual distribution amount is different from the estimated amount:

The basis for the estimated amount of remuneration for employees, directors and supervisors is that If the company makes a profit during the year (the so-called profit refers to the profit before tax minus the distribution of remuneration of employees, directors and supervisors), no less than 6% of it shall be allocated as employees' remuneration and no more than 3 % as the directors' remuneration. However, when the company still has a cumulative loss, it shall reserve the compensation amount in advance. If the shareholders' meeting decides to pay shares as employee dividends, the number of stock dividends is determined by dividing the amount of the resolved remuneration by the fair value of the stock. The fair value of the stock is calculated based on the closing price on the day before the resolution of the shareholders' meeting of the following year while taking into consideration the effect of ex-stock or ex-cash dividend. However, if there is a discrepancy between the actual distribution amount by the resolution of the shareholders' meeting and the estimated amount, it will be listed as the income in the following year.

3. Remuneration distribution approved by the board meeting:
 - (1) Cash distribution of NT\$5,600,000 for employees' remuneration and NT\$1,200,000 for directors' and supervisors' remuneration.
 - (2) The amount of employees' remuneration distributed in stock and its proportion of the total net profit after tax and total employees' remuneration in the individual financial report for the current period: Not applicable.
4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price); if there are differences between the recognized remuneration of employees, directors and supervisors, state the differences, reasons and handling:
Not applicable.

(IX) The company's buyback of its shares: None.

II. Handling of corporate bonds: None.

III. Handling of preferred shares: None.

IV. Handling of overseas depositary receipts: None.

V. Handling of employee stock option certificates

- (I) Processing of the company's unexpired employee stock options and its impact on shareholders' equity: None.
- (II) As of the publication date of the annual report, the names, acquisition and subscription status of the managers who obtained employee stock option certificates and the top ten employees who obtained employee stock options certificates that can be converted into the largest number of shares: None.

(III) Handling of new shares with restricted employee rights: None.

(IV) As of the publication date of the annual report, the names, acquisition and subscription status of the managers who obtained new shares with restricted employee rights, and the top ten employees who obtained employee stock options certificates that can be converted into the largest number of shares: None.

VI. Handling of M&A or receiving shares of other companies for issuing new shares: None.

VII. Implementation status of fund utilization plan: None.

V. Operation Overview

I. Business Content

(I) Business Scope

1. The main content of the company's business

The main business of the Group is the production, manufacturing and trading of optical instrument components, computer peripheral components, 3C products, image scanners and multi-function printers, power plant investment and development, and clean energy services.

2. Business Proportions

The business proportions of the various products of the company in 2020 are as follows:

Product	Business turnover (NT\$ thousand)	Proportion
System and peripheral products	4,428,378	62.78%
3C retail and peripheral products	1,618,361	22.94%
3C components	484,943	6.88%
Others	521,496	7.40%
Total	7,053,361	100.00%

Note: The business turnover above is the revenue as in the consolidated financial report.

3. The company's current products (services)

Main product categories	Important application or function
3C Components: Optical and optical communication components	Mainly used in smartphones, tablet computers, wearable 3D game consoles, and connectors for NB and optical fiber network products.
3C retail and peripheral products: Apple products and mobile peripheral products	iPhone, iPad, iMac, MacBook, iPod, iStorage, iReader; transmission line, wireless/wired charger, mobile power, hub, fingerprint disc, storage device, protective case, wireless car charger, forehead temperature gun, smart home IoT, etc.
System and peripheral products	Various wired and wireless cloud image scanners, image recognition devices and automatic paper feed scanning modules
Other: Power plant investment and energy services Others	Power plant investment and development and clean energy services Mainly income from mold components and processing.

4. New products planned to be developed:

3C Components:

- (1) Various application lenses for mobile phone products
- (2) Lenses for portable devices
- (3) Biometric and AI sensor lenses

3C retail and peripheral products:

- (1) Fingerprint flash drives and external hard drives
- (2) Wireless chargers/power banks
- (3) iPhone/Android smartphones/PC three-interface OTG UFD/card readers
- (4) Mobile peripheral products
- (5) Smart home vehicles
- (6) High-wattage fast chargers and transmission lines
- (7) High output power banks
- (8) Electric bicycles
- (9) Forehead temperature guns

System and peripheral products:

- (1) High-end 100/55 PPM A3 size double-sided automatic document feeder modules
- (2) High-end 120/80/60 PPM A4 size double-sided automatic document feeder modules
- (3) Intermediate 60/40/35 PPM A4 size dual-head scanners
- (4) Intermediate 50/40/30/25 PPM automatic paper feed + flatbed scanners
- (5) AOI industrial automatic optical inspection equipment

Energy Service Management:

- (1) Expand the development of other electric energy fields
- (2) Enter the renewable energy market
- (3) Power plant engineering contracting business
- (4) Overcome the technical challenges of intermittent power supply from renewable energy sources

(II) Industry overview

1. Industry Status and Development

3C Components:

(1) Optical Components

Optical lenses can be divided into glass lenses and plastic lenses due to different materials. The first optical lenses developed are made of glass. The advantages are good weather resistance, high hardness and good light transmittance, so they are suitable for high-end large-aperture optics. Due to the high technical threshold of molding and spherical glass, the high cost of equipment investment, and the low yield rate, only Japanese optical manufacturers can put them into mass production for the production of lenses. In comparison, plastic lenses have poor weather resistance, hardness and light transmittance compared with glass lenses. Still, due to the advantages of lightweight, easy mass production and low cost, they are conducive to the development of 3C consumer electronics products that are light, thin and short, so their demand has far exceeded that of glass lenses.

With the technological breakthrough of aspherical plastic lenses and the rise of camera phones, camera phones have become the fastest-growing product in the plastic lens industry and developed from the initial models equipped with a 300,000-pixel VGA lens to gradually 1.3 million and 2 million pixels. In addition, due to the launch of 3G mobile service communications, the market penetration rate of camera phones exceeded 70% in 2007. By the end of 2007, the world's top five mobile phone brands launched mobile phones with built-in 5 million pixel lenses. With the continuous improvement of pixel numbers, the penetration rate of

camera phones in 2008 exceeded 80%. After Apple's iPhone 4 led the mobile phone into the 5 million pixel generation in 2010, in 2011, mobile phone brands including HTC, Samsung Electronics, LG Electronics and Sharp successively launched mobile phones equipped with 8 million pixel lenses. In 2013, smartphones with 13 million pixel lenses were launched. At present, mobile phone lens modules are developing towards enhanced photosensitive performance, such as photosensitive design and new functions such as OIS based on MEMS technology, autofocus, optical zoom, etc., in order to take into account the quality of photographs and the lightness of the mobile phone. In 2020, mobile phone lenses will develop towards a higher level of 48 million pixels or more. In order to make the camera more powerful, a dual-lens design is developed. Due to the security needs of mobile phones, 3D time-of-flight (ToF) lenses are also being developed.

Taiwan's lens industry tends to focus on 3C products. For glass lenses, Taiwanese manufacturers are still important suppliers of Japanese products (such as digital cameras) of Japanese manufacturers. In terms of plastic lenses, VGA lenses are used in notebook computers and low-end mobile phones, and with technological breakthroughs in high-end and high-pixel lenses, they are also used in high-end smartphones and tablets.

(2) Optical Communication Components

The function of the optical fiber connector is to provide a port to the standard fiber optic terminal for active insertion and removal operations; in high-end products, an aspheric optical lens needs to be built in the precision optical fiber connector to guide the light through the lens to improve the light source to the fiber, and the efficiency of light energy usage from the fiber to the photodetector.

The company has developed its own precision optical connector molding technology, which can control the diameter deviation of the optical fiber plug-in port to within 3 micro-meters. The surface shape of the built-in aspheric optical lens can meet the precision demand of high-speed optical communication. The company has become one of the few manufacturers in the world that can mass-produce it commercially.

With the rapid economic development, the demand for communication capacity and bandwidth continues to increase. The development of fiber to the home (FTTH) and fiber to the building is becoming faster. Indoor optical cables, optical communication connectors and optical transceiver modules are required for the integrated wiring system of smart buildings and the internal and external connections of communication equipment; therefore, the demand for indoor optical cables and active and passive components of optical communication is becoming more urgent.

At present, the so-called "cloud" refers to the "network" in general, and "cloud computing" represents the use of the network to enable computers to cooperate with each other or to make services more far-reaching, and emphasizes the use of the network to obtain remote computing resources when local resources are limited. "Cloud service" is to use these services, and users can even rely on a mobile phone to do many tasks that could only be done on a personal computer in the past. "Cloud technology" focuses on the use of virtualization and automation technologies to create and popularize various computing resources in computers. This can be regarded as an extension of traditional data centers and can be applied to

the internal system of the entire company without external resources from a third party. Therefore, it is an inevitable trend of future development to integrate the resources of many computers and make them work together to complete larger tasks. However, to transmit such a huge amount of data, it is necessary to replace copper wires with optical fibers. Therefore, the company's optical connectors will definitely develop steadily under this trend.

The major brands in the global optical communications industry include Finisar, Broadcom, HW, JDSU, Source Photonics, Opnext and Sumitomo. Due to cost considerations, these brands are clearly developing in the Asia-Pacific region, thus creating a growth opportunity for the company and downstream companies in optical communication connectors.

3C Retail and Peripheral Products:

(1) Apple products

The business is mainly from Apple distributors in physical retail, and the main business is to sell Apple consoles and peripheral products. In the current environment, everyone has a handheld device. Consumers use handheld devices to search, compare prices or make purchases, making the link between physical channels and online stores gradually disappear. As consumers communicate through mobile devices, electronic media and social platforms, the integration of online and offline has also become an important trend in all-around retail.

(2) Power Bank

As the output of mobile devices and their functional requirements continue to grow, continuous technological innovation and improvement have been promoted, factors including the innovation of mobile device functions, the rapid development of mobile communication technology (5G) and wireless services, and the ever-rising safety standards cannot be ignored in the development of power banks.

In the future, after the introduction of mobile communication technology (5G), the market demand for mobile phones is expected to have a breakthrough growth. At the same time, due to faster network bearing support, the public will be more dependent on mobile phones, and the user demand for mobile power will greatly increase. Therefore, the characteristics of fast charging technology, large capacity, convenient use and stable charging quality will become a major niche in the breakthrough growth of the market.

(3) Wireless Charging Technology

With the increasing popularity of mobile phones equipped with wireless fast charging, wireless charging has become an important criterion for measuring the grade of mobile phones. The iPhone and Android series of mobile phones began to fully support wireless charging in 2017, and has driven the shipment of wireless charging related accessories. According to research, it is estimated that the sales volume will reach 8 billion by 2022, which shows that wireless power transmission has entered a stage of rapid development. This means that the consumer demand for wireless chargers and wireless charging mobile power supplies is expected to show rapid growth.

(4) Type-C Cable

Type-C interface does not just mean a share in the smartphone market,

but also a channel across many smart hardware platforms, including smartphones, PCs/tablets, TVs, wearables, cars, homes, etc. USB Type-C is also the technology with the most definite technical route in the next few years (obvious technological advantages and strong support of the entire industry chain), the most significant linkage effect (fast charging, intelligent digital audio, high-definition video and high-speed data), and the largest scale (rigid output volume with a potential NT\$100 billion market).

Power Plant Investment and Energy Services:

The Government's promotion of "Non-nuclear Homeland" (the formulation of non-extended service of nuclear power plants No. 1, 2, and 3 and suspension of nuclear power plant No. 4) and the liberalization of the electricity industry will have a major impact on the future energy ratio and power supply system structure. They will help the development of green energy and energy-saving industries.

In order to enhance Taiwan's energy independence and the emerging green energy industry, and gradually achieve the goal of becoming a non-nuclear homeland, the Ministry of Economic Affairs has approved the "Green Energy Technology Industry Innovation Program," one of the "5+2" innovative industries, on October 27, 2016. Based on the domestic green demand, large-scale domestic and foreign investments are introduced to increase high-quality jobs and drive the country's green energy technology and industry to leap forward. With the three visions of "green energy promotion," "industrial development" and "technological innovation," and through policy-oriented measures in the aspects of comprehensive promotion of energy conservation, energy innovation, energy storage, smart system integration and electricity industry reform, the target volume of solar photovoltaics will advance to 8.7 GW in 2020, and 3 million low-voltage households will install smart meters in 2024, in order to comply with the 20% goal of renewable energy power generation volume in 2025.

The solar photovoltaic device capacity is 20GW and the wind power generation is 4.2GW for the implementation of energy transition.

The Legislative Yuan has passed the amendment to the "Renewable Energy Development Act." This amendment allows green electricity companies to "two-way conversion" between bulk purchases (sold to TaiPower) and direct supply and re-supply (sold to customers) freely. Large electricity consumers of more than 800 kWh are required to use a certain percentage of green electricity (about 10%). They should jointly participate in the installation of renewable energy-related equipment and purchase renewable energy certificates to optimize the environment of renewable energy development of the country and activate the trading market.

System and Peripheral Products:

Commercial Scanner

①End Market

The terminal application market for high-speed scanners is firms and government departments with moderate and heavy needs for digitizing daily documents, such as hospitals, banks, law firms, post offices, government administrative units, etc. In recent years, in addition to the continuous increase in the demand for the digitization of documents by various firms, due to the rapid development of online e-commerce, especially the rapid

change in the retail market generated by cross-border e-commerce, the express delivery business volume has increased year after year. The digitization of express delivery documents is also one of the key factors leading to the continuous growth in demand for commercial scanners in recent years.

② Brand Competition

This market has long been dominated by American and Japanese brands, including Fujitsu, Canon, Kodak, HP, Epson, Brother, etc.; the market share of regional brands such as Avison, Visioneer, Neat and Xerox cannot significantly increase but has a downward trend. Therefore, the market has a trend of growth of the largest, and the competition between Epson and Brother in the launch speed and price of new products is becoming fiercer. Although Fujitsu and Canon have a certain degree of brand loyalty in the market, their launch of new products is slow and it is difficult for them to expand the market. After Kodak went bankrupt and reorganized, it tried to reinvigorate itself with the Kodak Alaris brand and a complete product line.

③ Future Development

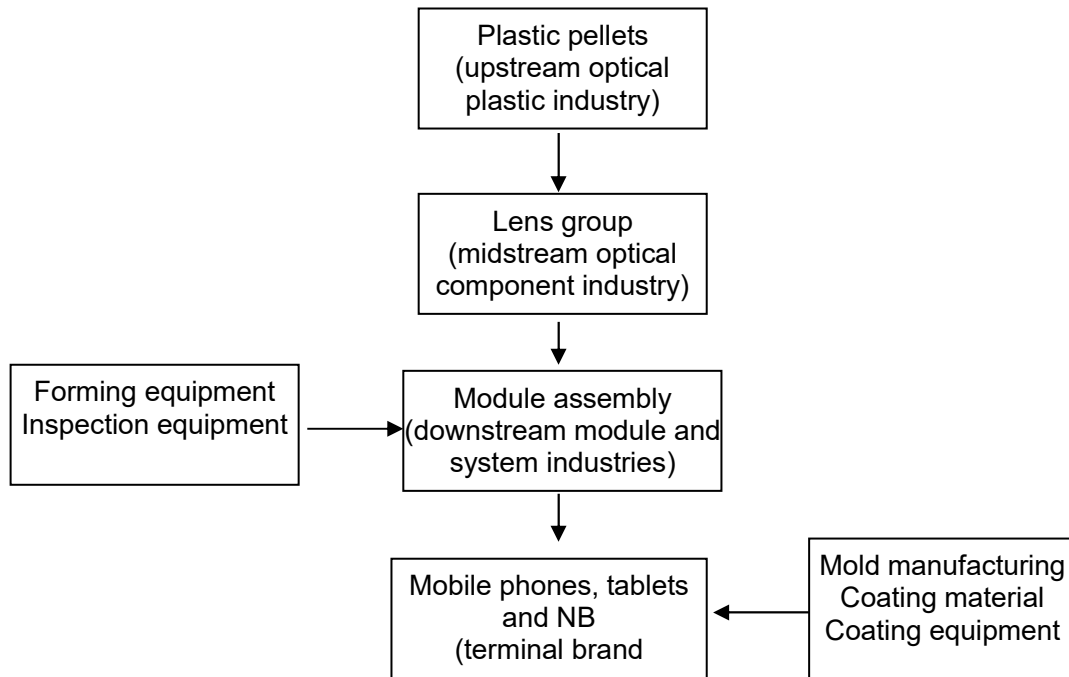
As the terminal demand (digitization of documents) continues to be strong, new retail industries (such as e-commerce, TV shopping, etc.) are impacting the demand for digitization of documents due to changes in the retail market. The market for low and medium-end high-speed scanners is expected to grow steadily; coupled with the maturity and widespread use of cloud-based digital file storage, management and sharing technologies, the demand for portable or miniaturized document scanners is also increasing gradually. When the price of low-end products falls to a sweet spot, it is expected that the household demand will significantly increase the overall industry demand. The market for high-end high-speed scanners is relatively stable. Although the volume is limited, the technical threshold is high and the gross profit is relatively attractive. As a result, major manufacturers are also making a lot of investment in R&D to develop a new generation of high-end scanners.

2. Correlation among the Industry's Upstream, Midstream and Downstream

3C Components:

(1) Optical Components (Plastic Lens Set)

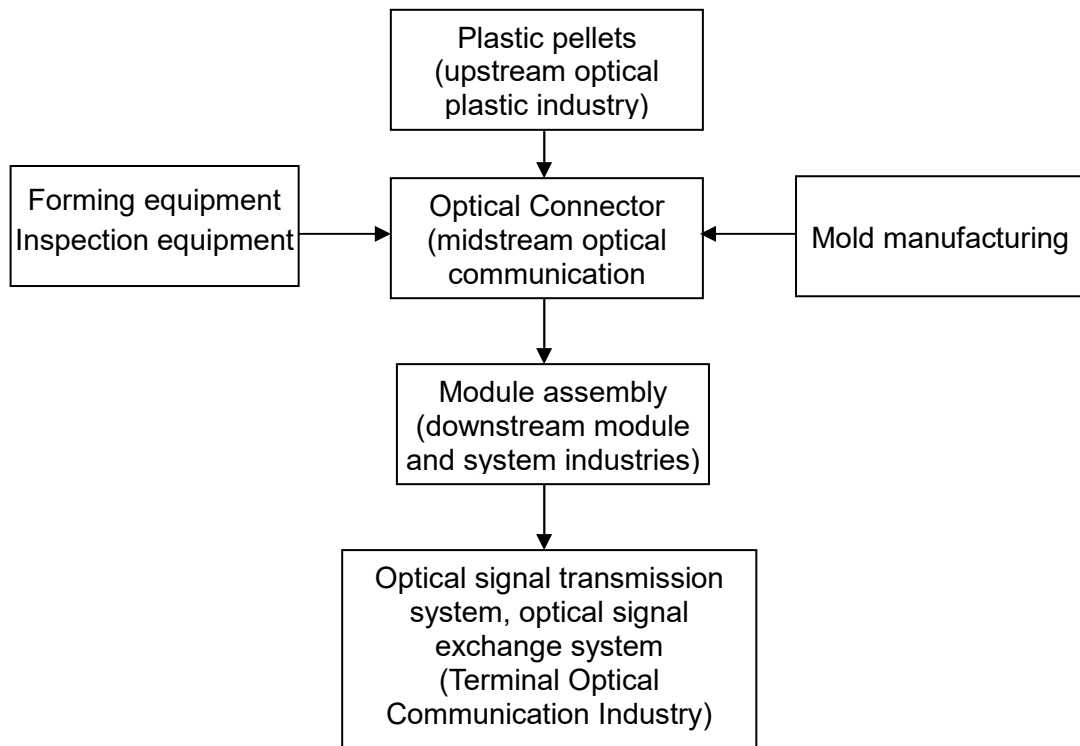
As far as the company's customers are concerned, the company's main product lens sets are supplied to assembly OEMs or distributors of mobile phones, tablets, NBs and wearable devices. It is the production and manufacturing of plastic lens sets of optical components and belongs to the midstream optical component industry. The upstream part is the optical plastic industry that supplies optical material plastic pellets. The midstream part also assists the company in completing lens group industry related automation equipment such as mold manufacturing, coating material, coating equipment, molding equipment and inspection equipment. The downstream of the company's lens set is the module industry or system industry, which assemble modules to complete related products such as mobile phones and tablets. The correlation among the industry's upstream, midstream, and downstream and their contents are shown as follows:



(2) Optical Communication Components (Optical Connector)

Plastic optical connectors, the main product, have gradually replaced the traditional transceiver connectors using high-price glass lenses and metal shells. They are supplied to major domestic and foreign suppliers of optical transceiver modules and are an indispensable key component in the popularization of optical communications.

The production of optical connectors belongs to the midstream optical communication component industry. The upstream is the optical plastic industry that provides optical materials and plastic pellets. The midstream still assists the company in completing optical connector related mold manufacturing, molding equipment and inspection equipment. The downstream of the company's optical connectors are the module industry or system industry for assembling modules and completing related products. The correlation among the industry's upstream, midstream, and downstream and their contents are shown as follows:



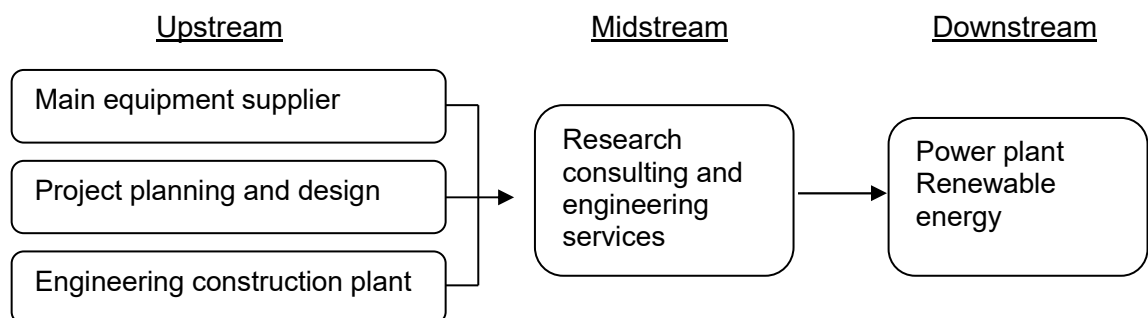
3C Retail and Peripheral Products:

Apple products

Mainly Apple's distributors; the following is the diagrams of the correlation among the industry's upstream, midstream and downstream:



Energy Service Management:



System and Peripheral Products:

Mainly the production of optoelectronic and digital imaging related products. Its upstream materials cover a wide range of suppliers, such as those of optical

materials, electronic materials, IC, plastic materials, metal materials, packaging materials and software; the downstream manufacturers include major international brands and distributors, distributors, PC manufacturers and other customers. The company is located in the midstream responsible for integrating the upstream materials, and conducts the design, producing, testing and packaging, and finally provides the finished products to downstream customers. The correlation among the industry's upstream, midstream and downstream is shown in the figure below:

Upstream	Midstream	Downstream
<ul style="list-style-type: none"> • IC industry: <ul style="list-style-type: none"> • IC design • DRAM, IC • Software <ul style="list-style-type: none"> • PC Driver • Optical industry <ul style="list-style-type: none"> • Lens • CCD, CIS • Electronic materials <ul style="list-style-type: none"> • PCB • SMD RCL • Plastic industry <ul style="list-style-type: none"> • Plastic parts of casing • Metal industry <ul style="list-style-type: none"> • Screw, Gear, Sheet metal parts 	<ul style="list-style-type: none"> • Manufacturers of photoelectric and digital imaging equipment <ul style="list-style-type: none"> • Foxlink Image Technology Co., Ltd. 	<ul style="list-style-type: none"> • International brand • Distributors • Dealer • Major PC brands

3. Various Development Trends and Competitive Situation of Products

3C Components:

(1) Optical Components

Optical lens materials can be divided into two types: glass and plastic. The company's main products are plastic optical lenses, which can be applied to all kinds of optical lenses. As 3C products are developing towards lightness, thinness and compactness, optical lenses used in 3C products are also moving towards lightness, thinness, compactness and high resolution. Therefore, the production technology and quality requirements for optical lenses have become increasingly stringent.

Although the optical lens has a trend development toward high pixels, all grades of products have their market applications and needs; for example, VGA lenses and up to 1.3 million-pixel lenses are widely used on plug-in PC cams and notebook computers due to transmission capacity issues; 8 million and 16 million pixel lenses are used on cheap mobile phone models; 8 million pixel lenses are used on tablets and high-end smartphones; 16 million pixel lenses are used on high-end smartphones; 48 million and 64 million lenses have been applied on various flagship models.

The main manufacturers of professional optical components in Taiwan are Largan, Genius Electronic Optical, Newmax Technology, Asia Optical, Kinko Optical, Ability Opto-Electronics Technology and our company. The international optoelectronic manufacturers are mainly distributed in China, Japan, the United States and Germany. The elements of competition

among manufacturers are cost, yield, design capability, and mass production capability. Therefore, the improvement of quality and technology is the goal of the company and its peers.

(2) Optical Communication Components

At present, the world's major optical transceiver module suppliers include Finisar, JDSU, Source Photonics, Opnext, FOIT, Sumitomo, Bookham, and manufacturers in Taiwan, South Korea, and mainland China.

The main customers of the optical communication industry are private telecommunications companies engaged in the construction of communication infrastructure and supply of services. Limited by the restrictions of optical communication standards and regulations and the investment threshold of infrastructure-intensive capital, large-scale system companies have most of the market share, and the midstream and downstream companies compete with each other to be included in the supply chain of large-scale system companies. However, because optical communications are an infrastructure industry, the volatility is small, and with the increasing demand for network communications in emerging countries, it is showing steady growth.

In recent years, in order to promote the popularization of optical communications, major European, American and Japanese manufacturers have gone to the Asia-Pacific region to purchase or produce due to cost considerations. This has increased the business opportunities of OEM or ODM for Asia-Pacific manufacturers. It has also become a development niche for Taiwanese manufacturers and an opportunity for the company's growth.

3C Retail and Peripheral Products:

The 3C retail market is highly competitive, and its development and competition are as follows:

- (1) A more complete shopping experience: Due to the maturity of 3C products and the rapid development of technology, the demand for the Internet of Things has exceeded the demand for pure hardware. Introducing smart home appliances, using AR VR and other functional products to provide customers with more systematic home management services is a top priority.
- (2) A more comfortable shopping environment: 3C products are changing on a daily basis. Store display and movement planning, but more professional explanations by service personnel and customer experience in actual operation are necessary conditions for the current retail environment.
- (3) Social media management: In recent years, online marketing has played a very important role in the retail industry. Building a brand's community and maintaining a healthy interaction with fans has greatly contributed to the management of the brand image.
- (4) Maintenance of loyal members: Due to intensified market competition, consolidating existing members and providing members with considerate and differentiated services will help members purchase in a long-term loyalty manner.

Energy Service Management:

In response to the international trend of developing green energy to mitigate climate change, transforming a green economy, enhancing independent energy, and building a good living environment in Taiwan, the

Ministry of Economic Affairs actively promotes green energy in the country and has achieved fruitful results. Six principles (national energy independence, acceptability of electricity price impact, technical feasibility, cost-benefit orientation, phased and balanced development, and promotion of industrial development) have been planned for the promotion goals, focusing on the promotion of renewable energy with mature technology and low power generation costs, and investment in related research and development for more forward-looking and uncommercialized technologies. A rolling review of renewable energy promotion goals and their proportions are also conducted. In Taiwan, wind power generation (including land-based and offshore wind power generation), solar photovoltaic, biomass power generation and geothermal power generation are currently the main promotion projects.

The Electricity Act is being amended to open up to and encourage the power generation industry to develop renewable energy. Although market opportunities will increase, the number of competitors will also increase. The company will invest in related businesses with an excellent management team and quality and technology to enhance the company's interests.

System and Peripheral Products:

(1) Commercial Document Scanner

Starting this year, the trend of commercial document scanning has become more and more polarized. First, the scanning efficiency requirements are getting higher and higher; regardless of the cost involved, the smart recognition and automatic image adjustment functions of the scanner must be improved, and any risk of manuscript damage caused by high-speed scanning must be avoided to meet high-end commercial models with high data storage requirements. On the other hand, the market for mid-to-low-end scanners continues to grow steadily. In addition to prices that continue to challenge lows, the functions inherited from high-end commercial models are expected.

ODM scanner suppliers have experienced the rise and fall of more than a decade. Now, only a handful of manufacturers in the world can develop similar products. However, due to the limited market, there is only one Taiwanese supplier in the world for the key scanner-dedicated control IC. To provide customers with clear market segmentation, the company has developed two generations of dedicated ICs in succession. Recently, we have developed the 2.5 generation of dedicated ICs to provide a perfect solution for the mid-to-low-end and portable markets with smaller and more power-saving functions. We have developed an embedded perfect image adjustment and paper protection mechanism with the world's exclusive and patented advanced technology for software and firmware. For the medium and low-end commercial markets, we are undoubtedly the market technology leader.

(2) Embedded Smart Image Recognition/Correction

As the direction of commercial scanners is becoming more high-speed, the requirements for embedded intelligent image recognition and correction are becoming more demanding. Especially for commercial models with a USB3.0 interface, the hardware scanning speed is far higher than that of the connected computer. Therefore, if the embedded image processing function inside the scanner cannot be used for processing in real-time while scanning, even after the document is scanned at high speed, the user still has to wait for the processing result of the computer, and the significance

and efficiency of high-speed scanning will be greatly reduced.

(3) Paper Feeding Module of Business Machines

In the development of new products of various brands, in order to enhance the added value of products, the proportion of business machines with additional paper feeding modules is increasing, and the requirements for double-sided scanning and speed are becoming clearer.

After years of intensive work in paper feeding technology, the company has obtained many patent protections at home and abroad. The company's paper-feeding style automatic paper feed module is a technological leader in the ODM industry. There has been actual development and shipment performance ranging from A4 low-end modules to A3 high-end double-sided modules. Our accumulated technical experience has been recognized and supported by Japanese and American customers. Therefore, our customer loyalty is very firm. Low-end paper-feeding modules generally have low entry barriers and high price sensitivity, so price competition is high. The geographical location of production also has a decisive factor in their packaging and transportation costs. In contrast, the entry barriers for mid-to-high-end modules are high. Generally speaking, apart from the customer's own development team, there are relatively few significant competitors.

(III) Technology and R&D Overview

The company's R&D expenses and technologies or products successfully developed in the last year and as of the date of publication of the annual report are as follows:

Unit: NT\$ thousand

Segment	2020	2021 (as of March 31, 2021)
Expenses	383,683	108,200
New products or new technologies successfully developed	3C Components: 1. Three 8 million pixel lenses 2. One 12 million pixel lens 3. One 13 million pixel lens 4. Two 16 million pixel lenses 5. Two 20 million pixel lenses 6. Two 48 million pixel lenses 7. One 64 million pixel lens 8. One AR lens 9. Four 3D application lenses 10. Two fingerprint recognition lenses 11. Two NB lenses 12. Three TOF and face ID lenses	3C Components: 1. Six high, middle and low level NB lenses 2. Two 13 million pixel lenses 3. One 64 million pixel lens 4. One mobile phone macro lens 5. One TOF and face ID lens 6. One AR lens 7. One 3D application lens 8. One surveillance lens
	System and Peripheral Products: 1. A3 high-end, 100PPM, double-sided automatic paper feed document module 2. Intermediate A4, 35/40/65/70 PPM, double-sided auto-feed document scanner 3. Single-sided 600dpi,	System and Peripheral Products: 1. A4 mid-range, 30PPM, double-sided auto-feed document scanner 2. A4 portable, 25PPM, double-sided automatic feed document scanner

	single-sheet portable A4 document scanner	4-second auto-feed
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(IV) Long-term and Short-term Business Development Plans

In response to the future industrial development and the overall economic environment, the company has formulated long-term and short-term plans for the company's future business direction and competitiveness enhancement. The following is a summary of the company's short-term and long-term plans:

1. Short-term Development Plan

- (1) Improve the achievement rate, profitability, product differentiation, technical capabilities, product quality and management capability.
- (2) Reduce costs, expenses, product delivery time, inventory and product development time.
- (3) Give full play to the advantage of vertical integration and strengthen the integration of group resources.
- (4) Continue the channel deep-growing plan, provide better services to meet consumer needs, strengthen online marketing, develop diversified sales models, and expand various sales through flexible marketing activities, such as corporate training and corporate direct sales, to develop various sales channels.
- (5) Comply with the Government's promotion of renewable energy policy, continue to invest in the development and construction of clean energy, such as solar, wind, geothermal, and water power, and continue to find good cases for factory building; gradually accumulate engineering experience and actual performance, build or strengthen the teams with factory construction technology and maintenance competence in photovoltaic, wind power and hydropower, move from the power generation industry to the market of free electricity sales, and add value to business opportunities from renewable energy through the sales of electricity from green energy and the accompanying renewable energy certificates.

2. Long-term Development Plan

- (1) Continue to promote core products and capabilities, and with optical support, increase market size and create high-value output benefits.
- (2) Expand market operations, diversified products and services.
- (3) Understand the market trend, and make good use of the Group's technical resources.
- (4) Continuously cultivate and develop talents.
- (5) Combine physical stores, online shopping and logistics resources; start from customer needs, use digital tools to improve the quality of customers' shopping experience and provide more software related value-added services.
- (6) In addition to the continuous investment in the development of domestic renewable energy and clean energy, the company actively integrates various renewable energy industry chains, including development, construction, maintenance operation and free buying and selling of electric energy. On December 3, 2019, the company obtained a license for the electricity sales business and invested in the natural gas market; it is now the second company in Taiwan that obtained a natural gas import business license. It is the only private natural gas import company in Taiwan. The

company will continue to carry out market development plans for “clean energy” business opportunities to replace heavy oil or coal as fuel. To sum up, the company adopts the five major directions of “light, wind, water, gas, and big platform” in its operation strategy and cultivates professionals in each strategic field. At the same time, the company also participates in international bidding projects, assesses the potential for overseas investment, and uses the experience of domestic power plants to deploy in Southeast Asia and establish a foothold in the Asian market. Continue to develop the ESG business, create an ecological chain of resource recycling, and sustain the development in Taiwan.

II. Overview of Market, Production and Sales

(I) Market Analysis

1. Sales areas of main products

Unit: NT\$ thousand

Area \ Year	2020		2019	
	Amount	Proportion	Amount	Proportion
Hong Kong	1,680,824	23.83%	2,295,848	25.97%
China	1,627,720	23.08%	1,586,224	17.94%
United States	1,109,838	15.73%	1,191,740	13.48%
Taiwan	692,078	9.81%	614,177	6.95%
Others	1,942,901	27.55%	3,152,170	35.66%
Total	7,053,361	100%	8,840,159	100%

Note: The amounts above are the revenues in the consolidated financial report.

2. Market share and future supply and demand status and growth

3C Components:

(1) Optical Components

① Lens Supply Status

The main lens manufacturers include Japanese, Taiwanese, South Korean and mainland Chinese companies. The market shares are as follows:

- Japanese lens factories have a market share of about 10%, and the important manufacturers include Kantatsu and Fujinon.
- Taiwanese lens factories have a market share of about 35~40%, and the important manufacturers include Largan, Genius Electronic Optical, Newmax Technology, Ability Opto-Electronics Technology and our company
- South Korean lens factories have a market share of about 25~30%, and the important manufacturers include Diostech, Kolen and Sekonix.
- The mainland Chinese lens factories have a market share of about 25%, and the important manufacturers include Sunny, AAC and O-film.
- Lens factories in other regions have a market share of about 5%.

Japanese manufacturers, the main lens manufacturers, have a conservative market share in recent days and are not actively expanding their factories. Taiwanese manufacturers, such as Largan, Genius Electronic Optical and Ability Opto-Electronics Technology, due to mobile phones' multi-lenses and the addition of AR, MR and TOF to special application products, have a positive attitude towards expansion.

② Lens Demand Status

The Group is a professional manufacturer of lenses, and mobile phones are the main source of demand for the lens industry. The main terminal applications of lenses include smartphones, NBs and tablets. Among them, smartphones account for the highest proportion of shipments. The 2021 estimated shipment volume by each research unit compiled by the company is as follows:

Product name	Estimated shipment volume (production volume)	Annual growth rate	Explanation
Smartphones	1.36 billion units	9%	Looking forward to 2021, the global smartphone industry is expected to recover due to the increasingly stable lifestyle. Through periodic replacement demand and the support of emerging markets, it is estimated that the total annual production will grow to 1.36 billion units, an annual growth of 9%. From the perspective of brand rankings, Huawei's annual production performance was affected by the US ban and its split with Honor, and its ranking dropped to the seventh.
NB	217 million units	8.6%	According to the Display Research Office of TrendForce, thanks to the effects of the housing economy due to the epidemic, the global notebook shipment in 2020 not only exceeded 200 million units for the first time, but the annual growth rate also hit a new high of 22.5%. However, compared with the booming demand for laptops after the resumption of OEM work in the second quarter of last year, now the epidemic has become severe again worldwide, and countries have implemented border controls and closed cities. Therefore, it is difficult to determine the market trend in the second half of 2021 at this stage. It is currently estimated that the 2021 global notebook shipment will have a chance to reach 217 million units, an annual growth of 8.6%. It is worth mentioning that Chromebooks' contribution to the notebook market cannot be underestimated due to the continuous increase in demand for distance learning. Chromebooks accounted for 14.8% of the global notebook shipment in 2020, and it is expected that the proportion of total shipment will rise to 18.5% in 2021.

③ Supply and Demand Status and Growth of Special Applications

- a. From 2018, 3D sensing applications are expected to be fully introduced

to Apple mobile phone, tablet and NB product lines; in addition, the gradual follow-up of Android OS and mainland Chinese brand mobile phones and the stimulation of AR/VR/MR somatosensory applications will drive multiple growths of the consumer electronics application market to reach US\$11.3 billion in output value in 2022, thus playing the role of the largest application market.

- b. Industrial and commercial applications will drive the second wave of growth of 3D sensing. With the industry 4.0 trend, 3D sensing is driven by robotic arm visual picking, guidance, reverse engineering, optical inspection, unmanned vehicles, etc., and the application penetration rate is increasing day by day. The push of the smart retail facial-recognition mobile payment will also enable industrial and commercial applications to play a role in the second wave of market growth to reach US\$3.8 billion in output value in 2022, thus stably ranking the second largest application market.
- c. It is predicted that the global market size will be US\$18 billion in 2022, a growth of 5.7 times from US\$3.14 billion in 2017. Consumer electronics applications will account for 63%, followed by industrial and commercial applications which will account for approximately 21%; the proportion of other applications will be relatively low.
- d. From 2020 to 2022, 3D image sensing technology will be fully expanded to IoT applications, and markets including consumer electronics, industrial and commercial, automotive, medical and aerospace are expected to take off simultaneously. It is expected that the growth rate of the annual output value from 2018 to 2021 will reach a high level between 48% and 63%, and the global market scale is expected to reach US\$17.9 billion in 2022; the development prospects are highly promising.

(2) Future Supply Status and Growth of Optical Communication Components

Since the market for the optical communications industry is still in the hands of major international manufacturers, after mergers and acquisitions, bankruptcies and the addition of new competitors in the past few years, the optical communications industry is still under constant restructuring. Large manufacturers have rapidly expanded their technological capabilities and markets by means of mergers and acquisitions and have gained a leading position. Recently, under the influence of the economic crisis, large manufacturers in Europe, the United States and Japan, after considering the cost factor, have made their purchases or production in the Asia Pacific region, thus increasing the business opportunities of OEM or ODM in the Asia Pacific region. Due to the production termination, transfer or outsourcing of some of their product lines, the Asia Pacific market has benefited, and a development niche is offered to Taiwanese manufacturers. The company has also benefited from this development trend. The molding technology of the optical connector produced by the company has been able to control the diameter of the fiber plug-in port within 3 micrometers, and the surface shape of the built-in aspheric optical lens has already met the high-precision requirement of high-speed optical communication, thus successfully making the company one of the three main suppliers. Under the situation of only a small number of suppliers available, the company's optical connector business will develop steadily.

3C Retail and Peripheral Products:

The main revenue of this product is the contribution of the reinvested Apple-related products in the Hong Kong sales channel. Because this channel covers physical channels and the trade business, it is not easy to estimate an accurate market share. In addition, as other products are diversified, they also face the difficulty of an accurate estimate of the market share. However, looking forward to the future, the company still aims to increase its market share and profitability of various products.

Apple's product supply is still smooth, but when new products are on the market, there will be occasional interruptions in supply. Except that the smartphone market is slightly saturated, other wearable Apple Watches and AirPods are still in the high growth stage.

Energy Service Management:

- (1) The sources of solar market development are mainly the installation of rooftop solar photovoltaic systems such as the roofs of factories (enterprises) in various industrial zones across the country and government public bidding proposals. The construction of 23MW was completed at the end of 2020, and the large-scale development of ground-based land, including the land of the salt industry, is gradually promoted.
- (2) Continue to develop land-based wind power plants and actively participate in the third-stage development of offshore wind power blocks, in expectation of bringing in the company's off-site wind power construction project income and long-term maintenance income.
- (3) Expand the Development of Small Hydropower Generation
Hydropower is a clean, self-produced energy source. In line with government policies and the conclusions of the National Energy Conference, environment-friendly small hydropower projects are worthy of active development and promotion in order to make full use of water resources. According to the 2008 National Small Hydropower Assessment Report of the Water Resources Administration, 79 sites were assessed to have small hydraulic potential, of which 47 belonged to rivers and 32 belonged to irrigation channels. In addition, the Taiwan Joint Irrigation Association investigated 27 potential sites for micro-hydro power generation in the initial stage.

System and Peripheral Products:

(1) Commercial Scanner

①End Market

High-speed scanners have entered a product stabilization period. As related technologies have reached a mature stage and market demand has stabilized and flattened, the company will continue to move toward image big data and impact processing capabilities.

②Brand Competition

In the low-end market, the three major brands of Epson, Fujitsu and Brother are rushing to capture the high-end market. In addition, the portable automatic document feed scanner market has grown steadily. Brands such as Epson and Brother have actively entered the market. In recent years, they have launched new models to capture the market.

③Future Development

Artificial intelligence technology has begun to sprout among high-speed scanners, especially in applications related to document

classification and automation, providing users with a more convenient mode of use. For the new generation of scanners, it has become an R&D focus that various companies are competing to invest in.

(2) Multifunction Printer Market

①Desktop Multifunctional Business Machines:

Miniaturization and low price have become the trend of business machines in recent years, especially for the home market. At the same time, various companies have begun to provide lower-cost solutions for single-sheet printing, especially the original design models with continuous ink supply or even continuous carbon (powder) supply have become the mainstream of the market. As far as brand manufacturers are concerned, not only can they continue to actively oppress compatible consumables (ink and toner) on the market, but at the same time, they can also keep the profits of consumables to themselves as much as possible.

②Large Multifunctional Copiers:

HP and Epson have developed inkjet copiers that have the characteristics of low cost, low energy consumption, and low pollution but also have a printing speed that is superior to traditional copiers. Therefore, they have created considerable pressure for traditional Japanese copier companies and may produce a crowding effect among brands.

③Evolution of New Technology:

In addition to the industrial revolution that artificial intelligence technology may bring, related office automation technology may have the opportunity to enter the new industrial automation field, bringing further industrial cooperation and business opportunities to Industry 4.0.

3. Competitive Niche

3C Components:

- (1) The unit focuses on the R&D and manufacturing of high-precision optical plastic components and lenses; we combine ultra-precision mold machining technology, high-precision mold manufacturing technology and automated manufacturing process, and have the ability to master and penetrate the upstream, midstream, and downstream of the industrial supply chain to provide full service to International customers.
- (2) The management, R&D, and manufacturing teams combine the operation experience of industry-academia and multinational enterprises, share the same overall goals, and continuously challenge and make breakthroughs in optical technology and manufacturing processes to give full play to the company's overall capabilities.
- (3) Deeply culture optical communication components, and undertake OEM orders from major international customers with the integration of optical, mechanical and electrical technology and experience.

3C Retail and Peripheral Products:

- (1) Apple's product channels have strong service capabilities and can reduce operating risks through diversified operating methods.
- (2) Leverage the Group's leading MFI technology to accelerate the development of Apple-related peripheral products.
- (3) Leverage the Group's supply chain resources to continuously improve the production capacity and product quality.

- (4) Leverage the Group's Apple product stores in mainland China, Hong Kong and Taiwan to develop product channels.

Energy Service Management:

The management team responsible for energy service management has rich experience in constructing and maintaining power plants. In addition to focusing on the investment, development and operation of renewable energy power plants, it is responsible for the full range of services, including power plant turnkey engineering and maintenance, from site survey, evaluation, planning, design, certificate application, installation and construction, technician certification, engineering control, city power parallel metering to warranty, maintenance and management after completion (one-stop integrated service).

System and Peripheral Products:

- (1) Continuous evolution of scanning control chips

In addition to the low cost, low power consumption, and high flexibility features of the new generation of scanning chips that the company has developed and introduced into mass production, the company will effectively produce more intelligent scanners with AI chips that have gradually matured in the market.

- (2) Advantages of miniaturized and intelligent product design

Under the long-term technology accumulation of commercial and portable scanner products, the company's incorporation of derivative design of related technologies into home-type business machines has become a special niche for the next generation of products and has also won praise and cooperation opportunities of many customers. The accumulation of related patents has also constructed a profit base higher than that of the company's peers.

- (3) Long-term stable quality has won the trust of international manufacturers

The quality persistence and requirement for customers over the years have become the company's strongest competitive advantage. At the same time, the company has built an excellent bond and cooperated with brand customers in terms of supply chain management and flexibility under the highly changing market, thus being able to maintain a long-term stable relationship with them.

- (4) Continue to combine AI artificial intelligence and big data with the good image processing capability of Foxlink Image Technology, integrate the AOI concept, optimize the design through potential industries and customers, and think about how to stand out from existing competitors and upgrade AOI technology to obtain patents and stabilize production.

4. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

3C Components:

- (1) Favorable Factors

① Main Business Contents and Development Prospects

- a. In order to enhance the camera function, consumer electronic products and smartphones have launched multi-lens products and special wearable lenses which are under development for automobiles and security surveillance; this will help expand the demand for optical components.
- b. The wide use of multimedia products, the increasing popularity of optical fiber networks, and consumers' demand for transmission quality and

“cloud services” have greatly increased the demand for optical communication components.

②Position in the Industry

- a. The R&D team is strong and complete, and the processing quality is affirmed by customers.
- b. The company is one of the few manufacturers that can provide high-pixel lenses.

③Supply Status of Main Raw Materials

The company has long-term cooperation with raw material suppliers; the supply relation is stable and normal, and the prices are stable.

④Sales Status of Main Products

- a. The company's product quality and delivery time can meet the requirements of international manufacturers.
- b. It takes a long time for the certification of optical communication components, and it is not easy for competitors to enter.

(2) Unfavorable Factors

①Main Business Contents and Development Prospects

As the market is vast, there are many competitors.

②Position in the Industry

The business scale is still small and the market share is still low.

③Supply Status of Main Raw Materials

Plasticized raw materials are formulated, and the prices are not easy to fall.

④Sales Status of Main Products

Compete with industry leaders.

(3) Countermeasures

①Main Business Contents and Development Prospects

- a. On the product side, continue to expand product specifications, with 16 million pixels to 64 million pixels as the main products for shipment, and develop higher pixel products and products that meet market applications.
- b. For marketing, actively develop new products and new customers.

② Position in the Industry

Timely expand production capacity, increase yield, and enhance product competitiveness.

③Supply Status of Main Raw Materials

Start from product design to provide multiple utilities with one mold and reduce material consumption and costs.

④Sales Status of Main Products

Automate production, improve product yield, and provide customers with better services.

3C Retail and Peripheral Products:

(1) Favorable Factors

- ①In recent years, as the gaps among the technical and production capabilities of various manufacturers have been greatly narrowed, the mastery of marketing channels has become the main reason for the rapid market occupation of commodities. The Apple product channel operated by the company's subsidiary in Hong Kong has reached a certain scale. It is attractive to accessory suppliers to accelerate their introduction of peripheral accessories, enrich the types of accessories, and form a virtuous circle of the channel's growth performance.

②The Apple product channel operated by the company's subsidiary in Hong Kong focuses on serving consumers in innovative ways.

In this era of meager profit, we win with our high-quality and diverse services.

(2) Unfavorable Factors and Countermeasures

①High rent in Hong Kong

Countermeasure: For stores whose revenue and profit are disproportionate to their rents, shut them down and look for new stores in areas where the profit can support the rent.

②Wide fluctuation of exchange rate: Recent international exchange rates fluctuate widely and affect the control of costs.

Countermeasure: Closely observe price fluctuations in the foreign exchange market, and use various hedging methods to minimize potential risks.

Energy Service Management:

(1) Favorable Factor:

The Government is promoting the "Non-nuclear Homeland," and the renewable energy goals will continue to expand under the green energy policy; these will help the development of the subsidiary's renewable energy business.

Corporate social responsibility: As of 2020, the estimated benefits of energy power plants (including power generation and construction) are: green energy power generation: 400 million kWh; carbon emission reduction: 213,045 metric tons; 17.75 million trees were planted.

(2) Unfavorable Factor and Countermeasure

A large amount of capital is required for capital expenditure, and the cost of capital is high. Countermeasures: Use the advantages of the Group to borrow funds with lower capital costs.

System and Peripheral Products:

(1) Favorable Factor:

①The lightweight and miniaturization trend of the scanner market has driven the growth of relevant markets in recent years, and the company's design advantages can be brought into play under this development trend.

②As the design of the printing engine is gradually changed to the original factory's continuous ink (carbon) supply, growth in the new generation of multifunctional business machines due to replacement and update is expected.

③The changes in new industries and new technologies have increased the actual demand for commercial scanning; for example, the development of cross-border e-commerce and the rapid improvement of the C to C business model (such as the business opportunities of Taobao in the 1111 Singles Day in recent years) substantially improved the year-on-year growth of the express delivery business, and the demand for the scanning of express delivery related documents continues to increase as a result. Another example is the advancement and wide application of battery technology and cloud file management, increasing the demand for portable wireless cloud scanners to provide more effective and convenient solutions for mobile business people's file digitization, thus boosting related market demand.

④Artificial Intelligence Technology

The rapid progress of artificial intelligence technology has removed the

difficult bottleneck for the sound and image recognition technology in the past and has given more opportunities to the development prospects of digital imaging. Therefore, cross-industry (such as between the medical equipment and the industrial automatic testing industry) entrance opportunities have also increased.

(2) Unfavorable Factors:

- ①The growth of the scanner market has slowed down, which in turn reduces the willingness and scale of customers to invest in new development projects, and extends the life cycle of products; This will cause considerable pressure on the investment of customers who rely on new development projects.
- ②In a saturated and highly competitive market environment, customers' emphasis on cost control will pose considerable challenges to the maintenance of related gross profit.
- ③Due to the impact of COVID-19 since 2020, the raw material supply chain has been rushing for orders, which has severely affected the production ecology of major manufacturing plants. It has greatly impacted maintaining the stable production of existing models and the trial production of new projects as scheduled.

(3) Countermeasures:

- ①Develop high-end industrial grade scanners for the new generation.
- ②Continue to develop high-end commercial and industrial scanners, and use the design sharing concept to reduce customers' development and mold costs, so as to enhance customers' willingness and ability to introduce new products.
- ③The company's layout includes production bases of Taiwan but outside mainland China to avoid the direct impact of the Sino-US trade war.
- ④Draft the AOI development schedule and the actual machine plan in conjunction with the development of AI and big data and through the existing image development plan; confirm the potential market in a limited time, and seize development opportunities as soon as possible together with state agencies and the parent company.
- ⑤Accelerate product development for other industrial applications in order to increase the momentum of long-term business growth.
- ⑥The shortage of raw materials in 2020 will continue into 2021 and will become more serious. Through the procurement strategy, the company will pay attention to market trends and deploy in advance together with customers to reduce the market impact due to huge fluctuations in the raw materials market.

(II) Important Applications and Production Process of Main Products

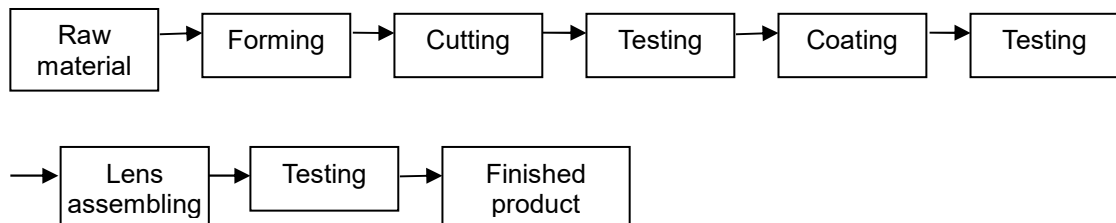
1. Important Applications of Main Products

Main Products	Important Applications
Optical Components	Used for photography, with applications on smartphones, tablet computers, game consoles, notebook computers, desktop computers, digital cameras, camera phones, wearable products, security sensing applications, projectors and rear projection TVs.
Optical Communication Components	Ports that allow active insertion and removal of standard optical fiber terminals to guide light so as to improve the efficiency of light energy application from the light source to the optical fiber and from the optical fiber to the photodetector.

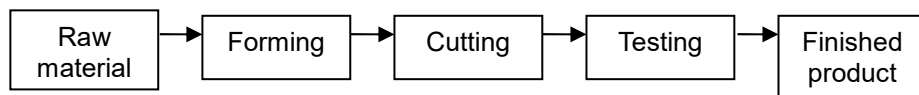
Apple products	Consumer communication products and entertainment or data processing equipment used by individuals or businesses.
Memory Products	Used in personal computers, printers and other information products and as data access or transmission equipment.
Mobile peripheral products	Supporting various consumer entertainment products, communication products and data processing equipment, and used for car startup and outdoor camping power.
Power plant investment and energy services	Power plant investment and development and clean energy services.
Scanners	Optical image input can scan flat text, picture data and negatives, and store them in computers for editing, modification, and output via the desktop typesetting system.
Automatic Paper Feeder	Automatic paper feed module placed on scanners, multifunction printers or photocopiers.

2. Production Process

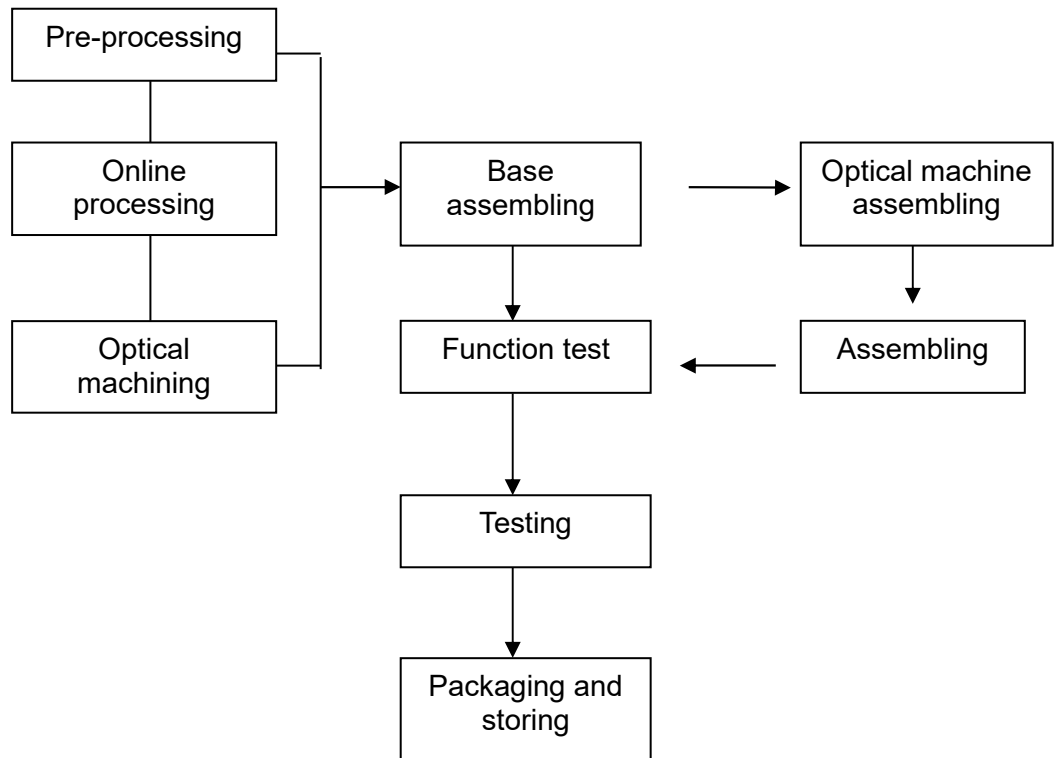
A. Optical Components



B. Optical Communication Components



C. Scanners



(III) Supply Status of Main Raw Materials

The company and various suppliers have established a stable supply cooperation relationship. For the purchase of major components, the company tries to diversify the source of purchase as much as possible to ensure the smoothness of purchase. Most of the raw material suppliers are original factories and well-known domestic and foreign manufacturers. They have a good quality reputation in the industry and have been with the company for many years with a stable cooperative relationship. At present, the supply of major raw materials is sufficient, and the company's raw material sources are not in short supply.

(IV) Names of customers who have accounted for more than 10% of the total purchases (sales) in any of the last two years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease

1. Information of Major Suppliers in the Last Two Years

Item	2019				2020				2021 as of the end of the 1st quarter			
	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase in the Current Year as of the Previous Quarter (%)	Relationship with the Issuer
1	Company e	1,706,065	31%	None	Company e	1,223,811	32%	None	Company e	327,211	33%	None
	Others	3,718,606	69%		Others	2,603,721	68%		Others	658,921	67%	
	Purchase Net amount	5,424,671	100%		Purchase Net amount	3,827,532	100%		Purchase Net amount	986,132	100%	

2. Information of Major Sales Customers in the Last Two Years

Unit: NT\$ thousand

	2019				2020				2021 as of the end of the 1st quarter			
Item	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales (%) in the Current Year as of the End of the Previous Quarter	Relationship with the Issuer
1	Customer C	1,840,660	21%	None	Customer C	1,401,613	20%	None	Customer C	392,628	17%	None
2	Customer B	851,647	10%	None	Customer F	732,348	10%	None	Customer G	387,624	17%	Related Party
3	Customer A	659,475	7%	None	Customer A	661,212	9%	None	Customer F	277,571	11%	None
	Others	5,488,377	62%		Others	4,258,188	61%		Others	1,197,178	55%	
	Net sales amount	8,840,159	100%		Net sales amount	7,053,361	100%		Sales Net amount	2,255,001	100%	

Reason for increase or decrease: Customer F's acceptance of customer orders increased from the previous period.

(V) Production Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Production Value Major Product	Year	2019			2020		
		Production Capacity	Production Volume	Output Value	Production Capacity	Production Volume	Output Value
Optical and optical communication components		180,000	51,892	347,066	180,000	69,348	260,479
System and peripheral products		9,000	8,841	3,866,541	2,600	2,490	2,859,507
Others		600	598	140,583	275	263	93,355
Total		189,600	61,331	4,354,190	182,875	72,101	3,213,341

(VI) Sales Volume Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Value of Sales Volume Major Product	Year		2019				2020			
			Domestic sales		Export		Domestic sales		Export	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Optical and optical communication components	2,069	34,305	52,106	790,105	1,530	88,798	73,393	396,145		
System and peripheral products	0	0	9,955	5,108,513	0	0	3,014	4,428,378		
Others	887	533,380	43,786	2,373,856	212	598,768	4,904	1,541,272		
Total	2,956	567,685	105,847	8,272,474	1,742	687,566	81,311	6,365,795		

III. Number of employees and the average length of service, average age and distribution of education level of the employees in the last two years and as of the publication date of the annual report

Year		2019	2020	The current year as of April 30, 2021
Number of employees	Clerical staff	1,197	1,279	1,209
	Operators	2,238	2,177	1,880
	Total	3,435	3,456	3,080
Average age		27.63	28.60	29.30
Average years of service		3.06	3.33	3.35
Distribution of education level	PhD	0.03%	0.03%	0.06%
	Master's degree	3.70%	3.91%	4.27%
	Junior college	22.01%	21.04%	25.77%
	High school	11.00%	19.99%	10.42%
	Below high school	63.26%	55.03%	59.48%

IV. Environmental Protection Expenditure Information

- (I) Taking environmental protection as the starting point, the company selects the wash-free process with the least pollution in the production process, and at the same time, considers recyclable materials in material selection. Strictly follow the requirements of international environmental protection organizations and various environmental protection measures; the company has dedicated personnel for labor safety, hygiene and factory affairs who are responsible for the implementation of various environmental protection.
- (II) The company has not been punished for environmental pollution in the most recent

year and as of the publication date of the annual report.

- (III) Implementation measures in response to the EU directives on the restriction of hazardous substances: In response to the rising awareness of environmental protection, the EU passed the Restriction on the Use of Hazardous Substances (RoHS) in 2003. The requirements of the directives fully promote the control of prohibited substances, and at the same time, make every effort to develop materials that meet environmental protection requirements.

V. Labor-management Relationship

- (I) Various employee welfare measures, advanced studies, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures:
 - 1. The company has an employee welfare committee to facilitate the promotion of various welfare measures. The company has always treated its employees with integrity, and the labor-management relationship has always been harmonious. A complete system for employee training, communication, incentives and welfare has already been established.
 - 2. Welfare Measures Provided by the Company
 - (1) Generous Welfare Items:
The company provides gift money or gifts for employee birthdays and the three major festivals, labor retirement pension allocation, employee travel subsidy, parking space, meal subsidy and various club activities.
 - (2) Perfect Insurance and Protection:
In accordance with government regulations, the company has purchased labor insurance for employees and national health insurance and complete group hospitalization medical insurance, life insurance, and accident insurance for employees and their family members.
 - (3) Subsidies for Wedding, Funeral and Emergencies:
There are various employee subsidies for events such as weddings, funerals and emergencies, including marriage, childbirth, condolences for major injuries and illnesses, and bereavement of employees and relatives.
 - 3. Further Studies and Training
The company attaches great importance to employee training and encourages colleagues to take the initiative to learn, and plans training courses for employees in general knowledge, professional technology and management for different job grades, in the hope that through training, the company can create excellence and improve technical standards, and promote the common growth of employees and the company, in order to create the company's best operating performance.
 - 4. Employee Retirement System:
The company has established employee retirement measures covering all officially recruited employees.
 - (1) Allocation of Retirement Reserves on a Monthly Basis:
For those to whom the pension provisions of the Labor Standards Act apply, the company allocates retirement reserves on a monthly basis in accordance with the requirement of the Act.
 - (2) Individual Labor Pension Account:
For those to whom the retirement pension system of the Labor Pension Act applies, the company reserves 6% of the monthly wage in compliance with

the Labor Pension Act according to the monthly wage allocation tier table approved by the Executive Yuan. It deposits it in a special labor pension account established for the employees at the Labor Insurance Bureau.

- (II) The company has no labor dispute agreement in the last year and as of the printing date of the annual report.

VI. Important Contracts

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Development contract	Company A	November 22, 2010 ~ termination date	Development contract	The company shall bear the responsibility of confidentiality of technical information.
Development contract	Company A	February 26, 2020~ February 26, 2021	Development contract	The company shall bear the responsibility of confidentiality of technical information.
OEM contract	Company B	November 1, 2013 ~ termination date	OEM production	The company's OEM manufacturing
Manufacture and sales contract	Company B	December 9, 2019 ~ termination date	OEM production	1. Confidentiality clause 2. Intellectual property right guarantee clause
Development contract	Company C	May 18, 2017 ~ termination date	Development contract	The company shall bear the responsibility of confidentiality of technical information.
OEM contract	Company D	December 10, 2013 ~ termination date	OEM production	The company's OEM manufacturing
Development contract	Company E	January 1, 2018 ~ termination date	Development contract	The company shall bear the responsibility of confidentiality of technical information.
Development contract	Company E	April 22, 2020~March 31, 2021	Development contract	The company shall bear the responsibility of confidentiality of technical information.
Manufacture and sales contract	Company E	Starting April 22, 2020	OEM production	1. Confidentiality clause 2. Intellectual property right guarantee clause
Manufacture and sales contract	Company E	Starting December 2, 2020	OEM production	1. Confidentiality clause 2. Intellectual property right guarantee clause
Development contract	Company E	Starting April 22, 2020	Development contract	The company shall bear the responsibility of confidentiality of technical information.
Development contract	Company E	Starting April 22, 2020	Development contract	The company shall bear the responsibility of confidentiality of technical information.
OEM contract	Company F	January 20, 2017 ~ termination date	OEM production	The company's OEM manufacturing
Development contract	Company G	November 6, 2019~June 5, 2020	Development contract	The company shall bear the responsibility of confidentiality of technical information.
Sales contract	Company H	November 20, 2019~November 19, 2022	Indirect product sales	None

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Investment contract	Company I	Starting October 9, 2020	The investment amount is NT\$690 million.	None
Purchase contract	Company J	Starting March 15, 2019	Power generation equipment procurement	The company shall be responsible for confidentiality.
Contract of undertaking	Company K	November 19,2019~July 8, 2025	Changbin water surface solar power plant construction project	
Contract of undertaking	Company L	June 15, 2020~December 31, 2027	Offshore wind power construction, a contract value of NT\$62.8 billion.	None
Service contract	Company M	August 19, 2020~December 31, 2025	Project management service of documents submitted for review	None
Contract of undertaking	Company N	October 23, 2020~May 5, 2029	Civil engineering undertaking contract	None
Contract of undertaking	Company N	October 23, 2020~September 6, 2029	Civil engineering undertaking contract	None
Investment contract	Company O	Starting October 30, 2020	Investment contract	None
Right pledging contract	Company P	November 11, 2020~December 31, 2025	Right pledge setting	None
Contract of undertaking	Company P	Starting November 11, 2020	Wind turbine transportation and installation	None
Contract of undertaking	Company Q	November 26, 2020~December 31, 2026	Turnkey project undertaking contract	None
Service contract	Company Q	Starting January 1, 2022	System maintenance	None
Contract of undertaking	Company R	Starting November 30, 2020	Project undertaking contract	None
Contract of undertaking	Company S	Starting December 10, 2020	Equipment installation	None
Service contract	Company T	December 31, 2020~December 31, 2039	System maintenance	None
Contract of undertaking	Company U	Starting December 28, 2020	Electrical and mechanical engineering project undertaking contract	None
Purchase contract	Company V	Starting October 15, 2020	Equipment purchase	None
Purchase contract	Company W	Starting December 25, 2020	Equipment purchase	None
Credit contract	Jih Sun Bank	March 1, 2017~February 29, 2020	The credit amount is NT\$300 million.	None
Credit contract	Jih Sun Bank	November 29, 2018~November 29,2021	The credit amount is NT\$300 million.	None
Credit contract	Export-Import Bank	January 19, 2019~January 19, 2020	The credit amount is NT\$500 million.	None
Credit contract	Yuanta Bank	November 12, 2019~November 12, 2021	The credit amount is NT\$300 million.	None
Credit contract	Export-Import Bank	December 25, 2019~December 25, 2020	The credit amount is NT\$500 million.	None
Credit contract	Yuanta Bank	December 4, 2019~December 3, 2021	The credit amount is NT\$300 million.	None
Credit contract	Bank SinoPac	May 31, 2019~May 31, 2020	The credit amount is NT\$1 billion.	None
Credit	KGI Bank	June 14, 2019~June 14,	The credit amount is	None

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
contract		2021	NT\$400 million.	
Credit contract	E.Sun Bank	July 2, 2019~July 2, 2020	The credit amount is NT\$400 million.	None
Credit contract	Mega Bank	September 11, 2019~September 11, 2020	The credit amount is NT\$300 million.	None
Credit contract	Taiwan Cooperative Bank	September, 18, 2019~September 12, 2021	The credit amount is NT\$500 million.	None
Credit contract	Bank of Taiwan	February 3, 2020~February 3, 2022	The credit amount is NT\$300 million.	None
Credit contract	Cathay Bank	March 31, 2020~March 31, 2021	The credit amount is NT\$300 million.	None
Credit contract	E.Sun Bank	July 20, 2020~July 20, 2020	The credit amount is NT\$400 million.	None
Credit contract	KGI Bank	July 21, 2020~July 21, 2021	The credit amount is NT\$400 million.	None
Credit contract	Mega Bank	August 7, 2020~August 6, 2021	The credit amount is NT\$300 million.	None
Credit contract	Taiwan Cooperative Bank	August 27, 2020~August 27, 2022	The credit amount is NT\$500 million.	None
Credit contract	Jih Sun Bank	September 23, 2020~July 9, 2022	The credit amount is NT\$400 million.	None
Credit contract	Entie Bank	October, 29, 2020~September 30, 2022	The credit amount is NT\$300 million.	None
Credit contract	Jih Sun Bank	April 2, 2019~January, 24, 2021	The credit amount is NT\$300 million.	None
Credit contract	Yuanta Bank	May 20, 2019~May 20, 2021	The credit amount is NT\$300 million.	None
Credit contract	Yuanta Bank	December 4, 2019~December 3, 2021	The credit amount is NT\$300 million.	None
Credit contract	Bank SinoPac	August 31, 2020~August 30, 2021	The credit amount is NT\$1 billion.	None
Credit contract	Yuanta Bank	September 23, 2020~September 22, 2022	The credit amount is NT\$300 million.	None
Credit contract	Bank SinoPac	May 22, 2019~May 31, 2020	The credit amount is NT\$1.2 billion.	None
Credit contract	E.Sun Bank	November 6, 2019~May 5, 2020	The credit amount is NT\$621 million.	None
Credit contract	Mega Bank	December 18, 2019~May 3, 2020	The credit amount is NT\$550 million.	None
Credit contract	Bank SinoPac	April 22, 2019~April 19, 2024	The credit amount is NT\$530 million.	None
Credit contract	International Bills Finance	July 29, 2019~July 28, 2020	The credit amount is NT\$500 million.	None
Financial contract	Bank SinoPac	Starting March 11, 2020	Transfer of creditor's rights with a contract amount of NT\$530 million.	None
Credit contract	Bank SinoPac	June 16, 2020~June 30, 2021	The credit amount is NT\$530 million.	None
Credit contract	Bank SinoPac	June 16, 2020~June 30, 2021	The credit amount is NT\$1.2 billion.	None
Credit contract	Cheng Uei Precision Industry Co., Ltd.	July 30, 2020~September 30, 2020	The credit amount is NT\$4 billion.	None
Credit contract	International Bills Finance	September 25, 2020~September 24,	The credit amount is NT\$500 million.	None

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
		2021		
Credit contract	Bank SinoPac	September 30, 2020~December 31, 2020	The credit amount is NT\$1.35 billion.	None
Credit contract	Cheng Uei Precision Industry Co., Ltd.	October 1, 2020~March 31, 2021	The credit amount is NT\$4 billion.	None
Credit contract	Bank SinoPac	November 13, 2020~December 30, 2020	The credit amount is NT\$1.935 billion.	None
Credit contract	Chinatrust Commercial Bank	November 30, 2020~December 30, 2020	The credit amount is NT\$11.4 billion.	None
Credit contract	Yuanta Bank	December 4, 2019~December 3, 2021	The credit amount is NT\$300 million.	None
Credit contract	Bank SinoPac	July 15, 2020~June 30, 2021	The credit amount is NT\$300 million.	None

VI. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement for the Last Five Years

(I) 1. Condensed Consolidated Balance Sheet - Adopting the International Financial Reporting Standards

Unit: NOT\$ thousand

Year Item		Financial Information for the Last Five Years (note 1)					Financial Information for the current year as of March 31, 2021 (note 2)
		2016	2017	2018	2019	2020	
Current assets		1,788,751	1,851,765	6,902,925	6,740,195	13,443,029	12,261,402
Property, plant and equipment		1,599,352	1,444,461	3,510,082	5,279,784	3,411,488	3,331,558
Intangible assets		906	0	1,056,706	1,027,695	985,094	983,019
Other assets		135,736	438,150	4,270,314	5,160,244	4,967,398	5,113,659
Total assets		3,524,745	3,734,376	15,740,027	18,207,918	22,807,009	21,689,638
Current liabilities	Before distribution	997,945	1,105,602	5,169,736	5,813,251	10,542,565	9,632,830
	After distribution	1,190,409	1,298,066	5,362,200	6,428,856	10,788,807	9,632,830
Non-current liabilities		123,578	183,735	3,315,824	5,530,512	4,087,189	3,188,345
Total liabilities	Before distribution	1,121,523	1,289,337	8,485,560	11,343,763	14,629,754	12,821,175
	After distribution	1,313,987	1,481,801	8,678,024	11,959,368	14,875,996	12,821,175
Equity attributable to owners of the parent company		2,403,222	2,445,039	7,171,853	6,704,305	7,058,599	7,025,893
Share capital		962,320	962,320	2,462,421	2,462,421	2,462,421	2,462,421
Additional paid-in capital		861,858	861,858	5,019,688	4,237,390	4,198,013	4,103,320
Retained earnings	Before distribution	628,603	681,177	(165,483)	(273,604)	98,209	120,959
	After distribution	436,139	488,713	(357,947)	(889,209)	24,336	120,959
Other rights		(49,559)	(60,316)	(144,773)	278,098	299,956	339,193
Non-controlling interests		0	0	159,810	159,850	1,118,656	1,842,570
Total equity	Before distribution	2,403,222	2,445,039	7,254,467	6,864,155	8,177,255	8,868,463
	After distribution	2,210,758	2,252,575	7,062,003	6,248,550	7,931,013	8,868,463

Note 1: On October 1, 2018, the company was formed as a new holding company jointly by Power Quotient International Co., Ltd., Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd. The method of financial report disclosure in 2018 was based on the IFRS Questions and Answers issued by the Accounting Research and Development Foundation of the Republic of China on October 26, 2018. Because Glory Science Co., Ltd. swapped every one of its ordinary shares for one ordinary share of

the company, this transaction is regarded as a restructuring of the organization under joint control. It is essentially a continuation of Glory Science Co., Ltd. Therefore, the financial report before the establishment of the company was based on the book value of the financial report of Glory Science Co., Ltd. for recognition of the relevant assets and liabilities, and Glory Science Co., Ltd. is regarded as a subsidiary after the merger and the financial report for the comparative period is prepared accordingly.

In order to promote the effective integration of group resources, the subsidiary Power Quotient International Co., Ltd. swapped the shares of its 89.29% subsidiary Foxwell Energy Corporation Ltd. on December 27, 2019 through the resolution of the shareholders' meeting to become a 100% subsidiary of Hsingwei Co., Ltd. After the share swap, Power Quotient International Co., Ltd. holds 76.56% of the shares of Hsingwei Co., Ltd., and this is considered a restructuring of the organization under joint control. When preparing comparative consolidated financial statements, it should be regarded as a merger from the beginning, and the 2018 consolidated financial statements were re-compiled accordingly.

The financial information of each year above has been audited and certified by the independent auditor.

Note 2: The independent auditor has reviewed the financial information for the current year ending March 31, 2021.

2. Condensed Consolidated Comprehensive Income Statement - Adopting the International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years (note 1)					Financial Information for the current year as of March 31, 2021 (note 2)
	2016	2017	2018	2019	2020	
Operating income	1,990,262	1,720,918	3,365,313	8,840,159	7,053,361	2,251,001
Operating margin	748,470	564,637	326,017	613,528	884,626	593,870
Operating profit and loss	416,769	270,295	(152,780)	(533,296)	(220,654)	281,643
Non-operating income and expenditure	(24,153)	47,635	14,269	305,166	512,107	(3,662)
Net profit before tax	392,616	317,930	(138,511)	(228,130)	291,453	277,981
Current net profit of continuing business units	253,868	245,312	(171,064)	(197,033)	179,775	201,844
Interests in discontinued units	0	0	0	0	0	0
Net profit (loss) for the period	253,868	245,312	(171,064)	(197,033)	179,775	201,844
Other comprehensive income of the current period (net after tax)	(78,732)	(11,031)	(86,426)	413,575	25,590	45,137
Total comprehensive income for the current period	175,136	234,281	(257,490)	216,542	205,365	246,981
Net profit attributable to owners of the parent company	253,868	245,312	(166,692)	(189,059)	83,599	96,623
Net profit attributable to the equity of previous holders under joint control	0	0	(3,256)	(17,953)	0	0
Net profit attributable to non-controlling interests	0	0	(1,116)	9,979	96,176	105,221
Total comprehensive income attributable to owners of the parent company	175,136	234,281	(248,458)	234,752	111,706	135,860
Total comprehensive income attributable to the equity of previous holders under joint control	0	0	(6,512)	(18,250)	0	0
Total comprehensive income attributable to non-controlling interests	0	0	(2,520)	40	93,659	111,121
Earnings per share	2.66	2.55	(1.24)	(0.77)	0.34	0.39

Note 1: On October 1, 2018, the company was formed as a new holding company jointly by Power Quotient International Co., Ltd., Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd. The method of

financial report disclosure in 2018 was based on the IFRS Questions and Answers issued by the Accounting Research and Development Foundation of the Republic of China on October 26, 2018. Because Glory Science Co., Ltd. swapped every one of its ordinary shares for one ordinary share of the company, this transaction is regarded as a restructuring of the organization under joint control. It is essentially a continuation of Glory Science Co., Ltd. Therefore, the financial report before the establishment of the company was based on the book value of the financial report of Glory Science Co., Ltd. for recognition of the relevant assets and liabilities, and Glory Science Co., Ltd. is regarded as a subsidiary after the merger and the financial report for the comparative period is prepared accordingly.

In order to promote the effective integration of group resources, the subsidiary Power Quotient International Co., Ltd. swapped the shares of its 89.29% subsidiary Foxwell Energy Corporation Ltd. on December 27, 2019 through the resolution of the shareholders' meeting to become a 100% subsidiary of Hsingwei Co., Ltd. After the share swap, Power Quotient International Co., Ltd. holds 76.56% of the shares of Hsingwei Co., Ltd., and this is considered a restructuring of the organization under joint control. When preparing comparative consolidated financial statements, it should be regarded as a merger from the beginning, and the 2018 consolidated financial statements were re-compiled accordingly.

The financial information of each year above has been audited and certified by the independent auditor.

Note 2: The independent auditor has reviewed the financial information for the current year ending March 31, 2021.

(II)1. Condensed Individual Balance Sheet - Adopting the International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year		Financial Information for the Last Five Years				
		2016	2017	2018	2019	2020
Current assets		0	0	4	665	352,603
Property, plant and equipment		0	0	0	0	0
Intangible assets		0	0	0	0	0
Other assets		2,403,222	2,445,039	7,098,760	7,623,551	7,876,626
Total assets		2,403,222	2,445,039	7,098,764	7,624,216	8,229,229
Current liabilities	Before distribution	0	0	4,107	619,911	770,630
	After distribution	0	0	4,107	619,911	1,016,872
Non-current liabilities		0	0	0	300,000	400,000
Total liabilities	Before distribution	0	0	4,107	919,911	1,170,630
	After distribution	0	0	196,571	1,535,516	1,416,872
Equity attributable to owners of the parent company		2,403,222	2,445,039	7,094,657	6,704,305	7,058,599
Share capital		962,320	962,320	2,462,421	2,462,421	2,462,421
Additional paid-in capital		861,858	861,858	5,019,688	4,237,390	4,198,013
Retained earnings	Before distribution	628,603	681,177	(165,483)	(273,604)	98,209
	After distribution	436,139	488,713	(165,483)	(273,604)	24,336
Other rights		(49,559)	(60,316)	(144,773)	278,098	299,956
Equity of previous holders under joint control		0	0	(77,196)	0	0
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	2,403,222	2,445,039	7,094,657	6,704,305	7,058,599
	After distribution	2,210,758	2,252,575	6,902,193	6,088,700	6,812,357

Note 1: The company was established on October 1, 2018. Before that date, its individual financial report was based on the book value of the financial report of Glory Science Co., Ltd. for recognition of the relevant assets and liabilities, and Glory Science Co., Ltd. is regarded as a subsidiary after the merger and the financial report for the comparative period is prepared accordingly.

In order to promote the effective integration of group resources, the subsidiary Power Quotient International Co., Ltd. swapped the shares of its 89.29% subsidiary Foxwell Energy Corporation Ltd. on December 27, 2019 through the resolution of the shareholders' meeting to become a 100% subsidiary of Hsingwei Co., Ltd. After the share swap, Power Quotient International Co., Ltd. holds 76.56% of the shares of Hsingwei Co., Ltd., and this is considered a restructuring of the organization under joint control. When preparing comparative consolidated financial statements, it should be regarded as a merger from the beginning, and the 2018 consolidated financial statements were re-compiled accordingly.

Note 2: The financial information of each year above has been audited and certified by the independent auditor.

2. Condensed Individual Comprehensive Income Statement - Adopting the International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years				
	2016	2017	2018	2019	2020
Operating income	253,868	245,312	0	0	102,367
Operating margin	253,868	245,312	(165,845)	(281,228)	102,367
Operating profit and loss	253,868	245,312	(169,948)	(294,358)	77,450
Non-operating income and expenditure	0	0	0	87,346	6,149
Net profit before tax	253,868	245,312	(169,948)	(207,012)	83,599
Current net profit of continuing business units	253,868	245,312	(169,948)	(207,012)	83,599
Interests (loss) of discontinued units	0	0	0	0	0
Net profit (loss) for the period	253,868	245,312	(169,948)	(207,012)	83,599
Other comprehensive income of the current period (net after tax)	(78,732)	(11,031)	(85,022)	423,514	28,107
Total comprehensive income for the current period	175,136	234,281	(254,970)	216,502	111,706
Net profit attributable to owners of the parent company	253,868	245,312	(166,692)	(189,059)	83,599
Net profit attributable to the equity of previous holders under joint control	0	0	(3,256)	(17,953)	0
Total comprehensive income attributable to owners of the parent company	175,136	234,281	(248,458)	234,752	111,706
Total comprehensive income attributable to the equity of previous holders under joint control	0	0	(6,512)	(18,250)	0
Earnings per share	2.66	2.55	(1.24)	(0.77)	0.34

Note 1: The company was established on October 1, 2018. Before that date, its individual financial report was based on the book value of the financial report of Glory Science Co., Ltd. for recognition of the relevant assets and liabilities, and Glory Science Co., Ltd. is regarded as a subsidiary after the merger and the financial report for the comparative period is prepared accordingly.

In order to promote the effective integration of group resources, the subsidiary Power Quotient International Co., Ltd. swapped the shares of its 89.29% subsidiary Foxwell Energy Corporation Ltd. on December 27, 2019 through the resolution of the shareholders' meeting to become a 100% subsidiary of Hsingwei Co., Ltd. After the share swap, Power Quotient International Co., Ltd. holds 76.56% of the shares of Hsingwei Co., Ltd., and this is considered a restructuring of the organization under joint control. When preparing comparative consolidated financial statements, it should be regarded as a merger from the beginning, and the 2018 consolidated financial statements were re-compiled accordingly.

Note 2: The financial information of each year above has been audited and certified by the independent auditor.

(III) Names of Accountants in the Last Five Years and Their Review Opinions

Year	Accounting firm	Name of independent auditor	Audit opinion
2016	PwC Taiwan	Yu-Juan Wang, Hsiao-Tsi Chou	Unqualified opinion
2017	PwC Taiwan	Yu-Juan Wang, Hsiao-Tsi Chou	Unqualified opinion
2018	PwC Taiwan	Se-Kai Lin, Yi-Chang Liang	Unqualified opinion subsequent to revision
2019	PwC Taiwan	Se-Kai Lin, Yi-Chang Liang	Unqualified opinion subsequent to revision
2020	PwC Taiwan	Yi-Chang Liang, Se-Kai Lin	Unqualified opinion

Note: The data of Glory Science Co., Ltd. is used for disclosure from 2016 to 2017.

II. Financial Analysis for the Last Five Years

(I) Consolidated Financial Analysis - Adopting the International Financial Reporting Standards

Analysis item \ Year		Financial analysis for the last five years					The current year as of March 31, 2021 (note 2)
		2016	2017	2018	2019	2020	
Financial structure (%)	Debt to assets ratio	31.82	34.53	53.91	62.30	64.15	59.11
	Ratio of long-term capital to property, plant and equipment	157.99	181.99	266.79	209.72	343.52	347.47
Solvency (%)	Current ratio	179.24	167.49	133.53	115.95	127.51	127.29
	Quick ratio	161.75	145.03	102.02	85.45	115.48	116.33
	Times interest earned	35.13	40.35	-5.02	-2.02	3.71	8.62
Management capacity	Turnover rate of receivables (times)	3.35	3.32	3.54	6.31	5.48	6.45
	Average cash collection days	109	110	103.24	57.82	66.61	56.59
	Inventory turnover rate (times)	7.28	5.36	3.83	6.36	5.86	7.90
	Turnover rate of payables (times)	11.18	11.29	4.30	5.92	5.02	6.45
	Average sales days	50	68	95.39	57.35	62.29	56.59
	Turnover rate of property, plant and equipment (times)	1.28	1.13	1.36	2.01	1.62	2.67
	Turnover rate of total assets (times)	0.56	0.47	0.35	0.52	0.34	0.40
Profitability	Return on assets (%)	7.44	6.94	-1.46	-0.65	1.20	4.11
	Return on equity (%)	10.55	10.12	-3.53	-2.79	2.39	9.47
	Ratio of net profit before tax to paid-in capital (%)	40.80	33.04	-5.62	-9.26	11.84	45.16
	Net profit rate (%)	12.76	14.25	-5.08	-2.23	2.55	8.97
	Earnings per share (NT\$)	2.66	2.55	-1.24	-0.77	0.34	0.39
Cash flow (%)	Cash flow ratio	51.43	67.11	3.07	5.27	11.97	-0.39
	Cash flow adequacy ratio	118.70	128.87	56.91	33.65	53.83	41.52
	Cash reinvestment ratio	7.55	11.61	-0.26	-1.93	7.85	-0.43
Leverage	Operating leverage	2.08	2.65	-2.43	-1.45	-4.29	2.00
	Financial leverage	1.03	1.03	0.87	0.88	0.67	1.15

Reasons for changes in various financial ratios in the last two years:

1. The ratio of long-term capital to property, plant and equipment increased by 64% mainly due to the disposal of the subsidiaries Zhangyuan, Beiyuan and Hsingwei Power in 2020, as well as the exclusion of Jiangsu Foxlink New Energy Technology Co., Ltd. from the consolidated report due to a decrease in its investment ratio as it reduced its capital, thus resulting in a substantial decrease in property, plant and equipment.
2. The quick ratio increased by 35%, mainly due to the substantial increase in current assets in 2020.
3. The times interest earned increased by 284%, mainly due to the loss-to-profit turnaround in 2020.
4. The turnover rate of total assets decreased by 34%, mainly due to the decrease in net sales in 2020.
5. The return on assets increased by 255% and the return on equity increased by 186%, mainly due to the loss-to-profit turnaround in 2020.
6. The ratio of pre-tax net profit to paid-in capital increased by 228%, mainly due to the loss-to-profit turnaround in 2020.
7. The net profit ratio increased by 214% and the earnings per share increased by 144%, mainly due to the loss-to-profit turnaround in 2020.
8. The cash flow ratio increased by 127%, the net cash flow adequacy ratio increased by 55%, and the cash reinvestment ratio increased by 507%, mainly due to the increase in cash for operating activities resulting from the increase in profit in 2020 and non-distribution of cash dividends.
9. The operating leverage decreased by 197% and financial leverage decreased by 23%, mainly due to the substantial increase in operating profit in 2020.

Note 1: On October 1, 2018, the company was formed as a new holding company jointly by Power Quotient International Co., Ltd., Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd. The method of financial report disclosure in 2018 was based on the IFRS Questions and Answers issued by the Accounting Research and Development Foundation of the Republic of China on October 26, 2018. Because Glory Science Co., Ltd. swapped every one of its ordinary shares for one ordinary share of the company, this transaction is regarded as a restructuring of the organization under joint control. It is essentially a continuation of Glory Science Co., Ltd. Therefore, the financial report before the establishment of the company was based on the book value of the financial report of Glory Science Co., Ltd. for recognition of the relevant assets and liabilities, and Glory Science Co., Ltd. is regarded as a subsidiary after the merger and the financial report for the comparative period is prepared accordingly. In order to promote the effective integration of group resources, the subsidiary Power Quotient International Co., Ltd. swapped the shares of its 89.29% subsidiary Foxwell Energy Corporation Ltd. on December 27, 2019 through the resolution of the shareholders' meeting to become a 100% subsidiary of Hsingwei Co., Ltd. After the share swap, Power Quotient International Co., Ltd. holds 76.56% of the shares of Hsingwei Co., Ltd., and this is considered a restructuring of the organization under joint control. When preparing comparative consolidated financial statements, it should be regarded as a merger from the beginning, and the 2018 consolidated financial statements were re-compiled accordingly.

The financial information of each year above has been audited and certified by the independent auditor.

Note 2: The independent auditor has reviewed the financial information for the current year ending March 31, 2021.

(II) Individual Financial Analysis - Adopting the International Financial Reporting Standards

Year		2016	2017	2018	2019	2020
Analysis item						
Financial structure (%)	Debt to assets ratio	-	-	0.06	12.07	14.23
	Ratio of long-term capital to property, plant and equipment	-	-	-	-	-
Solvency (%)	Current ratio	-	-	0.10	0.11	45.76
	Quick ratio	-	-	0.10	0.11	45.74
	Times interest earned	-	-	-	-39.6	9.84
Management capacity	Turnover rate of receivables (times)	-	-	-	-	-
	Average cash collection days	-	-	-	-	-
	Inventory turnover rate (times)	-	-	-	-	-
	Turnover rate of payables (times)	-	-	-	-	-
	Average sales days	-	-	-	-	-
	Turnover rate of property, plant and equipment (times)	-	-	-	-	-
	Turnover rate of total assets (times)	0.11	0.10	-	-	0.01
Profitability	Return on assets (%)	10.55	10.12	-3.56	-2.74	1.17
	Return on equity (%)	10.55	10.12	-3.56	-3.00	1.21
	Ratio of net profit before tax to paid-in capital (%)	26.38	25.49	-6.90	-8.41	3.39
	Net profit rate (%)	100	100	-	-	81.67
	Earnings per share (NT\$)	2.66	2.55	-1.24	-0.77	0.34
Cash flow (%)	Cash flow ratio	-	-	0.10	74.41	41.40
	Cash flow adequacy ratio	-	-	-	33.53	49.21
	Cash reinvestment ratio	-	-	-	-2.20	4.28
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.00	1.00	1.00	0.98	1.14

Reasons for changes in various financial ratios in the last two years:

1. The current ratio increased by 42553% and the quick ratio by 42542%, mainly due to the substantial increase in current assets in 2020.
2. The substantial increase in times interest earned was mainly due to the substantial increase in net profit before tax and interest expenses in 2020.
3. The return on assets increased by 143% and the return on equity increased by 140%, mainly due to the loss-to-profit turnaround in 2020.
4. The ratio of pre-tax net profit to paid-in capital increased by 140%, mainly due to the loss-to-profit turnaround in 2020.
5. Earnings per share increased by 144%, mainly due to the loss-to-profit turnaround in 2020.
6. The cash flow ratio decreased by 44%, mainly due to the decrease in net cash flow from operating activities and the increase in current liabilities.
7. The cash flow allowable ratio increased by 47% and the cash reinvestment ratio increased by 294%, mainly due to the non-distribution of cash dividends in 2020.

Note 1: The company was established on October 1, 2018. Before that date, its individual financial report was based on the book value of the financial report of Glory Science Co., Ltd. for recognition of the relevant assets and liabilities, and Glory Science Co., Ltd. is regarded as a subsidiary after the merger and the financial report for the comparative period is prepared accordingly. In order to promote the effective integration of group resources, the subsidiary Power Quotient International Co., Ltd. swapped the shares of its 89.29% subsidiary Foxwell Energy Corporation Ltd. on December 27, 2019 through the resolution of the shareholders' meeting to become a 100% subsidiary of Hsingwei Co., Ltd. After the share swap, Power Quotient International Co., Ltd. holds 76.56% of the shares of Hsingwei Co., Ltd., and this is considered a restructuring of the organization under joint control. When preparing comparative consolidated financial statements, it should be regarded as a merger from the beginning, and the 2018 consolidated financial statements were re-compiled accordingly.

Note 2: The financial information of each year above has been audited and certified by the independent auditor.

Calculation formula of financial analysis:

1. Financial structure

- (1) Liabilities to assets ratio = total liabilities/total assets
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment

2. Solvency

- (1) Current ratio = current assets/current liabilities
- (2) Quick ratio = (current assets-inventory-prepaid expenses)/current liabilities
- (3) Times interest earned = net profit before income tax and interest expense/Interest expense in the current period

3. Management capacity

- (1) Turnover rate of receivables (times) (including accounts receivable and notes receivable due to business) turnover rate = net sales/balance of average receivables for each period (including accounts receivable and notes receivable due to business)
- (2) Average cash collection days = 365/turnover rate of receivables
- (3) Inventory turnover rate = cost of goods sold/average inventory value
- (4) Turnover rate of payables (including accounts payable and bills payable due to business) = cost of goods sold/balance of payables for each period (including accounts payable and notes payable due to business)
- (5) Average sales days = 365/inventory turnover rate
- (6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment
- (7) Turnover rate of total assets = net sales/total average assets

4. Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets
- (2) Return on equity = after-tax profit and loss/average total equity
- (3) Net profit rate = after-tax profit and loss/net sales
- (4) Earnings per share = (profit and loss attributable to owners of the parent company - preferred stock dividends)/weighted average number of shares issued

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities
- (2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years/(capital expenditure + inventory increase + cash dividends) in the last five years
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage = (net operating income - variable operating costs and expenses)/operating profit
- (2) Financial leverage = operating profit/(operating profit - interest expense)

III. Audit Committee's Review Report of the Latest Annual Financial Report

Audit Committee's Review Report

The company's board of directors submitted the proposed business report, financial statements, and earnings distribution plan for 2020. The financial statements were audited by PwC Taiwan and an independent auditor's report was issued accordingly. The proposal of the above-mentioned business report, financial statements and earnings distribution plan has been audited by the Audit Committee and did not find any discrepancy. A report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act; please verify.

FIT Holding Co., Ltd.

Convener of Audit Committee: Ralph Chen

March 26, 2021

IV. Latest Annual Financial Report:

See pages 110 to 210.

V. Latest Individual Financial Report Audited and Certified by the
Independent Auditor:

Please refer to pages 211 to 267.

**FIT HOLDING CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019**

FIT HOLDING CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company 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 26, 2021

INDEPENDENT AUDITORS' REPORT

PWCR 20005325

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, 2020 and 2019, 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, 2020 and 2019, 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 audit of the consolidated financial statements as of and for the year ended December 31, 2020 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; and in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” , "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditor’s 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 Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the report of other auditors are 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, 2020 are stated as follows:

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(14) for accounting policies on inventories, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to inventory valuation, and Note 6(6) for details of inventories.

The Company's subsidiaries are primarily engaged in the manufacturing and sale of optical instruments, peripheral equipment components, 3C products, image scanners and multifunction printers. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or obsolescence due to an economic slowdown or an excess of supply over demand. Those subsidiaries' inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories.

Those subsidiaries' amounts of inventory were material, and the net realisable value involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. The assessment of allowance for inventory valuation losses 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. Assessed the reasonableness of policies and procedures on allowance for inventory valuation losses.
- B. Verified whether the systematic logic used in the Group's inventory aging report is appropriate and in line with its policies.
- C. Tested inventory valuation basis adequacy and recalculated the selected samples' information in order to verify that the inventory was measured at the lower of cost and net realisable value.

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(12) 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(8) 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-Parent company only financial reports

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, 2020 and 2019, 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.

Liang Yi Chang

Lin, Se-Kai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 26, 2021

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.

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 5,148,889	23	\$ 1,820,304	10
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	129,150	1
1136	Current financial assets at amortised cost	6(4) and 8	5,574,504	24	1,487,355	8
1140	Current contract assets		104,591	-	169,992	1
1150	Notes receivable, net	6(5)	4,846	-	8,636	-
1170	Accounts receivable, net	6(5)	895,437	4	1,098,557	6
1180	Accounts receivable - related parties	7	394,721	2	46,297	-
1200	Other receivables		8,061	-	6,923	-
130X	Inventories	6(6)	867,146	4	1,239,969	7
1410	Prepayments		401,542	2	532,840	3
1470	Other current assets		43,292	-	200,172	1
11XX	Current Assets		13,443,029	59	6,740,195	37
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	2,345,419	10	2,229,668	12
1535	Non-current financial assets at amortised cost	6(4) and 8	19,091	-	20,318	-
1550	Investments accounted for under equity method	6(7)	1,017,177	4	806,459	4
1600	Property, plant and equipment	6(8) and 8	3,411,488	15	5,279,784	29
1755	Right-of-use assets	6(9)	574,928	3	650,279	4
1760	Investment property, net	6(11)	391,072	2	393,708	2
1780	Intangible assets	6(12)	985,094	4	1,027,695	6
1840	Deferred income tax assets	6(28)	339,752	1	335,184	2
1915	Prepayments for business facilities		162,580	1	589,831	3
1990	Other non-current assets, others	6(13) and 8	117,379	1	134,797	1
15XX	Non-current assets		9,363,980	41	11,467,723	63
1XXX	Total assets		\$ 22,807,009	100	\$ 18,207,918	100

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019				
			Notes	AMOUNT	%	AMOUNT	%		
Current liabilities									
2100	Short-term borrowings	6(14)	\$	3,129,800	14	\$	1,996,744	11	
2110	Short-term notes and bills payable	6(15)		307,237	1		314,958	2	
2130	Current contract liabilities	6(22)		640,316	3		279,542	2	
2150	Notes payable			155	-		3,273	-	
2170	Accounts payable			982,146	4		1,331,548	7	
2180	Accounts payable to related parties	7		22,070	-		118,207	1	
2200	Other payables	6(16)		618,327	3		1,101,980	6	
2220	Other payables to related parties	7		4,037,439	18		33,375	-	
2230	Current income tax liabilities	6(28)		29,029	-		31,587	-	
2280	Current lease liabilities	7		70,164	-		79,622	-	
2300	Other current liabilities	6(17)		705,882	3		522,415	3	
21XX	Current Liabilities			10,542,565	46		5,813,251	32	
Non-current liabilities									
2540	Long-term borrowings	6(18)		3,542,047	16		4,208,453	23	
2570	Deferred income tax liabilities	6(28)		252,107	1		170,688	1	
2580	Non-current lease liabilities	7		266,888	1		267,194	1	
2600	Other non-current liabilities			26,147	-		884,177	5	
25XX	Non-current liabilities			4,087,189	18		5,530,512	30	
2XXX	Total Liabilities			14,629,754	64		11,343,763	62	
Equity									
	Share capital	6(19)							
3110	Share capital - common stock			2,462,421	11		2,462,421	14	
	Capital surplus	6(20)							
3200	Capital surplus			4,198,013	19		4,237,390	23	
	Retained earnings	6(21)							
3320	Special reserve			8,361	-		8,361	-	
3350	Unappropriated retained earnings								
	(accumulated deficit)			89,848	-	(281,965)	(2)
	Other equity interest								
3400	Other equity interest			299,956	1		278,098	2	
31XX	Equity attributable to owners of the parent			7,058,599	31		6,704,305	37	
36XX	Non-controlling interest			1,118,656	5		159,850	1	
3XXX	Total equity			8,177,255	36		6,864,155	38	
	Significant contingent liabilities	9							
	Significant events after the balance sheet date	11							
3X2X	Total liabilities and equity		\$	22,807,009	100	\$	18,207,918	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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7		\$ 7,053,361	100	\$ 8,840,159	100
5000 Operating costs	6(6)(27) and 7		(6,168,735)	(87)	(8,226,631)	(93)
5900 Gross profit			884,626	13	613,528	7
Operating expenses	6(27)					
6100 Selling expenses			(222,319)	(3)	(296,276)	(3)
6200 General and administrative expenses			(498,526)	(7)	(511,367)	(6)
6300 Research and development expenses			(383,683)	(6)	(338,228)	(4)
6450 Expect credit loss	12(2)		(752)	-	(953)	-
6000 Total operating expenses			(1,105,280)	(16)	(1,146,824)	(13)
6900 Operating loss			(220,654)	(3)	(533,296)	(6)
Non-operating income and expenses						
7100 Interest income	6(23)		30,038	-	51,989	1
7010 Other income	6(24)		200,938	3	224,636	2
7020 Other gains and losses	6(25)		316,501	5	49,694	1
7050 Finance costs	6(26) and 7		(107,403)	(2)	(75,620)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)		72,033	1	54,467	1
7000 Total non-operating income and expenses			512,107	7	305,166	4
7900 Profit (loss) before income tax			291,453	4	(228,130)	(2)
7950 Income tax (expense) benefit	6(28)		(111,678)	(1)	31,097	-
8200 Profit (loss) for the year			\$ 179,775	3	(\$ 197,033)	(2)

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31			
Items		2020		2019	
		AMOUNT	%	AMOUNT	%
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	\$ 7,786	-	\$ 1,208	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	41,754	-	560,816	6
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	-	(27)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,557)	-	(241)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	48,003	-	561,756	6
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	(27,551)	-	(180,447)	(2)
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	480	-	(1,786)	-
8399	Income tax relating to the components of other comprehensive income	4,658	-	34,052	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss	(22,413)	-	(148,181)	(2)
8300	Other comprehensive income for the year	\$ 25,590	-	\$ 413,575	4
8500	Total comprehensive income for the year	\$ 205,365	3	\$ 216,542	2
Profit (loss), attributable to:					
8610	Owners of the parent	\$ 83,599	1	(\$ 189,059)	(2)
8615	Former owner of business combination under common control	-	-	(17,953)	-
8620	Non-controlling interest	96,176	2	9,979	-
	Total	\$ 179,775	3	(\$ 197,033)	(2)
Comprehensive income attributable to:					
8710	Owners of the parent	\$ 111,706	2	\$ 234,752	2
8715	Former owner of business combination under common control	-	-	(18,250)	-
8720	Non-controlling interest	93,659	1	40	-
	Total	\$ 205,365	3	\$ 216,542	2
Earnings (loss) per share					
9710	Basic earnings (loss) per share from continuing operations	\$	0.34	(\$	0.77)
9720	Basic earnings (loss) per share from equity attributable to former owner of business combination under common control	-	-	(0.07)	-
9750	Basic earnings (loss) per share	\$ 0.34	-	(\$ 0.84)	-
9810	Diluted earnings (loss) per share from continuing operations	\$	0.34	(\$	0.77)
9820	Diluted earnings (loss) per share from equity attributable to former owner of business combination under common control	-	-	(0.07)	-
9850	Diluted earnings (loss) per share	\$ 0.34	-	(\$ 0.84)	-

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained earnings			Other equity interest						
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Equity attributable to former owner of business combination under common control	Non-controlling interest	Total equity
Year 2019											
		\$2,462,421	\$5,019,688	\$ 8,361	(\$ 173,844)	(\$ 81,588)	(\$ 63,185)	\$7,171,853	(\$ 77,196)	\$ 159,810	\$7,254,467
		-	-	-	(189,059)	-	-	(189,059)	(17,953)	9,979	(197,033)
		-	-	-	940	(137,945)	560,816	423,811	(297)	(9,939)	413,575
		-	-	-	(188,119)	(137,945)	560,816	234,752	(18,250)	40	216,542
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	-	-	(129)	-	-	(129)	-	-	(129)
Capital surplus used to cover accumulated deficits	6(21)	-	(166,692)	-	166,692	-	-	-	-	-	-
Cash dividends paid by additional paid-in capital	6(20)	-	(615,606)	-	-	-	-	(615,606)	-	-	(615,606)
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	8,881	-	8,881
Adjustments to reorganisation		-	-	-	(86,565)	-	-	(86,565)	86,565	-	-
Balance at December 31, 2019		<u>\$2,462,421</u>	<u>\$4,237,390</u>	<u>\$ 8,361</u>	<u>(\$ 281,965)</u>	<u>(\$ 219,533)</u>	<u>\$ 497,631</u>	<u>\$6,704,305</u>	<u>\$ -</u>	<u>\$ 159,850</u>	<u>\$6,864,155</u>
Year 2020											
		\$2,462,421	\$4,237,390	\$ 8,361	(\$ 281,965)	(\$ 219,533)	\$ 497,631	\$6,704,305	\$ -	\$ 159,850	\$6,864,155
		-	-	-	83,599	-	-	83,599	-	96,176	179,775
		-	-	-	6,249	(19,896)	41,754	28,107	-	(2,517)	25,590
		-	-	-	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
Capital surplus used to cover accumulated deficits	6(21)	-	(281,965)	-	281,965	-	-	-	-	-	-
Changes in non-controlling interest		-	182,847	-	-	-	-	182,847	-	864,920	1,047,767
Compensation costs		-	-	-	-	-	-	-	-	227	227
Balance at December 31, 2020		<u>\$2,462,421</u>	<u>\$4,198,013</u>	<u>\$ 8,361</u>	<u>\$ 89,848</u>	<u>(\$ 239,429)</u>	<u>\$ 539,385</u>	<u>\$7,058,599</u>	<u>\$ -</u>	<u>\$1,118,656</u>	<u>\$8,177,255</u>

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 291,453	(\$ 228,130)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	752	953
Depreciation (including investment property and right-of-use assets)	6(27)	469,758	725,389
Amortisation	6(27)	15,823	19,025
Loss on disposal of property, plant and equipment	6(25)	1,555	7,258
Financial assets at fair value through profit or loss	6(2)(25)	(1,387)	(4,843)
Share of profit of associates and joint ventures accounted for using the equity method		(72,033)	(54,467)
Gain on disposal of investments	6(25)	(266,613)	(11,395)
Interest expense	6(26)	107,403	75,620
Interest income	6(23)	(30,038)	(51,989)
Dividend income	6(24)	(72,193)	(44,690)
Compensation cost		227	-
Loss on lease modification	6(25)	-	(2,141)
Deferred government grants revenue recognised	6(25)	(11,233)	(32,358)
Gain recognized in bargain purchase transaction	6(24)	-	(92,235)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		129,202	(129,720)
Current contract assets		65,401	(145,958)
Notes receivable, net		3,790	(5,300)
Accounts receivable		176,357	321,832
Other receivables	(	( 4,900)	344,677
Accounts receivable - related parties	(	( 348,424)	(9,871)
Inventories		284,696	105,350
Prepayments		114,769	(245,642)
Other current assets		83,757	(95,186)
Other non-current assets		4,612	(13,887)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		-	401
Contract liabilities - current		360,774	97,700
Notes payable	(	( 3,118)	(460)
Accounts payable	(	( 321,197)	93,500
Accounts payable to related parties	(	( 96,137)	31,605
Other payables		246,787	(218,678)
Increase in other payables to related parties		4,104	-
Other current liabilities		50,730	11,778
Cash inflow generated from operations		1,184,677	448,138
Interest received		32,365	40,851
Interest paid	(	( 107,214)	(74,825)
Dividend received		168,111	44,690
Income tax paid	(	( 15,995)	(152,235)
Net cash flows from operating activities		1,261,944	306,619

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost	(\$	4,085,922)	(\$ 905,124)
Proceeds from disposal of investments accounted for using the equity method		73,620	71,106
Acquisition of property, plant and equipment	(	894,071)	(1,284,800)
Proceeds from disposal of property, plant and equipment		3,089	2,829
Acquisition of right-of-use assets		-	(18,465)
Acquisition of intangible assets	(	3,431)	(4,287)
Increase in prepayments for business facilities		-	(365,675)
Increase in refundable deposits		4,830	(7,033)
Cash received due to disposal of subsidiaries		441,275	-
Proceeds from capital reduction of investments accounted for using equity method		342,528	-
Acquisition of investments accounted for using the equity method	(	210,000)	-
Acquisition of subsidiary (excluding cash)		-	(279,811)
Net cash flows used in investing activities	(	4,328,082)	(2,791,260)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	(	22,861,084)	(9,400,639)
Increase in short-term borrowings		23,994,140	10,297,383
Increase (decrease) in short-term notes payable	(	7,721)	(39,976)
Increase in long-term borrowings		6,369,016	5,791,574
Decrease in long-term borrowings	(	5,915,480)	(4,170,858)
Repayment of lease liabilities	(	75,122)	(105,446)
Increase in other payables to related parties		4,000,000	-
Increase (decrease) in other non-current liabilities		6,702	(5,684)
Cash dividends paid	6(20)	-	(615,605)
Changes in non-controlling interest		1,047,767	-
Net cash flows from financing activities		6,558,218	1,750,749
Changes in foreign currency exchange	(	163,495)	(193,306)
Net increase (decrease) in cash and cash equivalents		3,328,585	(927,198)
Cash and cash equivalents at beginning of year		1,820,304	2,747,502
Cash and cash equivalents at end of year	\$	5,148,889	\$ 1,820,304

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, 2020 AND 2019

(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 26, 2021.

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 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

Amendment to IFRS 16, ‘Covid-19-related rent concessions’ January 1, 2020 (Note)

Note : Earlier application from January 1, 2020 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 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

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) IFRSs issued by IASB but not yet endorsed by the FSC

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	International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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 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.

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 and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) 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, 2020	December 31, 2019	
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 Fong)	Energy service management	41.3	100	Note 4
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	99	
GLORY TEK (SAMOA)	Glorytek (Suzhou) Co., Ltd. (Glorytek Suzhou)	Production and processing and sale of optical lens components and other products	100	100	
GLORY TEK (SAMOA)	Glory Optics (Yancheng) Co., Ltd. (GOYC)	Production and processing and sale of optical lens components and other products	35	35	Note 2
GLORY OPTICS	Glorytek (Yancheng) Co., Ltd. (Glorytek Yancheng)	Production and processing and sale of optical lens components and other products	100	100	
Glorytek Yancheng	Yancheng Yaowei Technology Co., Ltd. (YYWT)	Production and processing and sale of optical lens components and other products	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Glorytek Suzhou	Glory Optics (Yancheng) Co., Ltd. (GOYC)	Production and processing and sale of optical lens components and other products	65	65	Notes 1 and 2
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 Fong)	Energy service management	34.7	-	Note 4
AITL	Dong Guan Fu Zhang Precision Industry Co., Ltd. (DGFZ)	Mould development and moulding tool manufacture	100	100	Note 5
AITL	Dongguan Fu Wei Electronics Co., Ltd. (Dongguan Fu Wei)	Manufacture and sale of image scanners and multifunction printers	100	100	
AITL	Wei Hai Fu Kang Electric Co., Ltd. (WHFK)	Manufacture and sale of parts and moulds of photocopiers and scanners	100	100	Note 5
AITL	Dong Guan HanYang Computer Co., Ltd. (DGHY)	Manufacture of image scanners and multifunction printers and investment of real estate	100	100	Note 5
PQI	Power Quotient International (H.K.) Co., Ltd. (PQI H.K.)	Sale of electronic telecommunication components	100	100	
PQI	PQI Japan Co., Ltd. (PQI JAPAN)	Sale of electronic telecommunication components	100	100	
PQI	Syscom Development Co., Ltd. (SYSCOM)	Specialized investments holding	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, 2020	December 31, 2019	
PQI	Apix Limited (APIX)	Specialized investments holding	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	58.74	76.56	Notes 6 and 9
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	100	100	Note 6
Foxwell Energy	Beiyuan Wind Power Co., Ltd. (Beiyuan)	Wind energy and wholesale of machinery	-	100	Note 3
Foxwell Energy	Changyuan Wind Power Co., Ltd. (Changyuan)	Wind energy and wholesale of machinery	-	100	Note 3
Shinfox	Shinfox Natural Gas Co., Ltd. (Shinfox Natural Gas)	Energy service management	80	100	
Shinfox	Kunshan Jiuwei Info Tech Co., Ltd. (Kunshan Jiuwei)	Supply chain finance energy service management	100	100	
Shinfox	Foxwell Power Co., Ltd. (Foxwell Power)	Energy service management	99	100	
Shinfox	Shinfox Energy International Inc. (SHINFOX ENERGY)	Energy service management	-	40	Note 7
Shinfox	Shinfox Power Co., Ltd. (Shinfox Power)	Energy service management	-	-	Note 10
SYSCOM	PQI Corporation (PQI USA)	Sale of electronic telecommunication components	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
SYSCOM	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED (FOXLINK POWERBANK)	Manufacture of electronic telecommunication components	99	99	
APIX	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	-	100	Note 8
PQI YANCHENG	PQI (Xuzhou) New Energy Co.,Ltd. (PQI Xuzhou)	Manufacture of electronic telecommunication components	100	-	Note 11

Note 1: Glorytek Suzhou invested RMB 58,500 thousand in GOYC for the year ended December 31, 2019.

Note 2: GLORY TEK (SAMOA) and Glorytek Suzhou jointly held 100% equity interest of GOYC.

Note 3: Foxwell Energy invested \$60,000 in Changyuan and Beiyuan for the year ended December 31, 2019, respectively. In November 2020, the Group lost its control over the subsidiaries, Changyuan and Beiyuan, 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 4: 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. The Company jointly held 76% of the share capital of Shih Fong with Foxlink Image and maintained the control over Shih Fong.

Note 5: To simplify the Group's structure, the shareholders at their meeting on December 16, 2019

resolved to merge the subsidiaries of the Group, AITL, GITL, GSTL and GOI, with AITL being the surviving company.

Note 6: 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 year ended December 31, 2020. The Group's subsidiary, PQI, did not acquire shares proportionally to its interest and sold 1.9% of shares. As a result, PQI decreased its share interest to 58.74% and maintained control over Shinfox. Please refer to Note 6(30) for more details.

Note 7: SHINFOX ENERGY has completed the cancellation of registration during the year ended December 31, 2020.

Note 8: 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 9: Shinfox Energy Co., Ltd. was formerly named as Shinfox Co., Ltd..

Note 10: 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 11: PQI Xuzhou completed registration of incorporation in 2020.

C. Subsidiaries not included in the consolidated financial statements

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		
			December 31, 2020	December 31, 2019	Note
Foxlink Image	KLEINE DEVELOPMENTS LIMITED	Manufacture and sale of Magnesium products	-	50	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

None.

(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:
 - (a) 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.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(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 3 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) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(25) 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.

(26) 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.

(27) 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.

(28) 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.

(29) 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.

(30) 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'.

(31) 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.

(32) 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.

(33) Reorganisation under common control

- A. The Group applies the related interpretations issued in R.O.C. for the intra-group reorganisation since there is no definite rules for business combinations of entities under common control in IFRS 3, 'Business combinations' as explained in the IFRS Q&A 'explanations to IFRS 3 Business Combinations under Common Control' issued by Accounting Research and Development Foundation on October 26, 2018. The aforementioned transaction is stated at book value method and the comparative financial statements of prior years were restated based on the assumption that the business combination occurred at the beginning of the year.
- B. As described in Note 1, the share swap transactions between the Company and Glory Science were considered as a reorganisation under common control and the Company is substantially a continuation of Glory Science. The Group recognised the associated assets and liabilities in its consolidated financial statements before the incorporation date based on their carrying amounts in the consolidated financial statements of Glory Science. The comparative financial statements were restated based on the assumption that Glory Science was considered as a consolidated subsidiary at the beginning.
- C. The Group acquired share interest of Shinfox, a subsidiary of the ultimate parent company through share swap for the year ended December 31, 2019. As the acquisition was the Group's internal reorganisation, in accordance with Accounting Research and Development Foundation Interpretation 101-301, it was considered that the Company invested in Shinfox at the beginning. When restating the consolidated financial statements of prior years, Shinfox's equity owned by the Company, are classified as "Equity attributable to former owner of business combination under common control" and profit or loss recognised by the Group are classified as "Net profit (loss) of equity attributable to former owner of business combination under common control".

(34) 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(12) for the information of goodwill impairment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2020, the carrying amount of inventories was \$867,146.

C. 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.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 10,055	\$ 11,765
Checking accounts and demand deposits	2,355,349	1,372,580
Cash equivalents		
Time deposits	<u>2,783,485</u>	<u>435,959</u>
	<u>5,148,889</u>	<u>1,820,304</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, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-capital guaranteed floating profit financial instruments	<u>\$ -</u>	<u>\$ 129,150</u>

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, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Non-capital guaranteed floating profit financial instruments	\$ 1,387	\$ 4,442
Forward foreign exchange contracts	-	401
	<u>\$ 1,387</u>	<u>\$ 4,843</u>

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Equity instruments		
Listed stocks	\$ 1,263,416	\$ 1,263,416
Unlisted stocks	1,350,028	1,276,031
	<u>2,613,444</u>	<u>2,539,447</u>
Valuation adjustment	(268,025)	(309,779)
	<u>\$ 2,345,419</u>	<u>\$ 2,229,668</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 \$2,345,419 and \$2,229,668 as at December 31, 2020 and 2019, respectively.
- B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31, 2020</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 41,754	\$ 560,816

- 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, 2020	December 31, 2019
Current items:		
Restricted bank deposits	\$ 4,359,551	\$ 7,711
Pledged time deposits	1,200,000	241,250
Time deposits maturing in excess of three months	14,953	341,488
Repatriated offshore funds	-	896,906
	<u>\$ 5,574,504</u>	<u>\$ 1,487,355</u>
Non-current items:		
Restricted bank deposits	\$ 14,591	\$ 2,376
Pledged time deposits	4,500	17,942
	<u>\$ 19,091</u>	<u>\$ 20,318</u>

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

	Year ended December 31, 2020	
	2020	2019
Interest income	<u>\$ 17,611</u>	<u>\$ 18,248</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, 2020	December 31, 2019
Notes receivable	<u>\$ 4,846</u>	<u>\$ 8,636</u>
Accounts receivable	\$ 927,259	\$ 1,192,077
Less: Allowance for uncollectible accounts	(31,822)	(93,520)
	<u>\$ 895,437</u>	<u>\$ 1,098,557</u>

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

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 862,431	\$ 4,846	\$ 1,039,337	\$ 8,636
Up to 30 days	53,405	-	82,536	-
31 to 90 days	348	-	929	-
91 to 180 days	160	-	1,131	-
Over 180 days	10,915	-	68,144	-
	<u>\$ 927,259</u>	<u>\$ 4,846</u>	<u>\$ 1,192,077</u>	<u>\$ 8,636</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts

with customers amounted to \$1,420,777.

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, 2020 and 2019, 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 \$4,846 and \$8,636; \$895,437 and \$1,098,557, respectively.

(6) Inventories

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>
December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 560,869	(\$ 29,428)	\$ 531,441
Work in progress	20,390	(3,698)	16,692
Finished goods	551,674	(30,850)	520,824
Merchandise	175,536	(4,524)	171,012
	<u>\$ 1,308,469</u>	<u>(\$ 68,500)</u>	<u>\$ 1,239,969</u>

The cost of inventories recognised as expense for the year:

Year ended December 31,		
	2020	2019
Cost of goods sold	\$ 5,752,458	\$ 7,587,740
Unamortised manufacturing expenses	205,085	364,193
Loss on (gain on reversal of) decline in market value	12,027	(23,044)
Loss on scrapping inventory	615	5,212
Loss on physical inventory	2,678	5,106
Revenue from sale of scraps	(1,250)	(1,715)
	<u>\$ 5,971,613</u>	<u>\$ 7,937,492</u>

The Group reversed a previous inventory write-down because obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group during the year ended December 31, 2019.

(7) Investments accounted for using the equity method

Investee companies	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Power Channel Limited	\$ 507,611	\$ 383,154
Foxwell Energy Co., Ltd.	209,077	-
Castles Technology Co., Ltd.	181,429	205,914
Studio A Technology Limited	93,174	185,049
Tegna Electronics Private Limited	25,886	25,308
Kleine Developments Ltd.	-	7,034
	<u>\$ 1,017,177</u>	<u>\$ 806,459</u>

A. The Group's investments accounted for using the equity method for the years ended December 31, 2020 and 2019 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:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2020	December 31, 2019		
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

	Power Channel Limited	
	December 31, 2020	December 31, 2019
Current assets	\$ -	\$ -
Non-current assets	1,066,779	719,728
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 1,066,779</u>	<u>\$ 719,728</u>
Share in associate's net assets	381,373	257,303
Goodwill	126,238	125,851
Carrying amount of the associate	<u>\$ 507,611</u>	<u>\$ 383,154</u>

	Studio A Technology	
	December 31, 2020	December 31, 2019
Current assets	\$ 533,234	\$ 842,834
Non-current assets	57,018	80,347
Current liabilities	(205,265)	(150,021)
Non-current liabilities	(4,687)	(17,857)
Total net assets	<u>\$ 380,300</u>	<u>\$ 755,303</u>
Share in associate's net assets	\$ 93,174	\$ 185,049
Goodwill	-	-
Carrying amount of the associate	<u>\$ 93,174</u>	<u>\$ 185,049</u>

Statement of comprehensive income

	Power Channel Limited	
	Year ended December 31,	
	2020	2019
Revenue	\$ -	\$ -
Profit for the period from continuing operations	\$ 113,196	\$ 98,766
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 113,196</u>	<u>\$ 98,766</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

	Power Channel Limited	
	Year ended December 31,	
	2020	2019
Revenue	\$ 1,666,133	\$ 2,497,078
Profit for the period from continuing operations	\$ 58,309	\$ 53,487
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 58,309</u>	<u>\$ 53,487</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

- 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, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to \$416,392 and \$238,256, respectively.

	Year ended December 31,	
	2020	2019
Profit for the year from continuing operations	\$ 191,740	\$ 2,398
Other comprehensive loss, net of tax	(136)	(10,965)
Total comprehensive income (loss)	<u>\$ 191,604</u>	<u>(\$ 8,567)</u>

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

- E. Wellgen Medical Co., Ltd. increased its capital by issuing new shares in February 2019. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest to 17% and lost its significant influence. It was subsequently recognised in financial assets at fair value through other comprehensive income.
- F. 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.

(8) Property, plant and equipment

	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>
<u>2020</u>							
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
Disposals	-	45	(1,612)	(2,369)	(541)	(167)	(4,644)
Disposal of subsidiaries	(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>
	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2019							
Cost	\$ 475,136	\$ 2,586,898	\$ 111,627	\$ 260,160	\$ 1,020,208	\$ 1,439,771	\$ 5,893,800
Accumulated depreciation	(88,241)	(1,305,276)	(83,559)	(193,855)	(712,787)	-	(2,383,718)
	<u>\$ 386,895</u>	<u>\$ 1,281,622</u>	<u>\$ 28,068</u>	<u>\$ 66,305</u>	<u>\$ 307,421</u>	<u>\$ 1,439,771</u>	<u>\$ 3,510,082</u>
<u>2019</u>							
Opening net book amount as at January 1	\$ 386,895	\$ 1,281,622	\$ 28,068	\$ 66,305	\$ 307,421	\$ 1,439,771	\$ 3,510,082
Additions	-	280,526	17,039	14,417	175,404	816,453	1,303,839
Acquired from business combinations	-	-	-	-	-	691,860	691,860
Disposals	-	(85)	(2,887)	(4,902)	(2,108)	-	(9,982)
Reclassifications	933,245	191,710	9,754	(533)	-	(614,991)	519,185
Depreciation charge	(12,279)	(303,140)	(14,798)	(32,732)	(240,856)	-	(603,805)
Net exchange differences	(968)	92,034	584	(1,626)	(159,332)	(62,087)	(131,395)
Closing net book amount as at December 31	<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>
At December 31, 2019							
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>

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

(9) 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:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	\$ 295,676	\$ 362,183
Buildings	276,054	285,843
Transportation equipment (Business vehicles)	3,046	2,236
Office equipment (Photocopiers)	152	17
	<u>\$ 574,928</u>	<u>\$ 650,279</u>

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation charge	Depreciation charge
Land	\$ 11,427	\$ 11,954
Buildings	78,219	105,386
Transportation equipment (Business vehicles)	1,506	1,567
Office equipment (Photocopiers)	65	41
	<u>\$ 91,217</u>	<u>\$ 118,948</u>

- C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$72,453 and \$92,679, respectively.
- D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,594	\$ 4,853
Expense on short-term lease contracts	25,250	20,594
Expense on leases of low-value assets	584	397
Expense on variable lease payments	6,200	5,294

- E. For the years ended December 31, 2020 and 2019, the Group's total cash outflows for leases were \$111,750 and \$131,731, 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 36.96% 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 \$62.

(10) 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, 2020</u>	<u>December 31, 2019</u>
2020	\$ -	\$ 13,724
2021	13,724	13,642
2022	11,335	11,335
2023	6,720	6,720
After 2024	5,040	5,040
	<u>\$ 36,819</u>	<u>\$ 50,461</u>

(11) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
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>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1, 2019			
Cost	\$ 344,587	\$ 52,416	\$ 397,003
Accumulated depreciation	<u>-</u>	<u>(659)</u>	<u>(659)</u>
	<u>\$ 344,587</u>	<u>\$ 51,757</u>	<u>\$ 396,344</u>
<u>2019</u>			
Opening net book amount as at January 1	\$ 344,587	\$ 51,757	\$ 396,344
Depreciation charge	<u>-</u>	<u>(2,636)</u>	<u>(2,636)</u>
Closing net book amount as at December 31	<u>\$ 344,587</u>	<u>\$ 49,121</u>	<u>\$ 393,708</u>
At December 31, 2019	344,587	52,416	397,003
Cost	<u>-</u>	<u>(3,295)</u>	<u>(3,295)</u>
Accumulated depreciation	<u>\$ 344,587</u>	<u>\$ 49,121</u>	<u>\$ 393,708</u>

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

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Rental income from investment property	<u>\$ 13,805</u>	<u>\$ 12,777</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 2,636</u>	<u>\$ 2,636</u>

- B. The fair value of the investment property held by the Group as at December 31, 2020 and 2019 was \$392,673 and \$397,003, 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.

(12) Intangible assets

	<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>
<u>2020</u>				
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>
	<u>Goodwill</u>	<u>Trademarks</u>	<u>Others</u>	<u>Total</u>
At January 1, 2019				
Cost	\$ 931,993	\$ 50,781	\$ 142,149	\$ 1,124,923
Accumulated amortisation and impairment	-	-	(68,217)	(68,217)
	<u>\$ 931,993</u>	<u>\$ 50,781</u>	<u>\$ 73,932</u>	<u>\$ 1,056,706</u>
<u>2019</u>				
Opening net book amount as at January 1	\$ 931,993	\$ 50,781	\$ 73,932	\$ 1,056,706
Additions	-	-	4,287	4,287
Disposals	-	-	(105)	(105)
Amortisation charge	-	-	(19,025)	(19,025)
Net exchange differences	(12,770)	(1,215)	(183)	(14,168)
Closing net book amount as at December 31	<u>\$ 919,223</u>	<u>\$ 49,566</u>	<u>\$ 58,906</u>	<u>\$ 1,027,695</u>
At December 31, 2019				
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>

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

	December 31, 2020		December 31, 2019	
	Goodwill	Trademarks	Goodwill	Trademarks
System and peripheral products	\$ 611,760	\$ -	\$ 611,760	\$ -
3C retail and peripheral products	280,347	47,086	307,463	49,566
	<u>\$ 892,107</u>	<u>\$ 47,086</u>	<u>\$ 919,223</u>	<u>\$ 49,566</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 (11.61%~16.48%) based on financial budgets covering a five-year period.

(13) Other non-current assets, others

	December 31, 2020	December 31, 2019
Guarantee deposits paid (Note)	\$ 29,575	\$ 48,220
Net defined benefit asset	74,891	67,562
Other non-current assets	12,913	19,015
	<u>\$ 117,379</u>	<u>\$ 134,797</u>

Note: Please refer to Note 8.

(14) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 3,099,800	0.5134%~1.29%	None
Secured borrowings	30,000	1.01%	Please refer to note 8
	<u>\$ 3,129,800</u>		
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,996,744</u>	0.81%~1.80%	None

(15) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Commercial papers	\$ 307,400	\$ 315,300
Discount amortisation	(163)	(342)
	<u>\$ 307,237</u>	<u>\$ 314,958</u>
Annual interest rate range	<u>1.338%~1.568%</u>	<u>1.058%-1.758%</u>

(16) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Payable on salary and bonus	\$ 273,584	\$ 257,226
Payable on employees' compensation and directors' and supervisors' remuneration	109,338	74,991
Payable on equipment	8,486	47,730
Others	226,919	722,033
	<u>\$ 618,327</u>	<u>\$ 1,101,980</u>

(17) Long-term borrowings

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	1.49%	292,775	38,451
Bank secured borrowings				
Glory Science	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	1.53%~1.80%	294,832	314,397
				4,044,518
Less: Current portion (shown as other current liabilities)				(502,471)
				<u>\$ 3,542,047</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2019
Long-term bank borrowings				
Bank unsecured borrowings				
FIT Holding	Borrowing period is from October 2019 to August 2022; pay entire amount of principal when due, interest is repayable monthly.	1.12%	\$ -	\$ 300,000
Foxlink Image	Borrowing period is from April 2019 to December 2022; pay entire amount of principal when due, interest is repayable monthly.	1.12%~1.23%	-	2,300,000
PQI	Borrowing period is from April 2015 to December 2021; pay principal based on each bank's regulations, interest is repayable monthly.	1.48%~1.6%	16,683	387,027
Glory Science	Borrowing period is from December 2018 to July 2024; pay entire amount of principal when due, interest is repayable monthly.	1.14%~1.26%	-	462,000
Shinfox	Principal is repayable in installments from January 2015 to February 2023.	1.97%~2.01%	55,817	33,378
Foxwell Energy	Principal is repayable in installments from January 2019 to September 2033.	1.75%	306,709	41,487
Changyuan	Principal is repayable in installments from May 2019 to October 2035.	1.59%~2.02%	253,042	276,958
Bank secured borrowings				
Shinfox	Borrowing period is from December 2019 to December 2024; pay entire amount of principal when due, interest is repayable monthly.	1.26%	-	100,000
Foxwell Energy	Principal is repayable in installments from May 2018 to December 2034.	1.75%~1.8%	337,392	340,891
Beiyuan	Principal is repayable in installments from November 2019 to June 2036.	1.75%~2.22%	284,749	336,251
				4,577,992
Less: Current portion (shown as other current liabilities)				(369,539)
			\$	<u>4,208,453</u>

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	Bank SinoPac	\$ 1,000,000	\$ 507,800
FIT Holding	Yuanta Bank	300,000	300,000
FIT Holding	Taishin Bank	250,000	250,000
Foxlink Image	Jih Sun Bank	100,000	100,000
Foxlink Image	E.SUN Bank	400,000	200,000
Foxlink Image	Cathay United Bank	USD 10,000,000	280,000
Foxlink Image	Hua Nan Bank	200,000	200,000
Foxlink Image	Jih Sun Bank	400,000	300,000
Foxlink Image	KGI Bank	400,000	250,000
Foxlink Image	Taiwan Cooperative Bank	500,000	310,000
Foxlink Image	Eximbank	500,000	500,000
Foxlink Image	Mega Bank	300,000	300,000
Foxlink Image	Bank of Taiwan	300,000	300,000
Foxlink Image	EnTie Bank	300,000	300,000
PQI	Yuanta Bank	300,000	300,000
PQI	Hua Nan Bank	100,000	65,800
PQI	Mega Bank	100,000	50,000
PQI	Bank SinoPac	300,000	196,000
PQI	First Bank	90,000	1,000
Glory Science	KGI Bank	200,000	75,000
Glory Science	Hua Nan Bank	95,000	95,000
Glory Science	Jih Sun Bank	50,000	25,000
Glory Science	Taishin Bank	250,000	200,000
Glory Science	Bank SinoPac	200,000	200,000
Glory Science	Chang Hwa Bank	200,000	185,000
Glory Science	Taipei Fubon Bank	250,000	250,000
Glory Science	Eximbank	192,000	192,000
Glory Science	Mega Bank	100,000	80,000
Shinfox	SCSB	16,528	16,528
Shinfox	Chang Hwa Bank	2,342	2,342
Foxwell Energy	Taishin Bank	132,530	46,217
Foxwell Energy	Mega Bank	240,907	240,907
Foxwell Energy	Bank SinoPac	1,917,017	65,724

(18) 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations (\$	39,445)	(\$ 36,237)
Fair value of plan assets	<u>114,336</u>	<u>103,799</u>
Net defined benefit asset	<u>\$ 74,891</u>	<u>\$ 67,562</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations \$	-	(\$ 8,815)
Fair value of plan assets	<u>-</u>	<u>6,912</u>
Net defined benefit liability	<u>\$ -</u>	<u>(\$ 1,903)</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 asse (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>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asse (liability)
<u>2019</u>			
At January 1	(\$ 45,863)	\$ 108,474	\$ 62,611
Current service cost	(41)	-	(41)
Interest (expense) income	(561)	1,334	773
Past service cost	966	-	966
	<u>(45,499)</u>	<u>109,808</u>	<u>64,309</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,590	3,590
Change in financial assumptions	(2,079)	-	(2,079)
Experience adjustments	(303)	-	(303)
	<u>(2,382)</u>	<u>3,590</u>	<u>1,208</u>
Pension fund contribution	-	142	142
Paid pension	2,827	(2,827)	-
At December 31	<u>(\$ 45,054)</u>	<u>\$ 110,713</u>	<u>\$ 65,659</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, 2020 and 2019 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	
	2020	2019
Discount rate	0.04%~0.8%	0.08%~1.125%
Future salary increases	1%~5%	2%~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, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 1,399)	\$ 1,465	\$ 1,381	(\$ 1,269)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 1,007)	\$ 1,090	\$ 1,663	(\$ 1,519)

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, 2021 amount to \$2,203.
- (g) As of December 31, 2020, the weighted average duration of the retirement plan is 12~20.5 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, 2020 and 2019, were \$24,436 and \$71,726, respectively.

(19) 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, 2020, 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.

(20) Capital surplus

- 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 \$615,606 (NT\$2.5 (in dollars) per share) on June 21, 2019.

(21) Accumulated deficits to be covered

- 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 and \$166,692 on June 21, 2019.

(22) 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>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>
<u>2019</u>	<u>China</u>	<u>Taiwan</u>	<u>Hong Kong</u>	<u>US</u>
System and peripheral products	\$ 887,015	\$ 3,563	\$ 29,451	\$ 1,176,805
3C retail and peripheral products	38,651	156,563	2,218,127	7,244
3C components	660,558	34,305	48,270	7,691
Others	-	419,746	-	-
	<u>\$ 1,586,224</u>	<u>\$ 614,177</u>	<u>\$ 2,295,848</u>	<u>\$ 1,191,740</u>
<u>2019</u>	<u>Europe</u>	<u>Others</u>		<u>Total</u>
System and peripheral products	\$ 916,257	\$ 2,095,422		\$ 5,108,513
3C retail and peripheral products	-	66,905		2,487,490
3C components	240	73,346		824,410
Others	-	-		419,746
	<u>\$ 916,497</u>	<u>\$ 2,235,673</u>		<u>\$ 8,840,159</u>

B. Contract assets and contract liabilities

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Contract assets:		
Contract assets – construction contracts	<u>\$ 104,591</u>	<u>\$ 169,992</u>
Contract liabilities:		
Contract liabilities – advance sales receipts	374,231	276,945
Contract liabilities – construction contracts	<u>266,085</u>	<u>2,597</u>
	<u>\$ 640,316</u>	<u>\$ 279,542</u>

(b) The aforementioned revenue-related contract assets and contract liabilities as at December 31, 2020 and 2019 are as follows:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Total costs incurred and revenue recognised	\$ 977,551	\$ 786,579
Contractor's request for progress payment amounts	(1,139,045)	(616,587)
	<u>(\$ 161,494)</u>	<u>\$ 169,992</u>
Contract assets- current	\$ 104,591	\$ 169,929
Contract liabilities- current	(266,085)	(2,597)
	<u>(\$ 161,494)</u>	<u>\$ 167,332</u>

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

	<u>Year ended December 31 2020</u>	<u>2019</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Unearned revenue	<u>\$ 130,226</u>	<u>\$ 35,658</u>

(23) Interest income

	<u>Year ended December 31 2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 12,427	\$ 33,741
Interest income from financial assets measured at amortised cost	<u>17,611</u>	<u>18,248</u>
	<u>\$ 30,038</u>	<u>\$ 51,989</u>

(24) Other income

	Year ended December 31	
	2020	2019
Rent income	\$ 31,812	\$ 27,523
Dividend income	72,193	44,690
Gain recognised in bargain purchase transaction	-	92,235
Compensation income	50,000	-
Others	46,933	60,188
	<u>\$ 200,938</u>	<u>\$ 224,636</u>

(25) Other gains and losses

	Year ended December 31	
	2020	2019
Foreign exchange gains (losses)	\$ 39,536	(\$ 2,538)
Gains on disposals of investments	266,613	11,395
Government grants revenue	11,233	32,358
Financial assets at fair value through profit or loss	1,387	4,843
(Losses) gains arising from lease modifications	-	2,141
Depreciation charge on investment property	(2,636)	(2,636)
Losses on disposals of property, plant and equipment	(1,555)	(7,258)
Others	1,923	11,389
	<u>\$ 316,501</u>	<u>\$ 49,694</u>

(26) Finance costs

	Year ended December 31	
	2020	2019
Interest expense		
Bank loans	\$ 102,809	\$ 70,767
Lease liabilities	4,594	4,853
	<u>\$ 107,403</u>	<u>\$ 75,620</u>

(27) Expenses by nature

Year ended December 31, 2020			
Nature	Classified as operating costs	Classified as	Total
		operating expenses	
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>

Year ended December 31, 2019			
Nature	Classified as operating costs	Classified as	Total
		operating expenses	
Employee benefit expense			
Wages and salaries	\$ 963,293	\$ 538,028	\$ 1,501,321
Labour and health insurance fees	48,286	33,499	81,785
Pension costs	55,011	15,017	70,028
Other personnel expenses	48,103	27,028	75,131
	<u>\$ 1,114,693</u>	<u>\$ 613,572</u>	<u>\$ 1,728,265</u>
Depreciation charge	<u>\$ 536,060</u>	<u>\$ 186,693</u>	<u>\$ 722,753</u>
Amortisation charge	<u>\$ 2,404</u>	<u>\$ 16,621</u>	<u>\$ 19,025</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, 2020, employees' compensation was accrued at \$5,600; while directors' and supervisors' remuneration was accrued at \$1,200. 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 26, 2020 were \$5,600 and \$1,200, respectively, and will be distributed in the form of cash.
- D. 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.

(28) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 34,765	\$ 132,459
Prior year income tax (over)		
underestimation	(3,039)	13,753
Total current tax	31,726	146,212
Deferred tax:		
Origination and reversal of temporary	79,952	(177,309)
differences		
Total deferred tax	79,952	(177,309)
Income tax expense (benefit)	\$ 111,678	(\$ 31,097)

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

	Year ended December 31	
	2020	2019
Currency translation differences	\$ 4,658	\$ 34,052
for the year		
Remeasurement of defined benefit		
obligations	(1,557)	(241)
	\$ 3,101	\$ 33,811

B. Reconciliation between income tax expense (benefit) and accounting profit

	Year ended December 31	
	2020	2019
Tax calculated based on profit (loss) before tax and statutory tax rate	\$ 21,831	(\$ 240,064)
Temporary difference not recognised as deferred tax assets	115,515	164,053
Expenses disallowed by tax regulation	(39,646)	70,771
Prior year income tax underestimation	(3,039)	13,753
Separate taxation	-	79,219
Effect from changes in tax regulation	17,017	-
Impact of change in the tax rate on temporary differences between current year and the year realised	-	(118,829)
Income tax expense (benefit)	<u>\$ 111,678</u>	<u>(\$ 31,097)</u>

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

	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>

	2019			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Temporary differences:				
— Deferred tax assets:				
Loss carryforward	\$ 70,307	(\$ 2,567)	\$ -	\$ 67,740
Depreciation difference between tax and financial basis	64,985	(28,444)	-	36,541
Warranty cost of after-sale service	18,120	3,044	-	21,164
Currency translation differences	-	70,301	34,052	104,353
Unrealized loss on market price decline and obsolete and slow-moving inventory	17,469	(4,529)	-	12,940
Losses on doubtful debts	16,577	358	-	16,935
Unrealised gain on inter-affiliate accounts	9,605	30,502	-	40,107
Others	17,769	17,793	(158)	35,404
	<u>\$ 214,832</u>	<u>\$ 86,458</u>	<u>\$ 33,894</u>	<u>\$ 335,184</u>
— Deferred tax liabilities:				
Unrealised exchange gain	(\$ 171,040)	\$ 136,054	\$ -	(\$ 34,986)
Others	(90,416)	(45,203)	(83)	(135,702)
	<u>(\$ 261,456)</u>	<u>\$ 90,851</u>	<u>(\$ 83)</u>	<u>(\$ 170,688)</u>
	<u>(\$ 46,624)</u>	<u>\$ 177,309</u>	<u>\$ 33,811</u>	<u>\$ 164,496</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, 2020				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
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 2017 and 2018 have been assessed and approved by the Tax Authority.

(29) Earnings (loss) per share

	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 earnings 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>

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to the parent	(\$ 189,059)		(\$ 0.77)
Equity attributable to former owner of business combination under common control	(<u>17,953</u>)		(<u>0.07</u>)
	<u>(\$ 207,012)</u>	<u>246,242</u>	<u>(\$ 0.84)</u>

(30) Transactions with non-controlling interest

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

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. increase 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.

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

(31) Business combinations

On June 14, 2019, the Company acquired a 100% equity interest in Shih Fong for a cash consideration of \$280,000 and had control over the company. Shih Fong is primarily engaged in the development of hydropower plants.

- A. The following table summarises the consideration paid for Shih Fong and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>June 14, 2019</u>
Purchase consideration	
Cash paid	\$ 280,000
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	189
Prepayments	3,744
Property, plant and equipment	691,860
Other non-current assets	13,442
Notes payable	169,252
Other payables	167,748
Total identifiable net assets	<u>372,235</u>
Gain recognised in bargain purchase transaction	(\$ <u>92,235</u>)

- B. Had Shih Fong Power Co., Ltd. been consolidated from January 1, 2019, the consolidated statement of comprehensive income would show operating revenue of \$8,840,159 and loss before income tax of (\$197,641).

(32) Group restructuring under common control

To integrate Group resources and enhance the efficiency of entities division of labour, Foxwell Energy, an 89.29% owned subsidiary of the Company's subsidiary, PQI, became one of the wholly owned subsidiaries of Shinfox Energy (formerly named Shinfox Co., Ltd.) by converting stocks into shares as approved by the shareholders on November 25, 2019. The effective date for this conversion was set on December 27, 2019. The conversion ratio is 1 share of Foxwell Energy's common stock converted to 1 share of Shinfox Energy. Shinfox Energy increase its capital by issuing new shares in the amount of 60,000,000 shares which would be granted to PQI. PQI held a 76.56% equity interest in Shinfox Energy after the conversion. This conversion was deemed a group restructuring since the ultimate parent company of PQI is the same with Shinfox Energy, and thus the subsidiary is considered as consolidated at the beginning of the merger. The difference between the acquisition

cost and net equity would be adjusted in retained earnings for the year ended December 31, 2019 in the amount of \$86,565

(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:

Carrying amount of the assets and liabilities of the subsidiaries	December 31, 2020		
	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, 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>

	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, 2019	\$ 1,100,000	\$ 354,934	\$ 2,957,276	\$ -	\$ 431,044	\$ 4,843,254
Changes in cash flow from financing activities	896,744	(39,976)	1,620,716	-	(105,446)	2,372,038
Changes in other non-cash items	-	-	-	-	22,868	22,868
Impact of changes in foreign exchange rate	-	-	-	-	(1,650)	(1,650)
December 31, 2019	<u>\$ 1,996,744</u>	<u>\$ 314,958</u>	<u>\$ 4,577,992</u>	<u>\$ -</u>	<u>\$ 346,816</u>	<u>\$ 7,236,510</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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 Energy)	Other related party
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

Note: Changyuan, Beiyuan and Foxwell Energy became other related party due to disposal of shares on November 31, 2020.

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
Cheng Uei	\$ 121,022	\$ 31,946
Other related parties	67,696	67,235
	<u>\$ 188,718</u>	<u>\$ 99,181</u>
Sales of services:		
Central Motion Picture	\$ 64,848	\$ -
Changyuan	33,688	-
Beiyuan	33,688	-
Other related parties	28	51
	<u>\$ 132,252</u>	<u>\$ 51</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	
	2020	2019
Purchases of goods:		
Cheng Uei	\$ 38,077	\$ 79,084
Studio A	16,007	56,039
Others	432	-
	<u>\$ 54,516</u>	<u>\$ 135,123</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, 2020	December 31, 2019
Accounts receivable:		
Shinfox Power	\$ 284,899	\$ -
Beiyuan	35,308	-
Cheng Uei	22,195	8,665
Other related parties	52,319	37,632
	<u>\$ 394,721</u>	<u>\$ 46,297</u>

D. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
Cheng Uei	\$ 21,333	\$ 115,181
Other related parties	<u>737</u>	<u>3,026</u>
	<u>\$ 22,070</u>	<u>\$ 118,207</u>
Other payables:		
Cheng Uei	\$ 14,734	\$ 13,335
Other related parties	<u>22,705</u>	<u>20,040</u>
	<u>\$ 37,439</u>	<u>\$ 33,375</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

Disposal of financial assets:

			<u>Year ended December 31, 2020</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	
Other related parties			<u>Proceeds</u>	<u>Gain/(loss)</u>
	Investments accounted for using the equity method - subsidiaries			
Foxwell Energy		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, 2020</u>	<u>Year ended December 31, 2019</u>
Ultimate parent	\$ 37,249	\$ 11,102

(c) Lease liability

i. Outstanding balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cheng Uei	\$ 129,961	\$ 118,204
Other related parties		
CU	40,625	61,149
Others	-	1,780
	<u>\$ 170,586</u>	<u>\$ 181,133</u>

ii. Interest expenses

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Cheng Uei	\$ 1,665	\$ 1,247
Other related parties	591	909
	<u>\$ 2,256</u>	<u>\$ 2,156</u>

G. Rental revenue

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Other related parties	\$ 18,007	\$ 15,657

H. Loans from related parties:

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

(a) Outstanding balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cheng Uei	\$ 4,000,000	\$ -

(b) Interest expense

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Cheng Uei	\$ 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	
	2020	2019
Salaries and other short-term employee benefits	\$ 11,671	\$ 17,221
Post-employment benefits	216	1,244
	<u>\$ 11,887</u>	<u>\$ 18,465</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Time deposits (shown as financial assets at amortised cost- current)	\$ -	\$ 896,906	Repatriation of capital from Taiwan's offshore companies
Time deposits (shown as financial assets at amortised cost- current)	159,551	241,250	Guarantee for fast Customs Clearance and issuance of material purchasing guarantee and security deposit
Guarantee deposits paid (shown as other non-current assets)	2,284	2,694	Guarantee for construction performance and bank deposits
Guarantee deposits paid (shown as other current assets)	3,107	-	Guarantee for construction performance
Time deposits (shown as financial assets at amortised cost-non-current)	-	13,442	Guarantee for soil and water conservation
Restricted bank deposits (shown as financial assets at amortised cost-current)	5,400,000	7,711	Impound and guarantee for construction performance and guarantee for notes
Time deposits (shown as financial assets at amortised cost-non-current)	4,500	4,500	Guarantee for lease performance
Restricted bank deposits (shown as financial assets at amortised cost- non-current)	14,591	2,376	Impound, guarantee for construction performance and notes
Property, plant and equipment	951,953	591,778	Short-term and long-term borrowings
	<u>\$ 6,535,986</u>	<u>\$ 1,760,657</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

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. As of the financial reporting date, the possible result of this litigation cannot be determined.

(2) Commitments

- A. Information on endorsement/guarantee of the Company is provided in Note 13(2).
- B. As of December 31, 2020 and 2019, the letters of guarantee to be issued by the bank, which are required for contracting the Phase II of Taipower’s Offshore Wind Power Project, the “Wind Farm Property Procurement and Installation Project” and Solar System Integration Project, amounted to \$5,682,681 and \$284,991, respectively.
- C. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:
 - (a) As of December 31, 2020 and 2019, equipment purchases agreements contracted but not recognised and paid amounted to \$26,618 and \$167,552, respectively.
 - (b) The Company entered into a construction cooperation contract with non-related parties with a total consideration of \$15,154. As of December 31, 2020, the consideration of \$1,687 was settled.

- D. 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.
- E. The Group entered the operation and maintenance contract with Changyuan Wind Power Ltd., Beiyuan 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.

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

- A. The appropriation of 2020 earnings had been approved by the Board of Directors on March 26, 2021. Details are summarized below:

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

- B. The cash payment from capital surplus amounting to \$172,369 (NTD 0.7 per share) had been approved by the Board of Directors on March 26, 2021.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 129,150
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 2,345,419</u>	<u>\$ 2,229,668</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 5,148,889	\$ 1,820,304
Financial assets at amortised cost	5,593,595	1,507,673
Notes receivable	4,846	8,636
Accounts receivable (including related parties)	1,290,158	1,144,854
Other receivables	8,061	6,923
Guarantee deposits paid	<u>32,682</u>	<u>48,220</u>
	<u>\$ 12,078,231</u>	<u>\$ 4,536,610</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,129,800	\$ 1,996,744
Short-term notes and bills payable	307,237	314,958
Notes payable	155	3,273
Accounts payable (including related parties)	1,004,216	1,449,755
Other payables	4,655,766	1,135,355
(including related parties)		
Long-term borrowings		
(including current portion)	4,044,518	4,577,992
	<u>\$ 13,141,692</u>	<u>\$ 9,478,077</u>
Lease liability	<u>\$ 337,052</u>	<u>\$ 346,816</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, 2020					
	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
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
Financial liabilities					
Monetary items					
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
December 31, 2019					
	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	\$	66,945	29.98	\$	2,007,011
RMB:NTD		37,526	4.305		161,549
HKD:RMB		519	33.59		17,433
USD:RMB		6,111	0.894		5,463
Financial liabilities					
		17,780	6.964		533,044
Monetary items					
USD:NTD	\$	35,978	29.98	\$	1,078,620
RMB:NTD		40,404	4.305		173,939
EUR:NTD		6,213	33.59		208,695
USD:RMB		5,377	6.964		161,202
USD:HKD		2,234	7.789		66,975

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, 2020 and 2019, amounted to \$39,536 and (\$2,538), respectively.

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

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)				
<u>Financial assets</u>				
<u>Monetary items</u>				
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	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	7,747	\$ -
RMB:NTD	1%		2,728	-
JPY:NTD	1%		66	-
USD:RMB	1%		685	-
USD:HKD	1%		1,263	-

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)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 20,070	\$	-
RMB:NTD	1%	1,615		-
EUR:NTD	1%	174		-
HKD:RMB	1%	55		-
USD:RMB	1%	5,330		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 10,786	\$	-
RMB:NTD	1%	1,739		-
EUR:NTD	1%	2,087		-
USD:RMB	1%	1,612		-
USD:HKD	1%	670		-

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, 2020 and 2019, 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, 2020 and 2019 would have increased/decreased by \$7,482 and \$6,521, 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. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

- iii. The default occurs when the contract payments are past due over 120 days.

- vi. The Group classifies customer's 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.

- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the provision matrix is as follows:

	<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>

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2020</u>			
Not past due	0.03%	\$ 1,039,337	\$ 312
Up to 30 days past due	0.03%~5%	82,536	23,747
31~90 days past due	20%	929	186
91~180 days past due	100%	1,131	1,131
Over 180 days past due	100%	68,144	68,144
		<u>\$ 1,192,077</u>	<u>\$ 93,520</u>

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

	2020
	Accounts receivable
At January 1	\$ 93,520
Provision for impairment	752
Write-offs	(62,493)
Effect of foreign exchange	43
At December 31	\$ 31,822
	2019
	Accounts receivable
At January 1	\$ 93,132
Provision for impairment	953
Effect of foreign exchange	(565)
At December 31	\$ 93,520

(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	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

Non-derivative financial liabilities

December 31, 2019	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 2,013,226	\$ -	\$ -
Short-term notes and bills payable	314,958	-	-
Notes payable	3,273	-	-
Accounts payable	1,449,755	-	-
Other payables	1,135,355	-	-
Lease liability	66,141	129,412	140,823
Long-term borrowings (including current portion)	430,949	3,652,393	714,184

(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(11).

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, 2020 and 2019 are as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<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>

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Non-capital guaranteed floating profit financial instruments	\$ -	\$ 129,150	\$ -	\$ 129,150
Financial assets at fair value through other comprehensive income	-	-	-	-
Equity securities	<u>1,259,637</u>	<u>-</u>	<u>970,031</u>	<u>2,229,668</u>
	<u>\$ 1,259,637</u>	<u>\$ 129,150</u>	<u>\$ 970,031</u>	<u>\$ 2,358,818</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, 2020 and 2019, 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, 2020 and 2019:

	2020	2019
At January 1	\$ 970,031	\$ 998,656
Transfer in	73,997	18,375
Loss recognised in other comprehensive income	6,000	(47,000)
At December 31	<u>\$ 1,050,028</u>	<u>\$ 970,031</u>

- H. For the years ended December 31, 2020 and 2019, there were transfers into from Level 3, please refer to Note 6(7).
- 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, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,050,028	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 970,031	Market comparable companies	Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value

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, 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>

Year ended December 31, 2019

	Systems and peripheral products department	3C product retail department	3C component department	Others	Adjustment and elimination	Total
Revenue from external customer	\$ 5,159,283	\$ 2,487,490	\$ 824,410	\$ 419,746	(\$ 50,770)	\$ 8,840,159
Inter-segment revenue	-	898	-	-	(898)	-
Segment Revenue	<u>\$ 5,159,283</u>	<u>\$ 2,488,388</u>	<u>\$ 824,410</u>	<u>\$ 419,746</u>	<u>(\$ 51,668)</u>	<u>\$ 8,840,159</u>
Segment income (loss)	<u>\$ 318,928</u>	<u>(\$ 16,418)</u>	<u>(\$ 789,341)</u>	<u>(\$ 289,690)</u>	<u>\$ 243,225</u>	<u>(\$ 533,296)</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	
		2020	2019
Reportable segments income/(loss)	(\$	220,654)	(\$ 533,296)
Unrealised financial instrument gains			
Non-operating income and expenses, net		512,107	305,166
Income (loss) before tax from continuing operations	\$	291,453	(\$ 228,130)

(5) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

		Year ended December 31			
		2020		2019	
		Revenue	Non-current assets	Revenue	Non-current assets
Hong Kong	\$	1,680,824	\$ 584,684	\$ 2,295,848	\$ 654,629
China		1,627,720	1,562,178	1,586,224	2,961,964
USA		1,109,838	-	1,191,740	-
Taiwan		692,078	3,232,030	614,177	4,246,106
Others		1,942,901	146,270	3,152,170	78,598
	\$	7,053,361	\$ 5,525,162	\$ 8,840,159	\$ 7,941,297

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2020 and 2019 is as follows:

		Year ended December 31			
		2020		2019	
		Revenue	Segment	Revenue	Segment
D Company	\$	1,401,613	Systems and peripheral products department	\$ 1,840,660	Systems and peripheral products department
H Company	\$	732,348	Systems and peripheral products department	\$ 483,805	Systems and peripheral products department

FIT HOLDING CO., LTD.
Loans to others
Year ended December 31, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	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
													Item	Value			
0	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	\$ 289,014	\$ 288,882	\$ 218,850	0.98%-1.2%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,117,579	\$ 2,823,439	
0	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	131,370	131,310	131,310	0.98%-1.2%	2	-	Operations	-	-	-	2,117,579	2,823,439	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Other receivables	Y	300,000	300,000	143,000	0.85%-1.2%	2	-	Operations	-	-	-	1,174,532	1,174,532	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	648,000	600,000	425,000	0.89%-1.23%	2	-	Operations	-	-	-	1,174,532	1,174,532	
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	399,970	253,866	253,866	1.5%	2	-	Operations	-	-	-	309,072	309,072	
3	GLORY OPTICS(BVI) CO., LTD.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	93,060	-	-	-	2	-	Operations	-	-	-	-	-	
3	GLORY OPTICS(BVI) CO., LTD.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	75,068	-	-	-	2	-	Operations	-	-	-	-	-	
4	Glorytek (Yancheng) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	28,026	28,013	28,013	3%	2	-	Operations	-	-	-	477,261	477,261	
4	Glorytek (Yancheng) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	220,910	218,850	175,080	5%	2	-	Operations	-	-	-	477,261	477,261	
5	Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	Other receivables	Y	457,600	-	-	-	2	-	Group capital movement	-	-	-	695,052	695,052	
6	Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	Other receivables	Y	50,000	-	-	Over one month, 1.75%	2	-	Group capital movement	-	-	-	-	-	
6	Foxwell Energy Corporation Ltd.	Changyuan Wind Power Co., Ltd.	Other receivables	Y	50,000	-	-	Over one month, 1.75%	2	-	Group capital movement	-	-	-	-	-	
7	Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	50,000	50,000	-	1.6%	2	-	Group capital movement	-	-	-	501,621	501,621	
7	Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Other receivables	Y	50,000	50,000	-	1.6%	2	-	Group capital movement	-	-	-	501,621	501,621	
7	Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Other receivables	Y	60,000	60,000	-	1.5%-1.6%	2	-	Group capital movement	-	-	-	501,621	501,621	

Note 1: The numbers filled in for the loans to others provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: 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 3: 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.

FIT HOLDING CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2020

Table 2

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, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	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	\$ 10,587,898	\$ 720,000	\$ 720,000	\$ 400,000	-	10.20	\$ 10,587,898	Y	N	N	
0	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	2	10,587,898	1,260,000	1,121,310	625,000	-	15.89	10,587,898	Y	N	N	
0	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	2	9,882,038	531,698	522,778	522,778	-	7.41	10,587,898	Y	N	N	
1	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	2	1,159,023	185,070	-	-	-	-	1,159,023	Y	N	Y	
1	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	2	1,159,023	185,070	-	-	-	-	1,159,023	Y	N	Y	
2	Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	2	1,238,685	600,000	-	-	-	-	1,238,685	Y	N	N	
3	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	4	4,110,865	600,000	600,000	200,000	-	8.50	4,404,498	N	N	N	
3	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	4	4,110,865	300,000	300,000	300,000	-	4.25	4,404,498	N	N	N	
4	Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	2	1,881,077	800,000	800,000	790,000	-	11.33	1,881,077	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: 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 3: 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 subsidiaires 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/guarantee 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/guarantee 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, 2020

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, 2020				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
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	\$ 350,000	0.91	\$ 350,000	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	1,295,391	5.37	1,295,391	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	15.80	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	350,000	0.91	350,000	Not pledged as collateral
Power Quotient International Co., Ltd.	STACK DEVICES CORPORATION	Not applicable	Financial assets at fair value through other comprehensive income-non-current	70	-	0.11	-	Not pledged as collateral
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	-	73,997	12.90	73,997	Not pledged as collateral

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Shinfox Co., Ltd.	Corvus Energy Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	22	-	0.12	-	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	-	1.50	-	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, 2020

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, 2020		Addition		Disposal				Balance as at December 31, 2020	
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	No. of shares (in thousands)	Amount
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Investment accounted for using equity method	Capital increase by cash	Affiliate	-	\$ -	79,800,000	\$ 957,600	-	\$ -	\$ -	\$ -	79,800,000	\$ 957,600
Foxwell Energy Corporation Ltd.	Changyuan Wind Power Co., Ltd.	Investment accounted for using equity method	Foxwell Energy Co., Ltd.	Other related party	23,000	197,206	-	-	23,000	319,150	193,660	125,490	-	-
Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	Investment accounted for using equity method	Foxwell Energy Co., Ltd.	Other related party	16,000	129,109	-	-	16,000	240,187	125,827	114,360	-	-

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, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions					
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
ACCU-IMAGE TECHNOLOGY LIMITED	Foxlink Image Technology Co., Ltd.	Affiliate	Processing income	(\$ 586,226)	-100%	Flexible collection, depending on the capital requirement	Mutual agreement	None	\$ 12,541	22%		
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Processing income	586,226	75%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(12,541)	-4%		
Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Sales	(190,473)	-98%	90 days after monthly billings	Mutual agreement	None	46,781	96%		
ACCU-IMAGE TECHNOLOGY LIMITED	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	190,473	33%	90 days after monthly billings	Mutual agreement	None	(46,781)	-100%		
Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Processing income	(428,381)	-67%	Flexible collection, depending on the capital requirement	Mutual agreement	None	262,549	56%		
ACCU-IMAGE TECHNOLOGY LIMITED	Dongguan Fu Wei Electronics Co., Ltd.	Affiliate	Processing costs	428,381	72%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(262,549)	-69%		
Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Processing income	(114,510)	-79%	Flexible collection, depending on the capital requirement	Mutual agreement	None	117,061	53%		
ACCU-IMAGE TECHNOLOGY LIMITED	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Affiliate	Processing costs	114,510	19%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(117,061)	-31%		
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Processing income	(175,080)	-27%	Flexible collection, depending on the capital requirement	Mutual agreement	None	178,981	38%		
Foxlink Image Technology Co., Ltd.	Dongguan Fu Wei Electronics Co., Ltd.	Affiliate	Processing costs	175,080	22%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(178,981)	-60%		
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	Purchases	117,220	18%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(11,254)	-14%		

FIT HOLDING CO., LTD.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	\$ 262,549	1.37	\$ -	-	\$ -	\$ -
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	178,981	1.96	-	-	43,770	-
Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	117,061	0.84	-	-	30,055	-
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	103,223	0.33	-	-	11,238	-
Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Affiliate	425,000	Note 1	-	-	-	-
Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Affiliate	143,000	Note 1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	328,575	0.07	-	-	-	-
Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	507,221	Note 1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	121,199	Note 1	-	-	-	-
Yancheng Yaowei Technology Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	Affiliate	138,336	0.06	-	-	-	-
Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	177,144	Note 1	-	-	-	-
FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	131,310	Note 1	-	-	-	-
FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	219,054	Note 1	-	-	-	-

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, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	1	Other receivables	\$ 131,310	Based on the Company's policies	1%
1	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	1	Other receivables	219,054	Based on the Company's policies	1%
2	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	3	Other receivables	425,000	Based on the Company's policies	2%
2	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	3	Other receivables	143,000	Based on the Company's policies	1%
3	ACCU-IMAGE TECHNOLOGY LIMITED	Foxlink Image Technology Co., Ltd.	3	Processing income	586,226	Flexible collection, depending on the capital requirement	8%
4	Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Sales revenue	190,473	Flexible collection, depending on the capital requirement	3%
5	Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Processing income	428,381	Flexible collection, depending on the capital requirement	6%
5	Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Accounts receivable	262,549	Flexible collection, depending on the capital requirement	1%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing income	175,080	Flexible collection, depending on the capital requirement	2%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	178,981	Flexible collection, depending on the capital requirement	1%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Processing income	114,510	Flexible collection, depending on the capital requirement	2%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Accounts receivable	117,061	Flexible collection, depending on the capital requirement	1%

Number (Note 1)	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
7	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	507,221	Collected depending on the capital requirement after offsetting receivables and payables	2%
7	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	328,575	Based on the Company's policies	1%
7	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	121,199	Based on the Company's policies	1%
8	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	175,080	Collected depending on the capital requirement after offsetting receivables and payables	1%
9	Yancheng Yaowei Technology Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	3	Accounts receivable	138,336	Based on the Company's policies	1%

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.

Table 8

FIT HOLDING CO., LTD.

Information on investees

Year ended December 31, 2020

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	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	\$ 772,681	(\$ 482,494)	(\$ 482,494)	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	3,682,263	382,773	376,562	Subidiary (Note 1)
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture and sales of telecommunication electronic components	2,172,180	2,172,180	324,690,529	100.00	2,211,702	212,885	211,174	Subidiary (Note 1)
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	760,000	760,000	95,000,000	41.30	1,000,903	(2,634)	(1,952)	Subidiary (Note 1)
FIT Holding Co., Ltd.	Foxwell Energy Co., Ltd.	Taiwan	Energy service management	210,000	-	21,000,000	14.00	209,077	(6,592)	(923)	Subidiary (Note 1)
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,030,318	1,030,318	13,241,034	100.00	1,383,042	150,150	-	Second-tier subsidiary (Note 1)
Foxlink Image Technology Co., Ltd.	KLEINE DEVELOPMENTS LIMITED	British Virgin Islands	Manufacture and sales of magnesium products	-	642,224	-	0.00	-	3	-	Investee (Note 3)
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	957,600	-	79,800,000	34.70	957,197	(2,634)	(403)	Investee (Note 1)
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	139,552	139,552	3,575	35.75	507,611	122,016	-	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	583,887	(336,236)	-	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	692,930	(197,992)	-	Third-tier subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	494,837	494,849	16,000,000	100.00	(58,973) (	139,482)	-	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	85,423	1,252	-	Third-tier subsidiary (Note 1)
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	13,174	13,174	3,001,000	10.00	12,971	6,130	-	Investee (Note 1)
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	389,705	389,705	106,100,000	100.00	(4,712) (	38)	-	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	(156,089) (	115)	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD.	British Virgin Islands	General investments holding	309,378	309,378	10,862,980	100.00	(407,489)	2,210	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	2,946,803	2,946,803	12,501	100.00	1,109,517	62,793	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	PQI Mobility Inc.	Samoa	Specialised investments holding	284,800	284,800	10,000,000	100.00	695,052 (	12,589)	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Castles Technology Co., Ltd.	Taiwan	Trading and manufacturing of magnetic card and reader for barcode	43,061	48,831	10,847,003	12.11	176,017	198,122	-	Investee (Note 1)
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sales of medical instruments	10,000	10,000	1,000,000	100.00	8,935	731	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	561,482	553,110	58,743,000	58.74	740,111	244,389	-	Second-tier subsidiary (Note 1)
Power Sufficient International Co., Ltd.	Castles Technology Co., Ltd.	Taiwan	Trading and manufacturing of magnetic card and reader for barcode	6,670	6,670	331,000	0.37	5,412	198,122	-	Investee (Note 1)
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	672,000	672,000	67,200,000	100.00	848,087	185,566	-	Third-tier subsidiary (Note 1)
Shinfox Co., Ltd.	SHINFOX ENERGY INTERNATIONAL INC.	Republic of Seychelles	Energy service management	-	35,976	-	-	-	-	-	Third-tier subsidiary (Note 2)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO.,LTD.	Taiwan	Energy service management	120,000	15,000	12,000	80.00	103,015 (	12,762)	-	Third-tier subsidiary (Note 1)
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	99,000	10,000	9,900	99.00	99,460	1,425	-	Third-tier subsidiary (Note 1)
Shinfox Co., Ltd.	Shinfox Power Co., Ltd.	Taiwan	Energy service management	-	-	-	-	- (	52)	-	Third-tier subsidiary (Notes 1 and 4)
Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	Taiwan	Wind energy	-	160,000	-	-	- (	3,280)	-	Fourth-tier subsidiary (Notes 1 and 4)
Foxwell Energy Corporation Ltd.	Changyuan Wind Power Co., Ltd.	Taiwan	Wind energy	-	230,000	-	-	- (	3,547)	-	Fourth-tier subsidiary (Notes 1 and 4)
SYSCOM DEVELOPMENT CO., LTD	PQI CORPORATION	USA	Sales of electronic telecommunication components	199,360	199,360	7,000,000	100.00 (	492,603)	303	-	Third-tier subsidiary (Note 1)
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	India	Sales of electronic telecommunication components	95,778	95,778	21,790,000	99.27	85,081	1,921	-	Third-tier subsidiary (Note 1)
Apix LIMITED	Sinocity Industries Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	2,479,275	2,479,275	6,000,000	100.00	889,537	48,507	-	Third-tier subsidiary (Note 1)
Apix LIMITED	Perennial Ace Limited	British Virgin Islands	Specialised investments holding	606,624	606,624	No shares issued	100.00	219,848	14,286	-	Third-tier subsidiary (Note 1)
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Trading and manufacturing	357	357	100,000	100.00	635 (	130,136)	-	Fourth-tier subsidiary (Note 1)
Perennial Ace Limited	Studio A Technology Limited	Hong Kong	Trading and manufacturing	4,998	4,998	1,225,000	24.50	93,174	58,309	-	Investee (Note 1)
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,649	11,649	3,001,000	10.00	12,915	6,130	-	Investee (Note 1)

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

Note 2: It was retired in the first quarter of 2020.

Note 3: It was retired in the second quarter of 2020.

Note 4: It was sold in the fourth quarter of 2020.

FIT HOLDING CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2020

Table 9

Expressed in thousands of NTD (Except as otherwise indicated)														
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee for the year ended December 31,	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31,	Accumulated amount of investment income remitted back to Taiwan as of	Footnote	
					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	\$ 174,828	Note 1	\$ 174,828	\$ -	\$ -	\$ 174,828	\$ 18,503	100	\$ 18,503	\$ 247,575	\$ -	Note 6	
Sharetronic Data Technology Co., Ltd.	Manufacture and sales of mobile phone, LCD TV Connector and electronic components	678,078	Note 1	122,179	-	-	122,179	408,080	7.13	40,468	381,392	-	Note 6	
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Mould development and moulding tool manufacture	231,037	Note 1	169,897	-	-	169,897	(2,813)	100	(2,813)	261,020	-	Note 6	
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	227,840	Note 1	142,400	-	-	142,400	(15,610)	100	(15,610)	250,436	-	Note 6	
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sales of image scanners, multifunction and printers and its accessories	170,880	Note 1	151,181	-	-	151,181	73,942	100	73,942	513,673	-	Note 6	
Glorytek (Suzhou) Co., Ltd.	Trading and manufacturing	398,720	Note 1	398,720	-	-	398,720	(127,156)	100	(127,156)	477,261	-	Note 6	
Glorytek (Yancheng) Co., Ltd.	Trading and manufacturing	256,320	Note 1	256,320	-	-	256,320	(129,381)	100	(129,381)	(304,355)	-	Note 6	
Yancheng Yao Wei Technology Co., Ltd	Trading and manufacturing	43,770	Note 2	-	-	-	-	(3,574)	100	(3,574)	143,422	-	Note 6	
Glory Optics (Yancheng) Co., Ltd.	Trading and manufacturing	944,412	Note 3	329,444	-	-	329,444	(203,066)	100	(203,066)	631,079	-	Note 6	
Power Quotient Technology (YANCHENG) Co., Jiangsu Foxlink New Energy Technology Co., Ltd.	Manufacture and sales of electronic components	569,600	Note 1	Note 4	-	-	-	(12,589)	100	(12,589)	695,052	-	Note 6	
PQI (Xuzhou) New Energy Co., Ltd.	Manufacture and sales of electronic components	678,435	Note 2	Note 5	-	-	-	-	Note 7	-	-	-	-	
Kunshan Jiuwei Info Tech Co., Ltd.	Manufacture and sale of electronic telecommunication components	43,770	Note 2	Note 5	-	-	-	12	100	12	43,782	-	Note 6	
	Supply chain finance energy service management	1,424	Note 3	1,424	-	-	1,424	3,466	100	3,466	13,714	-	Note 6	

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 2: As the investment is invested through an existing company in Mainland China, which then invested in the investee.

Note 3: An investee established in the third area and an reinvestee in Mainland China invested by an investee in Mainland China.

Note 4: 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 5: The capital of an indirect investment of PQI, Jiangsu Foxlink New Energy Technology Co.,Ltd. and PQI (Xuzhou) New Energy Co., Ltd. , was remitted by a capital from Power Quotient Technology (YANCHENG) Co., Ltd.

Note 6: It was recognised based on the investee's financial statements reviewed by the independent auditors.

Note 7: Jiangsu Foxlink New Energy Technology Co., Ltd. was initially a subsidiary of the Group. However, the Group did not participate in the capital increase of Jiangsu Foxlink New Energy Technology Co., Ltd. in April 2020, thus, the Group lost its control over the company, and this investment was recognised in investments accounted for using equity method. Subsequently, the company proceeded to reduce its capital by returning cash, and the shareholding ratio decreased to 12.9%. The Group lost its control over the company, therefore, this investment was classified in financial assets at fair value through other comprehensive income.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	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.	\$ 771,956	\$ 923,199	\$ 1,761,799
Glory Science Co., Ltd.	984,484	1,194,736	463,992
Power Quotient International Co., Ltd.	1,424	622,146	1,704,187

FIT HOLDING CO., LTD.
Major shareholders information
December 31, 2020

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%

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2020 AND 2019

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.

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying parent company only balance sheets of FIT Holding Co., Ltd. (the “Company”) as at December 31, 2020 and 2019, 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 parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2020 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; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, “Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China for our audit of the parent company only financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The balance of investments accounted for under the equity method recognised from the Company's subsidiaries, Glory Science Co., Ltd. (Glory Science), Power Quotient International Co., Ltd. (PQI), Foxlink Image Technology Co., Ltd. (Foxlink Image) and Shih Fong Power Co., Ltd. (Shih Fong) and investee accounted for using equity method, Foxwell Energy Co., Ltd. (Foxwell Energy), amounted to NT\$7,876,626 thousand, constituting 96% of the Company's total assets as at December 31, 2020, and the investment profit (shown as operating revenue) amounted to NT\$102,367 thousand. Please refer to Note 4(7) for accounting policies on investments accounted for under the equity method and Note 6(1) for details of investments accounted for under the equity method. As the amounts are material to the parent company only financial statements of the Company, the investments accounted for under equity method - assessment of allowance for inventory valuation losses, investments accounted for under equity method - valuation of goodwill impairment and investments accounted for under equity method - valuation of property, plant and equipment impairment were identified as key audit matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Investments accounted for under equity method - Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(14) in the consolidated financial statements for accounting policies on inventories, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied to inventory valuation, and Note 6(6) in the consolidated financial statements for details of inventories.

The Company's subsidiaries are primarily engaged in the manufacturing and sale of optical instruments, peripheral equipment components, 3C products, image scanners and multifunction printers. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or obsolescence due to an economic slowdown or an excess of supply over demand. Those subsidiaries' inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories.

Those subsidiaries' amounts of inventory were material, and the net realisable value involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. The assessment of allowance for inventory valuation losses 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:

1. Assessed the reasonableness of policies and procedures on allowance for inventory valuation losses.
2. Verified whether the systematic logic used in the inventory aging report is appropriate and in line with its policies.
3. Tested inventory valuation basis adequacy and recalculated the selected samples' information in order to verify that the inventory was measured at the lower of cost and net realisable value.

Investments accounted for under equity method - Valuation of goodwill impairment

Description

Please refer to Note 4(20) in the consolidated financial statements for accounting policies on impairment loss on non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(12) in the consolidated financial statements 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:

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

Investments accounted for under equity method - Valuation of property, plant and equipment impairment

Description

Please refer to Note 4(20) in the consolidated financial statements for accounting policies on impairment loss on non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied to property, plant and equipment impairment valuation, and Note 6(8) in the consolidated financial statements 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 plant 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, various assumptions 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:

1. Examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
2. Verified whether the list of properties for the external appraiser is correct.
3. Assessed that the valuation method used in the appraisal report was appropriate.
4. Tested the external appraisal report's valuation basis adequacy.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

Liang Yi Chang

Lin, Se-Kai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 26, 2021

The accompanying parent company only 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 parent company only 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.

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents		\$ 2,150	-	\$ 665	-
1210	Other receivables - related parties	7	350,364	4	-	-
1410	Prepayments		89	-	-	-
11XX	Current Assets		352,603	4	665	-
Non-current assets						
1550	Investments accounted for under equity method	6(1)	7,876,626	96	7,623,551	100
15XX	Non-current assets		7,876,626	96	7,623,551	100
1XXX	Total assets		\$ 8,229,229	100	\$ 7,624,216	100

(Continued)

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(3)	\$ 757,800	9	\$ 615,000	8
2200	Other payables		12,800	-	4,893	-
2300	Other current liabilities		30	-	18	-
21XX	Current Liabilities		770,630	9	619,911	8
Non-current liabilities						
2540	Long-term borrowings	6(4)	400,000	5	300,000	4
25XX	Non-current liabilities		400,000	5	300,000	4
2XXX	Total Liabilities		1,170,630	14	919,911	12
Equity						
Share capital						
3110	Share capital - common stock	6(5)	2,462,421	30	2,462,421	32
Capital surplus						
3200	Capital surplus	6(6)	4,198,013	51	4,237,390	56
Retained earnings						
3320	Special reserve		8,361	-	8,361	-
3350	Unappropriated retained earnings	6(7)				
	(accumulated deficit)		89,848	1	(281,965)	(4)
Other equity interest						
3400	Other equity interest		299,956	4	278,098	4
3XXX	Total equity		7,058,599	86	6,704,305	88
	Significant contingent liabilities and	9				
	unrecognised contract commitments					
	Significant events after the balance	11				
	sheet date					
3X2X	Total liabilities and equity		\$ 8,229,229	100	\$ 7,624,216	100

The accompanying notes are an integral part of these parent company only financial statements.

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)

		Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
Items						
4000	Sales revenue	6(1)	\$ 102,367	100	\$ -	-
5000	Operating costs	6(1)	-	-	(281,228)	-
5900	Net operating margin		102,367	100	(281,228)	-
	Operating expenses	6(9)				
6200	General and administrative expenses		(24,917)	(24)	(13,130)	-
6000	Total operating expenses		(24,917)	(24)	(13,130)	-
6900	Operating profit (loss)		77,450	76	(294,358)	-
	Non-operating income and expenses					
7100	Interest income	7	1,536	1	1	-
7010	Other income	6(8)	2,015	2	92,458	-
7020	Other gains and losses		12,054	12	(14)	-
7050	Finance costs		(9,456)	(9)	(5,099)	-
7900	Profit (loss) before income tax		83,599	82	(207,012)	-
7950	Income tax expense	6(10)	-	-	-	-
8200	Profit (loss) for the year		<u>\$ 83,599</u>	<u>82</u>	<u>(\$ 207,012)</u>	<u>-</u>

(Continued)

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8330	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		\$ 48,003	47	\$ 561,756	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		48,003	47	561,756	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8380	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		(19,896)	(20)	(138,242)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(19,896)	(20)	(138,242)	-
8300	Other comprehensive income for the year		\$ 28,107	27	\$ 423,514	-
8500	Total comprehensive income for the year		\$ 111,706	109	\$ 216,502	-
	Profit (loss), attributable to:					
	Owners of the parent		\$ 83,599	-	(\$ 189,059)	-
	Former owner of business combination under common control		-	-	(17,953)	-
	Total		\$ 83,599	-	(\$ 207,012)	-
	Comprehensive income (loss), attributable to:					
	Owners of the parent		\$ 111,706		\$ 234,752	-
	Former owner of business combination under common control		-	-	(18,250)	-
	Total		\$ 111,706	-	\$ 216,502	-
	Earnings (loss) per share					
9710	Basic earnings (loss) per share from continuing operations		\$	0.34	(\$	0.77)
9720	Basic earnings (loss) per share from equity attributable to former owner of business combination under common control		-	-	(0.07)	
9750	Basic earnings (loss) per share		\$ 0.34		(\$ 0.84)	
9810	Diluted earnings (loss) per share from continuing operations		\$	0.34	(\$	0.77)
9820	Diluted earnings (loss) per share from equity attributable to former owner of business combination under common control		-	-	(0.07)	
9850	Diluted earnings (loss) per share		\$ 0.34		(\$ 0.84)	

The accompanying notes are an integral part of these parent company only financial statements.

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

				Retained earnings		Other equity interest				
	Notes	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	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Equity attributable to former owner of business combination under common control	Total equity
<u>Year 2019</u>										
Balance at January 1, 2019		\$ 2,462,421	\$ 5,019,688	\$ -	\$ 8,361	(\$ 173,844)	(\$ 81,588)	(\$ 63,185)	(\$ 77,196)	\$ 7,094,657
Loss		-	-	-	-	(189,059)	-	-	(17,953)	(207,012)
Other comprehensive income (loss)		-	-	-	-	940	(137,945)	560,816	(297)	423,514
Total comprehensive income		-	-	-	-	(188,119)	(137,945)	560,816	(18,250)	216,502
Capital surplus used to cover accumulated deficits	6(7)	-	(166,692)	-	-	166,692	-	-	-	-
Cash dividends paid from additional paid-in capital	6(6)	-	(615,606)	-	-	-	-	-	-	(615,606)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	-	-	-	(129)	-	-	-	(129)
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	8,881	8,881
Adjustments to reorganisation		-	-	-	-	(86,565)	-	-	86,565	-
Balance at December 31, 2019		\$ 2,462,421	\$ 4,237,390	\$ -	\$ 8,361	(\$ 281,965)	(\$ 219,533)	\$ 497,631	\$ -	\$ 6,704,305
<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
Profit		-	-	-	-	83,599	-	-	-	83,599
Other comprehensive income (loss)		-	-	-	-	6,249	(19,896)	41,754	-	28,107
Total comprehensive income		-	-	-	-	89,848	(19,896)	41,754	-	111,706
Capital surplus used to cover accumulated deficits	6(7)	-	(281,965)	-	-	281,965	-	-	-	-
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	59,741	-	-	-	-	-	-	59,741
Changes in investees' capital increase not recognized by shareholding percentage		-	125,447	-	-	-	-	-	-	125,447
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed		-	57,400	-	-	-	-	-	-	57,400
Balance at December 31, 2020		\$ 2,462,421	\$ 4,198,013	\$ -	\$ 8,361	\$ 89,848	(\$ 239,429)	\$ 539,385	\$ -	\$ 7,058,599

The accompanying notes are an integral part of these parent company only financial statements.

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 83,599	(\$ 207,012)
Adjustments			
Adjustments to reconcile profit (loss)			
Share of profit (loss) of associates accounted for using the equity method	6(1)	(102,367)	281,228
Interest expense		9,456	-
Interest income		(1,536)	(1)
Gain on disposal of investments	6(10)	-	(92,235)
Changes in operating assets and liabilities			
Changes in operating liabilities			
Other payables		8,281	786
Prepayments		(89)	-
Other current liabilities		11	17
Cash outflow generated from operations		(2,645)	(17,217)
Dividend received		329,988	478,483
Interest paid		(9,830)	-
Interest received		1,536	1
Net cash flows from operating activities		<u>319,049</u>	<u>461,267</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other receivables from related parties		(350,364)	-
Acquisition of investments accounted for under the equity method		(210,000)	(760,000)
Net cash flows used in investing activities		<u>(560,364)</u>	<u>(760,000)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		142,800	615,000
Increase in long-term borrowings		1,300,000	1,066,000
Decrease in long-term borrowings		(1,200,000)	(766,000)
Cash dividends paid		-	(615,606)
Net cash flows from financing activities		<u>242,800</u>	<u>299,394</u>
Net increase in cash and cash equivalents		1,485	661
Cash and cash equivalents at beginning of year		665	4
Cash and cash equivalents at end of year		<u>\$ 2,150</u>	<u>\$ 665</u>

The accompanying notes are an integral part of these parent company only financial statements.

FIT HOLDING CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. History and Organisation

FIT Holding Co., Ltd. (the “Company”) is a holding company established by Glory Science Co., Ltd. (Glory Science), Power Quotient International Co., Ltd. (PQI) and Foxlink Image Technology Co., Ltd. (Foxlink Image) through a share swap in accordance with the regulations 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. 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 Company is primarily engaged in establishing the management mechanism for the Group, supervising the subsidiaries’ operation, and integrating the resources and platforms to improve the Group’s overall operational efficiency. 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 share swaps.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 26, 2021.

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 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

Amendment to IFRS 16, ‘Covid-19-related rent concessions’ January 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company’s

financial condition and financial performance based on the Company's assessment.

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

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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 3, 'Reference to the conceptual framework'	January 1, 2022
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
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 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 Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers,

(2) Basis of preparation

- A. The parent company only financial statements have been prepared under the historical cost convention
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in NTD, which is the Company’s functional and 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 company entities 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.

(4) 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.

(5) 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.

(6) Impairment of financial assets

For debt instruments measured at financial assets at amortised cost, at each reporting

date, the Company 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 Company recognises the impairment provision for lifetime ECLs.

(7) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.
- C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. 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.
- E. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. 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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are

eliminated to the extent of the Company'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 Company.

- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company'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.
- I. Upon loss of significant influence over an associate, the Company 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.
- J. When the Company 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.
- K. When the Company 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.
- L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the parent company only financial statements.

(8) Impairment of non-financial assets

The Company 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. 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.

(9) 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.

(10) 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

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.

C. Employees' compensation and directors' 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(11) 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 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 parent company only 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 Company 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. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(12) Dividends

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

are reclassified to ordinary shares on the effective date of new shares issuance.

(13) Reorganisation under common control

- A. The Group applies the related interpretations issued in R.O.C. for the intra-group reorganisation since there are no definite rules for business combinations of entities under common control in IFRS 3, 'Business combinations' as explained in the IFRS Q&A 'explanations to IFRS 3 Business Combinations under Common Control' issued by Accounting Research and Development Foundation on October 26, 2018. The aforementioned transaction is stated at book value method and the comparative financial statements of prior years were restated based on the assumption that the business combination occurred at the beginning of the year.
- B. As described in Note 1, the share swap transactions between the Company and Glory Science were considered as reorganisation under common control and the Company is substantially a continuation of Glory Science. The Company recognised the associated assets and liabilities for its parent company only financial statements before the incorporation date based on the carrying amount of the parent company only financial statements of Glory Science. The comparative financial statements were restated based on the assumption that Glory Science was considered as consolidated subsidiary accounted for using equity method at the beginning.
- C. The Company acquired share interest of Shinfox Energy Co., Ltd., a subsidiary of the ultimate parent company through share swap for the year ended December 31, 2019. As the acquisition was a Group internal reorganisation, in accordance with Accounting Research and Development Foundation Interpretation 101-301, it was deemed that the Company invested in Shinfox at the beginning. When restating the consolidated financial statements of prior years, Shinfox's equity owned by the Company, are classified as "Equity attributable to former owner of business combination under common control" and profit or loss recognised by the Company are classified as "Net profit (loss) of equity attributable to former owner of business combination under common control".

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. Details of Significant Accounts

(1) Investments accounted for using the equity method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Foxlink Image Technology Co., Ltd.	\$ 3,682,263	\$ 3,608,129
Power Quotient International Co., Ltd.	2,211,702	1,938,232
Shih Fong Power Co., Ltd.	1,000,903	822,469
Glory Science Co., Ltd.	772,681	1,254,721
Foxwell Energy Co., Ltd.	<u>209,077</u>	<u>-</u>
	<u>\$ 7,876,626</u>	<u>\$ 7,623,551</u>

A. On June 14, 2019, the Company acquired 100% of the share capital of Shih Fong Power Co., Ltd. (Shih Fong) for \$280,000 and obtained the control over Shih Fong.

B. The investment profit (loss) of \$102,367 and (\$281,228) recognised for the investments accounted for using equity method for the years ended December 31, 2020 and 2019, respectively, was based on each investee's audited financial statements for the corresponding period.

C. To integrate Group resources and enhance the efficiency of entities division of labour, Foxwell Energy Corporation Ltd. (Foxwell Energy), an 89.29% owned subsidiary of the Company's subsidiary, PQI, became one of the wholly owned subsidiaries of Shinfox Energy (formerly named Shinfox Co., Ltd.) by converting stocks into shares as approved by the shareholders on November 25, 2019. The effective date for this conversion was set on December 27, 2019. The conversion ratio is 1 share of Foxwell Energy's common stock converted to 1 share of Shinfox Energy. Shinfox Energy increase its capital by issuing new shares in the amount of 60,000,000 shares which would be granted to PQI. PQI held a 76.56% equity interest in Shinfox Energy after conversion. This conversion was deemed a group restructuring since the ultimate parent company of PQI is the same with Shinfox Energy, and thus the subsidiary is considered as consolidated at the beginning of merger. The difference between the acquisition cost and net equity would be adjusted in retained earnings for the year ended December 31, 2019 in the amount of \$86,565.

D. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's

2020 consolidated financial statements.

(2) Pensions

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 contributes monthly an amount based on 6% 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. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019, were \$181 and \$144, respectively.

(3) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 757,800	1.05%	None
<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 615,000	0.81%~0.91%	None

(4) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Undrawn Borrowing facilities</u>	<u>December 31, 2020</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from October 2020 to August 2022; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.10%	-	\$ 300,000
Unsecured borrowings	Borrowing period is from October 2020 to July 2022; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.22%	-	100,000
				<u>\$ 400,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Undrawn Borrowing facilities</u>	<u>December 31, 2019</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from October 2019 to April 2021; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.12%	-	
				<u>\$ 300,000</u>

(5) 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, 2020, 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 at December 31, 2020 amounted to 246,242 thousand shares.

(6) Capital surplus

- A. In accordance with IFRS Q&A issued by the 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 that the Company distribute cash by using capital surplus of \$615,606 (NT\$2.5 (in dollars) per share) on June 21, 2019.

(7) Retained earnings (accumulated deficits to be covered)

- 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 increase in special reserve as a result of retained earnings arising from the adoption of IFRS amounted to \$8,361 thousand.
- D. The shareholders resolved that the Company cover accumulated deficits by using capital surplus of \$281,965 on June 24, 2020 and \$166,692 on June 21, 2019.

(8) Other income

	Year ended December 31	
	2020	2019
Revenue from directors' and supervisors' remuneration of the subsidiaries	\$ 2,015	\$ -
Gain recognised in bargain purchase transaction	-	92,235
Others	-	223
	<u>\$ 2,015</u>	<u>\$ 92,458</u>

(9) Expenses by nature

	Year ended December 31	
	2020	2019
Employee benefit expense		
Wages and salaries	\$ 16,723	\$ 6,285
Directors' remuneration	2,870	-
Labour and health insurance fees	382	333
Pension costs	181	144
Other personnel expenses	222	198
	<u>\$ 20,378</u>	<u>\$ 6,960</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, 2020, employees' compensation was accrued at \$5,600; while directors' and supervisors' remuneration was accrued at \$1,200. The aforementioned amounts were recognised in salary expenses.
- C. For the years ended December 31, 2020 and 2019, the Company had loss before tax, and thus did not accrue employees' compensation and directors' remuneration. 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.

(10) Income tax

- A. The Company had no income tax expense for the years ended December 31, 2020 and 2019.
- B. Reconciliation between income tax expense and accounting profit

		Year ended December 31	
		2020	2019
Tax calculated based on loss before tax and statutory tax rate	\$	16,720	(\$ 37,812)
Tax exempt income by tax regulation	(	16,384)	34,208
Taxable loss not recognised as deferred tax assets	(	336)	3,604
Income tax expense	\$	-	\$ -

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

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ 2,210	\$ 2,210	2028

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ 4,103	\$ 4,103	2028
2019	18,020	18,020	18,020	2029

D. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(11) Earnings (loss) per share

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 earnings per share</u>			
Profit attributable to the parent	\$ 83,599	\$ 246,242	\$ 0.34
<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	-	173	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 83,599	\$ 246,415	\$ 0.34
Year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to the parent	(\$ 189,059)		(\$ 0.77)
Equity attributable to former owner of business combination under common control	(17,953)		(0.07)
	(\$ 207,012)	246,242	(\$ 0.84)

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
Foxlink International Investment (FII)	Subsidiary of the ultimate parent
Fu Uei International Investment Ltd. (FUII)	Subsidiary of the ultimate parent
Foxlink Image Technology Co., Ltd. (Foxlink Image)	Subsidiary of the Company
Power Quotient International Co., Ltd. (PQI)	Subsidiary of the Company
Glory Science Co., Ltd. (Glory Science)	Subsidiary of the Company
Shih Fong Power Co., Ltd. (Shih Fong)	Subsidiary of the Company
Foxwell Energy Co., Ltd. (Foxwell Energy)	Investee that the Company accounted for using equity method
Shinfox Energy Co. Ltd. (Shinfox)	The Company is its ultimate parent
Foxwell Energy Corporation Ltd. (Foxwell Energy)	The Company is its ultimate parent
Glory Optics (Yancheng) Co., Ltd. (GOYC)	The Company is its ultimate parent
Glorytek (Yancheng) Co., Ltd. (Glorytek Yancheng)	The Company is its ultimate parent

Loans from related parties

Loans to related parties:

A. Outstanding balance:

	December 31, 2020	December 31, 2019
GOYC	\$ 219,054	\$ -
Glorytek Yancheng	131,310	-
	<u>\$ 350,364</u>	<u>\$ -</u>

B. Interest income

	Year ended December 31, 2020	Year ended December 31, 2019
GOYC	\$ 841	\$ -
Glorytek Yancheng	694	-
	<u>\$ 1,535</u>	<u>\$ -</u>

The loans to subsidiaries are repayable based on the agreement and carry interest at 1.12% per annum.

(2) Key management compensation

None.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

Central Motion Picture Corporation (the “Central Motion Picture”), a financial asset at fair value through other comprehensive income that the Group obtained through investments accounted for using equity method, 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 that 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 starting from the date of promulgation of this Act. However, this restriction 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, the Central Motion Picture Corporation submitted a cause of action to the Taipei High Administrative Court, which ruled to approve the suspension of execution in January 2020. However, the Ill-gotten Party subsequently filed an appeal against the ruling, and it was dismissed by the High Administrative Court in February 2020. Meanwhile, the Central Motion Picture filed a revocation action with the Taipei High Court, and it was pending approval as of January 14, 2020. As of the financial reporting date, the possible outcome of this litigation cannot be determined.

(2) Commitments

- A. Information on endorsements/guarantees of the Company is provided in Note 13(1)B.
- B. As of December 31, 2020 and 2019, the subsidiaries of the Company issued promissory notes amounting to \$5,682,681 and \$284,991, respectively, for undertaking the Offshore Wind Farm Property Procurement and Installation Project of Taipower and the Solar Photovoltaic System Construction Project.
- C. The subsidiaries of the Company entered into agreements of equipment procurement and operation maintenance with Taipower for Phase II of the Offshore Wind Power Project, the “Wind Farm Property Procurement and Installation Project” with a total consideration of \$56,588,000 and \$6,300,000, respectively. The equipment procurement agreement stipulated that the Company shall complete the substructure installation of all wind turbines and marine substations before September 30, 2024, dispatch all units safely before September 30, 2025 and complete all construction before December 31, 2025. The Company will provide a 2-year warranty from the date of construction acceptance and guarantee a certain power supply from equipment. There is a staged progress and a final deadline for the performance of the project, and the penalty for overdue contract is calculated on the basis of each phase of the construction until the date of termination or cancellation of the agreement. The operation maintenance agreement regulated the terms of the guaranteed annual availability rate penalty for all wind power equipment and the period of the agreement was five years after all units have been safely dispatched.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- A. The appropriation of 2020 earnings had been approved by the Board of Directors on March 26, 2021. Details are summarized below:

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

B. The cash payment from capital surplus of \$172,369 (NTD \$0.7 per share) had been approved by the Board of Directors on March 26, 2021.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or use the working capital effectively to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
<u>Financial assets at amortised cost</u>		
Cash and cash equivalents	\$ 2,150	\$ 665
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Short-term borrowings	\$ 757,800	\$ 615,000
Other accounts payable	12,800	4,893
Long-term borrowings	400,000	300,000
	<u>\$ 1,170,600</u>	<u>\$ 919,893</u>

B. Financial risk management policies

The Company'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.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company's foreign exchange rate risk mainly arises from recognised assets and liabilities
- ii. The Company's businesses involve some non-functional currency operations. 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, 2020			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	\$	80,326	\$ 4.3770 \$ 351,587

- iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to \$12,054 and (\$14), respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

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)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	1%	\$	3,516 -

Interest rate risk

The Company is not exposed to market risk arising from material change in interest rates as it did not invest in interest rate products and its borrowings were at fixed rate.

(b) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by the counterparties of financial instruments on the contract

obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a good credit rating are accepted.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the Company. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Company does not breach agreement related to liabilities.
- ii. 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	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 758,403	\$ -	\$ -
Other payables	12,800	-	-
Long-term borrowings	4,520	402,589	-
	<u>\$ 775,723</u>	<u>\$ 402,589</u>	<u>\$ -</u>

Non-derivative financial liabilities

December 31, 2019	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 615,484	\$ -	\$ -
Other payables	4,893	-	-
Long-term borrowings	3,362	300,995	-
	<u>\$ 623,739</u>	<u>\$ 300,995</u>	<u>\$ -</u>

(3) Fair value information

The Company did not trade any financial instruments measured at fair value.

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 as at December 31, 2020: 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

None.

FIT HOLDING CO., LTD.

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

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	Ceiling on total loans granted	Footnote
					December 31, 2020	December 31, 2020							Item	Value	(Note 3)		
0	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	\$ 289,014	\$ 288,882	\$ 218,850	0.98%-1.2%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,117,579	\$ 2,823,439	
0	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	131,370	131,310	131,310	0.98%-1.2%	2	-	Operations	-	-	-	2,117,579	2,823,439	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Other receivables	Y	300,000	300,000	143,000	0.85%-1.2%	2	-	Operations	-	-	-	1,174,532	1,174,532	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	648,000	600,000	425,000	0.89%-1.23%	2	-	Operations	-	-	-	1,174,532	1,174,532	
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	399,970	253,866	253,866	1.5%	2	-	Operations	-	-	-	309,072	309,072	
3	GLORY OPTICS(BVI) CO., LTD.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	93,060	-	-	-	2	-	Operations	-	-	-	-	-	
3	GLORY OPTICS(BVI) CO., LTD.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	75,068	-	-	-	2	-	Operations	-	-	-	-	-	
4	Glorytek (Yancheng) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	28,026	28,013	28,013	3%	2	-	Operations	-	-	-	477,261	477,261	
4	Glorytek (Yancheng) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	220,910	218,850	175,080	5%	2	-	Operations	-	-	-	477,261	477,261	
5	Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	Other receivables	Y	457,600	-	-	-	2	-	Group capital movement	-	-	-	695,052	695,052	
6	Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	Other receivables	Y	50,000	-	-	Over one month, 1.75%	2	-	Group capital movement	-	-	-	-	-	
6	Foxwell Energy Corporation Ltd.	Changyuan Wind Power Co., Ltd.	Other receivables	Y	50,000	-	-	Over one month, 1.75%	2	-	Group capital movement	-	-	-	-	-	
7	Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	50,000	50,000	-	1.6%	2	-	Group capital movement	-	-	-	501,621	501,621	
7	Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Other receivables	Y	50,000	50,000	-	1.6%	2	-	Group capital movement	-	-	-	501,621	501,621	
7	Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Other receivables	Y	60,000	60,000	-	1.5%-1.6%	2	-	Group capital movement	-	-	-	501,621	501,621	

Note 1: The numbers filled in for the loans to others provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

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

Note 2: 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 3: 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.

FIT HOLDING CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2020

Table 2

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, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	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	\$ 10,587,898	\$ 720,000	\$ 720,000	\$ 400,000	-	10.20	\$ 10,587,898	Y	N	N	
0	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	2	10,587,898	1,260,000	1,121,310	625,000	-	15.89	10,587,898	Y	N	N	
0	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	2	9,882,038	531,698	522,778	522,778	-	7.41	10,587,898	Y	N	N	
1	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	2	1,159,023	185,070	-	-	-	-	1,159,023	Y	N	Y	
1	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	2	1,159,023	185,070	-	-	-	-	1,159,023	Y	N	Y	
2	Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	2	1,238,685	600,000	-	-	-	-	1,238,685	Y	N	N	
3	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	4	4,110,865	600,000	600,000	200,000	-	8.50	4,404,498	N	N	N	
3	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	4	4,110,865	300,000	300,000	300,000	-	4.25	4,404,498	N	N	N	
4	Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	2	1,881,077	800,000	800,000	790,000	-	11.33	1,881,077	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: 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 3: 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 subsidiaires 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/guarantee 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/guarantee 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, 2020

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, 2020				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
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	\$ 350,000	0.91	\$ 350,000	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	1,295,391	5.37	1,295,391	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	15.80	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	350,000	0.91	350,000	Not pledged as collateral
Power Quotient International Co., Ltd.	STACK DEVICES CORPORATION	Not applicable	Financial assets at fair value through other comprehensive income-non-current	70	-	0.11	-	Not pledged as collateral
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	-	73,997	12.90	73,997	Not pledged as collateral

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Shinfox Co., Ltd.	Corvus Energy Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	22	-	0.12	-	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	-	1.50	-	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, 2020

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, 2020		Addition		Disposal				Balance as at December 31, 2020	
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	No. of shares (in thousands)	Amount
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Investment accounted for using equity method	Capital increase by cash	Affiliate	-	\$ -	79,800,000	\$ 957,600	-	\$ -	\$ -	\$ -	79,800,000	\$ 957,600
Foxwell Energy Corporation Ltd.	Changyuan Wind Power Co., Ltd.	Investment accounted for using equity method	Foxwell Energy Co., Ltd.	Other related party	23,000	197,206	-	-	23,000	319,150	193,660	125,490	-	-
Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	Investment accounted for using equity method	Foxwell Energy Co., Ltd.	Other related party	16,000	129,109	-	-	16,000	240,187	125,827	114,360	-	-

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, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions					
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
ACCU-IMAGE TECHNOLOGY LIMITED	Foxlink Image Technology Co., Ltd.	Affiliate	Processing income	(\$ 586,226)	-100%	Flexible collection, depending on the capital requirement	Mutual agreement	None	\$ 12,541	22%		
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Processing income	586,226	75%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(12,541)	-4%		
Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Sales	(190,473)	-98%	90 days after monthly billings	Mutual agreement	None	46,781	96%		
ACCU-IMAGE TECHNOLOGY LIMITED	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	190,473	33%	90 days after monthly billings	Mutual agreement	None	(46,781)	-100%		
Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Processing income	(428,381)	-67%	Flexible collection, depending on the capital requirement	Mutual agreement	None	262,549	56%		
ACCU-IMAGE TECHNOLOGY LIMITED	Dongguan Fu Wei Electronics Co., Ltd.	Affiliate	Processing costs	428,381	72%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(262,549)	-69%		
Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Processing income	(114,510)	-79%	Flexible collection, depending on the capital requirement	Mutual agreement	None	117,061	53%		
ACCU-IMAGE TECHNOLOGY LIMITED	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Affiliate	Processing costs	114,510	19%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(117,061)	-31%		
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Processing income	(175,080)	-27%	Flexible collection, depending on the capital requirement	Mutual agreement	None	178,981	38%		
Foxlink Image Technology Co., Ltd.	Dongguan Fu Wei Electronics Co., Ltd.	Affiliate	Processing costs	175,080	22%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(178,981)	-60%		
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	Purchases	117,220	18%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(11,254)	-14%		

FIT HOLDING CO., LTD.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	\$ 262,549	1.37	\$ -	-	\$ -	\$ -
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	178,981	1.96	-	-	43,770	-
Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	117,061	0.84	-	-	30,055	-
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	103,223	0.33	-	-	11,238	-
Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Affiliate	425,000	Note 1	-	-	-	-
Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Affiliate	143,000	Note 1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	328,575	0.07	-	-	-	-
Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	507,221	Note 1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	121,199	Note 1	-	-	-	-
Yancheng Yaowei Technology Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	Affiliate	138,336	0.06	-	-	-	-
Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	177,144	Note 1	-	-	-	-
FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	131,310	Note 1	-	-	-	-
FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	219,054	Note 1	-	-	-	-

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, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	1	Other receivables	\$ 131,310	Based on the Company's policies	1%
1	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	1	Other receivables	219,054	Based on the Company's policies	1%
2	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	3	Other receivables	425,000	Based on the Company's policies	2%
2	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	3	Other receivables	143,000	Based on the Company's policies	1%
3	ACCU-IMAGE TECHNOLOGY LIMITED	Foxlink Image Technology Co., Ltd.	3	Processing income	586,226	Flexible collection, depending on the capital requirement	8%
4	Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Sales revenue	190,473	Flexible collection, depending on the capital requirement	3%
5	Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Processing income	428,381	Flexible collection, depending on the capital requirement	6%
5	Dongguan Fu Wei Electronics Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Accounts receivable	262,549	Flexible collection, depending on the capital requirement	1%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing income	175,080	Flexible collection, depending on the capital requirement	2%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	178,981	Flexible collection, depending on the capital requirement	1%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Processing income	114,510	Flexible collection, depending on the capital requirement	2%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Accounts receivable	117,061	Flexible collection, depending on the capital requirement	1%

Number (Note 1)	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
7	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	507,221	Collected depending on the capital requirement after offsetting receivables and payables	2%
7	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	328,575	Based on the Company's policies	1%
7	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	121,199	Based on the Company's policies	1%
8	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	175,080	Collected depending on the capital requirement after offsetting receivables and payables	1%
9	Yancheng Yaowei Technology Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	3	Accounts receivable	138,336	Based on the Company's policies	1%

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, 2020

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, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	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	\$ 772,681	(\$ 482,494)	(\$ 482,494)	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	3,682,263	382,773	376,562	Subidiary (Note 1)
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture and sales of telecommunication electronic components	2,172,180	2,172,180	324,690,529	100.00	2,211,702	212,885	211,174	Subidiary (Note 1)
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	760,000	760,000	95,000,000	41.30	1,000,903	(2,634)	(1,952)	Subidiary (Note 1)
FIT Holding Co., Ltd.	Foxwell Energy Co., Ltd.	Taiwan	Energy service management	210,000	-	21,000,000	14.00	209,077	(6,592)	(923)	Subidiary (Note 1)
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,030,318	1,030,318	13,241,034	100.00	1,383,042	150,150	-	Second-tier subsidiary (Note 1)
Foxlink Image Technology Co., Ltd.	KLEINE DEVELOPMENTS LIMITED	British Virgin Islands	Manufacture and sales of magnesium products	-	642,224	-	0.00	-	3	-	Investee (Note 3)
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	957,600	-	79,800,000	34.70	957,197	(2,634)	(403)	Investee (Note 1)
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	139,552	139,552	3,575	35.75	507,611	122,016	-	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	583,887	(336,236)	-	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	692,930	(197,992)	-	Third-tier subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	494,837	494,849	16,000,000	100.00	(58,973) (	139,482)	-	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	85,423	1,252	-	Third-tier subsidiary (Note 1)
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	13,174	13,174	3,001,000	10.00	12,971	6,130	-	Investee (Note 1)
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	389,705	389,705	106,100,000	100.00	(4,712) (	38)	-	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	(156,089) (	115)	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD.	British Virgin Islands	General investments holding	309,378	309,378	10,862,980	100.00	(407,489)	2,210	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	2,946,803	2,946,803	12,501	100.00	1,109,517	62,793	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	PQI Mobility Inc.	Samoa	Specialised investments holding	284,800	284,800	10,000,000	100.00	695,052 (	12,589)	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Castles Technology Co., Ltd.	Taiwan	Trading and manufacturing of magnetic card and reader for barcode	43,061	48,831	10,847,003	12.11	176,017	198,122	-	Investee (Note 1)
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sales of medical instruments	10,000	10,000	1,000,000	100.00	8,935	731	-	Second-tier subsidiary (Note 1)
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	561,482	553,110	58,743,000	58.74	740,111	244,389	-	Second-tier subsidiary (Note 1)
Power Sufficient International Co., Ltd.	Castles Technology Co., Ltd.	Taiwan	Trading and manufacturing of magnetic card and reader for barcode	6,670	6,670	331,000	0.37	5,412	198,122	-	Investee (Note 1)
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	672,000	672,000	67,200,000	100.00	848,087	185,566	-	Third-tier subsidiary (Note 1)
Shinfox Co., Ltd.	SHINFOX ENERGY INTERNATIONAL INC.	Republic of Seychelles	Energy service management	-	35,976	-	-	-	-	-	Third-tier subsidiary (Note 2)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 1)	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO.,LTD.	Taiwan	Energy service management	120,000	15,000	12,000	80.00	103,015 (	12,762)	-	Third-tier subsidiary (Note 1)
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	99,000	10,000	9,900	99.00	99,460	1,425	-	Third-tier subsidiary (Note 1)
Shinfox Co., Ltd.	Shinfox Power Co., Ltd.	Taiwan	Energy service management	-	-	-	-	- (	52)	-	Third-tier subsidiary (Notes 1 and 4)
Foxwell Energy Corporation Ltd.	Beiyuan Wind Power Co., Ltd.	Taiwan	Wind energy	-	160,000	-	-	- (	3,280)	-	Fourth-tier subsidiary (Notes 1 and 4)
Foxwell Energy Corporation Ltd.	Changyuan Wind Power Co., Ltd.	Taiwan	Wind energy	-	230,000	-	-	- (	3,547)	-	Fourth-tier subsidiary (Notes 1 and 4)
SYSCOM DEVELOPMENT CO., LTD	PQI CORPORATION	USA	Sales of electronic telecommunication components	199,360	199,360	7,000,000	100.00 (	492,603)	303	-	Third-tier subsidiary (Note 1)
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	India	Sales of electronic telecommunication components	95,778	95,778	21,790,000	99.27	85,081	1,921	-	Third-tier subsidiary (Note 1)
Apix LIMITED	Sinocity Industries Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	2,479,275	2,479,275	6,000,000	100.00	889,537	48,507	-	Third-tier subsidiary (Note 1)
Apix LIMITED	Perennial Ace Limited	British Virgin Islands	Specialised investments holding	606,624	606,624	No shares issued	100.00	219,848	14,286	-	Third-tier subsidiary (Note 1)
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Trading and manufacturing	357	357	100,000	100.00	635 (	130,136)	-	Fourth-tier subsidiary (Note 1)
Perennial Ace Limited	Studio A Technology Limited	Hong Kong	Trading and manufacturing	4,998	4,998	1,225,000	24.50	93,174	58,309	-	Investee (Note 1)
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,649	11,649	3,001,000	10.00	12,915	6,130	-	Investee (Note 1)

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

Note 2: It was retired in the first quarter of 2020.

Note 3: It was retired in the second quarter of 2020.

Note 4: It was sold in the fourth quarter of 2020.

FIT HOLDING CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2020

Table 9

Expressed in thousands of NTD (Except as otherwise indicated)														
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee for the year ended December 31,	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31,	Accumulated amount of investment income remitted back to Taiwan as of	Footnote	
					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	\$ 174,828	Note 1	\$ 174,828	\$ -	\$ -	\$ 174,828	\$ 18,503	100	\$ 18,503	\$ 247,575	\$ -	Note 6	
Sharetronic Data Technology Co., Ltd.	Manufacture and sales of mobile phone, LCD TV Connector and electronic components	678,078	Note 1	122,179	-	-	122,179	408,080	7.13	40,468	381,392	-	Note 6	
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Mould development and moulding tool manufacture	231,037	Note 1	169,897	-	-	169,897	(2,813)	100	(2,813)	261,020	-	Note 6	
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	227,840	Note 1	142,400	-	-	142,400	(15,610)	100	(15,610)	250,436	-	Note 6	
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sales of image scanners, multifunction and printers and its accessories	170,880	Note 1	151,181	-	-	151,181	73,942	100	73,942	513,673	-	Note 6	
Glorytek (Suzhou) Co., Ltd.	Trading and manufacturing	398,720	Note 1	398,720	-	-	398,720	(127,156)	100	(127,156)	477,261	-	Note 6	
Glorytek (Yancheng) Co., Ltd.	Trading and manufacturing	256,320	Note 1	256,320	-	-	256,320	(129,381)	100	(129,381)	(304,355)	-	Note 6	
Yancheng Yao Wei Technology Co., Ltd	Trading and manufacturing	43,770	Note 2	-	-	-	-	(3,574)	100	(3,574)	143,422	-	Note 6	
Glory Optics (Yancheng) Co., Ltd.	Trading and manufacturing	944,412	Note 3	329,444	-	-	329,444	(203,066)	100	(203,066)	631,079	-	Note 6	
Power Quotient Technology (YANCHENG) Co., Jiangsu Foxlink New Energy Technology Co., Ltd.	Manufacture and sales of electronic components	569,600	Note 1	Note 4	-	-	-	(12,589)	100	(12,589)	695,052	-	Note 6	
	Manufacture and sales of electronic components	678,435	Note 2	Note 5	-	-	-	-	Note 7	-	-	-	-	
PQI (Xuzhou) New Energy Co., Ltd.	Manufacture and sale of electronic telecommunication components	43,770	Note 2	Note 5	-	-	-	12	100	12	43,782	-	Note 6	
Kunshan Jiuwei Info Tech Co., Ltd.	Supply chain finance energy service management	1,424	Note 3	1,424	-	-	1,424	3,466	100	3,466	13,714	-	Note 6	

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 2: As the investment is invested through an existing company in Mainland China, which then invested in the investee.

Note 3: An investee established in the third area and an reinvestee in Mainland China invested by an investee in Mainland China.

Note 4: 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 5: The capital of an indirect investment of PQI, Jiangsu Foxlink New Energy Technology Co.,Ltd. and PQI (Xuzhou) New Energy Co., Ltd. , was remitted by a capital from Power Quotient Technology (YANCHENG) Co., Ltd.

Note 6: It was recognised based on the investee's financial statements reviewed by the independent auditors.

Note 7: Jiangsu Foxlink New Energy Technology Co., Ltd. was initially a subsidiary of the Group. However, the Group did not participate in the capital increase of Jiangsu Foxlink New Energy Technology Co., Ltd. in April 2020, thus, the Group lost its control over the company, and this investment was recognised in investments accounted for using equity method. Subsequently, the company proceeded to reduce its capital by returning cash, and the shareholding ratio decreased to 12.9%. The Group lost its control over the company, therefore, this investment was classified in financial assets at fair value through other comprehensive income.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	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.	\$ 771,956	\$ 923,199	\$ 1,761,799
Glory Science Co., Ltd.	984,484	1,194,736	463,992
Power Quotient International Co., Ltd.	1,424	622,146	1,704,187

FIT HOLDING CO., LTD.
Major shareholders information
December 31, 2020

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%

FIT HOLDING CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Foxlink Image Technology Co., Ltd.	164,993,974	\$ 3,608,129	-	\$ 74,134	-	\$ -	164,993,974	100%	\$ 3,682,263	\$ 17.80	\$ 2,936,331	None
Power Quotient International Co., Ltd.	324,690,529	1,938,232	-	273,470	-	-	324,690,529	100%	2,211,702	7.08	2,298,988	None
Glory Science Co., Ltd.	95,970,371	1,254,721	-	-	-	(482,040)	95,970,371	100%	772,681	8.05	772,681	None
Shih Fong Power Co., Ltd.	95,000,000	822,469	21,000,000	178,434	-	-	95,000,000	41.3%	1,000,903	10.66	1,012,582	None
Foxwell Energy Co., Ltd.		-		209,077		-	21,000,000	14%	209,077	9.96	209,077	None
		<u>\$ 7,623,551</u>		<u>\$ 735,115</u>		<u>(\$ 482,040)</u>			<u>\$ 7,876,626</u>		<u>\$ 7,229,659</u>	

Note 1: Changes in current year included acquisition of investments accounted for using equity method and share of profit or loss or other comprehensive income in investees accounted for using the equity method.

Note 2: Net assets value was calculated based on the Company's shareholding ratio in each investee according to their financial statements.

FIT HOLDING CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 2

Nature	Description	Ending Balance	Contract Period	Range of Interest	Credit Line	Collateral	Note
				Rate			
Unsecured borrowings	Bank SinoPac	\$ 507,800	2020/12/30~2021/1/29	1.05%	\$ 165,000	None	
Unsecured borrowings	Taishin Bank	250,000	2020/12/25~2021/1/25	1.05%	250,000	None	
		<u>\$ 757,800</u>					

FIT HOLDING CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral
Yuanta Bank	Borrowing period is from October 2020 to August 2022; principal is repayable in full amount at the maturity date; interest is repayable monthly.	\$ 300,000	2020/10/23~2021/8/25	1.10%	None
Jih Sun Bank	Borrowing period is from October 2020 to June 2022; principal is repayable in full amount at the maturity date; interest is repayable monthly.	100,000	2020/10/8~2022/6/18	1.22%	None
		<u>\$ 400,000</u>			

FIT HOLDING CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Function Nature	Year ended December 31, 2020			Year ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 16,723	\$ 16,723	\$ -	\$ 6,285	\$ 6,285
Labour and health insurance fees	-	382	382	-	333	333
Pension costs	-	181	181	-	144	144
Directors' remuneration	-	2,870	2,870	-	-	-
Other personnel expenses	-	222	222	-	198	198

Note:

1. As at December 31, 2020 and 2019, the Company had 22 and 11 employees, including 9 and 5 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee salaries in current year was \$1,286 (Total employee salaries in current year/(Number of employees in current year–Number of non-employee directors in current year)).
 - (2) Average employee salaries in previous year was \$1,048 (Total employee salaries in previous year/(Number of employees in previous year–Number of non-employee directors in previous year)).
 - (3) Adjustments of average employee salaries was 23% ((Average employee salaries in current year–Average employee salaries in previous year) / Average employee salaries in previous year).
 - (4) There was no supervisors' remuneration in current and previous years. (The Company has no supervisors' remuneration as it has set up an audit committee)

FIT HOLDING CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

- (5) The Company's remuneration policy (including directors, supervisors, managers, and employees) is as follows:
- A. Relevance between the policy, standard and portfolio and established procedures of the remuneration that the Company paid to directors and independent directors and operational performance and future risk;
 - (a) Directors' remuneration of the Company was paid in accordance with the standards of attendance allowance and travel fee payments approved by the Board of Directors as well as the general pay levels.
 - (b) In accordance with Article 26 of the Company's Articles of Incorporation: a ratio of distributable profit of the current year's profit before tax that excludes employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration, which will be resolved by the Board of Directors. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.
 - B. Relevance between the policy, standard and portfolio and established procedures of the remuneration that the Company paid to managers and operational performance and future risk;
 - (a) Managers' remuneration of the Company was determined in accordance with requirements stated in the performance evaluation regulations of the Company, depending on personal performance and contribution to the Company's overall operation and by reference to the general pay levels of the industry and was conducted after being reviewed by the remuneration committee and reported to the Board of Directors for approval.
 - (b) In accordance with Article 26 of the Company's Articles of Incorporation: a ratio of distributable profit of the current year's profit before tax that excludes employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration, which will be resolved by the Board of Directors. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.

FIT HOLDING CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

- C. Relevance between the policy, standard and portfolio and established procedures of the remuneration that the Company paid to employees and operational performance and future risk;
- (a) Employees' remuneration included monthly salary (including meal allowances), annual salary adjustment for personal performance, performance bonus, holiday bonus and earnings bonus. Salary payment of the Company's employees was determined in accordance with the general pay levels of the industry, operation of the Company, employees' educational background, experience, ability and contribution and was adjusted depending on the market salary dynamics, changes in the overall economic and industrial climate and the government regulations.
 - (b) In accordance with Article 26 of the Company's Articles of Incorporation: a ratio of distributable profit of the current year's profit before tax that excludes employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration, which will be resolved by the Board of Directors. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.

VI. If the company and its affiliated companies had any financial difficulties in the most recent year and as of the publication date of the annual report, state the impact on the company's financial status: None.

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

I. Review and analysis of financial status

Unit: NT\$ thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	13,443,029	6,740,195	6,702,834	99.45%
Property, plant and equipment	3,411,488	5,279,784	(1,868,296)	(35.39%)
Intangible assets	985,094	1,027,695	(42,601)	(4.15%)
Other assets	4,967,398	5,160,244	(192,846)	(3.74%)
Total assets	22,807,009	18,207,918	4,599,091	25.26%
Current liabilities	10,542,565	5,813,251	4,729,314	81.35%
Non-current liabilities	4,087,189	5,530,512	(1,443,323)	(26.10%)
Total liabilities	14,629,754	11,343,763	3,285,991	28.97%
Equity attributable to owners of the parent company	7,058,599	6,704,305	354,294	5.28%
Share capital	2,462,421	2,462,421	0	0.00%
Additional paid-in capital	4,198,013	4,237,390	(39,377)	(0.93%)
Retained earnings	98,209	(273,604)	371,813	135.89%
Other rights	299,956	278,098	21,858	7.86%
Non-controlling interests	1,118,656	159,850	958,806	599.82%
Total equity	8,177,255	6,864,155	1,313,100	19.13%

Reasons for the increase or decrease in the amount in the last two years:

1. Increase in current assets: Mainly due to the increase in performance bond for the projects in 2020.
2. Decrease in property, plant and equipment: Mainly due to the disposal of the subsidiaries Zhangyuan, Beiyuan and Hsingwei Power in 2020, as well as the exclusion of Jiangsu Foxlink New Energy Technology Co., Ltd. from the consolidated report due to a decrease in its investment ratio as it reduced its capital, thus resulting in a substantial decrease in property, plant and equipment.
3. Increase in total assets: Mainly due to the increase in performance bonds for the projects in 2020.
4. Increase in current liabilities: Mainly due to the substantial increase in payments due to related parties.
5. Increase in total liabilities: Mainly due to the substantial increase in payments due to related parties.
6. Decrease in non-current liabilities: Mainly due to the decrease in long-term borrowings in 2020.
7. Increase in retained earnings: Mainly due to the increase in net profit in 2020.
8. Increase in non-controlling interests: Mainly due to the decrease in the company's shareholding of the subsidiaries Shifeng and Shinfox due to non-participation in their capital increase in cash in 2020.

II. Review and Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2020	2019	Increase (decrease) amount	Change ratio %
Operating income	7,053,361	8,840,159	(1,786,798)	(20.21%)
Operating cost	6,168,735	8,226,631	(2,057,896)	(25.02%)
Operating margin	884,626	613,528	271,098	44.19%
Operating expenses	1,105,280	1,146,824	(41,544)	(3.62%)
Business interest	(220,654)	(533,296)	312,642	58.62%
Non-operating income and expenditure	512,107	305,166	206,941	67.81%
Net profit before tax	291,453	(228,130)	519,583	227.76%
Income tax expense	111,678	(31,097)	142,775	459.13%
Net profit for the period	179,775	(197,033)	376,808	191.24%

Reasons for the increase or decrease in the amount in the last two years:

1. Operating income/operating cost and gross operating profit: Mainly due to the decline in customer orders in 2020 compared with the same period last year. The decline in the revenue of 3C components, which had a poor profit accounted for a relatively high proportion, resulting in an increase in gross operating profit compared with the same period last year.
2. Increase in operating profit: This is mainly due to the increase in gross operating profit and the decrease in operating expenses during the current period.
3. Net profit before tax, income tax expenses and net profit for the period: Mainly due to the increase in net operating profit in 2020 and the increase in non-operating income and expenses compared with the same period last year, which led to the increase in net profit before tax, income tax expenses and net profit for the period.

III. Review and Analysis of Cash Flow

Unit: NT\$ thousand

Beginning cash balance	Annual net cash flow from operating activities	Annual cash outflow from investment and financing activities	Exchange rate impact	Cash surplus (shortage) amount	Remedies for cash shortage	
					Investment plan	Financial plan
1,820,304	1,261,944	2,230,136	(163,495)	5,148,889	-	-

1. Analysis of cash flow changes in recent years:
 - (1) Business activities: NT\$1,261,944 thousand
 - (2) Investment activities: NT\$(4,328,082) thousand
 - (3) Fund-raising activities: NT\$6,558,218 thousand
2. Remedial measures for cash shortage and liquidity analysis: None
3. Analysis of cash liquidity in the next year: The cash balance is about NT\$5.149 billion, and there is no worry for the cash flow in the next year.

IV. Impact of Major Capital Expenditures on Financial Operations in the Last Year

Unit: NT\$ thousand

Year	Capital expenditure items	Sources of funds	Total funds	Impact on financial operations
2020	Acquisition of property, plant and equipment	Own funds and bank financing	894,071	Build additional factories and purchase production equipment to expand the scale of production and sales to meet market and customer needs.

V. Reinvestment policy in the most recent year, main reason for its profit or loss, improvement plan and investment plan for the next year

(I) Reinvestment Analysis Table

December 31, 2020

Item \ Description	Investment amount (note)	Policy	Main reason for profit or loss	Improvement plan
Glory Science Co., Ltd.	NT\$2,214,868 thousand	Restructuring of organization under joint control	Loss of NT\$482,494 thousand	Measures such as staff streamlining and short-term OEMs to avoid further expansion of losses; in addition, recruiting technical teams to strengthen product development capabilities, and continuing to follow up with existing and new customers.
Power Quotient International Co., Ltd.	NT\$2,172,180 thousand	Restructuring of organization under joint control	Profit of NT\$212,885 thousand	-
Foxlink Image Technology Co., Ltd.	NT\$3,011,140 thousand	Restructuring of organization under joint control	Profit of NT\$382,773 thousand	-
Shih Fong Power Co., Ltd.	NT\$760,000 thousand	Invest in other companies	Loss of NT\$2,634 thousand	The power plant is still in the construction stage and no revenue has been generated yet.

Note: The investment amount exceeds 5% of the paid-in capital.

- (II) The company's investment plan for the next year will focus on increasing profits in response to market demand.

VI. Risks

(1) Impact of interest rate and exchange rate changes, and inflation on the company's profit and loss and future countermeasures:

1. Interest rate: The interest income was NT\$30,038 thousand in 2020, and the interest expense was NT\$107,403 thousand. In the future, the company will regularly assess the interest rates of deposits and borrowings offered by banks, and at the same time obtain the average market interest rate and maintain a good relationship with banks to obtain a more favorable deposit and borrowing rates, in order to maintain the flexibility of financial operations.
2. Exchange rate: The consolidated revenue of the subsidiary Power Quotient mainly comes from the sales of Apple products by its subsidiaries; as its sales are mainly quoted in Hong Kong dollars, while its purchases are quoted in US dollars, the gross profit margin will be affected by exchange rate fluctuations. The consolidated revenue of the subsidiary GLORYTEK mainly comes from mainland China. The operating income of the subsidiary Foxlink Image Technology is mostly denominated and recorded in US dollars. The purchase of raw materials and machinery and equipment is also mostly denominated and recorded in US dollars, so there is a certain hedging effect on the risk of exchange rate changes. Most of the exchange gains and losses come from foreign currencies and unrealized conversion gains or losses incurred after reevaluation of liabilities and assets based on the spot exchange rate at the end of the period. In response to exchange rate fluctuations, the Finance Department has established hedging strategies and methods, and timely adopts the following foreign exchange hedging measures: (1) consider the possible future changes in the exchange rate when quoting the business, so as to protect the company's profits; (2) constantly collect information about exchange rate changes to fully grasp exchange rate trends; (3) use appropriate hedging tools, such as pre-sale or pre-purchase of forward foreign exchange contracts, to avoid exchange risks; (4) set up foreign currency accounts and use the accounts to manage foreign currency deposits and withdrawals required for business to reduce the exchange rate risk from the conversion of New Taiwan dollars; pay attention to the foreign currency revenue and expenditure at all times, try to keep the foreign currency revenue and expenditure in balance, and if necessary, engage in derivative financial product trading for the purpose of risk avoidance in accordance with the company's "Management Measures for Acquisition or Disposal of Assets," so as to avoid exchange losses.
3. Inflation: The extent of inflation changes did not significantly affect the company's operations and did not significantly impact the company.

(II) Policies for engaging in high-risk or high-leverage investments, loans to others, endorsement guarantees, and derivatives trading, main reasons for profit or loss, and future countermeasures:

The company has established the "Procedures of Acquisition and Disposal of Assets," "Procedures of Loan Extension and Endorsement Guarantee," and the established policies and corresponding measures are followed for any engagement in the extension of loans to others, endorsement guarantees or derivative trading. The company has never engaged in any high-risk or high-leverage investment. Only the subsidiary Power Quotient engaged in the trading of derivative financial products with other subsidiaries for assistance to the company, but limited to avoiding current or future potential exchange rate and interest rate risks. Hence, the proportion of the overall profit and loss generated from derivative trading to the profit and loss generated from operations is

quite limited and within the control of the company.

(III) Future R&D plans and estimated R&D expenses:

1. The Group's future R&D plans:

- (1) On the lenses of 3C components, the trend of plastic lenses is "smaller sizes and higher pixels" and applications in various products. This trend is also the direction of the company's R&D plan for lenses. The company adheres to the belief of independent R&D, and the main sources of technology are the company's long-term R&D personnel cultivation, project research plans for self-development, and maintenance of close technical cooperation with customers. In recent years, the company has actively recruited R&D talents for the development of a full range of products.
- (2) The main sources of technology for systems and peripheral products are the rich experience of the R&D personnel in the industry and by the company's long-term cultivation through project research plans for self-development. The key technologies currently mastered include automatic paper feeding technology, integrated circuit design for special applications, precision optical mechanism design, high-speed transmission design, analog/digital circuit design, image processing and optical design... etc. In recent years, the company has started investing in AI technology. In addition to static image detection/recognition/adjustment in the OA field, dynamic image recognition is introduced, such as license plate recognition in parking lots and crowd/gender recognition in different areas. In addition, using this technology, it is actively entering the field of automatic optical inspection equipment. The materials currently analyzed include the positive and negative electrodes of lithium batteries, copper foil, PCB, contact lenses and textiles.

2. The combined R&D expenses of the company and its subsidiaries in 2020 were NT\$383,683 thousand, which accounted for approximately 5.44% of the consolidated operating income for the year. As of March 31 in 2021, the actual consolidated R&D expenses were NT\$108,200 thousand, which is approximately 4.81% of the operating income. It is estimated that the total R&D expenditure invested in this year will be 4 to 8% of the operating income.

(IV) Impact of important domestic or foreign policies and legal changes on the company's financial operations and corresponding measures:

The company's daily operations are handled in accordance with the laws and regulations of the competent authority. In recent years, the company's finance and business have not been affected by the important domestic or foreign policy or legal changes. The company's management will review important domestic and foreign policies and legal changes at any time, put forward countermeasures in due course, and set up a legal unit to pay attention to important domestic and foreign policy and legal changes at any time in order to propose impact assessments and response plans. At the same time, the company also commissions external legal consultants to provide inquiry services and deal with the company's legal issues. Up to the moment, important policy and legal changes have not significantly impacted the company.

(V) Impact of technological and industrial changes on the company's financial operations and countermeasures:

1. Regarding technological and industrial changes, the company regularly invites relevant departments to hold meetings to discuss ways to respond; so far, technological and industrial changes have not significantly impacted the company's

financial operations.

2. Information security risk assessment:

The company has formulated an information security policy to strengthen information security management, in order to ensure the confidentiality, integrity and availability of its information assets, provide an information environment for the continuous operation of the company's business, and avoid internal and external deliberate or accidental threats: the company also formulated information security risk assessment procedures and conducted regular annual assessments.

(1) Scope of information security policy

- A. Personnel management and information security training
- B. Network and computer system security management
- C. Security management of system access control, development and maintenance
- D. Information asset security management
- E. Physical and environmental safety management
- F. Planning and management of business continuity plan

(2) Information security policy rights and responsibilities

- A. The company has established a cross-departmental information security management team. The information unit is responsible for the team's work and coordinating the promotion of information security management related matters.
- B. Supervisors at all levels of the company shall actively participate in and support the information security management system and implement the policy through relevant standards and procedures established.
- C. All personnel of the company, outsourced service vendors and visitors shall abide by this policy.
- D. When all personnel of the company and outsourced service providers detect information security incidents, they shall notify the information security team's contact person and inform the person in charge of the information security team. At the same time, the information security contact person shall report the information security incident or the detected weakness through the notification mechanism, and record it accordingly.
- E. Any act that endangers information security will be investigated for civil, criminal and administrative responsibilities according to the severity of the circumstances, or will be dealt with in accordance with the relevant regulations of the company.

The information security team's operations are all implemented in accordance with the company's procedures to ensure data integrity and security, and the information security risk assessment results are good. Therefore, the company's information security has no major defect in the last year and as of the printing date of the annual report, and there are no major operational risks.

(VI) Impact of corporate image changes on corporate crisis management and countermeasures:

The company has always been committed to its core businesses to establish a positive social image of the company and fulfill its social responsibilities, so no incidents that damage the corporate image have occurred.

(VII) Expected benefits, possible risks and countermeasures concerning mergers and acquisitions:

In the most recent year and as of the publication date of the annual report, the company did not have any merger or acquisition.

- (VIII) Expected benefits, possible risks and countermeasures concerning plant expansion:
In order to meet the needs of future business growth, the company is building production bases and purchasing production equipment to increase revenue and profit.
- (IX) Risks from the concentration of purchase or sales and countermeasures:
Sales: As the company's products are diversified and the sales targets are mainly international brand manufacturers, the risk profile is relatively low.
Purchase: The company's purchases are not overly concentrated. The main reason is that the company has at least two or more raw material suppliers, and negotiates with the suppliers based on the purchased quantity. Therefore, there should be no risk of purchase concentration. In addition, the company reduces the cost of incoming materials through group resources and the advantages of the group's bulk purchases, has established stable supply partnerships with various suppliers, and adopts decentralized procurement sources for the purchase of major components to ensure smoothness of incoming materials. In addition to maintaining good transactions with existing customers and suppliers, the company's subsidiaries will strive to develop new sources of customers and suppliers to diversify business risks and enhance long-term competitiveness.
- (X) Impact, risks and countermeasures of volume transfers or replacement of equity by directors, supervisors or major shareholders holding more than 10% of the company's shares: The company did not have such a situation in the last year and as of the date of publication of the annual report.
- (XI) Impact, risks and countermeasures concerning the change in management rights of the company:
The company did not have such a situation in the last year and as of the date of publication of the annual report.
- (XII) Litigation or non-litigation events:
1. Major litigation, non-litigation or administrative litigation events that the company is undergoing at the moment:
Power Quotient International Co., Ltd., a wholly-owned subsidiary of the company, received a notice from the US subsidiary on December 16, 2011, that it had an accounts receivable dispute with customers in Central and South America. After an investigation by Power Quotient International, it was found that a specific employee of the US subsidiary went to the freight contracting company to tamper with the relevant delivery documents and had the goods transported to areas other than the places designated by the customers who placed the orders. The estimated amount affected was US\$19,447 thousand (approximately NT\$577,633 thousand). According to the lawyer's opinion, the above-mentioned incidents belong to claims against the specific employee. Based on the principle of prudence and conservatism, the US subsidiary provided all the claims above as bad debt losses. However, the actual losses are still subject to the results of judicial investigation and recovery. In this case, the judicial authorities of Taiwan and the United States have been invited to investigate and search for evidence for the criminal responsibility of the relevant personnel; the company has appointed lawyers to file civil lawsuits in Taiwan and the United States respectively, and deposited NT\$2,500 thousand at the Taiwan New Taipei District Court as the guarantee for provisional seizure. Based on the lawyer's opinion, the possibility of the recovery of the creditor's rights cannot yet be confirmed. In addition, the US subsidiary filed a claim against Private Label PC, Inc. (PLPC), and PLPC also filed a counterclaim against Power Quotient

International, the company's US subsidiary and Hong Kong subsidiary and claimed US\$3,224 thousand. The US subsidiary reached a settlement agreement with some of the defendants in advance, and in March and June 2015, the US subsidiary received US\$950 thousand and US\$400 thousand in settlement payments. On October 7, 2015, PLPC withdrew the claim against the Hong Kong subsidiary. A settlement agreement was reached for the litigation above with PLPC on July 25, 2016. Power Quotient International did not need to pay any settlement amount, and because both parties had a confidentiality clause, the settlement amount was exempt from disclosure. Both parties withdrew the lawsuit on August 12. On November 30, 2016, the US subsidiary won the first case against the two defendants in a civil lawsuit, and the civil disputes with the other parties were closed by settlement. On March 22, 2017, one of the defendants in the case was sentenced to criminal non-prosecution in Taiwan.

2. If there are major litigation, non-litigation or administrative disputes that the company's directors, supervisors, president, substantive persons in charge, major shareholders with more than 10% shareholding or subsidiary companies have been sentenced or are currently undergoing. The results may have a significant impact on shareholders' equity or the price of securities. The relevant information should be disclosed: None.

(XIII) Other important risks and countermeasures

The company and its subsidiaries have no other important risks as of the date of publication of the annual report, except for the above-mentioned risk assessment and descriptions.

VII. Other Important Matters:

(1) Directors' advanced study status:

Job title	Name	Training date		Organizer	Course title	Training hours
Director	Kufn Lin	September 21, 2020	September 21, 2020	Accounting Research and Development Foundation of the Republic of China	Impact of New IFRS17 "Insurance Contract" on Insurance Companies, Investors and Policyholders and Countermeasures	3
Director	Kufn Lin	October 23, 2020	October 23, 2020	Accounting Research and Development Foundation of the Republic of China	Case Study of Investigation of "Fund Flow" in Financial Report Frauds and Discussion of Related Legal Liabilities	3
Director	Kufn Lin	November 3, 2020	November 3, 2020	Accounting Research and Development Foundation of the Republic of China	Legal Compliance Audit Practices of "Shareholders' Meetings" of Enterprises	3
Director	Kufn Lin	November 24, 2020	November 24, 2020	Accounting Research and Development Foundation of the Republic of China	Analysis of False Financial Reports and How to Find Key Information in Financial Reports	3
Director	Hwee Kian Lim	June 12, 2020	June 12, 2020	CIO Taiwan	The 7th Manufacturing CIO Forum	6
Director	Semi Wang	November 25, 2020	November 25, 2020	Securities and Futures Institute	2020 Seminar on Understanding Futures Derivative Hedging Transactions and Operational Perfection for Sustainable Management Practices of Enterprise for Listed and OTC Companies	3
Director	Wilson Hu	August 7, 2020	August 7, 2020	Taiwan Corporate Governance Association	Information Disclosure and Transparency	3
Director	Wilson Hu	November 6, 2020	November 6, 2020	Taiwan Corporate Governance Association	Corporate Governance Blueprint and Corporate Social Responsibility Vision	3
Director	Wilson Hu	November 10, 2020	November 10, 2020	Securities and Futures Institute	Advanced Seminar for Practices of Executives (Corporate Governance and Securities Regulations)	3
Independent Director	Ralph Chen	September 16, 2020	September 16, 2020	National Federation of CPA Associations	Analysis of the Latest Securities Management Company Regulations and	3

Job title	Name	Training date		Organizer	Course title	Training hours
				of the R.O.C.	Practices	
Independent Director	Ralph Chen	October 14, 2020	October 14, 2020	Taiwan Corporate Governance Association	(Audit Committee Series Course) Establishment and Operation of the Audit Committee	3
Independent Director	Ralph Chen	October 22, 2020	October 22, 2020	Securities and Futures Institute	2020 Annual Prevention of Insider Trading and Insider Equity Trading Publicity Seminar	3
Independent Director	Ralph Chen	October 27, 2020	October 27, 2020	Taiwan Corporate Governance Association	ESG Development Trend and Socially Responsible Investment (SRI)	3
Independent Director	Chen-Rong Chian	August 29, 2020	August 29, 2020	Chinese Middle-way Leadership Culture Association	Lectures and Comprehensive Seminars on Deepening Corporate Governance and Corporate Social Responsibility Culture, Corporate Excellence Management, Effective Integration of Middle-way Culture and Corporate Management	3
Independent Director	Chen-Rong Chian	November 10, 2020	November 10, 2020	Taiwan Corporate Governance Association	Key 5G Technologies and Application Opportunities	3
Independent Director	Chen-Rong Chian	December 15, 2020	December 15, 2020	Taiwan Corporate Governance Association	How to Use Influential Investment to Enhance Corporate Value	3
Independent Director	Wei-Lin Wang	June 23, 2020	June 23, 2020	Taiwan Construction Research Institute	Engineering Related Legal Affairs Series - Evidence Rules in Litigation Law and Engineering Appraisal Practices	6
Independent Director	Wei-Lin Wang	November 19, 2020	November 19, 2020	Internal Audit Association of the Republic of China	Recent Business Secret and Non-Competition Cases and Development Practices	6

(II) Training participation by personnel related to financial information transparency:

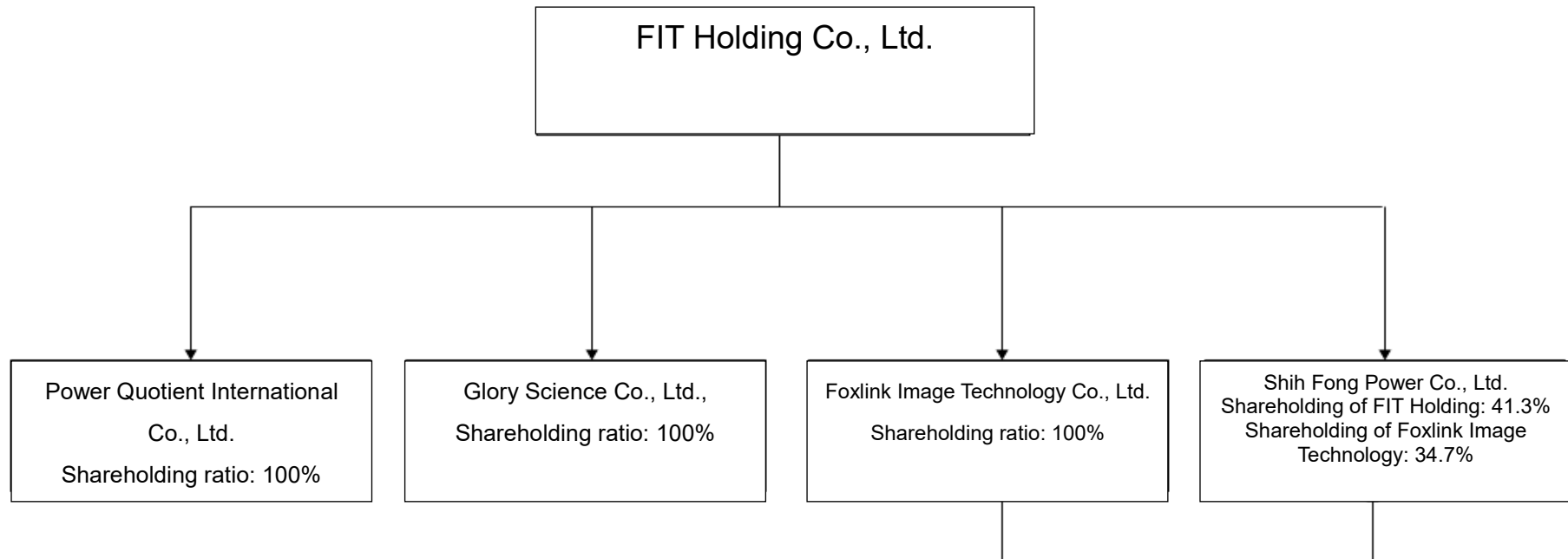
Year	Organizer	Course title	Course hours	Number of company participants
2020	Accounting Research and Development Foundation of the Republic of China	Impact of New IFRS17 “Insurance Contract” on Insurance Companies, Investors and Policyholders and Countermeasures	3	1
2020	Accounting Research and Development Foundation of the Republic of China	Case Study of Investigation of “Fund Flow” in Financial Report Frauds and Discussion of Related Legal Liabilities	3	1
2020	Accounting Research and Development Foundation of the Republic of China	Legal Compliance Audit Practices of “Shareholders’ Meetings” of Enterprises	3	1
2020	Accounting Research and Development Foundation of the Republic of China	Analysis of False Financial Reports and How to Find Key Information in Financial Reports	3	1
2020	Internal Audit Association of the Republic of China	Analysis of Policies for Enterprises to Improve Their Ability of Financial Report Self-Preparation and Study of Key Internal Audit and Internal Control Practices	6	1
2020	Internal Audit Association of the Republic of China	Subsidiary Audit Practice	6	1
2020	Internal Audit Association of the Republic of China	Essentials of Internal Audit on Legal Compliance	6	1
2020	Internal Audit Association of the Republic of China	Analysis of Internal Auditors on Issues Concerning Legal Compliance and Fraud Prevention of “Information Security” and “Personal Privacy”	6	1

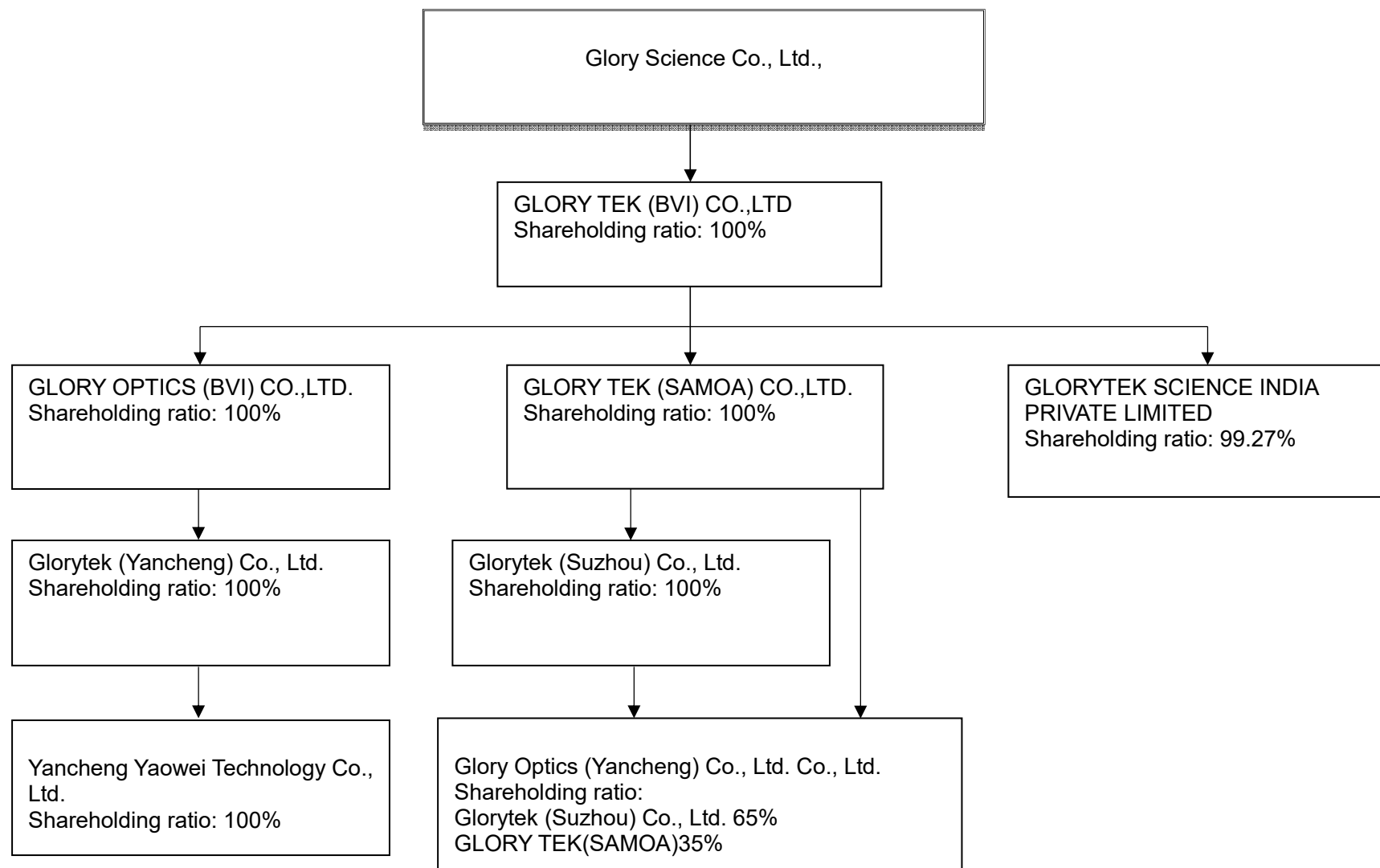
VIII. Special Records

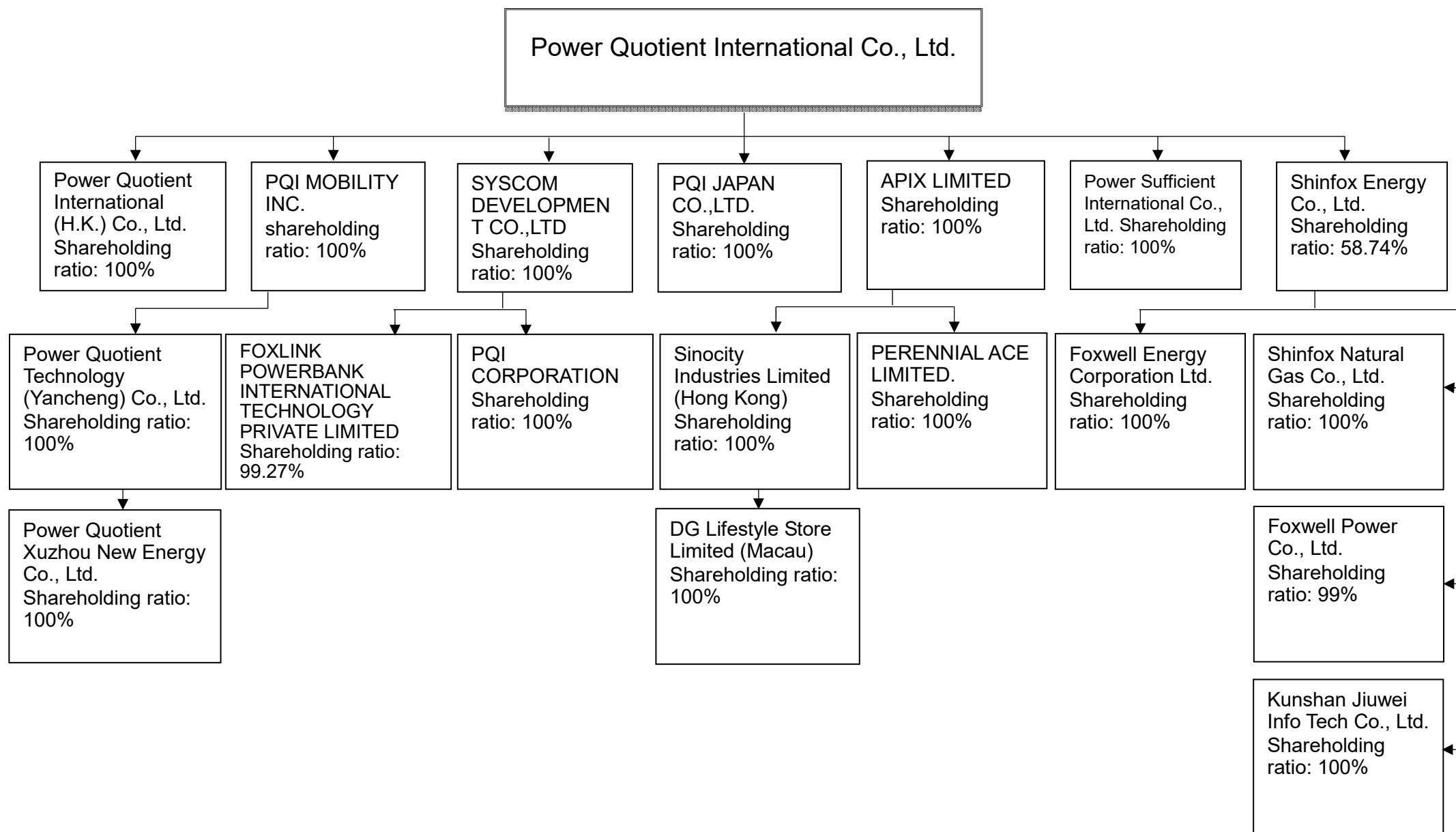
I. Information of Affiliated Enterprises

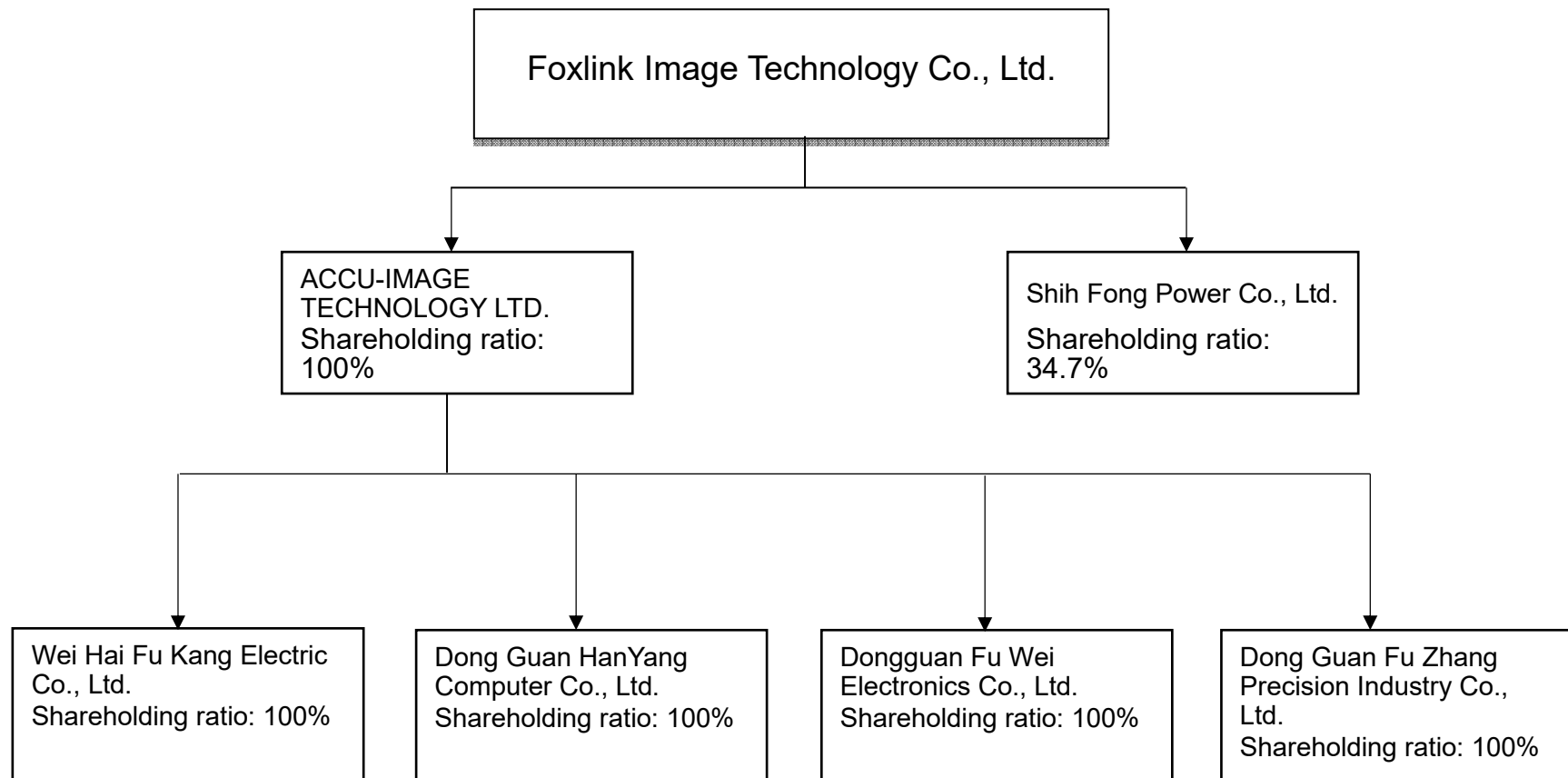
(I) Consolidated business report of affiliated enterprises

1. Organization Chart of Affiliated Enterprises (December 31, 2020)









2. Basic information of affiliated enterprises

December 31, 2020 Unit: NT\$ Thousand

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Glory Science Co., Ltd.	June 29, 2000	No. 22, Houke South Road, Houli District, Taichung City	959,704	Production, processing and sales of optical lens components.
Power Quotient International Co., Ltd.	December 31, 1997	8th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	3,246,905	1. Manufacturing, processing, assembling and trading of various computer electronic equipment and accessories. 2. Import and export of the products mentioned above.
Foxlink Image Technology Co., Ltd.	March 25, 1997	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	1,649,940	R&D and sales of image scanners and multi-function printers.
Shih Fong Power Co., Ltd.	January 18, 1995	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	2,300,000	Hydroelectric power generation business.
GLORY TEK (BVI) CO.,LTD	November 3, 2003	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	1,262,422	Holding and reinvestment business.
GLORY OPTICS (BVI) CO.,LTD.	December 24, 2003	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	494,837	Trading business.
GLORY TEK (SAMOA) CO.,LTD.	October 31, 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	780,074	Holding and reinvestment business.
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	November 11, 2011	No. 1 Standard Factory Building in Yancheng Comprehensive Bonded Zone, Jiangsu Province	271,521	Production, processing and sales of optical lens components.
Glorytek (Suzhou) Co., Ltd.	January 9, 2004	Building 2, No. 2, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province	443,174	Production, processing and sales of optical lens components.
Yancheng Yaowei Technology Co., Ltd.	November 5, 2015	No. 50, Jiuhuashan Road, Yancheng Technology Development Zone, Jiangsu Province	49,931	Production, processing and sales of optical lens components.
Glory Optics (Yancheng) Co., Ltd.	May 23, 2017	Room 919, No. 18, Hope Avenue South Road, Yancheng Technology Development Zone, Jiangsu Province	976,388	Production, processing and sales of optical lens components.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	August 14, 2017	C-3 in Unit No.532, Logix Technova, Tower B Plot No.A-4, Sector-132 Noida Gautam Buddha Nagar-201301	100,194	Manufacturing and sales of communication and consumer electronics components.
Power Quotient International (H.K.) Co., Ltd.	September 29, 1999	Unit 2018, Shatin Galleria, 18-24 Shan Mei Street, Fotan, New Territories, Hong Kong.	466,755	Electronic components trading.
PQI MOBILITY INC.	December 14, 2012	Portcullis TrustNet Chambers, P.O Box 1225 Apia, Samoa	290,604	Holding and reinvestment business.
SYSCOM DEVELOPMENT CO.,LTD	November 9, 2000	OFFICE OF INSINGER CORPORAE SERVICES LIMITED, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLAND.	365,596	Holding and reinvestment business.
PQI JAPAN CO.,LTD.	April 9, 2002	5-1208 BIWAJIMA-TYO, NISHI-KU, NAGOYA CITY 451-0053, JAPAN	23,129	Electronic components trading.
APIX LIMITED	December 13, 2012	Portcullis TrustNet Chambers, P.O Box 3444 Road Town, Tortola, British Virgin Islands	3,000,909	Holding and reinvestment business.
Power Sufficient International Co., Ltd.	November 21, 2014	8th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	10,000	Medical equipment trading.
Shinfox Energy Co., Ltd.	April 27, 2007	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	1,000,000	Machinery installation, energy technology service, and machinery manufacturing for power generation, transmission and distribution.
Power Quotient Technology (Yancheng) Co., Ltd.	April 12, 2001	Room 815, Commercial Building, Comprehensive Bonded Zone, No. 18, Hope Avenue South Road, Yancheng Economic and Technological Development Zone, Jiangsu Province, China	724,461	Manufacturing and trading of electronic components.
Power Quotient Xuzhou New Energy Co., Ltd.	June 18, 2020	North side of Shenda Road, Xuzhou Economic and Technological Development Zone	43,770	Battery manufacturing and trading.
FOXLINK POWERBANK	January 16,	C-2 in Unit No.532, Logix Technova,	95,778	Manufacturing and sales of

Company name	Date of establishment	Address	Paid-in capital	Main businesses
INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	2018	Tower B Plot No. A-4, Sector -132 Noida Gautam Buddha Nagar UP 201301 IN		communication and consumer electronics components.
PQI CORPORATION	November 26, 2002	3230 Fallow Field Drive, Diamond Bar, CA 91765	233,335	Electronic components trading.
Sinocity Industries Limited (Hong Kong)	December 10, 1991	Room 3906, Cable Building, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	2,479,268	Electronic product trading.
DG Lifestyle Store Limited (Macau)	September 13, 2007	Shop 2109&2111, 3rd Floor, Shoppes at Venetian, Coloane Road, Macau	357	Electronic product trading.
PERENNIAL ACE LIMITED.	January 17, 2012	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	606,624	Holding and reinvestment business.
Foxwell Energy Corporation Ltd.	February 8, 2013	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	672,000	Energy service management
Shinfox Natural Gas Co., Ltd.	April 11, 2014	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	150,000	Petroleum product wholesale and retail and natural gas import.
Foxwell Power Co., Ltd.	June 28, 2019	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	100,000	Electricity sales, energy-saving service, energy technology service, self-use power generation equipment for renewable energy.
Kunshan Jiuwei Info Tech Co., Ltd.	June 1, 2017	Room 9606, Room 3, No. 28, Jinchang Road, Jinxi Town, Kunshan City, Jiangsu Province	1,536	Software development and sales; technology development, technical service, business management consulting and contract energy management.
ACCU-IMAGE TECHNOLOGY LIMITED	July 18, 2000	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	377,105	Manufacturing of image scanners and multi-function printers.
Dongguan Fu Wei Electronics Co., Ltd.	January 10, 2014	Yinhe Industrial Zone, Qingxi Town, Dongguan	170,880	Manufacturing of image scanners and multi-function printers.
Wei Hai Fu Kang Electric Co., Ltd.	July 12, 2011	No. 373, Shuangdao Road, Shuangdao Bay, Weihai High District	227,840	Manufacturing and sales of parts and molds of photocopiers and

Company name	Date of establishment	Address	Paid-in capital	Main businesses
				scanners.
Dong Guan Fu Zhang Precision Industry Co., Ltd.	June 1, 2011	Yinhe Industrial Zone, Qingxi Town, Dongguan	231,037	Mold development and plastic parts business.
Dong Guan HanYang Computer Co., Ltd.	November 24, 2000	Yinhe Industrial Zone, Qingxi Town, Dongguan	174,828	Manufacturing of image scanners and multi-function printers.

3. Information of the same shareholders of entities which are presumed to have control and subordination relationship: None.
4. Industries covered by the businesses of all affiliated enterprises: manufacturing, investment, trading, retail, and energy services.
5. Information on directors, supervisors and presidents of affiliated enterprises:

Company name	Job title	Name or representative	December 31, 2020 Unit: Share	
			Shareholding	
			Number of shares	Shareholding ratio
Glory Science Co., Ltd.	Chairman of the board	T.C. Gou (note 1)	95,970,371	100%
	Director	Kufn Lin (note 1)	95,970,371	100%
	Director	Julius Chu (note 1)	95,970,371	100%
	Supervisor	Chen-Phan Pu (note 1)	95,970,371	100%
Power Quotient International Co., Ltd.	Chairman of the board	T.C. Gou (note 1)	324,690,529	100%
	Director	Kufn Lin (note 1)	324,690,529	100%
	Director	Jeffery Cheng (note 1)	324,690,529	100%
	Supervisor	Chen-Phan Pu (note 1)	324,690,529	100%
Foxlink Image Technology Co., Ltd.	Chairman of the board	T.C. Gou (note 1)	164,993,974	100%
	Director	Kufn Lin (note 1)	164,993,974	100%
	Director	Hwee Kian Lim (note 1)	164,993,974	100%
	Supervisor	Chen-Phan Pu (note 1)	164,993,974	100%
Shih Fong Power Co., Ltd.	Chairman of the board	T.C. Gou (note 1)	95,000,000	41.30%
	Director	Wilson Hu (note 1)	95,000,000	41.30%
Shih Fong Power Co., Ltd.	Director	Kufn Lin (note 1)	95,000,000	41.30%
	Director	Jin-Jun Li (note 1)	95,000,000	41.30%
	Director	Shao-Bo Peng (note 2)	46,000,000	20.00%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Supervisor	Chen-Phan Pu (note 3)	79,800,000	34.70%
Glory Science (BVI) Co., Ltd.	Director	Kufn Lin	-	-
Glory Optics (BVI) Co., Ltd.	Director	Kufn Lin	-	-
Glory Science (Samoa) Co., Ltd.	Director	Kufn Lin	-	-
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	Legal representative	Kufn Lin	-	-
Glorytek (Suzhou) Co., Ltd.	Legal representative	Kufn Lin	-	-
Yancheng Yaowei Technology Co., Ltd.	Legal representative	Kufn Lin	-	-
Glory Optics (Yancheng) Co., Ltd.	Legal representative	Kufn Lin	-	-
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	Director	Kufn Lin	-	-
		Mr. Pragati Jain	-	-
Power Quotient International (H.K.) Co., Ltd.	Director	Vivien Liu (note 4)	106,100,000	100%
PQI MOBILITY INC.	Director	Vivien Liu (note 4)	10,000,000	100%
SYSCOM DEVELOPMENT CO.,LTD	Director	Vivien Liu (note 4)	10,862,980	100%
PQI JAPAN CO.,LTD.	Director	Vivien Liu (note 4)	24,300	100%
APIX LIMITED	Director	Vivien Liu (note 4)	12,501	100%
Power Sufficient International Co., Ltd. Power Sufficient International Co., Ltd.	Chairman of the board	Vivien Liu (note 4)	1,000,000	100%
	Director	Kufn Lin (note 4)	1,000,000	100%
	Director	Jeffery Cheng (note 4)	1,000,000	100%
	Supervisor	Chen-Phan Pu (note 4)	1,000,000	100%
Shinfox Energy Co., Ltd.	Chairman of the board	T.C. Gou (note 4)	58,743,000	58.74%
	Director	Wilson Hu (note 4)	58,743,000	58.74%
	Director	Kufn Lin (note 4)	58,743,000	58.74%
	Director	Tsi-Jun Tu	-	-

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Independent Director	Shu-Fen Wang	-	-
	Independent Director	Chong-Hsiung Wen	-	-
	Independent Director	Wen-Shuai Liu	-	-
Power Quotient Technology (Yancheng) Co., Ltd.	Director	Vivien Liu (note 5)	(Capital contribution USD20,000 thousand, unissued shares)	100%
Power Quotient Xuzhou New Energy Co., Ltd.	Director	Chi-Hong Yeh (note 6)	(Capital contribution CNY10,000 thousand, unissued shares)	100%
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	Director	Vivien Liu (note 7)	217,900,000	99.27%
	Director	Jia-Hsiung Ni	-	-
PQI CORPORATION	Director	Vivien Liu (note 7)	7,000,000	100%
Sinocity Industries Limited (Hong Kong)	Director	Vivien Liu (note 8)	6,000,000	100%
	Director	Jeffery Cheng	-	-
DG Lifestyle Store Limited (Macau)	Director	Jeffery Cheng (note 9)	100,000	100%
PERENNIAL ACE LIMITED.	Director	Vivien Liu (note 8)	(Capital contribution USD21,300 thousand, unissued shares)	100%
Foxwell Energy Corporation Ltd.	Chairman of the board	Wilson Hu (note 10)	67,200,000	100%
	Director	Vivien Liu (note 10)	67,200,000	100%
	Director	Kufn Lin (note 10)	67,200,000	100%
	Supervisor	Chen-Phan Pu (note 10)	67,200,000	100%
Shinfox Natural Gas Co., Ltd.	Chairman of the board	T.C. Gou (note 10)	12,000,000	80%
	Director	Wilson Hu (note 10)	12,000,000	80%
	Director	Kufn Lin (note 10)	12,000,000	80%
	Supervisor	Chen-Phan Pu (note 10)	12,000,000	80%
Foxwell Power Co., Ltd.	Chairman of the board	Wilson Hu (note 10)	9,900,000	99%
	Chairman of the board	Kufn Lin (note 10)	9,900,000	99%
	Director	Hsia-Peng Hao (note 10)	9,900,000	99%
	Supervisor	Chen-Phan Pu	-	99%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Kunshan Jiuwei Info Tech Co., Ltd.	Legal representative	Wilson Hu	-	-
ACCU-IMAGE TECHNOLOGY LIMITED	DIRECTOR	Kufn Lin (note 3)	13,241,034	100%
Dongguan Fu Wei Electronics Co., Ltd.	Legal representative	Kufn Lin (note 11)	USD6,000,000	100%
Wei Hai Fu Kang Electric Co., Ltd.	Legal representative	Kufn Lin (note 11)	USD8,000,000	100%
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Legal representative	Kufn Lin (note 11)	USD8,112,257	100%
Dong Guan HanYang Computer Co., Ltd.	Legal representative	Kufn Lin (note 11)	HKD47,598,184	100%

Note 1: Representative of FIT Holding Co., Ltd.

Note 2: Representative of the National Development Fund Management Committee of the Executive Yuan

Note 3: Representative of Foxlink Image Technology Co., Ltd.

Note 4: Representative of Power Quotient International Co., Ltd.

Note 5: Representative of PQI Mobility Inc.

Note 6: Representative of Power Quotient Technology (Yancheng) Co., Ltd.

Note 7: Representative of Syscom Development Co., Ltd.

Note 8: Representative of Apex Limited

Note 9: Representative of Sinocity Industries Limited (Hong Kong)

Note 10: Representative of Shinfox Energy Co., Ltd.

Note 11: Representative of Accu-Image Technology Limited

6. Operation overview of affiliated enterprises

(I) Financial status and operating results of affiliated enterprises in 2020:

Unit: NT\$ thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Business interest	Current profit and loss (after tax)	Earnings per share (NT\$) (after tax)
Glory Science Co., Ltd.	959,704	2,616,686	1,844,004	772,682	287,487	(212,534)	(482,494)	(5.03)
Power Quotient International Co., Ltd.	3,246,905	3,431,984	1,132,996	2,298,988	132,114	(37,137)	212,885	0.07
Foxlink Image Technology Co., Ltd.	1,649,940	7,675,920	4,739,588	2,936,332	3,811,950	217,565	382,773	2.32
Shih Fong Power Co., Ltd.	2,300,000	2,457,995	6,481	2,451,514	-	(3,399)	(2,634)	(0.01)
Glory Science (BVI) Co., Ltd.	1,262,422	719,464	-	719,464	-	-	(336,236)	(8.26)
Glory Optics (BVI) Co., Ltd.	494,837	(58,973)	-	(58,973)	-	(10,770)	(139,482)	(8.72)
Glory Science (Samoa) Co., Ltd.	780,074	692,930	-	692,930	-	-	(197,992)	(7.90)
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	271,521	516,158	820,513	(304,355)	167,753	(139,721)	(129,381)	Not applicable
Glorytek (Suzhou) Co., Ltd.	443,174	631,663	154,401	477,262	29,568	(472)	(127,156)	Not applicable
Yancheng Yaowei Technology Co., Ltd.	49,931	143,448	26	143,422	11,134	(4,601)	(3,574)	Not applicable
Glory Optics (Yancheng) Co., Ltd.	976,388	1,549,945	918,866	631,079	206,478	(198,324)	(203,066)	Not applicable
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	100,194	86,276	215	86,061	-	(138)	1,252	0.06
Power Quotient International (H.K.) Co., Ltd.	466,755	684	5,396	(4,712)	-	(61)	(38)	(0.00)
PQI MOBILITY INC.	290,604	744,520	49,468	695,052	-	-	(12,589)	(0.04)
SYSCOM DEVELOPMENT CO.,LTD	365,596	88,356	495,220	(406,864)	-	(312)	2,210	Not applicable
PQI JAPAN CO.,LTD.	23,129	3,374	159,463	(156,089)	(37)	(61)	(115)	0
APIX LIMITED	3,000,909	1,293,028	183,511	1,109,517	-	-	62,793	0.02
Power Sufficient International Co., Ltd.	10,000	8,935	-	8,935	-	0	731.053	0.07

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Business interest	Current profit and loss (after tax)	Earnings per share (NT\$) (after tax)
Shinfox Energy Co., Ltd.	1,000,000	1,675,087	421,036	1,254,051	268,271	55,157	244,389	0.24
Power Quotient Technology (Yancheng) Co., Ltd.	724,461	744,520	49,469	695,051	-	(1,304)	(12,589)	Not applicable
Power Quotient Xuzhou New Energy Co., Ltd.	43,770	43,787	4	43,783	-	(4)	(12)	Not applicable
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	95,778	85,276	195	85,081	-	(116)	1,921	Not applicable
PQI CORPORATION	233,335	2,421	495,024	(492,603)	-	(196)	303	Not applicable
Sinocity Industries Limited (Hong Kong)	2,479,268	1,052,444	162,907	889,537	1,476,096	53,133	48,507	Not applicable
DG Lifestyle Store Limited (Macau)	357	62,054	61,419	635	85,801	(11,759)	(130,136)	(1.3)
PERENNIAL ACE LTD.	606,624	219,848	-	219,848	-	-	14,286	Not applicable
Foxwell Energy Corporation Ltd.	672,000	6,342,290	5,457,515	884,775	147,195	26,674	185,566	0.28
Shinfox Natural Gas Co., Ltd.	150,000	131,192	2,423	128,769	-	(12,755)	(12,762)	-0.11
Foxwell Power Co., Ltd.	100,000	119,193	18,728	100,465	95,227	1,534	1,425	0.01
Kunshan Jiuwei Info Tech Co., Ltd.	1,536	21,062	7,348	13,714	25,112	3,562	3,466	Not applicable
Fuchiang Technology Co., Ltd.	377,105	1,869,964	486,923	1,383,041	1,182,617	11,783	150,150	Not applicable
Dongguan Fu Wei Electronics Co., Ltd.	170,880	609,256	95,583	513,673	638,289	70,419	73,942	Not applicable
Wei Hai Fu Kang Electric Co., Ltd.	227,840	294,965	44,529	250,436	195,042	(10,158)	(16,021)	Not applicable
Dong Guan Fu Zhang Precision Industry Co., Ltd.	231,037	340,950	79,930	261,020	186,253	1,305	(2,813)	Not applicable
Dong Guan HanYang Computer Co., Ltd.	174,828	249,167	1,592	247,575	44,562	18,503	18,503	Not applicable

(II) Consolidated financial statements of affiliated enterprises

For the consolidated financial statements of the parent and subsidiary companies, please refer to pages 110 to 210 of this handbook.

(III) Relationship report: Not applicable.

- II. Handling of private placement securities in the last year and as of the date of publication of the annual report: None.
- III. Status of holding or disposal of the company's shares by subsidiaries in the last year and as of the date of publication of the annual report: None.
- IV. Other necessary supplementary explanations: None.
- V. In the most recent year and as of the date of publication of the annual report, if there is any matter that has a significant impact on shareholders' rights and interests or the price of securities as specified in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act: None.

FIT Holding Co., Ltd.

Chairman: T.C. Gou