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FIT Holding Co., Ltd.

2021

Annual Report

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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 consolidated operating income of the Company in 2021 was NT\$11,241,928 thousand, a increase of 59.38% compared with NT\$7,053,361 thousand in 2020. The net profit after tax attributable to the parent company in 2021 was NT\$434,012 thousand, an increase of 419.16% from the NT\$83,599 thousand net profit after tax attributable to the parent company in 2020; the fact that the technical service and engineering revenue recognized by Shinfox Energy contributed greatly to the Group's profit; the revenue and profit of the other subsidiaries Foxlink Image Technology and Power Quotient International both increased slightly; the loss of Glory Science Co., Ltd. was reduced due to the efforts made by the team. As the vaccination coverage reaches a high level worldwide, people's lives are gradually back to normal, while the influence of the pandemic on the real economy diminishes, it is expected that the Company's operating results for this year will be very promising; therefore, I would like to thank all employees and shareholders for your contribution and support to the Company over the past year.

After the 3-in-1 election in 2018, the Company started to turn a loss into a profit in 2020. The descriptions of each important subsidiary are as follows: Foxlink Image will focus on the R&D and production of scanners and automatic paper feeders for major manufacturers in the world, and will develop higher-end and low-cost products to obtain orders from customers and to increase the profitability; Glory Science has suffered from operating losses for several years due to its poor mobile phone lens development technology. It will transform to develop optical communication products and other special applications, which is expected to reduce the losses year by year; Power Quotient will develop new chain stores for its own brand and promote encrypted products in line with the future trend to generate greater profits for the Company.

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 the supply operations of the first batch of imported natural gas was 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. Junezhe Co., Ltd. was established in February 2021, whose main business is dredging reservoirs to stabilize water supply and solve the water shortage problem in Taiwan; Jiuwei Power Co., Ltd. was established in November 2021, whose main business is the development, construction and operation of natural gas power plants. 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. 2021 Business Results

(I) Business Plan Implementation Results

Unit: NT\$ thousand

Item	2021	2020	Growth rate
Operating income	11,241,928	7,053,361	59.38%
Operating cost	9,418,926	6,168,735	52.69%
Operating margin	1,823,002	884,626	106.08%
Operating expenses	1,195,161	1,105,280	8.13%
Operating loss	627,841	(220,654)	384.54%
Non-operating income and expenditure	221,759	512,106	(56.70)%
Net profit (loss) before tax	849,600	291,452	191.50%
Net profit (loss) for the period	626,231	179,774	248.34%
Profit attributable to: Owners of the parent	434,012	83,599	419.16%

(II) Budget Implementation Status

The company did not prepare the 2021 financial forecast, so this is not applicable.

(III) Profitability Analysis

Year		2021	2020
Return on assets (%)		3.02	1.20
Return on shareholders' equity (%)		6.21	2.39
Percentage of paid-in capital (%)	Operating profit	25.5	(8.96)
	Net profit before tax	34.5	11.84
Net profit rate (%)		5.57	2.55
Basic earnings per share (NT\$) (Note)		1.76	0.34

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. Optical design capability development
7. Optical inspection capability development
8. Mold flow and big data analysis capability development.
9. Development and application of new technologies and new products.
10. Application and cooperative development of other optical products.

3C Retail and Peripheral Products:

1. The Company has been developing biometrics in response to the demand for passwordless authentication on the operating systems used by the leading technology providers, and has launched fingerprint recognition-related products including products that support Windows Hello, Fido2 authentication device key, fingerprint

authentication SSD, and cryptocurrency hardware wallet with fingerprint identification for mining and the NFT users to meet the consumer demand in the market We plan to use NFT to issue fingerprint recognition hardware wallets and integrate with real stores to develop a diversified business ecosystem by offering membership cards and discounted NFT in the future.

2. 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 GaN100W, 65W, 30W and 24W. At the same time, the Company will develop fast charging products such as the 140W for PD3.1 protocol and fast chargers with HDMI ports in the future to meet the demand for charging multiple devices simultaneously and display ports. The unique PPS function allows the fast charging product to automatically adjust the maximum output according to the user's device, significantly increasing the charging efficiency and extending the battery life.
3. A 10000mAh/20000mAh PD 20W portable power bank has been launched, and a high-output power bank is planned to be developed in the future, which can provide mobile charging requirements for laptops, tablets and small laptops.
4. The Company has launched high-performance, high-capacity SSDs for the gaming market by collaborating with brands that specialize in gaming sales to support the high-performance requirements for console and PC gaming.

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. We are also actively striving to cultivate R&D talents across the strait, including talents of software, firmware, optics, electronics and institutions, strengthening on-the-job training, and enriching the capability of the R&D team.
3. To comprehensively promote the control of prohibited substances, lead-free products, and to develop materials and products that meet environmental protection requirements.
4. The Company continues to develop digital imaging and automatic paper feeder modules and other related products, and actively develops the molds, to increase the company's core technology in molds and to enhance its competitiveness in order to upgrade the 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 2022 Business Plan

(I) Business Policy

After the establishment of the Company, Glory Science, Power Quotient and Foxlink Image have strengthened and reinforced each other's advantages in their expertise, and later on, Shi Fong and Shinfox Energy have joined together to expand the scope of services in energy field.

The Company is able to integrate the resources of all companies, to take advantage of customer integration and marketing, and to vertically integrate the upstream and downstream products by sharing the marketing, purchasing and R&D resources with each other and fully cooperating with each other.

Therefore, the Company can expand the business scope to increase the economic efficiency, enhance the overall operational performance and competitiveness, to make the room for future growth in the future. 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 products. The growth trend of the cell phone lens module and optical connector industry remains unchanged, and with the active market expansion and new product development in the system and peripheral products, the sales volume in these products is expected to maintain a stable growth pattern. For energy services, we mainly provide energy saving services, equipment maintenance services and solar energy engineering design and development; therefore, we cannot calculate the sales volume.

(III) Important Production and Marketing Policies

The Group will enhance its internal management capability to reduce various production costs, continue to expand production capacity, actively train employees and provide them with education and training courses, make the best use of the Group's resources, provide the best services and technical resources to our customers, and establish good cooperation with them in order to achieve a win-win situation.

III. Future Company Development Strategy

The Group's subsidiaries will strengthen and reinforce their respective professional expertise. The Company is able to integrate the resources of all subsidiaries, to take advantage of customer integration and marketing, and to vertically integrate the upstream and downstream products by sharing the marketing, procurement and R&D resources with each other and fully cooperating with each other. Therefore, the Company can expand the business scope to increase the economic efficiency, enhance the overall operational performance and competitiveness, to make the room for future growth in the future. At the same time, the Company expects to achieve a high position and new opportunities for the future development and sustainable operation in the optoelectronics, communications and digital imaging and renewable energy industries, in order to provide customers with better, more 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

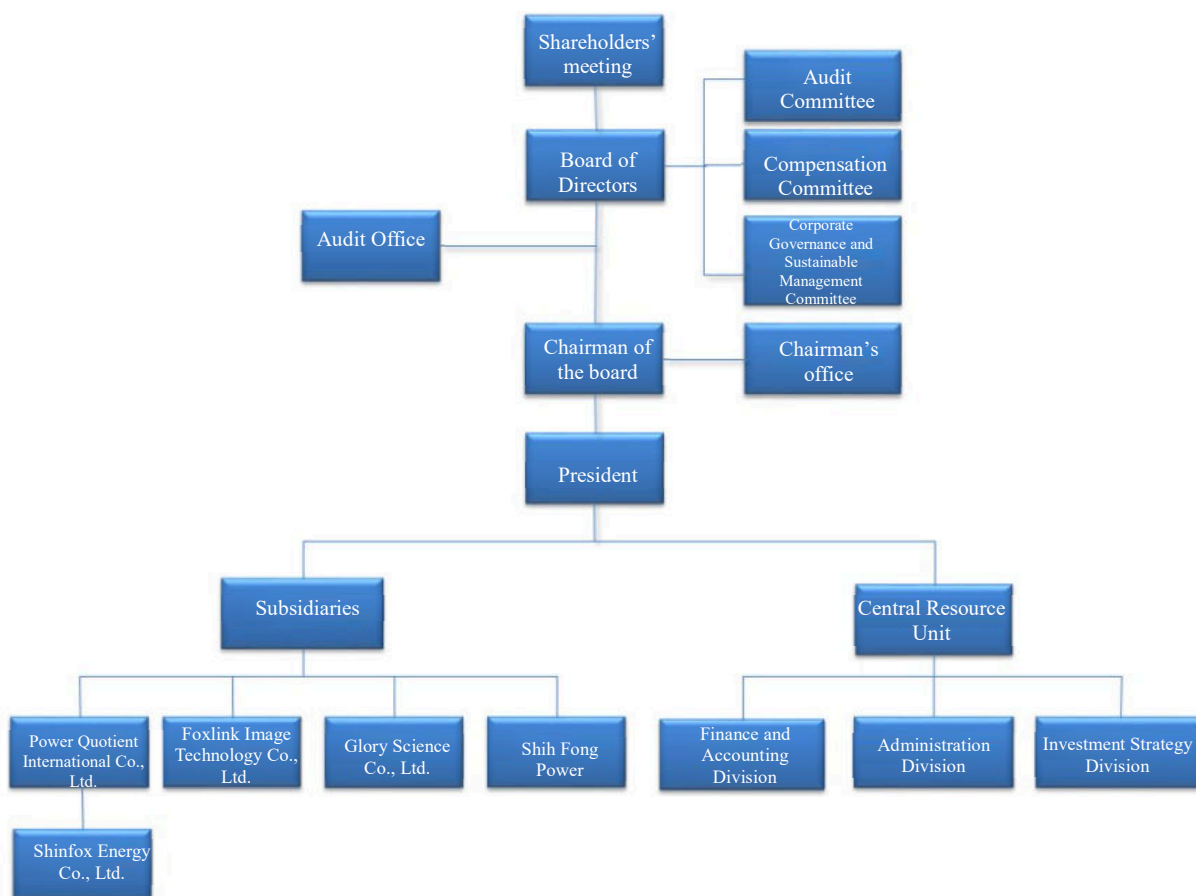
II. Company History:

- | | |
|------|--|
| 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 76% 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. |
| 2021 | <ul style="list-style-type: none">• Sold Subsidiary Shih Fong Power 25% of share owned, and the Group holds 51% of its equity.• Subsidiary Shinfox Energy Co., Ltd. handles capital increase, and the Group holds 50.18% of its equity.• Subsidiary Shinfox Energy Co., Ltd was publicly listed on Taiwan Stock Exchange in November 2021.• The Corporate Governance and Sustainable Development Committee was established on November 12, 2021. |

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 19, 2022 Unit: Share

Job title	Nationality or place of registration	Name	Gender Age	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		Shareholdings in the names of other people		Major work experience (education background)	Positions at the company and other companies concurrently held	Other managers, directors or supervisors with a spouse or second degree of kinship			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	Republic of China	Foxlink International Investment Co., 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 61-70	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	None
Director	Republic of China	Foxlink International Investment Co., 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 51-60	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 Co., 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(Note1)	Male 61-70	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
	Singapore	Hwee Kian Lim (Note 2)	Female 41-50	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 61-70	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	Note 3	None	None	None	None

Job title	Nationality or place of registration	Name	Gender Age	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		Shareholdings in the names of other people		Major work experience (education background)	Positions at the company and other companies concurrently held	Other managers, directors or supervisors with a spouse or second degree of kinship			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	
															NexPower Optoelectronics Co., Ltd.					
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 51-60	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 51-60	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	Cheng-Rong Chiang	Male 61-70	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 Environment Manufacturers Association, “Domestic Environmental Protection Equipment Quality Certification Review Committee” of the Industrial Bureau of the Ministry of Economic Affairs, Independent Director of Shou He Technology Co., Ltd.	Note 3	None	None	None	None
Independent Director	Republic of China	Wei-Lin Wang	Male 41-50	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
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, 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 Systems Corp; Director of CHUNG CHIA POWER CO., Ltd. Director of WELL BENEFIT LIMITED and PILOT TIME LIMITED
Kufn Lin	Director of Well Shin Technology Co., Ltd., Microlink Communications Inc., Darts Technologies, Studio A Inc., Foxwell Energy, Trinity Investment Corporation, Central Motion Picture, CMPC Cultural & Creative, CMPC International, Deepwaters Digital Support, 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, Wellgen Medical, Shih Fong Power, 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 Hsuan Hsiu, Shengji Music, Fresh Air, Fu Uei International 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 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. 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 CYNC Design Co., Ltd. and CHUNG CHIA POWER CO., Ltd. Supervisor of Fugang Electronics (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 and Suzhou Keyu Rui Automobile Technology
Jeffery Cheng	Chairman of Jing Jing Technology, Jingsheng Technology and Ashop Co., Ltd. Director of VA Product 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, DG Lifestyle Store Limited and Junezhe Co., Ltd. President of Studio A Inc., Kunshan Fugang Electric Trading
Hwee Kian Lim	President of Foxlink Image Technology Co., Ltd. Director of Dongguan Fuwei, Dongguan Fuzhang and Weihai Fukang
Semi Wang	Chairman of Minghsing Creative Management Consulting 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 Compensation Committee Member of Homenema Technology
Wilson Hu	President and Director of Shinfox Energy Co., Ltd. Chairman of Foxwell Energy, Fu Uei Power, Junezhe Co., Ltd., Yuanshan Forest Natural Resources and Elegant Energy TECH Co., Ltd. Director of Shinfox Natural Gas, Shih Fong Power and Chung Chia Power Legal representative of Kunshan Jiuwei Info Tech
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.
Cheng-Rong Chiang	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, Science and Technology Law Institute, Senior Chief Strategy Officer, Technology Transfer and Law Center of ITRI, Independent Director, Cigna Taiwan Life Assurance Company Ltd. and Compensation Committee Member of WIN Semiconductors Corp.

Major Shareholders of Corporate Shareholders

April 19, 2022

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
Foxlink International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd. (100%)
Chi-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 19, 2022

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%), Chase in custody for Emerging Market Fund Investment Account of Vanguard Group Corporation(1.20%),T.C. Gou (1.17%), Citibank as custodian of Norwegian Central Bank Investment Account (1.15%), Chase in custody for Vanguard Total International Stock Index Fund,a series of Vanguard Star Funds(1.01%), Su Lian Mei Ying (0.69%), Fu Lin International Investment Co.,Ltd(0.63%),Chiu Yu-Fa(0.55%)

Information of Director (2)

1. Directors' Professional Qualifications and Independent Directors' Independence Status

Criteria Name	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chairman T.C. Gou (Note 1)	Graduated from National Chung Hsing University with a degree in Law. T. C. Gou is currently the Chairman of the Board for the Company, Chairman and President of Cheng Uei Precision Industry Co., Ltd., Chairman of the Board and President of Shinfox Energy Co., Ltd. and Chairman of the Board for many other companies. He has more than five years of experience in business, law, finance and corporate business, and has sufficient industry experience, leadership, decision-making and operational management skills to lead the Company towards the goal of sustainability. T.C. Gou has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	0
Director Kufn Lin (note 1)	Graduated from Fu Jen Catholic University with a degree in Accounting. He is currently the director, chief of corporate governance and chief financial officer of the Company, the special assistant to the chairman's office of Cheng Uei Precision Industry Co., Ltd., the director of Shinfox Energy Co., Ltd. and the director and legal representative of several companies. Kufn Lin has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	0
Director Jeffery Cheng (Note 1)	Graduated from National Taiwan University with a degree in Foreign Languages. He is currently a director of the Company, the president of Sinocity Industries Ltd. and a director and president of many other companies. He has more than five years of working experience in business and corporate business and has relevant industry experience, leadership and decision making and management skills.	-	0

Criteria Name	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	Jeffery Cheng has not been in or is under any circumstances stated in Article 30 of the Company Act.		
Director Hwee Kian Lim (Note 2)	Graduated from Nanyang Technological University with a degree in Mechanical Engineering. She is currently a director of the Company, the President of Foxlink Image Technology Co., Ltd. and a director of many other companies. She has more than five years of working experience in business and corporate business and has relevant industry experience, leadership and decision making and management skills. Hwee Kian Lim has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	0
Director Semi Wang (Note 2)	Graduated from the University of Leicester, UK with an MBA, he is currently a director of the Company, the Chairman of the Ming Hsin Creative Management Consultants, Inc., the Vice President of the Zero Energy Building Technology Alliance, and the Taiwan Electrical and Electronic Manufacturers Association. He has more than five years of commercial and corporate experience and has relevant business experience, leadership and management skills. Semi Wang has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	2
Director Wilson Hu (Note 2)	Graduated from National Taiwan University with an EMBA in Information Management, he is currently a director of the Company, President of Shinfox Energy, Chairman of Foxwell Energy and Foxwell Power and a director of many other companies. He has more than five years of experience in business and corporate operations with professional knowledge, leadership, decision making and management skills. Wilson Hu has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	2
Independent Director	Graduated from Tunghai University with a degree in accounting, he is currently an	Items listed in Note 3: None	3

Criteria Name	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Ralph Chen	independent director of the Company, a CPA of Shang-Jin Certified Public Accountants, an independent director and a member of the remuneration committee of Reber Genetics Co., Ltd., he is the convener of the audit committee of the Company. He has more than five years of experiences in business, finance, accounting and corporate operation with leadership, decision making and management skills. Ralph Chen has not been in or is under any circumstances stated in Article 30 of the Company Act.	Compliance with the independence criteria	
Independent Director Cheng-Rong Chiang	Graduated from the University of Maryland with a Ph.D. in Business Administration, he is currently an independent director of the Company, the Chairman and President of Taiwan-Asahi Environmental Technology Co., Ltd. and Diamond Technical & Trading Corp., as well as an independent director and a member of the remuneration committee for many other companies. He has more than five years of experience in business and corporate operations with relevant industrial experience, leadership, decision making and management skills. Cheng-Rong Chiang has not been in or is under any circumstances stated in Article 30 of the Company Act.	Items listed in Note 3: None Compliance with the independence criteria	3
Independent Director Wei-Lin Wang	Graduated from Washington University with a PhD in Law. He is currently an independent director of the Company and Cigna Taiwan Life Assurance, Director of Science and Technology Law Institute, Senior Chief Strategy Officer of Technology Transfer and Law Center of ITRI, and member of the remuneration committee of the Company and WIN Semiconductors Corp. He has more than five years of experiences in business, law and corporate operation with leadership, decision making and management skills. Wei-Lin Wang has not been in or is under any circumstances stated in Article 30 of the Company Act.	Items listed in Note 3: None Compliance with the independence criteria	1

2. Board Diversity and Independence

In accordance with Paragraph 4 of Article 20 of the Company's "Corporate Governance Best Practice Principles", all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make judgments about operations.
2. Ability to perform accounting and financial analysis.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

The Company's Board of Directors is composed of a diversified group of individuals with the knowledge, skills and professional backgrounds required for their positions, and many of them serve as chairmen or directors of public companies, and the Company relies on them for their extensive knowledge, personal expertise and business judgment.

The Directors review the reports from the management team at the Board meetings and provide guidance and advice to maintain good communication with the management team to work together for the best interests of the shareholders.

Diversity Policy for Board Members			Independent Director	Professional Skill				Abilities			
Director's name	Nationality	Gender	under three years	Legal	Finance/Accounting	Environmental protection	Industry experience	Make judgments about operations	Perform accounting and financial analysis	Leadership	Decision-making
Foxlink International Investment Ltd. Representative: T.C. Gou	Republic of China	Male					✓	✓		✓	✓
Foxlink International Investment Ltd. Representative: Kufn Lin	Republic of China	Male			✓		✓	✓	✓	✓	✓
Foxlink International Investment Ltd. Representative: Jeffery Cheng	Republic of China	Male					✓	✓		✓	✓
Fu Uei International Investment Ltd Representative: Hwee Kian Lim	Singapore	Female					✓	✓		✓	✓
Fu Uei International Investment Ltd Representative: Wilson Hu	Republic of China	Male				✓	✓	✓		✓	✓
Fu Uei International Investment Ltd. Representative: Semi Wang	Republic of China	Male					✓	✓		✓	✓
Ralph Chen	Republic of China	Male	✓		✓			✓	✓	✓	✓
Cheng-Rong Chiang	Republic of China	Male	✓			✓	✓	✓		✓	✓
Wei-Lin Wang	Republic of China	Male	✓	✓				✓		✓	✓

The Company has considered the overall composition of the board of directors, which should be composed of different genders, ages, expertise and backgrounds, with at least one female board member, at least one with a financial and accounting background and at least three with relevant industry experience. The Company's current Board of Directors consists of 9 directors, including 1 female director, 3 independent directors (account for 33.33%), all with a term of office of less than 3 years; 2 directors are under 50 years old, 3 are 51-60 years old, and 4 are 61-70 years old; 2 have a professional background in finance and accounting, 1 has a professional background in law, 2 have a professional background in environmental protection, and 7 directors have relevant industry experience. The Board of Directors is fully diversified. The Company's directors do not have any of the circumstances specified in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act which are necessary to maintain the independence of the Board of Directors.

Note 1: Legal representative of Foxlink International Investment Ltd.

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

Note 3: (1) The director is not an employee of the company or its affiliated enterprises.

(2) A director or supervisor of the company or any of its affiliates.

(3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company, or ranking among the top 10 natural-person shareholders in holdings.

- (4) The manager in (1) or the spouse, relative of second degree kinship or third-tier relative of the persons listed in (1) or (2).
- (5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act.
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
- (8) A director, supervisor, executive officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000". This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) The director or supervisor has spouse or relative with second degree of kinship with other directors.

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

April 19, 2022 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 relative within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
President	Republic of China	Wilson Hu	Male	2022.03.24	0	0%	0	0%	0	0%	EMBA in Information Management, National Taiwan University President and Director of Hsingwei Co., Ltd. Chairman of Foxwell Energy Corporation Ltd.	President and Director of Shinfox Energy Co., Ltd. Chairman of Foxwell Energy, Foxwell Power, Junezhe Co., Ltd., Jiuwei Power Co., Ltd., Yuanshan Forest Natural Resources, and Elegant Energy TECH Co., Ltd. Director of Shinfox Natural Gas, Shih Fong Power and Chung Chia Power Legal representative of Kunshan Jiuwei Info Tech	None	None	None	None
Chief Financial Officer and Corporate Governance Officer	Republic of China	Kufn Lin	Male	2019.06.01 2021.03.26	6,310	0%	0	0%	0	0%	Department of Accounting, Fu Jen Catholic University Cheng Uei Precision Industry Co., Ltd. Special Assistant, Chairman's Office	Director of Well Shin Technology Co., Ltd., Microlink Communications Inc., Darts Technologies, Studio A Inc., Foxwell Energy, Trinity Investment Corporation, Central Motion Picture, CMPC Cultural & Creative, CMPC International, Deepwaters Digital Support, 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, Wellgen Medical, Shih Fong Power, 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, 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 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. 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 CYNCO Design Co., Ltd. and CHUNG CHIA POWER CO., Ltd. Supervisor of Fugang Electronics (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'an Shan), Dongguan Fu Uei Electronics, Kunshan Fugang Electric, Kunshan Fugang Investment and Suzhou Keyu Rui Automobile Technology	None	None	None	None

Note: The Board of Directors resolved on March 24, 2022 to approve Mr. Wilson Hu as the new President of the Company, which was formerly Mr. T. C. Gou

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 2021

(1) Remuneration of General and Independent Directors

Unit: 1000 shares, NT\$ thousand

Job title	Name	Remuneration of directors								(A+B+C+D) as a % of Net Income		Remuneration received for concurrent employee positions								(A+B+C+D+E+F+G) as a % of Net Income		Compensation paid to directors from non-consolidated affiliates 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)							
		FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all Consolidated entities	FIT Holding Co., Ltd.		From all consolidated entities		FIT Holding Co., Ltd.	From all consolidated entities		
Director	Foxlink International Investment Co., Ltd.																						
	Corporate representative: TC Gou																						
	Corporate representative: Kufn Lin																						
	Corporate representative: Jeffery Cheng	0	0	0	0	2,720	6,760	10	220	2,730	6,980	0	15,275	0	108	0	0	7,355	0	2,730	29,718		
	Fu Uei International Investment Ltd.									0.63%	1.61%									0.63%	6.85%	12,426	
	Corporate representative: Hwee Kian Lim																						
	Corporate representative: Semi Wang																						
	Corporate representative: Wilson Hu																						
Independent Director	Ralph Chen																						
	Cheng-Rong Chiang	0	0	0	0	2,160	2,160	90	90	2,250	2,250	0	0	0	0	0	0	0	0	2,250	2,250	0	
	Wei-Lin Wang									0.52%	0.52%									0.52%	0.52%		
1. Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: 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. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to all consolidated entities in the 2021 financial statements: None.																							

1. Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: 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. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to all consolidated entities in the 2021 financial statements: None.

Note: 1. All the 2021 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 2021.

Remuneration Table

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)	
	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities
Less than NT\$1,000,000	General directors: TC Gou, Jeffery Cheng, Kufn Lin, Hwee Kian Lim, Semi Wang and Wilson Hu Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang	General directors: Hwee Kian Lim and Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang	General directors: TC Gou, Jeffery Cheng, Kufn Lin, Hwee Kian Lim, Semi Wang and Wilson Hu Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang	General directors: Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd.	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., T.C. Gou, Jeffery Cheng, Kufn Lin, Wilson Hu	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd.	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., T.C. Gou, Jeffery Cheng, Kufn Lin
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
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	General director: Wilson Hu
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	11	11	11	11

(2) Remuneration paid to President and Vice Presidents

December 31, 2021 Unit: 1000 shares; NT\$ thousand

Job title	Name	Salary (A)		Retirement pension (B)		Bonus and special subsidies (C)		Employee remuneration (D)				(A+B+C+D) as a % of Net Income		Compensation paid to directors from non-consolidated affiliates or parent company
		FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.		From all consolidated entities		FIT Holding Co., Ltd.	From all consolidated entities	
								Cash	Stock (fair market value)	Cash	Stock (fair market value)			
President	T.C. Gou	0	0	0	0	0	0	0	0	0	0	0 / 0%	0 / 0%	12,026
Chief Financial Officer and Corporate Governance Officer	Kufn Lin													

Remuneration Table

Remuneration Paid to President and Vice Presidents of the Company	Name of President and Vice Presidents	
	FIT Holding Co., Ltd.	From all consolidated entities
Less than NT\$1,000,000	T. C. Gou, Kufn Lin	T. C. Gou, Kufn Lin
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	2	2

Employees' Profit Sharing Paid to Management Team

December 31, 2021 Unit: NT\$ thousand

	Job title	Name	Stock (fair market value)	Cash	Total	Percentage of net profit after tax (%)
Managerial Officer	President	T.C. Gou	0	0	0	0%
	Chief Financial Officer and Corporate Governance Officer	Kufn Lin				

2. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(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:

Item Job title	Total remuneration as a percentage of the net profit after tax				Percentage of increase or decrease	
	2021		2020			
	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities	FIT Holding Co., Ltd.	From all consolidated entities
Director	1.15%	2.13%	3.43%	6.54%	-2.28%	-4.41%
President and Vice Presidents						

(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:

① Remuneration policy, standard and combination :

The remuneration of the directors of the company for the performance of their duties is determined by the board of directors according to the degree of participation and contribution value of individual directors, and the board of directors considers the usual level of the industry. No more than 3% is the remuneration of directors. The company regularly evaluates the remuneration of directors in accordance with the "Measures for the Performance Evaluation of the Board of Directors". The relevant performance appraisal and the rationality of the remuneration are reviewed by the Remuneration and Remuneration Committee and the Board of Directors.

The company's managers' remuneration, according to the "salary management method", clearly stipulates allowances and bonuses to motivate employees to continue to grow and progress. The relevant bonuses are also based on the company's annual operating performance, financial status and personal work performance. Profits shall be allocated no less than 6% as employee compensation

in accordance with Article 26 of the Company's Articles of Association. The performance evaluation results implemented by the company in accordance with the "Performance Evaluation Method" are used as a reference for the issuance of managers' bonuses. Managers' performance evaluation items are divided into 1. Financial indicators: such as company revenue, managers' goal achievement rate, etc.; 2. , Non-financial indicators: leadership decision-making ability, major deficiencies in legal compliance and operational risk matters of the departments under its jurisdiction, etc., calculate the remuneration for its business performance.

The combination of remuneration paid by the company is determined in accordance with the organizational regulations of the compensation and remuneration committee, including cash compensation, stock options, dividends, retirement benefits or resignation payments, various allowances and other measures with substantial incentives. The remuneration of directors and managers is consistent with that in the Standards for Recorded Matters.

② Procedure for setting remuneration :

In order to regularly evaluate the salaries and remuneration of directors and managers, the results of the evaluations carried out by the Company's "Performance Evaluation Method of the Board of Directors" and the "Performance Evaluation Method" applicable to managers and employees are used as the basis respectively. Items of directors' performance evaluation include: mastery of company goals and tasks, directors' awareness of responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education and internal control; managers' annual performance evaluation items include The performance indicators corresponding to their main job functions, as well as the evaluation of management functions and core functions, etc. Relevant performance assessment and remuneration rationality are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors every year. In addition to referring to the individual's performance achievement rate and contribution to the company, it also takes into account the company's overall operational performance, industry future risks and development trends, and any According to the actual business conditions and relevant laws and regulations, the remuneration system will be reviewed in a timely manner, and reasonable remuneration will be given after comprehensive consideration of the current corporate governance trend to achieve a balance between the company's sustainable operation and risk control.

The performance self-assessment results of the board of directors, members of directors and members of various functional committees and the performance assessment results of managers in the company's 110 years are all good. The remuneration of directors and managers has fully considered their professional capabilities and the company's operations and financial conditions. Link the company's overall operational performance, individual performance target management and assessment results. The actual amount of remuneration for directors and managers in 2011 will be decided by the board of directors after being reviewed by the remuneration committee.

③ Correlation with operating performance and future risks :

The review of the payment standards and systems related to the company's remuneration policy is based on the company's overall operating conditions as the main consideration, and the payment standards are approved based on the performance achievement rate and contribution to improve the overall organizational team efficiency of the board of directors and management departments. Also refer to the industry's salary standard to ensure that the salary of the company's management is competitive in the industry, so as to retain excellent management talents.

The company's managers' performance goals are combined with "risk control" to ensure that possible risks within the scope of responsibility can be managed and prevented, and the results of the ratings are based on actual performance, linked to relevant human resources and related salary and remuneration policies. . The important decisions of the company's management are made after balancing various risk factors. The performance of the relevant decisions is reflected in the company's profitability, and the compensation of the management is related to the performance of risk control.

IV. Corporate Governance Status:

(I) Operation of the board of directors:

In the last year (2021), the board of directors held 7 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 attendance rate (%) (B/A)	Remarks
Chairman	T.C. Gou (Note 1)	7	0	100	
Director	Kufn Lin (Note 1)	7	0	100	
Director	Jeffery Cheng (Note 1)	7	0	100	
Director	Hwee Kian Lim (Note 2)	7	0	100	
Director	Semi Wang (Note 2)	7	0	100	
Director	Wilson Hu (Note 2)	6	1	85.7	
Independent Director	Ralph Chen	7	0	100	
Independent Director	Cheng-Rong Chiang	7	0	100	
Independent Director	Wei-Lin Wang	7	0	100	

Other issues to be noted:

- 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 57 for all resolutions of the board meetings in 2021. 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 September 30, 2021, the Board of Directors resolved to distribute the remuneration to the directors of the Company and its subsidiary, Foxlink Image Technology Co., Ltd. for 2020. The remuneration of the directors TC Gou, Kufin Lin, Jeffery Cheng, Hwee Kian Lim, Semi Wang, Wilson Hu, Ralph Chen, Cheng-Rong Chiang and Wei-Ling Wang was approved by the other 8 directors without any objection, except that the individual interests were recused in accordance with the law and that individual director did not participate in the discussion and vote.
 2. On September 30, 2021, the Board of Directors resolved to distribute the remuneration to the managerial officers of the subsidiary, Foxlink Image Technology Co., Ltd. for 2020.

The remuneration of the director, Hwee Kian Lim, was approved without any objection by the other 8 directors, except that Hwee Kian Lim did not participate in the discussion and voted.

III. Board of Directors' Performance Evaluation Implementation Status:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation aspect
Carried out annually	January 01, 2021 - December 31, 2021	Performance evaluation of Board of directors, individual director and functional committees	Self evaluation of Board of directors, directors and functional committees	<p>I. Items of performance evaluation for the board of directors:</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operation. 2. Enhancement of the quality of the board's decision-making. 3. Composition and structure of the board of directors. 4. Election of board members and continuing knowledge development. 5. Internal controls. <p>II. Items of performance evaluation for the board members:</p> <ol style="list-style-type: none"> 1. Understanding of the Company's goals and mission. 2. Awareness of director's duties. 3. Involvement in the Company's operations. 4. Internal relationship and communication. 5. Director's professionalism and continuing knowledge development. 6. Internal controls. <p>III. Items of performance evaluation for functional committee:</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operation. 2. Awareness of the functional committee's duties. 3. Enhancement of the quality of the functional committee's decision-making 4. Composition of the functional committee and election of its members 5. Internal controls.

The 2021 Board of Directors' performance evaluation was reported to the Board of Directors and the Functional Committee on March 24, 2022, and the results of the performance evaluation are as follows:

1. The weighted average score for the overall performance of the Board of Directors is 4.91 out of 5; the weighted average score of self-evaluation for the performance of the individual directors is 4.83 out of 5; the weighted average score for the overall performance of the functional committee is 4.91 out of 5.

2. The results of the Board of Directors' performance evaluation for 2021 ranged between score 5 "strongly agree" and score 4 "agree".

The directors are very positive about the performance of the various evaluation indicators. The Board and functional committees are generally operating well and in compliance with the corporate

governance requirements, and they are effectively strengthening the functions of the Board to protect the shareholders' interests.

- 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, an audit committee and a corporate governance committee and a sustainable development 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 (2021), the Audit Committee held 7 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)	Remarks
Convener	Ralph Chen	7	0	100	-
Member	Cheng-Rong Chiang	7	0	100	-
Member	Wei-Lin Wang	7	0	100	-

Other issues to be noted:

- I. In case of any of the following circumstances in the operation of the Audit Committee, state the date of the audit committee meeting, the meeting session, the contents of the proposal, the objections, reservations or major recommendations of the independent directors, the resolution of the Audit Committee members and the company's handling of the opinion of the Audit Committee:

- (I) Items listed in Article 14-5 of the Securities and Exchange Act: The independent directors did not have any objection and reported to the Board of Directors after the review or approval by the Audit Committee.
- Approved in the temporary Audit Committee meeting of the 10th session of the 2nd term on January 21, 2021:
 - The Company's proposal of lending funds to the subsidiary Foxwell Energy Corporation Ltd.
 - Approved in the Audit Committee meeting of the 11th session of the 2nd term on March 26, 2021:
 - The Company's 2020 financial statements and business report.
 - The Company's subscription to the new shares from cash capital increase by the subsidiary Power Quotient International Co., Ltd.
 - The independence and competency assessment report on the independent auditor.
 - 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement."
 - Approved in the Audit Committee meeting of the 12th session of the 2nd term on May 13, 2021:
 - The Company's consolidated financial report for the first quarter of 2021.
 - Endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd.
 - Cancellation of the quota restriction on the endorsement and guarantee for the subsidiary Glory Science Co., Ltd.

4. Approved in the Audit Committee meeting of the 13th session of the 2nd term on June 29, 2021:
 - (1) Endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd.
5. Approved in the Audit Committee meeting of the 14th session of the 2nd term on August 13, 2021:
 - (1) The Company's consolidated financial report for the second quarter of 2021.
6. Approved in the Audit Committee meeting of the 15th session of the 2nd term on September 30, 2021:
 - (1) The reduction of the Company's shareholding ratio of Shinfox Energy Co., Ltd. by more than 10%.
7. Approved in the Audit Committee meeting of the 16th session of the 2nd term on November 12, 2021:
 - (1) The Company's consolidated financial report for the third quarter of 2021.
 - (2) The Company's 2022 internal audit plan.
 - (3) Endorsement and guarantee for subsidiaries Shih Fong Power Co., Ltd. and Power Quotient International 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 among the independent directors, the internal audit director and the independent auditor (including major matters, methods and results of communication on the company's finance and business conditions).
 1. In addition to sending the audit report to each independent director for review on a monthly basis, the audit supervisor communicates the audit report results with the Audit Committee members on a quarterly basis, and reports the internal audit implementation status to the Audit Committee members at the quarterly Audit Committee meetings; in case of special circumstances, the internal auditors will also report to the Audit Committee members immediately. Also, at least once a year, a separate meeting with the independent directors will be arranged.
 2. The Company's CPA regularly attends the Audit Committee once or twice a year, during which the CPA reports the audit or review results of the financial statements and other communication matters required by the relevant laws and regulations; if there are special circumstances, the CPA will also report to the Audit Committee members immediately. Also, at least once a year, a separate meeting with the independent directors will be arranged.
 3. The following is the communication record among the independent directors, head of internal audit and CPA for 2021:

Meeting date	Communication with head of the internal audit
Audit Committee meeting on March 26, 2021	Implementation status for internal audit from Oct. 2020 to Feb. 2021 Statement of Internal Control System
Audit Committee meeting on May 13, 2021	Implementation status for internal audit in March 2021.

Audit Committee meeting on August 13, 2021	Implementation status for internal audit from April to June 2021
Audit Committee meeting on September 30, 2021	Implementation status for internal audit in July 2021.
Audit Committee meeting on November 12, 2021	Implementation status for internal audit from August to September 2021 2022 Audit Plan
Individual meeting on November 12, 2021	Internal audit report review
Meeting date	Communication with the independent auditor (CPA).
Audit Committee meeting on March 26, 2021	The important matters and the latest legal information for 2020 annual financial report audit.
Individual meeting on November 12, 2021	The important matters and the latest legal information for 2021 Q3 financial report audit.
Results: The above matters were reviewed or approved by the Audit Committee, and there was no objection from the independent directors.	
IV. Annual Work Focus and Operation Status of the Audit Committee:	
(I) The Audit Committee of the company convened 7 meetings in 2021, and all members attended each meeting. Its main work priorities and responsibilities are as follows:	
<ol style="list-style-type: none"> 1. Adoption or amendment of an internal control system pursuant to Article 14-1. 2. Assessment of the effectiveness of the internal control system. 3. Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others. 4. A matter bearing on the personal interest of a director. 5. A material asset or derivatives transaction. Significant asset or derivative transactions. 6. A material monetary loan, endorsement, or provision of guarantee. 7. The offering, issuance, or private placement of any equity-type securities. 8. The hiring or dismissal of an attesting CPA, or the compensation given thereto. 9. The appointment or discharge of a financial, accounting, or internal auditing officer. 10. Annual financial reports and quarter financial reports. 11. Implementation status of internal audit operations. 12. Any other material matter so required by the company or the Competent Authority. 	
(II) Audit Committee Meeting Status in 2021:	
Meeting date	Proposal contents, resolution status and follow-up processing
January 21, 2021	<ol style="list-style-type: none"> I. Proposal contents: <ol style="list-style-type: none"> 1. Discussion on the Company's proposal of loan extension to the subsidiary Foxwell Energy Corporation Ltd. II. Results of the resolution of the Audit Committee: After discussion and communication, 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.
2021.03.26	<ol style="list-style-type: none"> I. Proposal contents: <ol style="list-style-type: none"> 1. Report on the status of internal audit operation.

	<ol style="list-style-type: none"> 2. Report on items regarding communication with the independent auditor. 3. Report on the subscription of new shares of Shinfox for cash increase by our subsidiary Power Quotient., 4. Report on the performance evaluation results of the Company's board of directors. 5. Discussion on the Company's 2020 financial statements and business report. 6. Discussion on the Company's 2020 earnings distribution plan. 7. Discussion on the Company's cash dividend distributed from capital reserve. 8. Discussion on the Company's subscription to the new shares from cash capital increase by the subsidiary Power Quotient International Co., Ltd. 9. Discussion on the setup of the corporate governance officer. 10. Discussion on the independence and competency assessment report on the independent auditor. 11. Discussion on the 2020 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement." <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>
2021.05.13	<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 Power Quotient Technology (Yancheng) Co., Ltd. 3. Discussion on the Company's consolidated financial report for the third quarter of 2021. 4. Discussion on the Company's proposal of endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International 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>
2021.06.29	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Discussion on the Company's proposal of endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International 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>
2021.08.13	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. Report on the endorsement and guarantee of NTD 2.9 billion by the subsidiary of the Company, The Shinfox Energy Co., Ltd. for its 100% subsidiary, Foxwell Energy Co., Inc. 3. Report on the budget of each subsidiary of FIT Holding in the second

	<p>half of the year</p> <p>4. The Company's consolidated financial report for the second quarter of 2021.</p> <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>
2021.09.30	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. The Company's ability to prepare its own financial report. 3. Discussion on the reduction of the Company's shareholding ratio of Shinfox Energy 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>
2021.11.11	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. Report on the status of internal audit operation. 2. Report on the lending funds to the subsidiary, Foxlink Image Technology Co., Ltd. 3. Report on the endorsement and guarantee for the subsidiary, Foxlink Image Technology Co., Ltd. 4. The Company's ability to prepare its own financial report. 5. Discussion on the Company's consolidated financial report for the third quarter of 2021. 6. Discussion on the Company's 2022 internal audit plan. 7. Discussion on the endorsement and guarantee for subsidiaries Shih Fong Power Co., Ltd. and Power Quotient International 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>

(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	Explanation	
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 keeps up-to-date with the shareholdings of its directors, managers and major shareholders with more than 10% shareholdings and reports any changes in their shareholdings on time.	
(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 “Procedures for Handling Material Inside 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 established a diversity policy, set goals, and implemented them accordingly?	✓		(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 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,	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
(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>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, an Audit Committee in 2019, and a Corporate Governance and Sustainable Management Committee in November 2021 to strengthen the functions of the Board of Directors and to implement the responsibility for sustainable management. The Company will establish other functional committees in the future depending on the needs of the Company.</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 "Regulations Governing Evaluation of the Performance 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 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. Participation in the operation of the Company. 2. Improvement of the quality of the board of directors' decision making. 3. Composition and structure of the board of directors. 4. Election and continuing education of the directors. 	

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
(IV) Does the Company regularly evaluate the independence of the independent auditor?	✓		<p>5. Internal control.</p> <p>(IV) The Audit Committee of the Company regularly evaluates the independence of the independent auditors on an annual basis, and then submits the evaluation results to the Board of Directors. The Audit Committee resolved that the independent auditors are in compliance with the Company's independence assessment on March 24, 2022, and then submitted to the Board of Directors for approval.</p> <p>The evaluation standards are as follows:</p> <ol style="list-style-type: none"> 1. No direct or indirect substantial financial interest between the CPA and the Company. 2. No substantially close business relationship between the CPA and the Company. 3. No potential employment relationship exists when the CPA audits the Company's report. 4. No borrowing/lending of fund between the CPA and the Company. 5. The CPA never accepts any expensive gift or present from the Company or the Company's directors or managerial officers. 6. The CPA has never provided the Company with the audit service for consecutive 7 years. 7. The CPA doesn't hold any of the Company's shares. 8. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period. 9. Whether the CPA meets the requirements about independence referred to in the Statement of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, and whether the Company acquires the "Statement of Independence" issued by the CPA. 	
IV. For a listed or OTC company, is it equipped with a competent and appropriate number of corporate	✓		On March 26, 2021, the board meeting of the Company approved the establishment of the position of Corporate Governance	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons																				
	Yes	No	Explanation																					
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, taking minutes of the board meeting and shareholders’ meeting, etc.)?			<div>Officer, 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. 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 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. The information on continuing training for the Corporate Governance Officer is as follows:</div> <table><tr><th>Date</th><th>Host by</th><th>Course title</th><th>Hours</th></tr><tr><td>2021/10/28</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>“Common deficiencies, preparation process and practice of “self-prepared financial reports” for companies”.</td><td>6</td></tr><tr><td>2022/1/24</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>Legal responsibilities and case studies related to “contest for right of management” of a company</td><td>3</td></tr><tr><td>2022/1/25</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>Analysis for common internal control management deficiencies and practical cases</td><td>6</td></tr><tr><td>2022/3/25</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>TCFD Climate Related Financial Disclosure and Model of New Low Carbon Green Value</td><td>3</td></tr></table>	Date	Host by	Course title	Hours	2021/10/28	Accounting Research and Development Foundation of the Republic of China	“Common deficiencies, preparation process and practice of “self-prepared financial reports” for companies”.	6	2022/1/24	Accounting Research and Development Foundation of the Republic of China	Legal responsibilities and case studies related to “contest for right of management” of a company	3	2022/1/25	Accounting Research and Development Foundation of the Republic of China	Analysis for common internal control management deficiencies and practical cases	6	2022/3/25	Accounting Research and Development Foundation of the Republic of China	TCFD Climate Related Financial Disclosure and Model of New Low Carbon Green Value	3	
Date	Host by	Course title	Hours																					
2021/10/28	Accounting Research and Development Foundation of the Republic of China	“Common deficiencies, preparation process and practice of “self-prepared financial reports” for companies”.	6																					
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2022/3/25	Accounting Research and Development Foundation of the Republic of China	TCFD Climate Related Financial Disclosure and Model of New Low Carbon Green Value	3																					
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.																				

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
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 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.)?	✓		(I) Employee rights and interests: The Company has 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. (II) Employee care: The Company subsidizes employees' club activities and has signed contracts with various leisure and sports centers to provide employees with more options for physical fitness. 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,	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>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' training records: All directors of the Company have industrial and professional backgrounds and practical management experience, and the company arranges directors to attend seminars on corporate governance from time to time. Please refer to page 300 of the annual report for more information on directors' training records.</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 295 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</p>	

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			directors and supervisors.	
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, the Corporate Governance Officer on March 26, 2021 and Corporate Governance and Sustainable Development Committee on November 12, 2021 to strengthen corporate governance related matters.				

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

1. Information of Compensation Committee members

Title/ Name	Criteria	Professional Qualification and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Independent Director Convener	Wei-Lin Wang	Please refer to page 11 - 13.	Please refer to page 11 - 13.	1
Independent Director	Cheng-Rong Chiang	Please refer to page 11 - 13.	Please refer to page 11 - 13.	3
Independent Director	Ralph Chen	Please refer to page 11 - 13.	Please refer to page 11 - 13.	3

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	-
Member	Cheng- Rong Chiang	2	0	100	-
Member	Ralph Chen	2	0	100	-

Other issues to be noted:

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) When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:
 1. With respect to the performance assessment and remuneration of directors, supervisors and managerial officers of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business

<p>performance, and future risk exposure.</p> <p>2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.</p> <p>3. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.</p> <p>(III) "Remuneration" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures.</p> <p>II. The date of the meeting, session, content of the motion, resolutions resolved by the board of directors, and the Company's response to the remuneration committee's opinion shall be specified should the Board of declines to adopt or choose to modify suggestions proposed by the remuneration committee (e.g. The compensation approved by the board of directors is greater than the recommendation by the remuneration committee, it should state the differences and the reasons): : None.</p> <p>III. Should the remuneration committee expressed objections or reservations on the committee's resolutions, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.</p> <p>IV. The date, the number of the meeting session, the contents of the proposal and the resolution of the remuneration committee meetings in the latest year, and the company's handling of the opinions of the remuneration committee:</p>			
Meeting date	Proposal Contents	Result	Company's Response
4th session of the 2nd term 2021.03.26	<p>1. Allocation of remuneration of employees, directors and supervisors of the company and its major subsidiaries for 2020.</p> <p>2. Amendments to the Company's "Regulations Governing Evaluation of the Performance of the Board of Directors".</p> <p>3. Performance evaluation of the Company's Board of Directors and functional committees.</p>	Approved by all committee members present unanimously.	Submitted to the board meeting and approved by all the directors present.
5th session of the 2nd term 2021.09.30	<p>1. The remuneration to managerial officers and directors of the Company</p> <p>2. The proposal for the compensation to managerial officers and remuneration to director and supervisors of the subsidiary Foxlink Image Technology Co., Ltd.</p> <p>3. Proposal to review the relevant measures for the remuneration of the company's directors and managers.</p>	Approved by all committee members present unanimously.	Submitted to the board meeting and approved by all the directors present.

(V) Sustainable Development Implementation Status and differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
I. Does the Company establish exclusively (or concurrently) dedicated senior a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		<p>In line with the vision and mission of the Company's ESG policy, the Company established a Sustainability Committee in November 2021. The Committee consists of three independent directors and two directors. The Sustainability Team prepares medium- and long-term sustainable development plans, which are reviewed and then reported to the Board of Directors. The Board of Directors reviews and evaluates the plan and makes appropriate recommendations to ensure that sustainable development strategies are fully implemented in the Company's daily operations.</p> <p>The Sustainability Committee serves as a cross-departmental communication platform that integrates all departments' opinions. The task force is established through quarterly meetings and based on issues to identify sustainability issues that are relevant to the Company's operations and stakeholders' concerns. The task force prepares strategies and work directions, plans and implements annual initiatives, and tracks the effectiveness of implementation to ensure that sustainable development strategies are fully implemented in the Company's daily operations.</p> <p>The convener of the Committee reports to the Board of Directors on a quarterly basis regarding the results of the implementation status and the future plan for sustainable development.</p>	No difference.
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related	✓		<p>1. This disclosure covers the sustainable development performance of the Company's main locations from January to December 2021. The boundary of risk assessment includes Taiwan, China and other</p>	No difference.

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
policy or strategy?			<p>locations.</p> <p>2. The Sustainability Committee conducts analysis based on the materiality principle of the sustainability report, communicates with internal and external stakeholders, and evaluates material ESG issues by reviewing domestic and international research reports, literature and integrating evaluation information from various departments and subsidiaries, in order to formulate risk management policies and take specific action plans to effectively identify, measure, monitor and control ESG issues to reduce the impact of related risks.</p> <p>3. The following risk management policies or strategies are established based on the assessed risks:</p> <p>Major Issues→Environment: The environmental impact and countermeasures for management are as follows</p> <p>1. By implementing safety management in processing and systematic management cycle, we can effectively reduce the waste discharge and the environmental impact.</p> <p>2. U. S., European Union and Japan are our main markets. So, our products are in compliance with ErP LOT 6, Energy star, Eco Mark and WEEE environmental regulations. We have also been qualified by ISO 14001 environmental management system and have been certified on a regular basis.</p> <p>Social→Occupational Safety: The management response is as follows</p> <p>1. In 2021, all the factories in China have been qualified by “ISO 45001 Occupational Health and Safety Management System” and have been certified on a regular basis.</p> <p>2. Fire drills and industrial safety education training are</p>	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>held annually to provide employees with the ability to respond to emergencies and to manage their own safety.</p> <p>Social→Product Safety: The management response is as follows</p> <ol style="list-style-type: none"> 1. All products of the Company comply with the laws and regulations, meet the EU RoHS standards, and are free of hazardous substances. In order to ensure the quality of customer service, we have set up a customer service hotline and a communication website, and conduct customer service satisfaction surveys every year to ensure a better relationship with our customers. 2. In order to transfer the risk of commodity liability, minimize property loss and enhance product safety, the Company has taken out product liability insurance in the amount of US\$10 million. <p>Corporate Governance → Social Economic and Legal Compliance: The following are the countermeasures</p> <ol style="list-style-type: none"> 1. By establishing a governance organization and implementing internal control mechanisms, we ensure that all of our employees and operations comply with the relevant laws and regulations. 2. We apply for patent to protect the rights of the Company for the products we developed. <p>Corporate Governance→Strengthening Board of Directors' Functions: The management response is as follows</p> <ol style="list-style-type: none"> 1. We plan training for directors and update the latest regulations, institutional development and policies for directors every year. 2. The Company provides directors' liability insurance to prevent litigation or claims against directors. 	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			Corporate Governance→Communicate with stakeholders: The management response is as follows 1. The Company analyzes the major stakeholders and the important issues they are concerned about every year to avoid misunderstandings that may lead to operational or litigation risks if the stakeholders' opinions differ from those of the Company. 2. Establish various communication channels to actively communicate and reduce dispute and misunderstanding. Set up a mailbox for investors, and the Company's spokesperson is in charge of handling and responding to the inquiries from investors.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industrial characteristics? (II) Is the Company committed to improving energy use efficiency and using renewable materials with low impact on the environment?	✓ ✓		(I) In 2021, all the factories in China have been qualified by "ISO 14001 Environmental Management System" and have been certified on a regular basis. (II) The Company actively promotes various energy reduction measures, adopts energy saving and emission reduction initiatives, reduces product energy consumption, to optimize energy use efficiency. We expect to purchase green power and build solar panels to improve the renewable energy efficiency every year. The raw materials used by the Company are all in compliance with the EU RoHS halogen-free specifications, we recycled the packaging materials and minimized the waste generated from the manufacturing process in order to reduce the impact on the environment. For green manufacturing, we reduce unnecessary resource consumption, seek waste reduction and develop reuse technology, to maximize	No difference.

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
(III) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future and take measures to deal with climate-related issues?	✓		<p>environmental and economic benefits in the upstream and downstream of the value chain. We create recycling value by recycling the materials for the manufacturing process and developing waste reduction technology.</p> <p>(III) The Company's Sustainability Committee is the highest authority to manage climate change related issues. The President of the Company serves as a convener. The Committee reviews the implementation status and discusses future plans annually, and reports to the Board of Directors. 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>	
(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>(IV) The Company will completed the ISO 14064 scope I, II, III inventory and third party verification in 2022. In addition, in response to climate change and to promote the sustainability of the Company, the Company will continue to purchase renewable energy, install solar energy equipment and invest in energy-saving technology to adopt renewable energy gradually in the future.</p> <p>The Company has concerned about the issue of water conservation and environmental protection for years. In terms of water conservation plan, we have been replacing old pipelines and flushing valves, conducting spot checks and inspections on water switches, and strengthening the daily management in each factory, such as education and promotion, in order to reduce the water consumption in the</p>	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>infrastructure facilities, such as air conditioning, air pressure, and other circulating water, as well as employees' daily water consumption.</p> <p>All waste is handled and sorted centrally. The Company has designated the administration as the dedicated management unit in accordance with ISO 14001 management procedures, the administration unit selects qualified suppliers with effective waste handling capabilities and signs recycling contracts to ensure that the waste generated by the Company will not have a significant impact on the environment. The total hazardous waste generated in 2021 is 3 metric tons, accounting for 0.01% of the total waste generated. The waste disposal providers at each factory had no environmental violations and fines in 2021 through legal disposal by suppliers, all waste management process was in compliance with the contract and legal obligations.</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>(I) The Company has complied with the "Responsible Business Alliance", the Headquarters in Taiwan and the Manufacturing Center in China have formulated the "Corporate Social Responsibility Manual", insisting that employees must be hired according to their personal characteristics, ability and the suitability for the positions, and that they will not be treated differently regardless their race, nationality or origin, social class, ancestry, religion, physical disability, gender, sexual orientation, family responsibilities, marital status, political opinions, age or other discrimination. In addition, the headquarters and each factory have established the non-compulsory, non-discriminatory and anti-</p>	No difference.

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
(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>harassment regulations as a management procedure document.</p> <p>As for child labor and underage workers, in 2021, there were no violations and complaints related to child labor and freedom of association at our factories.</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 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</p>	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
(III) Does the Company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	✓		<p>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) We are committed to avoiding major losses caused by occupational safety and fulfilling our corporate social responsibility. Based on the core concept of disaster prevention and disaster control, the Company uses appropriate management tools, mature technologies and available resources to integrate occupational safety and health issues in the factory, propose effective countermeasures, continuously improve and promote the occupational safety culture, strengthen the protection management for employees, and invest more resources in occupational disease prevention to create a zero-hazard environment. In 2021, a total of RMB1,175,309 was invested in occupational health and safety in China to improve the health and safety working environment including protective measures and equipment, education and training, and work environment inspection. In 2021, there were 5 physical strikes, 15 mechanical injuries and other minor work-related injuries. There was no major accident occurred.</p> <p>The Company is certified by "ISO 45001 Occupational Health and Safety Management System" to provide employees with a safe and healthy working environment and regularly conducts safety and health training for employees. The content is as follows:</p> <ol style="list-style-type: none"> 1. Access control security: The Company has monitors or access control equipment for all 	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>external and internal access control to strictly control the access status, and has 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 attend labor safety and health training to raise their occupational safety awareness. (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 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</p>	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>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 years, and the frequency is superior to that in the regulations. The employee 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</p>	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
(IV) Has the Company established an effective career development training program for its employees?	✓		<p>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 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) Our human resources are closely integrated with the future development strategies and goals of the Company. In addition, HR provides annual training for new employees, professional and functional education to strengthen their professional skills and encourage employee to seek for diversified development.</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,	✓		<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</p>	

Promotion Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
<p>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>with consumer or customer complaints immediately.</p> <p>(VI) When cooperating with new suppliers, suppliers are required to sign “procurement contracts”; in order to eliminate any unfair, unjust and discriminatory behavior in procurement activities, suppliers are instructed in the contracts that the products traded must comply with international, national and regional laws and regulations related to environmental protection. In the case of a breach of the procurement contract, the supplier shall be liable for legal responsibility and damage. The key suppliers involved in the cooperation transactions, must comply with the Responsible Business Alliance (RBA) Code of Conduct and sign the Conflict Minerals Declaration in addition to the procurement contract.</p>	
V. Does the Company prepare the sustainable development 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 will prepare the “2021 Sustainability Report” in accordance with the GRI Standards.	The Sustainability Report will be prepared and uploaded in accordance with regulations
<p>VI. If the Company has its own sustainable development best practice principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies,” please state the implementation status and the differences: No difference.</p> <p>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.</p>				
<p>VII. Any other important information that may help to understand the operation of sustainable development:</p> <p>The Company and the companies in 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.</p>				

(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	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Explanation	
<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 in 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 corporate management records and specify the ethical corporate management terms in the contracts it enters into with them?</p>	<p>✓</p>		<p>(I) The Company and its suppliers have signed 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>	

Evaluation items	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Explanation	
(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?		✓	(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.	The second item is partially complied with, and the rest of the items are not difference.
(III) Does the Company have a conflict of interest prevention policy to provide appropriate channels for explanation and implement it?	✓		(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.	
(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 accordingly, or entrusted an independent auditor to carry out the audit?	✓		(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 separately.	
(V) Does the Company regularly conduct internal and external ethical corporate management?	✓		(V) The company occasionally promotes its ethical corporate management philosophy at internal meetings.	
III. Operation of the company's accusation system				No difference.
(I) Does the company have a specific accusation and reward system, establish a convenient accusation channel, and assign appropriate personnel to the accused person?	✓		(I) The Company has a dedicated line and mailbox for appeals and has dedicated personnel to handle related affairs.	
(II) Has the Company established the standard operating procedures for the investigation of accused matters, follow-up measures after investigation and the relevant	✓		(II) The Company has established operating procedures and related confidentiality mechanisms for accepting accusation matters.	

Evaluation items	Implementation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Explanation	
confidentiality mechanism? (III) Does the Company take measures to protect the accuser from improper treatment due to the accusation?	✓		(III) The Company protects the identity of the accuser and avoids improper handling and threats to him/her due to the accusation.	
IV. Enhancement of information disclosure Does the Company disclose the content and promotion effect of its ethical corporate management best practice principles on its website and MOPS?	✓		The Company has posted information on the Company's website regarding ethical corporate management regulations and promotions.	No difference.
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: No difference.				
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) 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.				

- (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 24, 2022

Based on the results of the self-assessment of the Company's internal control system in 2021, 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, 2021, 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 24, 2022. 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
January 21, 2021	1. Approved the Company's proposal of loan extension to the subsidiary Foxwell Energy Corporation Ltd.
2021.03.26	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 for 2020. 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 officer. 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 "Rules for Director Election". 12. Approved the Company's "Regulations Governing Evaluation of the Performance of the Board of Directors". 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
2021.05.14	1. Approved the Company's proposal of endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 2. Establishment of the Company's Corporate Governance Best Practice Principles. 3. Amendment to the Rules of Procedure for Shareholder Meetings.
2021.06.29	1. To reschedule the date and location of the 2021 Annual General Meeting of Shareholders of the Company.
2021.08.13	1. Approved the Company's consolidated financial report for the second quarter of 2021.
2021.09.30	1. Approved the proposal for the compensation to managerial officers and remuneration to directors of the Company. 2. Approved the proposal for the compensation to managerial officers and remuneration to director and supervisors of the subsidiary Foxlink Image Technology Co., Ltd. 3. Discussion on the reduction of the Company's shareholding ratio of Shinfox Energy Co., Ltd. by more than 10%.
2021.11.12	1. Approved the Company's consolidated financial report for the third quarter of 2021. 2. Approved the company's 2022 internal audit plan. 3. Approved the endorsement and guarantee for subsidiaries Shih Fong Power Co., Ltd. and Power Quotient International Co., Ltd. 4. Approved the discussion of the Company's Corporate Governance and Sustainable Development Committee's Charter. 5. Approved the appointment of the Company's first term of the Corporate Governance and Sustainable Development Committee.
2022.03.24	1. Approved the Company's 2022 business plan. 2. Approved the Company's and its important subsidiaries' allocation of remuneration of employees, directors and supervisors for 2021. 3. Approved the Company's 2021 financial statements and business status.

Date	Important resolutions
	4. Approved the Company's 2021 earnings distribution plan. 5. Approved the Company's cash distribution from capital reserve. 6. Approved the Company's proposal of lending funds to the subsidiary Power Quotient International Co., Ltd. 7. Approved the replacement of certified public accountants in line with the internal restructuring of the accounting firm 8. Approved the independence and competency assessment report on the independent auditor. 9. Approved the 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". 10. Approved the amendment to the Company's Corporate Charter (Articles of Incorporation). 11. Approved the amendment to the Operational Procedures for Endorsements and Guarantees. 12. Approved the amendment to the Operational procedures for Acquisition and Disposal of Assets 13. Approved the amendment to the Company's Corporate Governance Best Practice Principles. 14. Approved the amendment to Company's "Regulations Governing Evaluation of the Performance of the Board of Directors". 15. Approved the contract signing with financial institutions for credit lines. 16. Approved the application for foreign exchange hedging credit with banks. 17. Approved the re-election of the Company's directors upon the expiration of the term of office. 18. Approved the change of the Company's President. 19. Approved the release of the Company's manager from the prohibition of competition. 20. Approved the date of the Company's 2022 Annual General Meeting of Shareholders and its motions.
2022.05.05	1. Approved the Company's consolidated financial report for the first quarter of 2021. 2. Approved the company's subscription to the new shares from cash capital increase by the subsidiary Glory Science Co., Ltd. 3. Approved the intended endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 4. Approved the amendment to the Operational Procedures for Endorsements and Guarantees. 5. Approved and resolved the list of candidates for directors (including independent directors) of the company 6. By agreeing to lift the company's third term of new directors and their representatives' non-compete restrictions 7. Changes through the company spokesperson

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

Meeting date	Important resolutions	Implementation Status
2021.07.20	(1) Approved the Company's 2020 final business accounts and earnings distribution table for the year. (2) Approved the amendment to the Company's "Rules for Director Election".	(1) Set August 11, 2021 as the ex-dividend date. Cash dividend of NT\$1 per share was paid on August 27, 2021. (2) The "Rules for Election of Directors" have been publicly announced on the Market Observation Post System (MOPS), and the revised procedures have been followed.

(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.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Job title	Name	Date of Engaged:	Date of Dismissed:	Reason for resignations and dismissals
President	T.C. Gou	2018.10.01	2022.03.24	Duty changed

V. Independent Auditor Fee Information

Independent Auditor Fee Information

Unit: NT\$ thousand

Accounting Firm	Name of independent auditor	Audit period	Audit fee	Non-audit fee	Total	Remarks
PwC Taiwan	Se-Kai Lin Yi-Chang Liang	January 01, 2021 - December 31, 2021	1,800	600	2,400	

Note: Non-audit fees include audit of annual income tax returns, financial report translation and consultation service fees.

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

(II) If the audit fee is reduced by more than 10% compared with the previous year, disclose the amount reduced, percentage and reason: None.

VI. Change of Independent Auditor

(1) Former independent auditors

Date of Change	January 01, 2022		
Reasons and Explanation of Changes	Due to the Company’s accounting firm, PwC Taiwan, has changed its internal management structure, the independent auditors Se-Kai Lin and Yi-Chang Liang were replaced by Shiao-zhi Chou and Yi-Chang Liang.		
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Counterparty	Certified Public Accountant	Consignor
	Status		
	Appointment terminated automatically	-	-
	Appointment rejected (discontinued)	-	-
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	None		
Is There Any Disagreement in Opinion with the Issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	None	✓	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4-7 of the Standards)	None		

(II) Successor independent auditors

Accounting Firm	PwC Taiwan
Name of independent auditor	Shao-Zhi Chou and Yi-Chang Liang
Date of Engagement	January 01, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

(III) The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: 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	2021		2022 as of April 19	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Director and major shareholder	Foxlink International Investment Ltd.	0	0	0	0
Chairman and President (Note)	Corporate representative: TC Gou	0	0	0	0
Director, CFO and Corporate Governance Officer	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

Chairman and President (Note)	Corporate representative: Wilson Hu	0	0	0	0
Independent Director	Ralph Chen	0	0	0	0
Independent Director	Cheng-Rong Chiang	0	0	0	0
Independent Director	Wei-Lin Wang	0	0	0	0

Note: The Board of Directors resolved on March 24, 2022 to approve Wilson Hu as the new President of the Company, which was formerly T. C. Gou

(II) The counterparty of share transfer or share pledge is a related party: None.

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 Co., Ltd. Representative: T.C. Gou	58,303,464	23.68%	0	0%	0	0%	Hsin Hung International Investment Co., Ltd.	The Chairman is the same, or the spouse. The Chairman is a relative of second degree of kinship.	
	0	0%	0	0%	0	0%	Fulian International Investment Co., Ltd. Taifu International Investment Co., Ltd.		
Chi-De Investment Co., Ltd. Representative: Vivien Liu	21,055,687	8.55%	0	0%	0	0%	Foxlink Taiwan Industry Co., Ltd.	The Chairman is the same.	
	5,248	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.	The Chairman is the same.	
	6,310	0%	0	0%	0	0%			
Hsin Hung International Investment Co., Ltd. Representative: T.C. Gou	5,419,329	2.2%	0	0%	0	0%	Foxlink International Investment Ltd. Fulian International Investment Co., Ltd. Taifu International Investment Co., Ltd.	The Chairman is the same. The Chairman is the spouse The Chairman is a relative of second degree of kinship.	
	0	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. Hsin Hung International Investment Co., Ltd. Taifu International Investment Co., Ltd.	The Chairman is the spouse The Chairman is the spouse The Chairman is a relative of second degree of kinship.	
	0	0%	0	0%	0	0%			
	0	0%	0	0%	0	0%			
Foxlink Taiwan Investment Co., Ltd. Representative: Vivien Liu	2,771,276	1.13%	0	0%	0	0%	Chi-De Investment Co., Ltd.	The Chairman is the same.	
	5,248	0%	0	0%	0	0%			
Yi-Ching Chuang	2,614,000	1.06%	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.	The Chairman is the same.	
	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 relative of second degree of kinship.	
	0	0%	0	0%	0	0%			
Jianzhi Lin	1,630,000	0.66%	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

April 19, 2022 Unit: Share; %

Reinvested enterprises	Investment of the company		Directors, supervisors managers, and the company's direct or indirectly controlled enterprises'		consolidated number of	
	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.	444,690,529	100%	0	0%	444,690,529	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) Capitalization

1. Capitalization

April 14, 2022

Unit: 1000 shares; NT\$ thousand

Month/ year	Issue price (NT\$)	Authorized share capital		Capital stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capitalization	Share capital paid with assets other than cash	Reference number of approval
October 2018	NT\$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 19, 2022 Unit: share

Types of share	Authorized share capital				Remarks
	Outstanding shares (Note)	Unissued shares	Reserved shares for the issuance of employee stock options	Total	
Common 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 19, 2022

Unit: thousand shares

Shareholder structure Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	0	2	50	30,647	57	30,756
Number of shares held	0	15,086	115,422,684	127,203,430	3,600,946	246,242,146
Shareholding ratio	0.00%	0.01%	46.87%	51.66%	1.46%	100.00%

(III) Distribution of Shareholding

1. Common shares

April 19, 2022 Unit: Share; %

Shareholding range	Number of shareholders (persons)	Number of shares held (shares)	Shareholding ratio
1 to 999	13,198	3,522,687	1.43%
1,000 to 5,000	13,502	28,039,286	11.39%
5,001 to 10,000	2,065	15,915,905	6.46%
10,001 to 15,000	629	8,017,405	3.26%
15,001 to 20,000	431	7,947,680	3.23%
20,001 to 30,000	335	8,561,728	3.48%
30,001 to 40,000	142	5,049,434	2.05%
40,001 to 50,000	107	4,871,934	1.98%
50,001 to 100,000	197	14,500,697	5.89%
100,001 to 200,000	80	11,119,826	4.52%
200,001 to 400,000	39	10,865,170	4.41%
400,001 to 600,000	15	7,321,931	2.97%
600,001 to 800,000	2	1,422,000	0.57%
800,001 to 1,000,000	1	910,000	0.37%
1,000,001 or more	13	118,176,463	47.99%
Total	30,756	246,242,146	100.00%

2. Distribution of preferred shares: The Company has not issued preferred shares.

(IV) List of major shareholders

April 19, 2022 Unit: Share

Shares Name of major shareholder	Number of shares held	Shareholding ratio
Foxlink International Investment Co., Ltd.	58,303,464	23.68%
Chi-De Investment Co., Ltd.	21,055,687	8.55%
Fu Uei International Investment Ltd.	14,690,257	5.97%
Hsin Hung International Investment Co., Ltd.	5,419,329	2.20%
Fulian International Investment Co., Ltd.	4,197,772	1.71%
Foxlink Taiwan Investment Co., Ltd.	2,771,276	1.13%
Yi-Ching Chuang	2,614,000	1.06%
Cheng-Fa Investment Co., Ltd.	1,766,000	0.72%
Taifu International Investment	1,749,836	0.71%
Jianzhi Lin	1,630,000	0.66%

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

Item \ Year		2020	2021	2022 as of March 31, 2022
Market value per share (NT\$)	Highest	51.7	42.9	37.2
	Lowest	9.09	23.6	29.85
	Average	27.71	31.46	32.03
Net value per share (NT\$)	Before distribution	28.67	30.77	29.63
	After distribution	27.67	29.27	29.63
Earnings per share	Weighted average number of shares (thousand shares)		246,242	246,242
	Earnings per share (NT\$)	Before retrospective adjustment	0.34	1.76
		After retrospective adjustment	0.34	1.76
Dividend per share (NT\$)	Cash dividend		1	1.5
	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		81.50	17.88
	Price-dividend ratio		27.71	20.97
	Cash dividend yield		3.61%	4.77%

Note: The 2021 earnings distribution plan was approved by the board meeting.

(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\$123,121,073 as shareholders' cash dividend from the distributable earnings of 2021, at NT\$0.5 per share, and a capital reserve of NT\$246,242,146 in excess of the par value of shares issued will be distributed in cash at NT\$1 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.

(VII) Impact of the stock dividend distribution proposed by the shareholders' meeting on the Company's operating performance and earnings per share

Unit: NT\$ thousand

Item		Year	2022
Paid-in capital at the beginning of the period			2,462,421
Dividend distribution this year	Cash dividend per share		NT\$1.5per share
	Number of stock dividend distributed per per share due to transfer of earnings to capital increase		None
	Number of stock dividend distributed per share due to transfer of capital reserve to capital increase		None
Changes in business performance	Operating profit		The Company did not prepare 2022 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 2021 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\$30,000,000 for employees' compensation and NT\$4,880,000 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 employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

In 2020, the Company recognized NT\$5,600,000 for employee compensation and NT\$1,200,000 for director remuneration.

However, the actual amount of employee compensation and director compensation for the year was NT\$375,000 and NT\$1,200,000, respectively. The difference between the actual distribution and the amount recognized was recorded as profit or loss in the following year.'

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

II. Corporate bonds: None.

III. Preferred shares: None.

IV. Issuance of Global Depositary Receipt: None.

V. Issuance of employee stock option

- (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) Issuance 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 2021 are as follows:

Product	Business turnover (NT\$ thousand)	Proportion
System and peripheral products	4,560,026	40.56%
Retail sales of 3C product and 3C peripheral products	2,038,034	18.13%
3C components	309,536	2.75%
Energy Service	4,334,332	38.56%
Total	11,241,928	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.
Retail sales of 3C product and 3C peripheral products Apple products and mobile peripheral products The key to the de-crypted 2AF authentication operating system	iPhone, iPad, iMac, MacBook, iPod, iStorage, iReader; transmission line, PPS fast charger, PPS plug, PD power bank, wireless charger (including MagSafe), HUB, storage device, encrypted disk application and others. Related applications for crypto wallet Fingerprint authentication key, Fido Key
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) 2M - FHD (high resolution) NB lens
- (2) Biometric and AI sensor lenses
- (3) Metaverse XR-related lenses
- (4) Optical Components

- (5) Optical components for high-speed optical fiber

Retail sales of 3C product and 3C peripheral products

- (1) High wattage fast charger (PD3.1 protocol 140W) and transmission line (E-marker 5A)
- (2) High output power banks (PD 65W) and PPS plug
- (3) Wireless MagSafe /Qi All-in-One Charger
- (4) E-Sports SSD (512GB/1TB/2TB) and Fingerprint recognition SSD (256GB/512GB/1TB)
- (5) iPhone/iPad/Macbook/Apple Watch peripheral products
- (6) Crypto wallet with fingerprint recognition
- (7) USB-A/USB-C Hello Key, Fido Key, and others are now available for Windows and Google platform authentication

System and peripheral products:

- (1) High-end 120/80/60 PPM A4 size double-sided automatic document feeder modules

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) 3C Components, Optical Components

Optical lens is the core component to make the optical imaging system, it has become the core technology in modern information system and network system, widely used in security surveillance, consumer electronics and other market end products. The optical lens can show its different characteristics under different features of the optical lens.

Optical lenses are generally known as camera lenses (referred to as lenses), whose function is optical imaging. The resolution of imaging, contrast, various aberrations and other indicators are the standard for measuring the quality of optical lenses, which directly affects the quality of imaging, the implementation of algorithms and effects.

Optical lens is an important segment in the optoelectronic industry and an indispensable part of machine vision system. It is generally composed of precision hardware, plastic parts, lenses, apertures, drive motors, sensors and other opto-mechanical devices and lens barrels. Optical lens is the core component to make the optical imaging system, it has become the core technology in modern information system and network system, widely used in security surveillance, consumer electronics and others.

Optical lenses can be divided into three categories: plastic lenses, glass lenses, and glass-plastic lenses according to the optical lens characteristics. Plastic lenses are made from optical plastic, which are easy to make into aspheric shapes and have high formability; glass lenses are made from the glass, which have higher technical barriers in manufacturing technology, coating technology, precision processing, etc.; glass-plastic hybrid lenses are made from part of plastic lenses and glass lenses together,

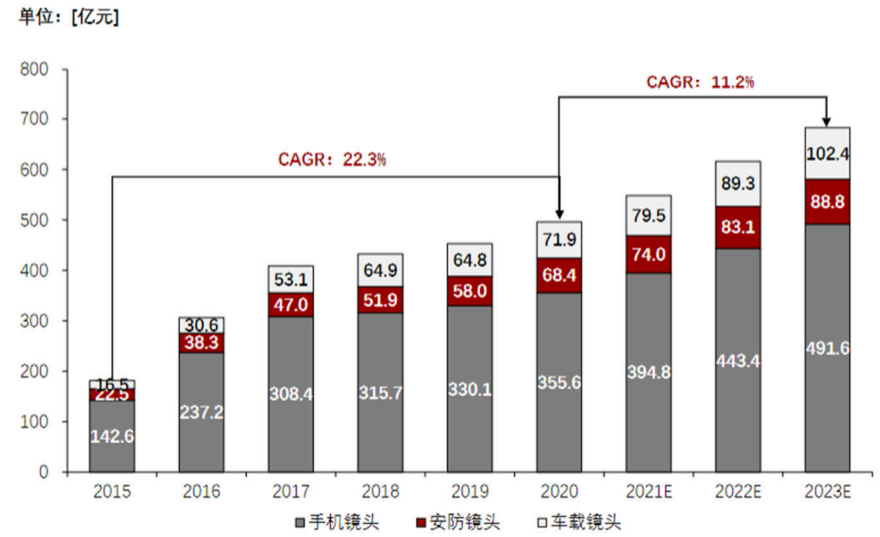
which form a higher refractive index and stability. Therefore, depending on different optical lens, the characteristics are different.

With the advanced integration in digital technologies such as 5G, AI, cloud computing and the Internet of Things, a complete industry-driven chain will be constructed, and thus will drive the optical lens industry to grow. Smart security, smart cars, machine vision and others have emerged all around the world. The downstream application of optical lens industry boundary continues to expand. Under the development of artificial intelligence, big data, the optical lens applications are constantly expanded and deepened. The two major markets, the car lens and security lens will become the main growing markets in the optical lens industry. The global optical lens market is expected to reach \$68.28 billion (RMB) in 2023, with a CAGR (compound annual growth rate) of 11.2%.

The scale and forecast for global optical lens market (in billion RMB)
Unit: billion

Classification according to the lens characteristics of optical lenses			
Feature	Plastic Lens	Glass Lens	Glass-plastic hybrid lenses
Difficulty of making	Low	High	Middle
Mass production capability	High	Low	Higher
Cost	Low	High	Lower
Thermal expansion coefficient	High	Low	Middle
Light transmittance	Up to 92%	Up to 99%	Among 2 values
Downstream applications	Smartphone Digital cameras	Luxury Consumer Electronics digital single-lens reflex camera	Automotive products, security and surveillance & newly Consumer electronics etc.
Representative enterprise	Largan, SunnyOptical, etc.	IVO, FOXLINK, RICOM, etc.	YTOT, SunnyOptical, etc.

全球光学镜头行业市场规模及预测（按需求计），2015-2023年预测



(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) PD fast charger

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. As iPhone and Android cell phones have started to be high power compatible lately, along with the fact that top mobile device brands have no longer offer free charger with their products in response to environmental protection requirements, the shipment of high power chargers and other accessories has been growing. USB Implementers Forum (USBIF) has even launched a new generation of PD3.1 protocols that will push the maximum power from 100W to 240W and provide more charging applications for a variety of products. According to the research, USB-C connectors will dominate the market and trigger the demand for related charger products.

(3) 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.

(4) SSD for Esports

The demand for gaming (including console and PC gaming) continues to increase, driving the growth of platforms and specifications with higher performance. To maximize system performance, SSDs play an important role. The pqi SSD is equipped with an aluminum heat sink to control the temperature during high-speed operation and improve performance while effectively saving energy.

(5) Application related with fingerprint recognition

The demand for internet identity authentication security protection is triggered by the FIDO for operating system platform owned by the leading IT companies, and the demand for fingerprint authentication keys has increased when it support Windows Hello and use the FIDO authentication to make the product complete and differentiate from competitors.

SSDs will officially replace the traditional hard drives to become the mainstream storage product in 2021. At the same time, the demand for encryption has increased due to the enforcement of personal data laws in many countries, and the need for personal privacy data protection has always been a concern; therefore, so the demand for SSDs with encryption continues to grow.

Countries around the world are monitoring the cryptocurrency and the mining opportunities along with the NFT boom have led to the demand for cool wallets that can be used for cryptocurrency storage and NFT issuance. pqi provides security protection for digital assets through fingerprint recognition core technology and cool wallets, and uses its fingerprint recognition cool wallets as the foundation to create

multiple business models and sustainable passive revenue through NFT distribution, tracking and developing software solutions, and integrating with physical stores.

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

① End 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.

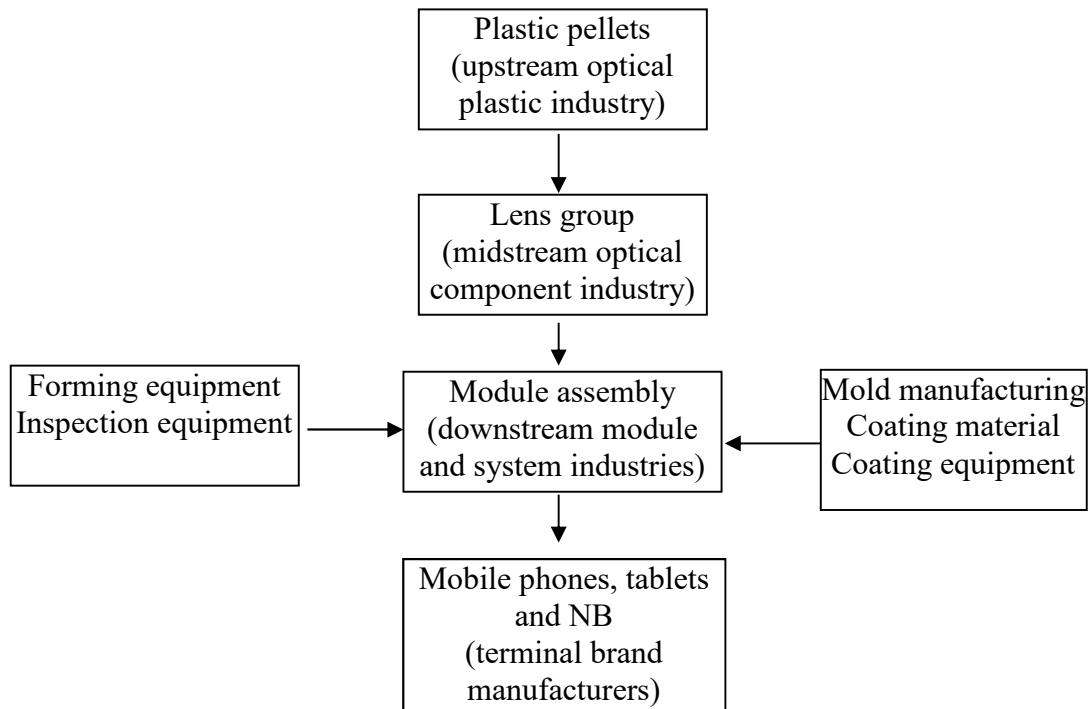
③ Future Development

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 (Lens Set)



The upstream of the optical lens industry includes optical materials, optical components and electronic components suppliers, the midstream is mainly the R&D and manufacturers of optical lenses, and the downstream of the industry is the various applications, so the optical lens industry has strong downstream linkage. Upstream raw materials, especially optical materials, price fluctuations of optical components, quality levels have a greater impact on the cost and quality of the lens. The increase in the price of electronic components will lead to an increase in the ex-factory price of optical lenses. The midstream of the security lens industry is primarily lens manufacturers. The Chinese manufacturers dominate the security lens market, AI + 5G accelerates the security industry to become ubiquitous. The optical security lens market has seen an outbreak in the midstream manufacturers and module assemblers of automotive optical lenses, and the global automotive lens industry is highly concentrated. With the high-speed growth of the global ADAS market, the global shipment for automotive cameras is expected to reach 143.19 million pieces. The downstream of the industry is mostly the end-use application, the security and surveillance industry. The automotive camera industry has a high market concentration, along with the development of 5G and intelligent driving technologies, the industry demand continues to increase, which requires us to strive for cooperation and development opportunities with the relevant major manufacturers to get the orders.

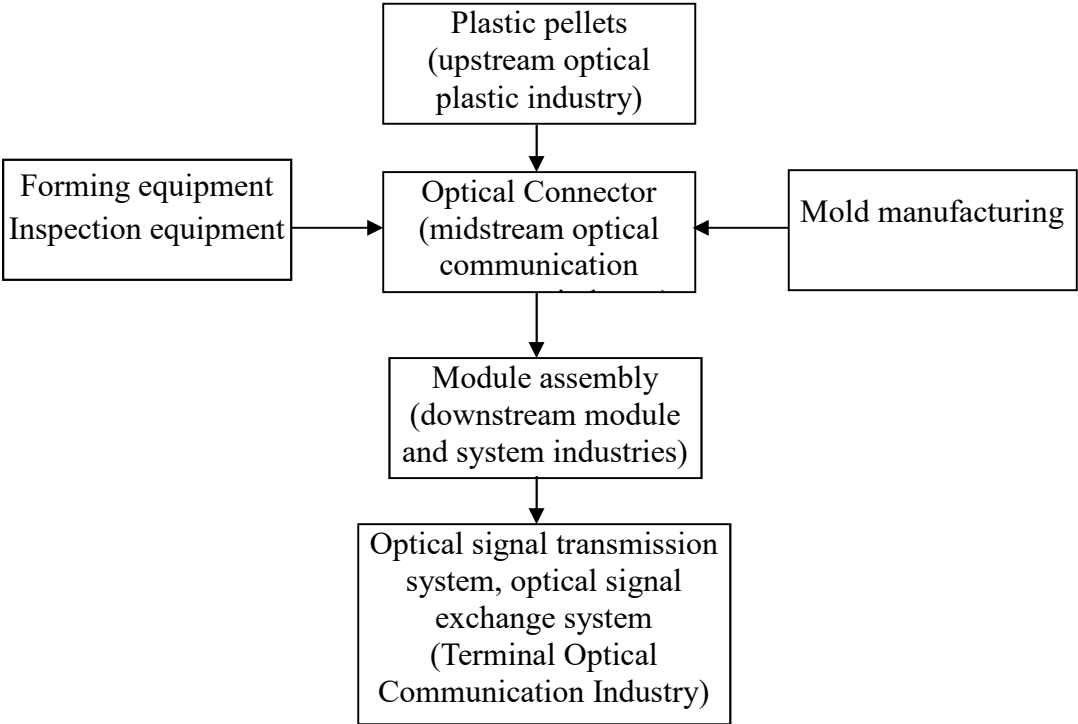
However, in the machine vision industry, China's market is quite dispersed, as the AI and 5G application scenarios are implemented, industrial robotics market applications extend to service robots, it is expected that the service robotics market in China will grow rapidly.

(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.

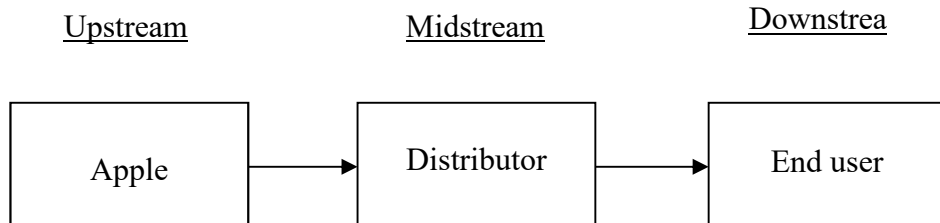
The production of optical connectors belongs to the midstream optical communication component industry. The upstream is the optical plastic industry that provides optical materials and plastic pellets. The midstream still assists the company in completing optical connector related mold manufacturing, 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:



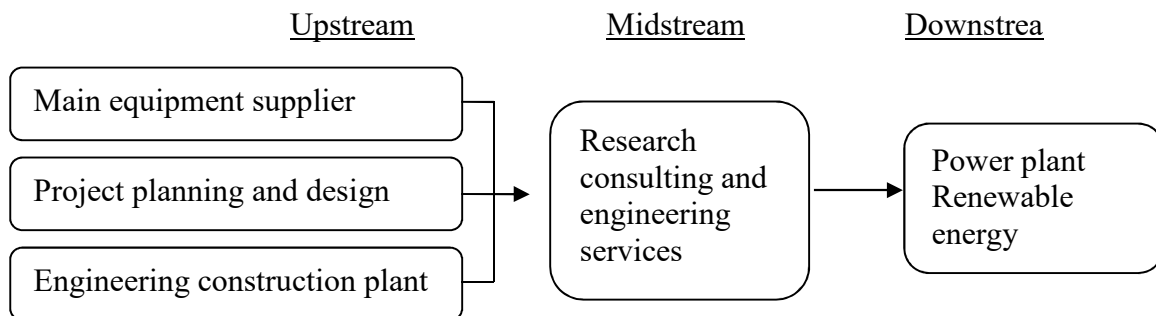
3C Retail and Peripheral Products:

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:

We mainly focus on the products related to optoelectronics and digital imaging, and its upstream materials cover a wide range, including optical materials, electronic materials, ICs, plastic materials, metal materials, packaging materials and software. Our downstream suppliers include

major international brands, distributors, dealers, PC makers;

Companies located in the midstream are those that integrate upstream materials, design, produce, test, package, and then deliver the finished product to the customer.

Correlation among the industry's upstream, midstream and downstream is shown in the following chart:

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

The downstream applications for optical lenses are extensive. The influence of industrial policies on the development of optical lens industry is relatively strong. The internet of things becomes a new trend. Government has set up various policies, the supply and demand resonates in the smart security, smart driving and machine vision industries, resulting in rapid development of the optical lens industry.

Automotive camera is a necessary sensor for mainstream ADAS sensing system, with the increase of ADAS system coverage, gradually transition to higher level of unmanned driving, together with the continued expansion of the automotive market, the surge in demand for automotive cameras will directly drive the market boom for automotive optical lens.

With the accelerated development in 5G and AI, the performance of AR/VR products is greatly optimized. The application scenario continues to expand to many fields such as gaming, medical, education, film and television with the support of the Internet of Things. Optical lens is the core component of AR/VR equipment, so the market for optical lens may begin to boom.

Smart security, smart driving, machine vision and other downstream applications are growing, while the comprehensive demand for optical lens features and optical imaging quality is further enhanced, these are the factors that drive product and technology upgrades and repetitive computing in the optical lens industry.

The optical lens industry has strong linkages and a high degree of marketization, but the market competition pattern varies significantly in different downstream applications. The market concentration in security lenses and automotive cameras is relatively high, and Chinese optical lens makers have become more important in the global market.

(2) Optical Communication Components

At present, the world's major optical transceiver module suppliers include IIV (Finisar), Lumentum, Source Photonics, Opnext, Broadcom, 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. 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	2021	2022 (as of March 31, 2022)
Expenses	395,088	95,678
New product or new technology that have been successfully developed	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	3C Components: 1. Eight high, middle and low level NB lenses 2. One 13 million pixel lenses 3. Twelve TOF and face ID lenses 4. One AR lens 5. Thirteen 3D application lenses 6. Thirteen surveillance lenses 7. One special lens 8. Five lens array fiber optical connectors 9. Four COB fiber optical connectors 10. One optical communication components 11. Four High precision plastic parts 12. One consumer lens
	3C Retail and Peripheral Products: 1. PD3.0 PPS 100W/50W fast charger 2. New generation of USB-A fingerprint recognition key 3. PD fast charging power bank 4. USB-C Hub 5. High efficiency SSD for Esports (PS5/PC) System and Peripheral Products: 1. High-end 100/55 PPM A3 size double-sided automatic document feeder modules 2. Intermediate 60/40/35 PPM A4 size dual-head scanners 3. Intermediate 50/40/30/25 PPM automatic paper feed + flatbed scanners	3C Retail and Peripheral Products: 1. New generation of USB-C fingerprint recognition key 2. Fingerprint recognition SSD 3. Cryptocurrency wallet

(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, product diversity, 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) We will continue to develop our core products and technologies with optical support to increase market size, strengthen customer relationships, and expand our market share in end-user products to create high-value output.
- (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	2021		2020	
	Amount	Percentage	Amount	Percentage
Hong Kong	2,158,618	19.20%	1,680,824	23.83%
China	1,249,200	11.11%	1,627,720	23.08%
United States	1,363,783	12.13%	1,109,838	15.73%
Taiwan	4,407,090	39.21%	692,078	9.81%
Others	2,063,237	18.35%	1,942,901	27.55%
Total	11,241,928	100.00%	7,053,361	100.00%

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 2.2%, and the important manufacturers include Kantatsu and others.
- Taiwanese lens factories have a market share of about 35~38%, and the important manufacturers include Largan, Genius Electronic Optical, Newmax Technology, Ability Opto-Electronics Technology, Kinko Optical and our company
- South Korean lens factories have a market share of about 7-10%, and the important manufacturers include Diostech, Kolen and Sekonix.
- The mainland Chinese lens factories have a market share of about 40-42%, and the important manufacturers include Sunny, AAC and Spy Optical.
- Lens factories in other regions have a market share of about 15-16%.

The major lens manufacturers in Japan have a conservative attitude in terms of market share and are not actively expanding their factories.

In Taiwan, the manufacturers, for example, Largan, GSEO, and AOET, have been able to provide a wide range of products for lens used in cell phones and special applications.

As for Taiwan manufacturers, Largan, GSEO, and AOET have been actively expanding AR, MR, and TOF production due to the development of multi-lens and special application products for cell phones and metaverse.

② Lens Demand Status

We are a professional lens manufacturer, the main source of demand in the lens industry is cell phones.

The main applications of lenses include smartphones, NBs, tablet PCs, etc., among which smartphones account for the highest proportion of shipments, and the estimated shipments for 2022 as compiled by the Company are as follows:

Product name	Estimated shipment volume (production volume)	Annual growth rate	Explanation
Smartphones	13.86 billion units	3.8%	The smartphone market has slowly recovered from the worst situation in 2021. Researchers are optimistic that starting in 2022, smartphone replacement cycles that were lengthened by the pandemic will gradually return to normal, and there will even be “revenge consumption”, together with communication system upgrades in emerging countries in Southeast Asia and Africa, the total smartphone production is estimated to reach 1.386 billion pieces next year, representing an annual growth rate of 3.8%, which is the same as the pre-pandemic period. The Economist Intelligence Unit (EIU) published a report stating that 5G conversion will be the next priority for all countries. EIU predicts that 16 of the 60 major communications markets in the world will launch brand new 5G network services in 2022. The mobile phone market will account for 47.5%, and the total production will be about 660 million. It is expected to bring about a “territorial war” of smartphones.
NB	230 million units	-1.03%	The global laptop market remains high in the post-pandemic era. The MIC estimates that 238 million laptops will be shipped worldwide in 2021, up by 18.6% annually, but with the accelerated vaccination coverage worldwide, it is expected that the demand for the “home economy” and Chromebook market will be adversely affected as countries are expected to lift the restrictions in 2022, resulting in a slight decrease in shipments to 230 million units. The global notebook market maintains a peak demand. Worldwide notebook shipments are expected to reach 238 million units in 2021, an annual growth of 18.6%. For 2022, the education bid shrinkage and the countries’ gradual lifting the restriction caused by COVID-19 will have an impact on the home economy business opportunities. However, as enterprises return to the office and drive the

Product name	Estimated shipment volume (production volume)	Annual growth rate	Explanation
			<p>demands for commercial laptop, as well as the shortage of material and delay effect, it is estimated that the global laptop shipment will be 230 million units in 2022. MIC pointed out that Chromebooks and e-sports laptops are still the key products for the brand manufacturers, and in 2021, the business opportunity driven by WFM during the pandemic period is favorable to Chromebooks Taiwanese OEM, and it is estimated that the shipment of laptops will reach 190 million units, with an annual growth of 17% and a market share of 80.5%.</p> <p>As we look ahead to 2022, due to the slow growth of the Chromebook market, the OEMs' market share will decline slightly. The estimated shipment of Taiwan laptops in 2022 will be 186 million units, resulting in a slight decline in Taiwan's market share to 80.3%.</p>

③Supply and Demand Status and Growth of Special Applications

- a. Automotive cameras: In 2020, the global shipment of automotive cameras reached 165 million pieces, with a CAGR of 30% over the past decade, and the number of cameras per vehicle was 2.1 pieces. The global automobile camera market grew by 20% in 2021. The increase was faster in the first half of the year than in the second half, mainly due to the shortage of automotive chips. Thanks to the improvement of chip technology, and the acceleration of intelligence, the automobile camera market is expected to increase by 44% in 2022. It is estimated that in 2025, the market for automotive cameras will be \$26 billion; the GAGR from 2020 to 2025 will be 32%.
- b. The Metaverse will stimulate the development of global virtual reality content applications, and the market size is expected to reach US\$8.3 billion by 2025. The Metaverse is expected to grow rapidly in 2021, along with the attention paid to the UGC, and the rapid growth of AR/VR device shipments, which will encourage the market to create more virtual reality content applications. According to TrendForce's latest investigations. TrendForce expects annual global virtual reality content revenue to grow at a 40% CAGR from US\$2.16 billion in 2021 to US\$8.31 billion in 2025.

TrendForce further indicates that gaming/entertainment, videos, and social interactions comprise the primary categories of virtual reality content. Incidentally, as the construction of the virtual world and the development of virtual reality content are unlikely to be accomplished by only a handful of companies alone, companies in this space will therefore place an increasing emphasis on UGC instead. Leading companies will likely leverage the build-out of virtual reality platforms/environments and the provisioning of developmental tools/interfaces in

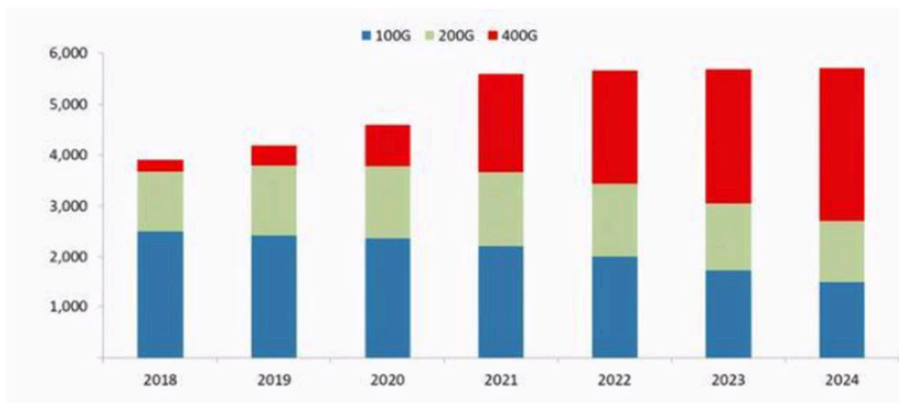
order to not only lower the barrier to entry for content creation, but also raise user participation, thereby driving up the content market for virtual reality applications.

- c. The 3D sensing market in 2020 is currently valued at US\$6.8 billion and will grow at a 14.5% CAGR to US\$15 billion by 2026, according to Yole Développement. Mobile & consumer is the main segment, and will comprise 46% of the total 3D imaging and sensing market in 2026, it is forecasted. This will be followed by the automotive and industrial segments, both at 22%.

(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. Under the situation of only a small number of suppliers available, the company's optical connector business will develop steadily.

As for the future development of optical communication market, the optical module market has reached USD 7.7 billion per month in 2019 and is expected to double to USD 17.7 billion by 2025, with a CAGR of 15% from 2019 to 2025, driven by the demand for 5G base station and cloud data applications. The primary application for optical modules is the telecom and data center. The telecom market mainly applies to base station/PON/WDM/OTN/intercom switch/routers and the data center market mainly applies to servers/top-of-rack switches/core switches and other equipment. In 2019, the telecom market will account for about 66% and the digital market will account for 34% in optical modules application.

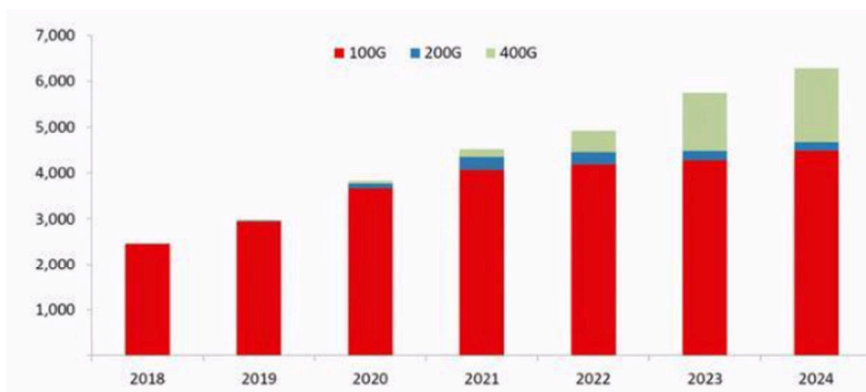


Telecommunications network high-speed optical transceivers market
(million U.S. dollar)
Source: OVUM

The demand for large bandwidth in the telecom market has come out earlier. In 2018, 400G applications were already introduced to the telecom network. Later on when the 5G infrastructure was built, 400G optical module transmission will be activated in the metropolitan network. OVUM estimates that the market for high-speed optical modules

for telecom networks will grow from US\$4 billion to US\$5.5 billion from 2018 to 2021. 400G optical modules will account for more than 50% of the market share by 2024. Global 5G construction will bring a substantial demand for optical modules, on the one hand, the increase in the number of 5G base stations and new 5G transmission links will drive the increase in demand for optical modules as well. In order to meet the demand of 5G high frequency and high speed, optical modules need to be upgraded from 6G and 10G in 4G phase to 25G, 50G, 100G and 200G. Therefore, the total demand of 5G optical modules will be 2 to 4 times higher than that of 4G era.

Optical modules play a critical role in interconnecting within and between data centers, and with the advent of 5G and AI, the need for higher bandwidths is growing. More than 50 million ethernet optical transceivers were sold in 2019, according to LightCounting's estimates. According to OVUM, the data center high-speed optical transceivers market is projected to grow from \$2.5 billion to \$6 billion from 2018-2024, at a CAGR of 16%. 40G optical transceivers will be withdrawn from new demand in 2020, 100G will be the most demanded type of high-speed optical transceivers, and 400G will be the fastest growing type in the future as large-scale deployment begins in 2020.



Data center high-speed optical transceivers market
Source: OVUM

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 25MW was completed by end of 2021 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

In addition to expand the OEM business, for ODM in 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
 - ①Main 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. In terms of products, we will continue to upgrade our products to FHD to 8 million pixels for laptops, and develop products with higher performance and resolution to meet market requirements.
 - b. For marketing, actively develop new products and new customers.
 - ②Position 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 Factor:
 - 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 Factors

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.

Sustainable development responsibility: As of 2021, 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: Take advantage of the Group’s strengths to borrow funds with lower capital costs: In order to improve the operation and capital efficiency, the Company has adopted a “asset-light” financial structure to invest in power plants and sell its shares after the completion of the construction in order to recover the capital in advance and realize profits. So the Company can allocate the capital to expand renewable energy power plants or develop other new businesses to achieve the goal.

System and Peripheral Products:

(1) Favorable Factors

- 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 material market.

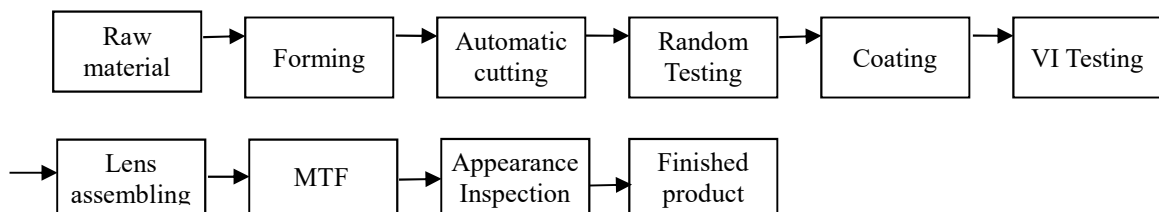
(II) Important Applications and Production Process of Main Products

1. Important Applications of Main Products

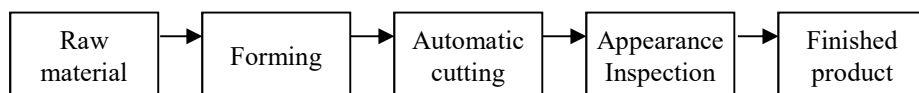
Main Products	Important Applications
Optical Components	It can be used for photography, smartphones, tablets, game consoles, laptops, desktops, digital cameras, wearable devices, sensor security applications, robot vacuums, VR, logistics robots, and more.
Optical Communication Components	Ports that allow 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, communication fiber optic plug-in connector, communication fiber optic transmission lens and others.
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

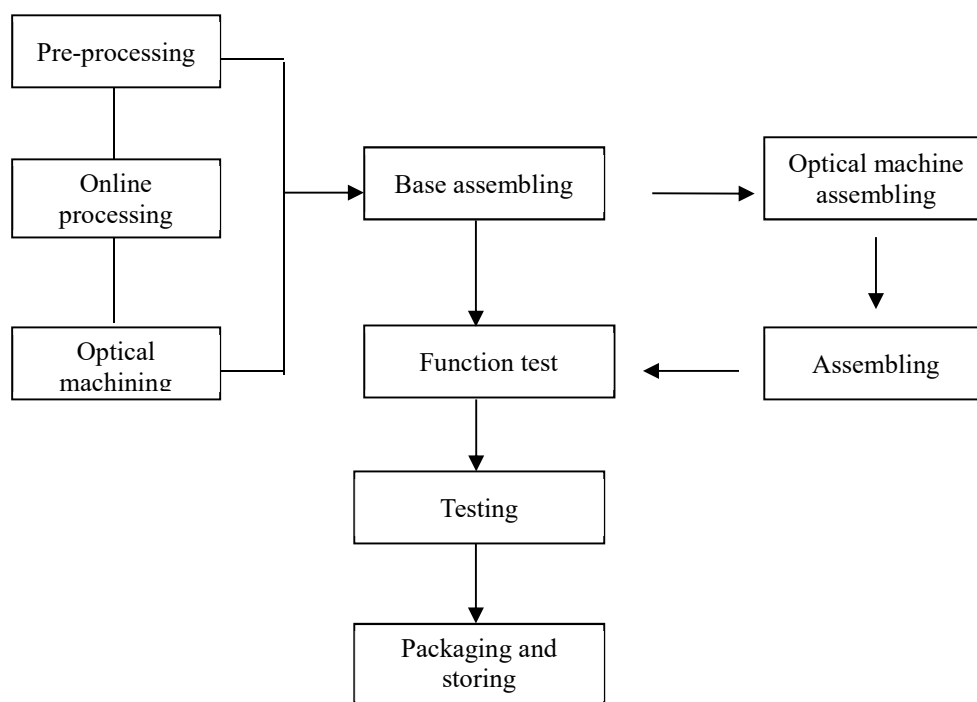
A. Optical Components



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

Unit: NT\$ thousand

	2020				2021				2022 as of the end of the 1st quarter			
Item	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	Relationship with the Issuer
1	Company E	1,223,811	32%	None	Company E	1,869,525	23%	None	Company H	422,046	24%	None
	-	-	-	-	Company H	1,205,334	15%	None	Company E	379,915	21%	None
	Others	2,603,721	68%	-	Others	5,001,303	62%	-	Others	982,066	55%	-
	Purchase Net amount	3,827,532	100%		Purchase Net amount	8,076,162	100%		Purchase Net amount	1,784,027	100%	

Reason for the change: H Company is a project contractor. In addition to the procurement of raw materials in the project cost, there are cases where individual projects are subcontracted to third-party suppliers. The selection of suppliers depends on the nature

of each project, the owner's needs, the construction site, the manufacturer's construction quality and degree of cooperation. If there is a change, the change in the purchase object should be reasonable.

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

Unit: NT\$ thousand

	2020				2021				2022 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	1,401,613	20%	None	Customer G	2,445,998	22%	None	Customer G	466,860	18%	None
2	Customer F	732,348	10%	None	Customer H	1,500,850	13%	None	Customer F	337,820	13%	None
3	Customer A	661,212	9%	None	Customer C	1,318,720	12%	None	Customer C	331,201	13%	None
	Others	4,264,291	61%	-	Others	5,976,360	53%	-	Others	1,456,251	56%	-
	Sales Net amount	7,053,361	100%		Sales Net amount	11,241,928	100%		Sales Net amount	2,592,132	100%	

Reason for the change: Customers G and H are energy service customers. The source of energy service business is mainly to provide project mechanical and electrical system integration engineering services and technical services. The engineering service relationship with the project owner is handled on a project basis, and the service object is compared with the general manufacturing industry. There is no fixed customer, and the construction period is stipulated in the contract. If there are no special factors, the construction will be carried out according to the progress of the project. Therefore, when the construction of the project with a higher total contract price enters the peak period, the period of The engineering service income will be more concentrated in some customers. After the engineering case is completed, the change of the sales target should return to normal, so it is reasonable.

(V) Production Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Production Value Major Product	2020			2021		
	Production Capacity	Production Volume	Output Value	Production Capacity	Production Volume	Output Value
Optical and optical communication components	180,000	69,348	260,479	180,000	34,975	160,526
System and peripheral products	2,600	2,490	2,859,507	2,100	1,907	3,492,213
Others	275	263	93,355	110	103	32,421
Total	182,875	72,101	3,213,344	182,210	36,985	3,685,160

(VI) Sales Volume Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Value of Sales Volume Major Product	Year		2020				2021			
			Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Optical and optical communication components	1,530	88,798	73,393	396,145	4,964	63,951	36,697	245,585		
System and peripheral products	0	0	3,014	4,428,378	-	-	2,026	4,559,945		
Others	212	598,768	4,904	1,541,272	106	4,338,929	525	2,033,518		
Total	1,742	687,566	81,311	6,365,795	5,070	4,402,880	39,248	6,839,048		

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		2020	2021	The current year as of April 30, 2022
Total Number of persons	Clerical staff	1,279	1,126	1,123
	Operators	2,177	2,302	2,454
	Total	3,456	3,428	3,577
Average age		28.60	27.13	29.03
Average years of service		3.33	3.04	2.86
Distribution of education level	PhD	0.03%	0.12%	0.17%
	Master	3.91%	3.73%	4.05%
	College	21.04%	20.80%	17.28%
	High school	19.99%	10.82%	9.9%
	Under high school	55.03%	64.53%	68.6%

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. Information Security Management

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 cyber security risk assessment results are good. Therefore, the company's cyber 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.

VII. Material Contracts

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Credit contract	Yuanta Commercial Bank	December 4, 2019 - December 3, 2021	The credit amount is NT\$300 million.	None
Credit contract	JihSun International Commercial Bank Co., Ltd.	April 2, 2019 - January 24, 2021	The credit amount is NT\$300 million.	None
Credit contract	Yuanta Commercial Bank	May 20, 2019 - May 20, 2021	The credit amount is NT\$300 million.	None
Investment contract	Company HF	Starting from June 11, 2019	The investment amount is NT\$280 million.	None
Credit contract	Bank SinoPac Company Limited	August 31, 2020 - August 30, 2021	The credit amount is NT\$1 billion.	None
Investment contract	Company HE	Starting from September 14, 2020	The investment amount is NT\$210 million.	None
Credit contract	Yuanta Commercial Bank	September 23, 2020 - September 22, 2022	The credit amount is NT\$300 million.	None
Investment contract	Company HB	Starting from October 09, 2020	The investment amount is NT\$690 million.	None
Loan contract	Company HC	January 21, 2021 - February 25, 2021	The loan amount is NT\$600 million.	None
Loan contract	Company HC	January 21, 2021 - March 31, 2021	The loan amount is NT\$600 million.	None
Investment contract	Company HA	Starting from March 02, 2021	The investment amount is NT\$690 million.	None
Credit contract	Entie Commercial Bank	Starting from April 20, 2021	The credit amount is NT2.5 billion.	
Credit contract	Mega International Commercial Bank Tucheng Branch	September 15, 2021 - September 15, 2023	The credit amount is NT\$300 million.	None
Investment contract	Company HD	Starting from September 16, 2021	The investment amount is NT\$150 million.	None
Development contract	Company BF	November 22, 2010 - termination date	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
OEM contract	Company BB	November 01, 2013 - termination date	OEM production	OEM of the Company
OEM contract	Company BF	December 10, 2013 - termination date	OEM production	OEM of the Company
Sales contract	Company BC	January 13, 2014 - termination date	Sales contract	1. Confidentiality clause 2. Intellectual property right guarantee clause
OEM contract	Company BD	January 20, 2017 - termination date	OEM production	OEM of the Company
Development contract	Company BE	May 18, 2017 - termination date	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Development contract	Company BA	January 01, 2018 - termination date	Development contract	The Company shall bear the responsibility of confidentiality of technical information.

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Credit contract	JihSun International Commercial Bank	November 29, 2018 - November 29, 2021	The credit amount is NT\$300 million.	None
Credit contract	Yuanta Commercial Bank	November 12, 2019 - November 12, 2021	The credit amount is NT\$300 million.	None
Manufacturing and sales contract	Company BB	December 09, 2019 - termination date	OEM production	1. Confidentiality clause 2. Intellectual property right guarantee clause
Credit contract	Yuanta Commercial Bank	December 4, 2019 - December 3, 2021	The credit amount is NT\$300 million.	None
License contract	Company BG	March 15, 2019 - termination date	Manufacturing and sales contract	1. Confidentiality clause 2. Intellectual property right guarantee clause
Credit contract	KGI Commercial Bank	June 14, 2019 - June 14, 2021	The credit amount is NT\$400 million.	None
Credit contract	Cathay United Bank	June 27, 2019 - March 31, 2021	The credit amount is USD10 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 Co., Ltd.	February 03, 2020 - February 03, 2022	The credit amount is NT\$300 million.	None
Development contract	Company BF	February 26, 2020 - February 26, 2021	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Credit contract	Cathay United Bank	March 31, 2020 - March 31, 2021	The credit amount is NT\$300 million.	None
Manufacturing and sales contract	Company BA	Starting from April 22, 2020	OEM production	1. Confidentiality clause 2. Intellectual property right guarantee clause
Development contract	Company BA	Starting from April 22, 2020	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Development contract	Company BA	Starting from April 22, 2020	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Development contract	Company BA	April 22, 2020 - March 31, 2021	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Credit contract	E. Sun Commercial Bank, Ltd.	July 20, 2020 - July 20, 2021	The credit amount is NT\$400 million.	None
Credit contract	KGI Commercial Bank	July 21, 2020 - July 21, 2021	The credit amount is NT\$400 million.	None
Credit contract	Mega International Commercial Bank Tucheng Branch	August 07, 2020 - August 06, 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

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Credit contract	JihSun International Commercial Bank Co., Ltd. Dunhua Branch	September 23, 2020 - July 09, 2022	The credit amount is NT\$400 million.	None
Credit contract	Entie Commercial Bank	October 29, 2020 - September 30, 2022	The credit amount is NT\$300 million.	None
Manufacturing and sales contract	Company BA	Starting from December 02, 2020	OEM production	1. Confidentiality clause 2. Intellectual property right guarantee clause
Development contract	Company BA	Starting from December 02, 2020	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Credit contract	Export-Import Bank	February 28, 2021 - February 28, 2022	The credit amount is NT\$500 million.	None
Development contract	Company BA	Starting from April 01, 2021	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Credit contract	Bank of Taiwan Co., Ltd.	June 25, 2021 - June 25, 2023	The credit amount is NT\$300 million.	None
Credit contract	JihSun International Commercial Bank Co., Ltd.	July 23, 2021 - July 22, 2023	The credit amount is NT\$400 million.	None
Credit contract	E. Sun Commercial Bank, Ltd.	August 03, 2021 - August 03, 2022	The credit amount is NT\$400 million.	None
Credit contract	KGI Commercial Bank	August 10, 2021 - August 10, 2023	The credit amount is NT\$400 million.	None
Credit contract	Entie Commercial Bank	August 31, 2021 - August 31, 2023	The credit amount is NT\$300 million.	None
Credit contract	Mega International Commercial Bank	September 15, 2021 - September 15, 2022	The credit amount is NT\$300 million.	None
Credit contract	Company NA	November 12, 2021 - November 11, 2022	The credit amount is NT\$300 million.	None
OEM contract	Company BA	December 01, 2021 - November 30, 2022	OEM production	OEM of the Company
Credit contract	Taiwan Cooperative Bank	December 27, 2021 - December 27, 2023	The credit amount is NT\$500 million.	None
Credit contract	Yuanta Commercial Bank	December 04, 2019 - December 03, 2021	The credit amount is NT\$300 million.	None
Credit contract	Bank SinoPac Company Limited	July 15, 2020 - June 30, 2021	The credit amount is NT\$300 million.	None
Purchase contract	Company FB	Starting from October 15, 2020	Equipment purchase	None
Purchase contract	Company FA	Starting from December 25, 2020	Equipment purchase	None
Credit contract	Bank SinoPac Company Limited	June 30, 2021 - June 30, 2022	The credit amount is NT\$400 million.	None
Credit contract	Mega International Commercial Bank Tucheng Branch	July 20, 2021 - June 23, 2022	The credit amount is NT\$300 million.	None
Purchase contract	Company IC	Starting from March 15, 2019	Equipment purchase	The Company shall be responsible for confidentiality.

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Contract of undertaking	Company IO	November 19, 2019 - July 08, 2025	Construction contract	None
Credit contract	Bank SinoPac Company Limited	April 22, 2019 - April 19, 2024	The credit amount is NT\$530 million.	None
Financial contract	Bank SinoPac Company Limited	Starting from March 11, 2020	Debt transfer; the financing amount is NT\$530 million.	None
Contract of undertaking	Company II	June 15, 2020 - December 31, 2027	Construction contract	None
Credit contract	Bank SinoPac Company Limited	June 16, 2020 - June 30, 2021	The credit amount is NT\$1.2 billion.	None
Credit contract	Bank SinoPac Company Limited	June 16, 2020 - June 30, 2021	The credit amount is NT\$530 million.	None
Service contract	Company IS	August 19, 2020 - December 31, 2025	Project management service of documents submitted for review	None
Credit contract	International Bills Finance Hsinchu Branch	September 25, 2020 - September 24, 2021	The credit amount is NT\$500 million.	None
Credit contract	Cheng Uei Precision Industry Co., Ltd.	October 01, 2020 - March 31, 2021	The credit amount is NT\$4 billion.	None
Contract of undertaking	Company IK	2020/10/23~2029/05/05	Construction contract	None
Contract of undertaking	Company IK	October 23, 2020 - September 06, 2029	Construction contract	None
Investment contract	Company IJ	Starting from October 30, 2020	The investment amount is NT\$240 million.	None
Investment contract	Company IJ	Starting from October 30, 2020	The investment amount is NT\$320 million.	None
Investment contract	Company IJ	Starting from October 30, 2020	The investment amount is NT\$45 million.	None
Pledge contract	Company IB	November 11, 2020 - December 31, 2025	Setting pledge rights	None
Contract of undertaking	Company IB	Starting from November 11, 2020	Construction contract	None
Contract of undertaking	Company IM	Starting from November 13, 2020	Construction contract	None
Contract of undertaking	Company IP	November 26, 2020 - December 31, 2026	Construction contract	None
Contract of undertaking	Company IL	Starting from November 30, 2020	Construction contract	None
Contract of undertaking	Company IF	Starting from December 10, 2020	Construction contract	None
Contract of undertaking	Company IA	Starting from December 15, 2020	Construction contract	None
Contract of undertaking	Company IV	Starting from December 28, 2020	Construction contract	None
Investment contract	Company II	Starting from December 29, 2020	The investment amount is NT\$150 million.	None
Contract of undertaking	Company IO	December 29, 2020 - December 31, 2025	Construction contract	None
Service contract	Company IQ	December 31, 2020 - December 31, 2039	System maintenance	None
Loan contract	Company IW	January 21, 2021 - February 25, 2021	The loan amount is NT\$600 million.	None
Loan contract	Company IW	January 21, 2021 - March 31, 2021	The loan amount is NT\$600 million.	None

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Investment contract	Company IT	January 29, 2021 - March 31, 2021	The investment amount is NT\$450 million.	None
Purchase contract	Company IC	Starting from January 31, 2021	Equipment purchase	The Company shall be responsible for confidentiality.
Contract of undertaking	Company IM	Starting from February 05, 2021	Construction contract	None
Contract of undertaking	Company ID	Starting from February 24, 2021	Construction contract	None
Investment contract	Company IT	Starting from March 01, 2021	The investment amount is NT\$234 million.	None
Credit contract	International Bills Finance Hsinchu Branch, Shanghai Commercial & Savings Bank	March 24, 2021 - June 24, 2021	The credit amount is NT\$1 billion.	None
Credit contract	Chinatrust Commercial Bank	Starting from March 25, 2021	The credit amount is NT\$5.4 billion.	None
Service contract	Company IS	April 23, 2021 - December 31, 2025	Professional Engineering Consulting	None
Contract of undertaking	Company IU	June 01, 2021 - July 31, 2024	Equipment purchase	None
Purchase contract	Company IU	June 01, 2021 - July 31, 2024	Equipment purchase	The Company shall be responsible for confidentiality.
Credit contract	Bank SinoPac Company Limited Hsinchu Branch	June 29, 2021 - June 30, 2022	The credit amount is NT\$1.6 billion.	None
Credit contract	Chinatrust Commercial Bank	June 29 2021 - March 31, 2026	The credit amount is NT\$1.8 billion.	None
Credit contract	Chinatrust Commercial Bank	June 29 2021 - March 31, 2026	The credit amount is NT\$5.4 billion.	None
Contract of undertaking	Company IN	Starting from July 12, 2021	Construction contract	None
Purchase contract	Company IT	Starting from July 12, 2021	Equipment purchase	The Company shall be responsible for confidentiality.
Credit contract	Yuanta Commercial Bank	July 30, 2021 - January 31, 2022	The credit amount is NT\$700 million.	None
Investment contract	Company IR	August 12, 2021 - October 28, 2021	The investment amount is NT\$180 million.	None
Credit contract	Chinatrust Commercial Bank	August 31, 2021 - March 31, 2026	The credit amount is NT\$4.7 billion.	None
Investment contract	Company II	Starting from September 01, 2021	The investment amount is NT\$150 million.	None
Sales contract	Company IH	October 01, 2021 - September 30, 2041	Sales contract	1. Confidentiality clause 2. Intellectual property right guarantee clause
Sales contract	Company IG	October 01, 2021 - December 31, 2041	Sales contract	1. Confidentiality clause 2. Intellectual property right guarantee clause
Contract of undertaking	Company IF	Starting from October 19, 2021	Contract terminated	None

Contract nature	Counterparty	Contract start and end dates	Main content	Restrictions
Contract of undertaking	Company IE	Starting from December 06, 2021	Construction contract	None
Credit contract	Chinatrust Commercial Bank	December 24, 2021 - March 31, 2026	The credit amount is NT\$5.4 billion.	None
Credit contract	Chinatrust Commercial Bank	December 28, 2021 - March 31, 2026	The credit amount is NT\$4.7 billion.	None
Purchase contract	Company IC	December 29, 2021 - September 29, 2039	Equipment purchase	The Company shall be responsible for confidentiality.
Service contract	Company IP	Starting from January 01, 2022	System maintenance	None
Credit contract	Chinatrust Commercial Bank	January 01, 2022 - March 31, 2026	The credit amount is NT\$20 billion.	None
Lease contract	Company II	January 01, 2025 - December 31, 2025	Land lease	None
Sales contract	Company CA	November 20, 2019 - November 19, 2022	Indirect product sales	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: NT\$ thousand

Year Item		Financial information for the last five years (Note 1)					Financial Information for the current year as of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Current assets		1,851,765	6,902,925	6,740,195	13,443,029	15,569,224	18,777,150
Property, plant and equipment		1,444,461	3,510,082	5,279,784	3,411,488	3,469,151	3,567,841
Intangible assets		0	1,056,706	1,027,695	985,094	966,092	1,220,604
Other assets		438,150	4,270,314	5,160,244	4,967,398	4,539,369	4,522,599
Total assets		3,734,376	15,740,027	18,207,918	22,807,009	24,543,836	28,088,194
Current liabilities	Before distribution	1,105,602	5,169,736	5,813,251	10,542,565	9,293,411	12,858,538
	After distribution	1,298,066	5,362,200	6,428,856	10,788,807	9,662,774	12,858,538
Non-current		183,735	3,315,824	5,530,512	4,087,189	3,259,907	3,494,366
liabilities	Before distribution	1,289,337	8,485,560	11,343,763	14,629,754	12,553,318	16,352,904
	After distribution	1,481,801	8,678,024	11,959,368	14,875,996	12,922,681	16,352,904
Equity attributable to shareholders of the parent company		2,445,039	7,171,853	6,704,305	7,058,599	7,577,144	7,295,652
Share capital		962,320	2,462,421	2,462,421	2,462,421	2,462,421	2,462,421
Additional paid-in capital		861,858	5,019,688	4,237,390	4,198,013	4,890,319	4,644,128
Retained Earnings	Before distribution	681,177	(165,483)	(273,604)	98,209	445,172	454,389
	After distribution	488,713	(357,947)	(889,209)	24,336	322,051	454,389
Other equity		(60,316)	(144,773)	278,098	299,956	(220,768)	(265,286)
Non-controlling interests		0	159,810	159,850	1,118,656	4,413,374	4,439,638
Total equity	Before distribution	2,445,039	7,254,467	6,864,155	8,177,255	11,990,518	11,735,290
	After distribution	2,252,575	7,062,003	6,248,550	7,931,013	11,621,155	11,735,290

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 Fuwei Energy Co., 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, 2022.

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, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating income	1,720,918	3,365,313	8,840,159	7,053,361	11,241,928	2,592,132
Operating margin	564,637	326,017	613,528	884,626	1,823,002	361,007
Operating profit and loss	270,295	(152,780)	(533,296)	(220,654)	627,841	63,409
Non-operating income and expenditure	47,635	14,269	305,166	512,107	221,759	121,626
Net profit before tax	317,930	(138,511)	(228,130)	291,453	849,600	185,035
Current net profit of continuing business units	245,312	(171,064)	(197,033)	179,775	626,231	158,247
Net profit for the period						
Interests in discontinued units	0	0	0	0	0	0
Net profit (loss) for the period	245,312	(171,064)	(197,033)	179,775	626,231	158,247
Other comprehensive income of the current period (net after tax)	(11,031)	(86,426)	413,575	25,590	(528,446)	(44,163)
Total comprehensive income for the current period	234,281	(257,490)	216,542	205,365	97,785	114,084
Net profit attributable to shareholders of the parent company	245,312	(166,692)	(189,059)	83,599	434,012	132,338
Net profit attributable to the equity of previous holders under joint control	0	(3,256)	(17,953)	0	0	0
Net profit attributable to non-controlling interests	0	(1,116)	9,979	96,176	192,219	25,909
Total comprehensive income attributable to owners of the parent company	234,281	(248,458)	234,752	111,706	(99,017)	87,820
Total comprehensive income attributable to the equity of previous holders under joint control	0	(6,512)	(18,250)	0	0	0
Total comprehensive income attributable to non-controlling interests	0	(2,520)	40	93,659	196,802	26,264
Earnings per share	2.55	(1.24)	(0.77)	0.34	1.76	0.54

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 Fuwei Energy Co., 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, 2022.

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

Unit: NT\$ thousand

Year Item		Financial Information for the Last Five Years				
		2017	2018	2019	2020	2021
Current assets		0	4	665	352,603	258,992
Property, plant and equipment		0	0	0	0	0
Intangible assets		0	0	0	0	0
Other assets		2,445,039	7,098,760	7,623,551	7,876,626	8,854,427
Total assets		2,445,039	7,098,764	7,624,216	8,229,229	9,113,419
Current liabilities	Before distribution	0	4,107	619,911	770,630	1,006,275
	After distribution	0	4,107	619,911	1,016,872	1,375,638
Non-current		0	0	300,000	400,000	530,000
Total liabilities	Before distribution	0	4,107	919,911	1,170,630	1,536,275
	After distribution	0	196,571	1,535,516	1,416,872	1,905,638
Equity attributable to shareholders of the parent company		2,445,039	7,094,657	6,704,305	7,058,599	7,577,144
Share capital		962,320	2,462,421	2,462,421	2,462,421	2,462,421
Additional paid-in capital		861,858	5,019,688	4,237,390	4,198,013	4,890,319
Retained earnings	Before distribution	681,177	(165,483)	(273,604)	98,209	445,172
	After distribution	488,713	(165,483)	(273,604)	24,336	322,051
Other equity		(60,316)	(144,773)	278,098	299,956	(220,768)
Equity of previous holders under joint control		0	(77,196)	0	0	0
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	2,445,039	7,094,657	6,704,305	7,058,599	7,577,144
	After distribution	2,252,575	6,902,193	6,088,700	6,812,357	7,207,781

Note 1: The Company was established on October 1, 2018, and the financial statements for the period prior to the date of establishment were prepared based on the carrying amounts of the assets and liabilities recognized in the individual financial statements of Glory Science Co., Ltd. The Glory Science Co., Ltd. was accounted for a subsidiary of the Company using the equity method from the date of merger, and therefore the individual financial statements for the comparative period were prepared accordingly

In order to effectively integrate the Group's resources, the Company's subsidiary, Power Outient International Co., Ltd, converted its 89.29%-owned subsidiary, Foxwell Energy Co., Ltd.,

In order to effectively integrate the Group's resources, the Company's subsidiary, Power Quotient International Co., Ltd., converted its 89.29%-owned subsidiary, Foxwell Energy Corporation, into a 100% subsidiary of Hsingwei Co., Ltd. through a share swap resolved by the shareholders' meeting on December 27, 2018. As a result, Power Quotient International Co., Ltd. Owns 76.56% of the shares of Hsingwei Co., Ltd., which represents an organizational restructuring under common control. Therefore, in preparing the comparative consolidated financial statements, the Company should be considered to be consolidated from the beginning and the consolidated financial statements for the year ended December 31, 2018 should be restated. considered to be consolidated from the beginning and the consolidated financial statements for the year ended December 31, 2018 should be restated.

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

Year Item	Financial Information for the Last Five Years				
	2017	2018	2019	2020	2021
Operating income	245,312	0	0	102,367	512,752
Operating margin	245,312	(165,845)	(281,228)	102,367	512,752
Operating profit and loss	245,312	(169,948)	(294,358)	77,450	470,061
Non-operating income and expenditure	0	0	87,346	6,149	(8,021)
Net profit before tax	245,312	(169,948)	(207,012)	83,599	462,040
Current net profit of continuing business units	245,312	(169,948)	(207,012)	83,599	434,012
Net profit for the period					
Interests (loss) of discontinued units	0	0	0	0	0
Net profit (loss) for the period	245,312	(169,948)	(207,012)	83,599	434,012
Other comprehensive income of the current period (net after tax)	(11,031)	(85,022)	423,514	28,107	(533,029)
Total comprehensive income	234,281	(254,970)	216,502	111,706	(99,017)
Net profit attributable to shareholders of the parent company	245,312	(166,692)	(189,059)	83,599	434,012
Net profit attributable to the equity of previous holders under joint control	0	(3,256)	(17,953)	0	0
Total comprehensive income attributable to owners of the parent company	234,281	(248,458)	234,752	111,706	(99,017)
Total comprehensive income attributable to the equity of previous holders under joint control	0	(6,512)	(18,250)	0	0
Earnings per share	2.55	(1.24)	(0.77)	0.34	1.76

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 Fuwei Energy Co., 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
2017	PwC Taiwan	Yu-Chuan Wang, Shao-Tzi Chou	Unqualified opinion
2018	PwC Taiwan	Kai-Se Lin, Yi-Chang Liang	Unqualified opinion subsequent to revision
2019	PwC Taiwan	Kai-Se Lin, Yi-Chang Liang	Unqualified opinion subsequent to revision
2020	PwC Taiwan	Yi-Chang Liang, Se- Kai Lin	Unqualified opinion
2021	PwC Taiwan	Kai-Se Lin, Yi-Chang Liang	Unqualified opinion with other matters

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

II. Financial Analysis for the Last Five Years

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

Year Analysis item		Financial analysis for the last five years					For the current year ending March 31, 2022 (note 2)
		2017	2018	2019	2020	2021	
Capital Structure (%)	Debts ratio (%)	34.53	53.91	62.30	64.15	51.15	58.22
	Long-term fund to property, plant and equipment ratio (%)	181.99	266.79	209.72	343.52	425.63	411.77
Liquidity Analysis	Current ratio	167.49	133.53	115.95	127.51	167.53	146.03
	Quick ratio	145.03	102.02	85.45	115.48	124.74	106.29
	Times interest earned	40.35	(5.02)	(2.02)	3.71	8.04	7.49
Operating Performance Analysis	Average collection turnover (times)	3.32	3.54	6.31	5.48	8.78	8.49
	Days sales outstanding	110	103.24	57.82	66.61	41.57	42.99
	Average inventory turnover (times)	5.36	3.83	6.36	5.86	8.46	6.37
	Average payment turnover (times)	11.29	4.30	5.92	5.02	5.03	4.24
	Average inventory turnover days	68	95.39	57.35	62.29	43.14	57.30
	Property, plant and equipment turnover (times)	1.13	1.36	2.01	1.62	3.27	2.95
	Total assets turnover (times)	0.47	0.35	0.52	0.34	0.47	0.39
Profitability Analysis	Return on assets (%)	6.94	(1.46)	(0.65)	1.20	3.02	2.78
	Return on equity (%)	10.12	(3.53)	(2.79)	2.39	6.21	5.34
	Pre-tax income to paid-in capital ratio (%)	33.04	(5.62)	(9.26)	11.84	34.50	30.06
	Net Margin (%)	14.25	(5.08)	(2.23)	2.55	5.57	6.10
	Earnings per share (NT\$)	2.55	(1.24)	(0.77)	0.34	1.76	0.54
Cash flow (%)	Cash flow ratio (%)	67.11	3.07	5.27	11.97	(34.22)	(20.23)
	Cash flow adequacy ratio (%)	128.87	56.91	33.65	53.73	(12.11)	(71.76)
	Cash flow reinvestment ratio (%)	11.61	(0.26)	(1.93)	7.82	(17.78)	(13.42)
Leverage	Operating leverage	2.65	(2.43)	(1.45)	(4.29)	2.96	5.96
	Financial leverage	1.03	0.87	0.88	0.67	1.24	1.82

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

1. Debt to assets ratio decreased by 20%, mainly due to the significant decrease in total liabilities in 2021.
2. The ratio of long-term capital to property, plant and equipment increased by 24%, mainly due to the substantial increase in net worth of the equity.
3. The quick ratio increased by 35%, mainly due to the substantial increase in current assets in 2020.
4. The times interest earned increased by 117%, mainly due to the increase in pre-tax profit.
5. Receivables turnover rate increased by 60% and average collection days decreased by 38%, property, plant and equipment turnover rate increased by 101% and total assets turnover rate increased by 38%; mainly due to the substantial increase in net sales revenue.
6. Inventory turnover rate increased by 45% and the average number of days of sales decreased by 31%, mainly due to the increase in cost of goods sold in 2021 as energy services is an outsourced industry with no inventory on the books but with costs associated with the outsourcing of projects.
7. Return on assets increased 152% and return on equity increased 160%, mainly due to the substantial increase in profit or loss after tax in 2021.
8. The ratio of net income before tax to paid-in capital increased by 192%, mainly due to the substantial increase in income before tax in 2021.
9. The net profit ratio increased by 119% and the earnings per share increased by 419%, mainly due to the increase in revenue in 2021.
10. The cash flow ratio decreased by 387%, the cash flow adequacy ratio decreased by 123% and the cash reinvestment ratio decreased by 327%, mainly due to the substantial increase in net cash outflow from operating activities in 2021.
11. The operating leverage increased by 169%, mainly due to the substantial increase in net operating income in 2021.
12. The financial leverage increased by 84%, mainly due to the substantial increase in operating profit in 2021.

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 effectively integrate the Group's resources, the Company's subsidiary, Power Quotient International Co., Ltd., converted its 89.29%-owned subsidiary, Foxlink Energy Corporation, into a 100% subsidiary of Hsingwei Co., Ltd. through a share transfer resolved by the shareholders' meeting on December 27, 2018. As a result, Power Quotient International Co., Ltd. owns 76.56% of the shares of Hsingwei Co., Ltd., which represents an organizational restructuring under common control. Therefore, in preparing the comparative consolidated financial statements, the Company should be considered to be consolidated from the beginning and the consolidated financial statements for the year ended December 31, 2018 should be restated.

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, 2022.

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

Year		2017	2018	2019	2020	2021
Analysis item						
Financial structure (%)	Debts ratio (%)	-	0.06	12.07	14.23	16.86
	Long-term fund to property, plant and equipment ratio (%)	-	-	-	-	-
Liquidity Analysis (%)	Current ratio	-	0.10	0.11	45.76	25.74
	Quick ratio	-	0.10	0.11	45.74	25.73
	Times interest earned	-	-	(39.6)	9.84	32.73
Operating Performance Analysis	Average collection turnover (times)	-	-	-	-	-
	Days sales outstanding	-	-	-	-	-
	Average inventory turnover (times)	-	-	-	-	-
	Average payment turnover (times)	-	-	-	-	-
	Average inventory turnover days	-	-	-	-	-
	Property, plant and equipment turnover (times)	-	-	-	-	-
	Total assets turnover (times)	0.10	-	-	0.01	0.06
Profitability Analysis	Return on assets (%)	10.12	(3.56)	(2.74)	1.17	5.16
	Return on equity (%)	10.12	(3.56)	(3.00)	1.21	5.93
	Pre-tax income to paid-in capital ratio (%)	25.49	(6.90)	(8.41)	3.39	18.76
	Net Margin (%)	100	-	-	81.67	84.64
	Earnings per share (NT\$)	2.55	(1.24)	(0.77)	0.34	1.76
Cash flow (%)	Cash flow ratio (%)	-	0.10	74.41	41.40	38.50
	Cash flow adequacy ratio (%)	-	-	33.53	49.21	38.06
	Cash flow reinvestment ratio (%)	-	-	(2.20)	4.28	1.74
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.00	1.00	0.98	1.14	1.03

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

1. The current ratio and the quick ratio decreased by 44%, mainly due to the substantial increase in current liabilities in 2021.
2. The substantial increase in times interest earned was mainly due to the substantial increase in net profit before tax and interest expenses in 2021.
3. The total asset turnover increased by 358%, mainly due to the substantial increase in net income from sales in 2021.
4. The return on assets increased by 340% and the return on equity increased by 388%, mainly due to the substantial increase in revenues in 2021.
5. The ratio of pre-tax net profit to paid-in capital increased by 453%, mainly due to the substantial increase in revenues in 2021.
6. Earnings per share (EPS) increased by 419%, mainly due to the substantial increase in revenues in 2021.
7. Cash flow adequacy ratio and Cash reinvestment ratio decreased by 23% and 59% respectively, mainly due to the substantial decrease in net cash flow from operating activities.

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 effectively integrate the Group's resources, the Company's subsidiary, Power Quotient International Co., Ltd., converted its 89.29%-owned subsidiary, Foxlink Energy Corporation, into a 100% subsidiary of Hsingwei Co., Ltd. through a share transfer resolved by the shareholders' meeting on December 27, 2018. As a result, Power Quotient International Co., Ltd. owns 76.56% of the shares of Hsingwei Co., Ltd., which represents an organizational restructuring under common control. Therefore, in preparing the comparative consolidated financial statements, the Company should be considered to be consolidated from the beginning and the consolidated financial statements for the year ended December 31, 2018 should be restated.

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 \times (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 2021. 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 24, 2022

IV. Latest Annual Financial Report:

Please refer to pages 121 to 230.

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

Please refer to pages 231 to 292.

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

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

FIT HOLDING CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Hereby declare,

FIT Holding Co., Ltd.

March 24, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21005347

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

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our

opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Group's consolidated financial statements of the year ended December 31, 2021 are stated as follows:

Recognition of construction revenue - assessment on the stage of completion

Description

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

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

How our audit addressed the matter

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

- A. Obtained an understanding on the nature of business and industry, and assessed the reasonableness of internal process applied to estimate total construction cost, including the basis for estimating the expected total cost for construction contracts of the same nature.
- B. Assessed and tested the internal controls used by the management to recognise construction revenue based on the stage of completion, including checking the supporting documents of additional or reduced constructions and significant constructions performed in the period.

- C. Sampled and tested the subcontracts that have been assigned, and assessed the basis and reasonableness of estimating costs for those that have not been assigned.
- D. Performed substantive procedures relating to the year-end construction profit or loss statement, including sampling and verifying the costs incurred in the period with the appropriate evidence, and recalculating and confirming that construction revenue calculated based on the stage of completion had been accounted for appropriately.

Valuation of goodwill impairment

Description

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

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

How our audit addressed the matter

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

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

Valuation of property, plant and equipment impairment

Description

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

impairment valuation, and Note 6(9) for details of property, plant and equipment.

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

How our audit addressed the matter

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

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

Other matter - Reference to the reports of other auditors

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

Other matter-Parent company only financial statements

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

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

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

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

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

Auditors’ responsibilities for the audit of the consolidated financial statements

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

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

We also:

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

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

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

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

Lin, Se-Kai

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

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

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

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

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

(Continued)

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

1. History and Organisation

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

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

(3) 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 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

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

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

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

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
PQI	Apix Limited	Specialized investments	100	100	
PQI	Power Sufficient International Co., Ltd. (PSI)	Sale of medical instruments	100	100	
PQI	Shinfox Energy Co. Ltd. (Shinfox)	Mechanical installation and piping engineering	50.18	58.74	Note 4
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	100	100	Note 4
Foxwell Energy	Beiyuan Wind Power Co., Ltd.	Wind energy and wholesale of machinery	-	-	Note 2
Foxwell Energy	Changyuan Wind Power Co., Ltd. (Changyuan)	Wind energy and wholesale of machinery	-	-	Note 2
Shinfox	Shinfox Natural Gas Co., Ltd. (Shinfox Natural Gas)	Energy service management	80	80	
Shinfox	Kunshan Jiuwei Info Tech Co., Ltd. (Kunshan Jiuwei)	Supply chain finance energy service management	100	100	
Shinfox	Foxwell Power Co., Ltd. (Foxwell)	Energy service management	99	99	
Shinfox	Shinfox Energy International Inc. (SHINFOX ENERGY)	Energy service management	-	-	Note 5
Shinfox	Shinfox Power Co., Ltd. (Shinfox)	Energy service management	-	-	Note 7
Shinfox	Junezhe Co., Ltd.	Dredging industry	33.50	-	Note 9 and 11
Shinfox	Fox Power Company Ltd.	Natural gas service management	100	-	Note 11
SYSCOM	PQI Corporation (PQI USA)	Sale of electronic telecommunication	-	100	Note 10

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

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

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

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

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

interest and sold 1.9% and 0.74% of shares. As a result, PQI decreased its share interest to 50.18% and maintained control over Shinfox. Please refer to Note 6(32) for more details.

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

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

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

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

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

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

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

C. Subsidiaries not included in the consolidated financial statements

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

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

D. Adjustments for subsidiaries with different balance sheet dates

None.

E. Significant restrictions

None.

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

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

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

Summarised financial information of the subsidiaries:

Balance sheets

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

Statements of comprehensive income

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

Statements of cash flows

SHINFOX Energy Co., Ltd.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

exchange rates of that period; and

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

(5) Classification of current and non-current items

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

(6) Cash equivalents

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

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

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

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

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

- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

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

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

- gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

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

(15) Investments accounted for using equity method / associates

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

aforementioned approach.

- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

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

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

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

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

exercising that option.

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

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

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

(18) Investment property

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

(19) Intangible assets

A. Computer software

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

B. Goodwill

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

C. Trademark right (indefinite useful life)

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

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

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

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

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

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

(25) Provisions

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

(26) Income tax

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

(27) Share capital

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

(28) Dividends

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

dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales revenue

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

B. Service revenue

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

C. Construction contract revenue

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

D. Electricity sales revenue

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

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that

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

(31) Business combinations

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

(32) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

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

B. Impairment assessment of tangible assets

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

strategy might cause material impairment on assets in the future.

C. Construction revenue recognition

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

(4) Financial assets at amortised

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

cost

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

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

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

(5) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

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

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

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

E. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$4,259 and \$4,846; \$1,145,867 and \$895,437, respectively.

(6) Inventories

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

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

The cost of inventories recognised as expense for the year:

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

(7) Prepayment

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

(8) Investments accounted for using the equity method

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

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

B. Associates

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

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

Note 1: Registered location is Hong Kong.

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

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

Balance sheet

	<u>Power Channel Limited</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ -	\$ -
Non-current assets	1,123,279	1,066,779
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 1,123,279</u>	<u>\$ 1,066,779</u>
Share in associate's net assets	401,572	381,373
Goodwill	126,054	126,238
Carrying amount of the associate	<u>\$ 527,626</u>	<u>\$ 507,611</u>
	<u>Studio A Technology</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 808,822	\$ 533,234
Non-current assets	74,803	57,018
Current liabilities	(411,674)	(205,265)
Non-current liabilities	(12,238)	(4,687)
Total net assets	<u>\$ 459,713</u>	<u>\$ 380,300</u>
Share in associate's net assets	\$ 112,630	\$ 93,174
Goodwill	-	-
Carrying amount of the associate	<u>\$ 112,630</u>	<u>\$ 93,174</u>

Statement of comprehensive income

		Power Channel Limited	
		Year ended December 31,	
		2021	2020
Revenue	\$	-	\$ -
Profit for the period from continuing operations	\$	105,697	\$ 113,196
Loss for the period from discontinued operations		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income	\$	105,697	\$ 113,196
Dividends received from associates	\$	-	\$ -
		Power Channel Limited	
		Year ended December 31,	
		2021	2020
Revenue	\$	2,352,246	\$ 1,666,133
Profit for the period from continuing operations	\$	92,473	\$ 58,309
Loss for the period from discontinued operations		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income	\$	92,473	\$ 58,309
Dividends received from associates	\$	-	\$ 95,918

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

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

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

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

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

(9) Property, plant and equipment

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

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

(10) Leasing arrangements - lessee

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

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

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

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

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

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

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

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

F. Variable lease payments

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

(11) Leasing arrangements - lessor

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

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

(12) Investment property

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

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

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

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

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

(13) Intangible assets

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

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

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

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

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

(14) Other non-current assets, others

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

Note: Please refer to Note 8.

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

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

(16) Short-term borrowings

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

(17) Short-term notes and bills payable

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

(18) Other account payables

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

(19) Long-term borrowings

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

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

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

financial statements shall be as follows:

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

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

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

(20) Pensions

- A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by

December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March.

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

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

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

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

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

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

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

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

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

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

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

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

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

(21) Share capital

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

(22) Capital surplus

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

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

- A. In accordance with IFRS Q&A issued by Accounting Research and Development Foundation (ARDF) on October 26, 2018 and ARDF Interpretation 100-390, as described in Note 4, the share swap transactions between the Company and Glory Science were considered as a reorganisation under common control on October 1, 2018.
- B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- C. The shareholders resolved the Company to distribute cash by capital surplus of \$172,370 (NT\$0.7 (in dollars) per share) on March 26, 2021.

(23) Retained earnings

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

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

calendar year shall be at least 20% of the total distributable earnings in that year based on future capital expenditures budget and capital requirements.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. Special reserve

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (b) As described in Note 4(2), the Company is substantially a continuation of Glory Science. Therefore, the amount previously set aside by the Company as special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Group. The special reserve increased as a result of retained earnings arising from the adoption of IFRS amounted to \$8,361 thousand.

- D. The shareholders resolved the Company to cover deficits by capital surplus of \$281,965 on June 24, 2020.

- E. In accordance with the Company's Articles of Incorporation and as resolved by the Board of Directors on March 26, 2021, the Company distributed cash dividends amounting to \$73,873. Also, the appropriation of 2020 earnings as proposed and resolved by the shareholders on July 20, 2021 are as follows:

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

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

(24) Operating revenue

- A. Disaggregation of revenue from contracts with customers

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

Revenue from external customer contracts

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

B. Unfulfilled construction contracts

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

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

C. Contract assets and contract liabilities

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

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

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

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

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

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

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

(25) Interest income

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

(26) Other income

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

(27) Other gains and losses

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

(28) Finance costs

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

(29) Expenses by nature

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

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

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

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

(30) Income tax

A. Income tax expense

(a) Components of income tax expense :

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

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

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

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

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

(31) Earnings per share

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

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

(32) Transactions with non-controlling interest

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

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

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

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

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

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

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

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

(33) Supplemental cash flow information

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

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

(34) Changes in liabilities from financing activities

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

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

7. Related Party Transactions

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions

A. Operating revenue

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

(a) Goods sold to the abovementioned related parties are based on mutual agreement and are not

sold to the third parties. The collection terms are 90 to 120 days after monthly billings.

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

B. Purchases

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

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

C. Receivables from related parties

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

D. Payables to related parties

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

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

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

E. Related Party Transactions

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

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

F. Lease transactions — lessee

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

- (b) Acquisition of use-of-right assets

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

(c) Lease liability

i. Outstanding balance

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

ii. Interest expense

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

G. Rental revenue

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

H. Loans from related parties:

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

(a) Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cheng Uei	<u>\$ -</u>	<u>\$ 4,000,000</u>

(b) Interest expense

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Cheng Uei	<u>\$ 29,753</u>	<u>\$ 22,126</u>

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

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

(3) Key management compensation

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

8. Pledged Assets

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

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

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

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

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

(2) Commitments

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

recognised and paid amounted to \$162,902 and \$26,618, respectively.

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

obligations.

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

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

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

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

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

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

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

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

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

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

December 31, 2021				
	Foreign currency amount		Exchange rate	Book value
	(In thousands)				(NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	\$	54,092	27.6800	\$ 1,497,267
RMB:NTD		226,975	4.3440	985,979
JPY:NTD		468,261	0.2405	112,617
HKD:NTD		2,830	3.5490	10,044
EUR:NTD		168	31.3200	5,262
HKD:RMB		8,268	0.8170	29,343
USD:RMB		10,494	6.3739	290,474
Financial liabilities				
Monetary items				
USD:NTD	\$	34,187	27.6800	\$ 946,296
RMB:NTD		105,110	4.3440	456,598
JPY:NTD		14,252	0.2405	3,428
USD:RMB		3,972	6.3739	109,945
USD:HKD		10,377	7.7880	287,235
December 31, 2020				
	Foreign currency 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

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

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

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

Year ended December 31, 2020					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss before tax		Effect on other comprehensive income
(Foreign currency: functional currency)					
<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		-

Price risk

There is no significant effect.

Cash flow and fair value interest rate risk

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

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

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

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

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

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

(c) Liquidity risk

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

Non-derivative financial liabilities

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

Non-derivative financial liabilities

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

(3) Fair value information

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

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

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

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

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

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

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

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

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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>

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

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

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

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

Group's credit quality

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

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

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

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

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

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

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

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

(4) Other matters

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

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

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

- (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Note 13(1) G.
- (c) The amount of property transactions and the amount of the resulting gains or losses: None.
- (d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2020: Please refer to 13(1) B.
- (e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2014: Please refer to Note 13(1) A.
- (f) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service: None.

(4) Major shareholders information

Please refer to table 10.

14. Segment Information

(1) General information

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

(2) Measurement of segment information

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

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

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

Year ended December 31, 2021

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

Year ended December 31, 2020

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

(4) Reconciliation for segment income (loss)

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

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

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

(5) Geographical information

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

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

(6) Major customer information

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

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

FIT HOLDING CO., LTD.

Loans to others

Year ended December 31, 2021

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, 2021	December 31, 2021							Item	Value	(Note 3)		
0	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	\$ 131,520	\$ -	\$ -	0.98%~1.20%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,273,143	\$ 3,030,857	
0	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	289,344	-	-	0.98%~1.20%	2	-	Operations	-	-	-	2,273,143	3,030,857	
0	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	600,000	-	-	1.56%	2	-	Operations				2,273,143	3,030,857	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Other receivables	Y	300,000	300,000	300,000	1.20%	2	-	Operations	-	-	-	1,074,528	1,074,528	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	218,000	217,200	217,200	1.50%	2	-	Operations	-	-	-	1,074,528	1,074,528	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	600,000	-	-	0.89-1.23%	2	-	Operations				1,074,528	1,074,528	
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	254,272	-	-	1.50%	2	-	Operations	-	-	-	152,457	152,457	
3	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	28,058	27,802	27,802	3%	2	-	Operations	-	-	-	369,064	369,064	
3	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	219,200	217,200	173,760	5%	2	-	Operations	-	-	-	369,064	369,064	
4	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	300,000	300,000	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
4	Shinfox Energy Co. Ltd.	Foxwell Power Co., Ltd.	Other receivables	Y	50,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
4	Shinfox Energy Co. Ltd.	Shinfox Natural Gas Co., Ltd.	Other receivables	Y	60,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
5	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	523,200	521,280	521,280	1.50%	2	-	Group capital movement	-	-	-	693,916	693,916	

Note 1: Fill in the nature of the loan as follows:

- (1) Fill in 1 for business transaction.
(2) Fill in 2 for short-term financing

Note 2: The Company's and its subsidiaries' limits on loans to singal party and total loans are calculated based on the Company's and its subsidiaries' "Procedures for Provision of Loans".

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

FIT HOLDING CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2021

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

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

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

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

- (1) Limit on total endorsements is 150% of the Company's net asset.
- (2) Limit on endorsements to a single party is 140% of the Company's net asset.
- (3) Limit on total endorsements granted by the Company and its subsidiaries is 150% of the Company's net asset.
- (4) Total limit on the Company's and its subsidiaries endorsement/guarantee to a singal party is 140% of the Company's net assets and to the subsidiaries that the Company owned more than 90% (included) voting shares is 150% of the Company's net assets.
- (5) For business transaction with the Company, the guarantee amount should not exceed 150% of the amount of business transaction, which is the higher between sales and purchases.
- (6) The companies whose voting rights are 90% owned directly and indirectly by the Company can provide endorsement/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, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

FIT HOLDING CO., LTD.

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note1 : Due to cash capital increase °

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

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

Table 9

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

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

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

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

Table 10

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

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS'
REPORT
DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FIT HOLDING CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of FIT HOLDING CO., LTD. as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of FIT HOLDING CO., LTD. as at December 31, 2021 and 2020, 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” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of FIT HOLDING CO., LTD. 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 is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. 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 recognized amounted to NT\$8,643,898 thousand, constituting 95% of the Company's total assets as at December 31, 2021, and the investment profit (shown as operating revenue) amounted to NT\$512,752 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 - recognition of construction revenue - assessment on the stage of completion, 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 FIT HOLDING CO., LTD.'s parent company only financial statements of the current period are stated as follows:

Recognition of construction revenue - assessment on the stage of completion

Description

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

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

audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding on the nature of business and industry, and assessed the reasonableness of internal process applied to estimate total construction cost, including the basis for estimating the expected total cost for construction contracts of the same nature.
- B. Assessed and tested the internal controls used by the management to recognise construction revenue based on the stage of completion, including checking the supporting documents of additional or reduced constructions and significant constructions performed in the period.
- C. Sampled and tested the subcontracts that have been assigned, and assessed the basis and reasonableness of estimating costs for those that have not been assigned.
- D. Performed substantive procedures relating to the year-end construction profit or loss statement, including sampling and verifying the costs incurred in the period with the appropriate evidence, and recalculating and confirming that construction revenue calculated based on the stage of completion had been accounted for appropriately.

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(13) 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:

- 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.

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(9) 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:

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

D. Tested the external appraisal report's valuation basis adequacy.

Other matter - Reference to the reports of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates and the information disclosed in Note 13, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$212,883 thousand, constituting 2.34% of the consolidated total assets as at December 31, 2021, and the share of loss of associates and joint ventures accounted for under the equity method amounted to NT(\$2,358) thousand, constituting (2.38%) of the total comprehensive income for the year then ended.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 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 FIT HOLDING CO., LTD.'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 FIT HOLDING CO., LTD. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing FIT HOLDING CO., LTD.'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 FIT HOLDING CO., LTD.'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 FIT HOLDING CO., LTD.'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 FIT HOLDING CO., LTD. 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 FIT HOLDING CO., LTD. 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.

Lin, Se-Kai

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

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.

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

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents		\$	1,532	-	\$	2,150	-
1136	Current financial assets at amortised cost	6(2)		227,626	3		-	-
1210	Other receivables - related parties	7		26,666	-		350,364	4
1410	Prepayments			78	-		89	-
1470	Other current assets			3,090	-		-	-
11XX	Current Assets			258,992	3		352,603	4
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(1)		210,529	2		-	-
1550	Investments accounted for under equity method	6(3)		8,643,898	95		7,876,626	96
15XX	Non-current assets			8,854,427	97		7,876,626	96
1XXX	Total assets		\$	9,113,419	100	\$	8,229,229	100
Liabilities and Equity								
Current liabilities								
2100	Short-term borrowings	6(5)	\$	910,000	10	\$	757,800	9
2200	Other payables			41,722	-		12,800	-
2230	Current income tax liabilities			54,515	1		-	-
2300	Other current liabilities			38	-		30	-
21XX	Current Liabilities			1,006,275	11		770,630	9
Non-current liabilities								
2540	Long-term borrowings	6(6)		530,000	6		400,000	5
25XX	Non-current liabilities			530,000	6		400,000	5
2XXX	Total Liabilities			1,536,275	17		1,170,630	14
Equity								
Share capital								
3110	Share capital - common stock	6(7)		2,462,421	27		2,462,421	30
Capital surplus								
3200	Capital surplus	6(8)		4,890,319	53		4,198,013	51
Retained earnings								
3310	Legal reserve			8,985	-		-	-
3320	Special reserve			8,361	-		8,361	-
3350	Unappropriated retained earnings	6(9)		427,826	5		89,848	1
Other equity interest								
3400	Other equity interest		(	220,768)	(2)		299,956	4
3XXX	Total equity			7,577,144	83		7,058,599	86
Significant contingent liabilities and unrecognised contract commitments		9						
Significant events after the balance sheet date		11						
3X2X	Total liabilities and equity		\$	9,113,419	100	\$	8,229,229	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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(3)	\$ 512,752	100	\$ 102,367	100
5000	Operating costs	6(3)	-	-	-	-
5900	Net operating margin		512,752	100	102,367	100
	Operating expenses	6(11)				
6200	General and administrative expenses		(42,691)	(8)	(24,917)	(24)
6000	Total operating expenses		(42,691)	(8)	(24,917)	(24)
6900	Operating profit		470,061	92	77,450	76
	Non-operating income and expenses					
7100	Interest income	7	7,845	1	1,536	1
7010	Other income	6(10)	973	-	2,015	2
7020	Other gains and losses		(2,276)	-	12,054	12
7050	Finance costs		(14,563)	(3)	(9,456)	(9)
7900	Profit before income tax		462,040	90	83,599	82
7950	Income tax expense	6(12)	(28,028)	(5)	-	-
8200	Profit for the year		\$ 434,012	85	\$ 83,599	82
	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		(\$ 469,153)	(92)	\$ 48,003	47
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(469,153)	(92)	48,003	47
	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		(63,876)	(12)	(19,896)	(20)
8360	Components of other comprehensive income that will be reclassified to profit or loss		(63,876)	(12)	(19,896)	(20)
8300	Other comprehensive (loss) income for the year		(\$ 533,029)	(104)	\$ 28,107	27
8500	Total comprehensive (loss) income for the year		(\$ 99,017)	(19)	\$ 111,706	109
9750	Total basic earnings per share (in dollars)	6(13)	\$ 1.76		\$ 0.34	
9850	Total diluted earnings per share (in dollars)		\$ 1.76		\$ 0.34	

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, 2021 AND 2020
(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	Total equity
<u>Year 2020</u>									
		\$ 2,462,421	\$ 4,237,390	\$ -	\$ 8,361	(\$ 281,965)	(\$ 219,533)	\$ 497,631	\$ 6,704,305
		-	-	-	-	83,599	-	-	83,599
		-	-	-	-	6,249	(19,896)	41,754	28,107
		-	-	-	-	89,848	(19,896)	41,754	111,706
Capital surplus used to cover accumulated deficit	6(8)	-	(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
<u>Year 2021</u>									
		\$ 2,462,421	\$ 4,198,013	\$ -	\$ 8,361	\$ 89,848	(\$ 239,429)	\$ 539,385	\$ 7,058,599
		-	-	-	-	434,012	-	-	434,012
		-	-	-	-	4,795	(63,876)	(473,948)	(533,029)
		-	-	-	-	438,807	(63,876)	(473,948)	(99,017)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	4,858	-	-	(871)	-	-	3,987
Cash dividends paid from additional paid-in capital	6(8)	-	(172,370)	-	-	-	-	-	(172,370)
Legal reserve	6(9)	-	-	8,985	-	(8,985)	-	-	-
Cash dividends	6(9)	-	-	-	-	(73,873)	-	-	(73,873)
Changes in investees' capital increase not recognized by shareholding percentage		-	712,436	-	-	-	-	-	712,436
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed		-	147,382	-	-	-	-	-	147,382
Disposal of investments in equity instruments at fair value through other comprehensive income		-	-	-	-	(17,100)	-	17,100	-
Balance at December 31, 2021		\$ 2,462,421	\$ 4,890,319	\$ 8,985	\$ 8,361	\$ 427,826	(\$ 303,305)	\$ 82,537	\$ 7,577,144

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 462,040	\$ 83,599
Adjustments			
Adjustments to reconcile profit (loss)			
Share of profit (loss) of associates accounted for 6(3)			
using the equity method	(	512,752)	(102,367)
Interest expense		14,563	9,456
Interest income	(	7,845)	(1,536)
Changes in operating assets and liabilities			
Changes in operating assets			
Other current assets	(	1,430)	-
Changes in operating liabilities			
Other payables		28,716	8,281
Prepayments		11	(89)
Other current liabilities		8	11
Cash outflow generated from operations	(	16,689)	(2,645)
Interest received		6,476	1,536
Income taxes paid	(	468)	-
Dividend received		412,485	329,988
Interest paid	(	14,357)	(9,830)
Net cash flows from operating activities		<u>387,447</u>	<u>319,049</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost	(	227,626)	-
Acquisition of investments accounted for under the equity method	(	1,236,760)	(210,000)
Increase in other receivables from related parties		350,364	(350,364)
Net cash flows used in investing activities	(	<u>1,114,022)</u>	<u>560,364)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		152,200	142,800
Increase in long-term borrowings		1,760,000	1,300,000
Decrease in long-term borrowings	(	1,630,000)	(1,200,000)
Cash dividends paid	(	73,873)	-
Cash dividends paid by additional paid-in capital	(	172,370)	-
Proceeds from disposal of subsidiaries		690,000	-
Net cash flows from financing activities		<u>725,957</u>	<u>242,800</u>
Net (decrease) increase in cash and cash equivalents	(	618)	1,485
Cash and cash equivalents at beginning of year		2,150	665
Cash and cash equivalents at end of year		<u>\$ 1,532</u>	<u>\$ 2,150</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, 2021 AND 2020

(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 24, 2022.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

The above standards and interpretations have no significant impact to the 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 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the 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 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 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the 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 New Taiwan dollars, which is the Company’s functional 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) 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.

(7) 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.

(8) 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.

(9) 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 consolidated financial statements.

(10) 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.

(11) 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.

(12) 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.

(13) 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 operates and generates 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.

(14) 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.

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) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 210,529	\$ -

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

(2) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits maturing in excess of three months	\$ 227,626	\$ -

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

	2021	2020
Interest income	\$ 4,255	\$ -

B. The Group has no financial assets at amortised cost pledged to others as collateral.

(3) Investments accounted for using the equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Foxlink Image Technology Co., Ltd.	\$ 3,426,039	\$ 3,682,263
Power Quotient International Co., Ltd.	4,414,241	2,211,702
Shih Fong Power Co., Ltd.	386,629	1,000,903
Glory Science Co., Ltd.	381,144	772,681
Synergy Co., Ltd.	35,845	-
Foxwell Energy Co., Ltd.	-	209,077
	<u>\$ 8,643,898</u>	<u>\$ 7,876,626</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 (loss) profit of \$512,752 and \$102,367 recognised for the investments accounted for using equity method for the years ended December 31, 2021 and 2020, respectively, was based on each investee's audited financial statements for the corresponding period.
- C. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2021 consolidated financial statements.

(4) 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, 2021 and 2020, were \$136 and \$181, respectively.

(5) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 910,000</u>	0.85%~0.96%	None
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 757,800</u>	1.05%	None

(6) 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, 2021</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from October 2021 to October 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.20%	-	\$ 300,000
Unsecured borrowings	Borrowing period is from September 2021 to March 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.17%	100,000	100,000
Unsecured borrowings	Borrowing period is from November 2021 to November 2023; principal is repayable in full amount at the maturity date; interest is repayable	1.173%	70,000	130,000
				<u>\$ 530,000</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, 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>

(7) Share capital

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

(8) Capital surplus

2021					
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	\$ 3,955,425	\$ 57,400	\$ 125,447	\$ 59,741	\$ 4,198,013
Capital surplus used to issue cash to shareholders	(172,370)	-	-	-	(172,370)
Transactions with non-controlling interest	-	147,382	712,436	-	859,818
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	4,858	4,858
At December 31	<u>\$ 3,783,055</u>	<u>\$ 204,782</u>	<u>\$ 837,883</u>	<u>\$ 64,599</u>	<u>\$ 4,890,319</u>
2020					
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	\$ 4,237,390	\$ -	\$ -	\$ -	\$ 4,237,390
Capital surplus used to cover accumulated deficits	(281,965)	-	-	-	(281,965)
Transactions with non-controlling interest	-	57,400	125,447	-	182,847
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	59,741	59,741
At December 31	<u>\$ 3,955,425</u>	<u>\$ 57,400</u>	<u>\$ 125,447</u>	<u>\$ 59,741</u>	<u>\$ 4,198,013</u>

- 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 \$172,370 (NT\$0.7 (in dollars) per share) on July 20, 2021.

(9) Retained earnings (accumulated deficit 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 Company. 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 deficit by using capital surplus

of \$281,965 on June 24, 2020.

- E. In accordance with the Company's Articles of Incorporation and as resolved by the Board of Directors on March 26, 2021, the Company distributed cash dividends amounting to \$73,873. Also, the appropriation of 2020 earnings as proposed and resolved by the shareholders on July 20, 2021 are as follows:

	2020	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 8,935	
Cash dividends	73,873	\$ 0.3

(10) Other income

	Year ended December 31	
	2021	2020
Revenue from directors' and supervisors' remuneration of the subsidiaries	\$ 800	\$ 2,015
Others	173	-
	<u>\$ 973</u>	<u>\$ 2,015</u>

(11) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 30,996	\$ 16,723
Directors' remuneration	4,980	2,870
Labour and health insurance fees	343	382
Pension costs	136	181
Other personnel expenses	148	222
	<u>\$ 36,603</u>	<u>\$ 20,378</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 years ended December 31, 2021 and 2020, employees' compensation was accrued at \$30,000 and \$5,600, respectively; while directors' and supervisors' remuneration was accrued at \$4880 and \$1,200, respectively. The aforementioned amounts were recognised in salary expenses.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period and the percentage

prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 24, 2022 were \$30,000 and \$4,880, respectively, and will be distributed in the form of cash.

D. The employees' compensation and directors' remuneration as resolved by the Board of Directors were the same as the estimated amount recognized in the 2020 financial statements.

E. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(12) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax:		
Current tax on profits for the year	\$ 28,028	\$ -
Income tax expense	\$ 28,028	\$ -

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 92,408	\$ 16,720
Tax exempt income by tax regulation	(90,062)	(16,384)
Taxable loss not recognised as deferred tax assets	(2,346)	(336)
Effect from alternative minimum tax	28,028	-
Income tax expense	\$ 28,028	\$ -

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, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ -	\$ -	2028

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

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

Authority.

(13) Earnings per share

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

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
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

(2) Significant related party transactions

A. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables		
PQI	19,689	-
Foxlink Image	6,977	-
	<u>\$ 26,666</u>	<u>\$ -</u>

Other receivables represent collections from subsidiaries for filing consolidated tax returns.

B. Loans to /from related parties:

(a) Loans to related parties:

(i) Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
GOYC	\$ -	\$ 219,054
Glorytek Yancheng	-	131,310
	<u>\$ -</u>	<u>\$ 350,364</u>

(ii) Interest income

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
GOYC	\$ 1,072	\$ 841
Glorytek Yancheng	708	694
	<u>\$ 1,780</u>	<u>\$ 1,535</u>

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

(3) Key management compensation

None.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. 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.

The Company carried out a “Shih Fong Power’s FongPing River and Its Tributary Hydroelectric Project” (the “Project”) in Hualien County and planned to build a weir in FongPing River for hydropower plants to generate electricity. Since 2000, the Company has successively obtained the permit to build the infrastructure as an electricity enterprise and the work permit to operate power generation equipment as an electricity enterprise (the “Work

Permit”). As the construction was unable to be completed on time, the Company has applied 15 times for an extension of the Work Permit as approved by the Ministry of Economic Affairs. The most recent one was extended from December 31, 2020 to December 31, 2021. However, the local indigenous peoples (the “Petitioners”) filed a petition on May 14, 2021 according to the Article 21 of the Indigenous Peoples Basic Law (the “Law”), stating that the land used in the construction was the “indigenous land, tribe and their adjoin-land which owned by governments”, and it shall consult and obtain consent by indigenous peoples or tribes or even their participation in accordance with the Law. The regulatory authority issued the Work Permit before the consultation and consent processes are implemented, which is not in compliance with the Law. Thus, the Petitioners filed a petition with the Executive Yuan, requesting “the suspension of the Project” and “the revocation of work permit in 2021”. The Executive Yuan dismissed the petition concerning “the suspension of the Project”, but the Petitioners filed an administrative litigation with the Taipei High Administrative Court. On December 3, 2021, the Taipei High Administrative Court rendered a judgement that the Project is suspended until the administrative litigation is finalised. The Company filed a counterappeal according to the laws to suspend the effect of the ruling. On January 24, 2022, the case was transferred to the Supreme Administrative Court for final judgement. As of the financial reporting date, the possible result of this litigation cannot be determined. In addition, regarding the dispute on “the revocation of work permit in 2021”, the Company received a letter on March 14, 2022 issued by the Ministry of Economic Affairs per Jing-Shou-Neng-Zi Letter. No. 11103002490, dated March 10, 2022. The letter is issued based on the administrative appeal decision rendered by the Executive Yuan, which requests the Company to carry out the consultation and consent processes pursuant to the Article 21 of the “Indigenous Peoples Basic Law” as the Law is applicable to the Company during the extension period, and send the consultation and consent documents obtained thereby to the Ministry of Economic Affairs.

(2) Commitments

- A. Information on endorsements/guarantees of the Company is provided in Note 13(1)B.
- B. As of December 31, 2021 and 2020, the letters of guarantee to be issued by the bank, which are required for the Group’s performance guarantee for the property procurement and installation of Taiwan Power Company’s offshore wind power project, both amounted to \$5,400,000, of which the amounts provided by the Group to banks as pledges (shown as financial assets at amortised cost) were \$1,620,000 and \$5,400,000, respectively, the endorsement and guarantee amount provided by the Company was \$4,700,000 and \$0, respectively, and the amounts pledged by the letter of guarantee assigned by subcontractors were \$1,608,370 and \$0, respectively.
- C. As of December 31, 2021 and 2020, the letters of guarantee to be issued by the bank, which are required for performance guarantee under the contracted photovoltaic electric systems, amounted to \$100,699 and \$282,681, respectively.

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

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 42,083	
Special reserve	220,768	
Cash dividends	123,121	\$ 0.5

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
<u>Financial assets at amortised cost</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 210,529</u>	<u>\$ -</u>
Financial assets at amortised cost		
Cash and cash equivalents	1,532	2,150
Financial assets at amortised cost	<u>227,626</u>	<u>-</u>
	<u>\$ 229,158</u>	<u>\$ 2,150</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Short-term borrowings	\$ 910,000	\$ 757,800
Other accounts payable	41,722	12,800
Long-term borrowings	<u>530,000</u>	<u>400,000</u>
	<u>\$ 1,481,722</u>	<u>\$ 1,170,600</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, 2021			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	\$ 457	\$ 4.3440	\$ 1,985

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 (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to (\$2,276) and \$12,054, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021			
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	1%	\$ 20	-

	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 Company'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

	Less than 1 year	Between 2 and 5 years	Over 5 years
December 31, 2021			
Short-term borrowings	\$ 910,402	\$ -	\$ -
Other payables	41,722	-	-
Long-term borrowings	6,295	534,294	-
	<u>\$ 958,419</u>	<u>\$ 534,294</u>	<u>\$ -</u>

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>

(3) Fair value information

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

(4) Others

None.

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, 2021: 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, 2021: 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.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Name	Beginning Balance		Addition (Note 1)		Decrease (Note 1)		Ending Balance			Market Value or Net Assets Value (Note 2)		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Foxlink Image Technology Co., Ltd.	164,993,974	\$ 3,682,263	-	\$ -	-	(\$ 256,224)	164,993,974	100%	\$ 3,426,039	16.28	\$ 2,686,319	None
Power Quotient International Co., Ltd.	324,690,529	2,211,702	120,000,000	2,202,539	-	-	444,690,529	100%	4,414,241	10.12	4,501,769	None
Glory Science Co., Ltd.	95,970,371	772,681	-	-	-	(391,537)	95,970,371	100%	381,144	3.97	381,144	None
Shih Fong Power Co., Ltd.	95,000,000	1,000,903	-	-	(57,500,000)	(614,274)	37,500,000	16.30%	386,629	10.62	398,308	None
Synergy Co., Ltd.	-	-	3,676,000	35,845	-	-	3,676,000	36.76%	35,845	9.75	35,845	None
LeadsunFox Greenergy Investment Co., Ltd.	21,000,000	<u>209,077</u>	-	<u>-</u>	(21,000,000)	(209,077)	-	0%	<u>-</u>	-	<u>-</u>	None
		<u>\$ 7,876,626</u>		<u>\$ 2,238,384</u>		<u>(\$ 1,471,112)</u>			<u>\$ 8,643,898</u>		<u>\$ 8,003,385</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.

Note 3: The company resigned from the directorship of Liwei Solar Energy Co., Ltd. on May 20, 2021.

After evaluation, it has lost its significant influence and subsequently accounted for financial assets measured at fair value through other comprehensive income and losses.

FIT HOLDING CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 2

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Unsecured	Bank SinoPac	\$ 660,000	110/12/29~111/1/14	0.85%	1,000,000	None	
Unsecured	Taishin Bank	150,000	110/12/22~111/1/22	0.96%	250,000	None	
Unsecured	Taishin Bank	100,000	110/12/15~111/1/14	0.96%	250,000	None	
		<u>\$ 910,000</u>					

FIT HOLDING CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
Yuanta Bank	Borrowing period is from October 2021 to October 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	\$ 300,000	110/10/15~112/10/15	1.20%	None	
Jih Sun Bank	Borrowing period is from September 2021 to March 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	100,000	110/9/28~112/3/28	1.17%	None	
Entie Commercial Bank	Borrowing period is from November 2021 to November 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	130,000	110/11/29~112/11/29	1.173%	None	
		<u>\$ 530,000</u>				

FIT HOLDING CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Function Nature	Year ended December 31, 2021			Year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating	Total	Classified as Operating Costs	Classified as Operating	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$30,996	\$30,996	\$ -	\$16,723	\$16,723
Labour and health insurance fees	-	343	343	-	382	382
Pension costs	-	136	136	-	181	181
Directors' remuneration	-	4,980	4,980	-	2,870	2,870
Other personnel expenses	-	148	148	-	222	222

Note:

1. As at December 31, 2021 and 2020, the Company had 20 and 22 employees, including 9 and 9 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 benefit expense in current year was \$2,875 ((Total employee benefit expense in current year–Total Directors' remuneration)/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$1,347 ((Total employee benefit expense in previous year–Total Directors' remuneration)/(Number of employees in previous year–Number of non-employee directors in previous year)).
 - (2) Average employee salaries in current year was \$2,818 (Total employee salaries in current year/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year was \$1,286 (Total employee salaries in previous year/(Number of employees in previous year–Number of non-employee directors in previous year)).

FIT HOLDING CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
(Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

- (3) Adjustments of average employee salaries was 119% ((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)
- (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.

FIT HOLDING CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
(Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

- (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.
- 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.

FIT HOLDING CO., LTD.

Loans to others

Year ended December 31, 2021

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, 2021	December 31, 2021							Item	Value	(Note 3)		
0	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	\$ 131,520	\$ -	\$ -	0.98%~1.20%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,273,143	\$ 3,030,857	
0	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	289,344	-	-	0.98%~1.20%	2	-	Operations	-	-	-	2,273,143	3,030,857	
0	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	600,000	-	-	1.56%	2	-	Operations				2,273,143	3,030,857	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Other receivables	Y	300,000	300,000	300,000	1.20%	2	-	Operations	-	-	-	1,074,528	1,074,528	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	218,000	217,200	217,200	1.50%	2	-	Operations	-	-	-	1,074,528	1,074,528	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	600,000	-	-	0.89-1.23%	2	-	Operations				1,074,528	1,074,528	
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	254,272	-	-	1.50%	2	-	Operations	-	-	-	152,457	152,457	
3	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	28,058	27,802	27,802	3%	2	-	Operations	-	-	-	369,064	369,064	
3	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	219,200	217,200	173,760	5%	2	-	Operations	-	-	-	369,064	369,064	
4	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	300,000	300,000	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
4	Shinfox Energy Co. Ltd.	Foxwell Power Co., Ltd.	Other receivables	Y	50,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
4	Shinfox Energy Co. Ltd.	Shinfox Natural Gas Co., Ltd.	Other receivables	Y	60,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	2,354,170	2,354,170	
5	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	523,200	521,280	521,280	1.50%	2	-	Group capital movement	-	-	-	693,916	693,916	

Note 1: Fill in the nature of the loan as follows:

- (1) Fill in 1 for business transaction.
(2) Fill in 2 for short-term financing

Note 2: The Company's and its subsidiaries' limits on loans to singal party and total loans are calculated based on the Company's and its subsidiaries' "Procedures for Provision of Loans".

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

FIT HOLDING CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2021

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

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

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

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

- (1) Limit on total endorsements is 150% of the Company's net asset.
- (2) Limit on endorsements to a single party is 140% of the Company's net asset.
- (3) Limit on total endorsements granted by the Company and its subsidiaries is 150% of the Company's net asset.
- (4) Total limit on the Company's and its subsidiaries endorsement/guarantee to a singal party is 140% of the Company's net assets and to the subsidiaries that the Company owned more than 90% (included) voting shares is 150% of the Company's net assets.
- (5) For business transaction with the Company, the guarantee amount should not exceed 150% of the amount of business transaction, which is the higher between sales and purchases.
- (6) The companies whose voting rights are 90% owned directly and indirectly by the Company can provide endorsement/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, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

FIT HOLDING CO., LTD.

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note1 : Due to cash capital increase °

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

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

Table 9

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

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

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

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

Table 10

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

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	2021	2020	Difference	
			Amount	%
Current assets	15,569,224	13,443,029	2,126,195	15.82%
Property, plant and equipment	3,469,151	3,411,488	57,663	1.69%
Intangible assets	966,092	985,094	(19,032)	(1.93%)
Other assets	4,539,369	4,967,398	(427,999)	(8.62%)
Total assets	24,543,836	22,807,009	1,736,827	7.62%
Current liabilities	9,293,411	10,542,565	(1,249,154)	(11.85%)
Non-current	3,259,907	4,087,189	(827,282)	(20.24%)
Total liabilities	12,553,318	14,629,754	(2,076,436)	(14.19%)
Equity attributable to shareholders of the parent company	7,577,144	7,058,599	518,545	7.35%
Share capital	2,462,421	2,462,421	0	0.00%
Additional paid-in capital	4,890,319	4,198,013	692,306	16.49%
Retained earnings	445,172	98,209	346,963	353.29%
Other equity	(220,768)	299,956	(520,724)	(173.60%)
Non-controlling interests	4,413,374	1,118,656	3,294,718	294.52%
Total equity	11,990,518	8,177,255	3,813,263	46.63%
Reasons for the increase or decrease in the amount in the last two years:				
1. Decrease in non-current liabilities: Mainly due to the decrease in long-term borrowings in 2021.				
2. Increase in retained earnings: Mainly due to the increase in net profit in 2021.				
3. Decrease in other equity: Mainly due to the significant decrease in the valuation of financial assets and cumulative translation adjustments.				
4. Increase in non-controlling interests and total equities: Mainly due to the decrease in shareholding ratio resulting from the disposal of part of the shareholding of the subsidiary of Shifong and the cash capital increase of Shinfox in 2021.				

II. Review and Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2021	2020	Increase (decrease) amount	Change ratio %
Operating income	11,241,928	7,053,361	4,188,567	59.38%
Operating cost	9,418,926	6,168,735	3,250,191	52.69%
Operating margin	1,823,002	884,626	938,376	106.08%
Operating expenses	1,195,161	1,105,280	89,881	8.13%
Operating profit	627,841	(220,654)	848,495	384.54%
Non-operating income and expenditure	221,759	512,107	(290,348)	(56.70%)
Net profit before tax	849,600	291,453	558,147	191.50%
Income tax expense	223,369	111,678	111,691	100.01%
Net profit for the period	626,231	179,775	446,456	248.34%

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

1. Operating revenues/operating costs and gross profit: Mainly due to the significant increase in energy service revenues and profits in 2021.
2. Operating profit: Mainly due to the increase in operating gross profit for the period.
3. Operating income and expenses: Mainly due to the proceeds from the disposal of Changhua Bei Yuan in 2020. This did not occur in the current year.
4. Net profit before tax, income tax expenses and net profit for the period: Mainly due to the increase in net operating profit in 2021 which led to the increase in 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	Effect of Exchange Rate	Cash surplus (shortage) amount	Remedies for cash shortage	
					Investment plan	Financial plan
5,148,889	(3,180,099)	3,011,511	(11,955)	4,968,346	-	-

1. Analysis of cash flow changes in recent years:
 - (1) Business activities: NT\$(3,180,099) thousand
 - (2) Investment activities: NT\$3,080,965 thousand
 - (3) Financing activities: NT\$(69,454) 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\$4.968 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 expenditures	Sources of funds	Total funds	Impact on financial operations
2021	Acquisition of property, plant and equipment	Self-own funds and bank financing	364,300	We purchased new production equipment and marine equipment to expand our production capacity, sales volume and energy management services to fulfill the needs in the market and customers.

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, 2021

Item	Explanation	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 NT386,782 thousand	The Company has reduced the number of employees, and transformed its business to develop optical communication products and other special applications.
Power Quotient International Co., Ltd.		NT3,372,180 thousand	Restructuring of organization under joint control	Profit of NT396,198 thousand	-
Foxlink Image Technology Co., Ltd.		NT\$3,011,140 thousand	Restructuring of organization under joint control	Profit of NT510,733 thousand	-
Shih Fong Power Co., Ltd.		NT299,952 thousand	Invest in other companies	Loss of NT 8,560 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 coming year is to focus on "clean energy" and "energy saving and carbon reduction" to develop our green energy and carbon reduction businesses.

VI. Risks

- (I) 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\$41,084 thousand in 2021, and the interest expense was NT\$120,652 thousand. The Company regularly assesses the interest rates of deposits and borrowings offered by banks, and at the same time obtains the average market interest rate and maintains 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. In terms of optical communication of 3C components, the Company will shift from OEM to ODM in the future, and will develop optical machine design, mold flow analysis, optical inspection, and optical coating capabilities to increase the market share and strengthen our ability to

become irreplaceable.

- (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 2021 were NT\$395,088 thousand, which accounted for approximately 3.51% of the consolidated operating income for the year. As of March 31 in 2022, the actual consolidated R&D expenses were NT\$95,678 thousand, which is approximately 3.69% of the operating income. It is estimated that the total R&D expenditure invested in this year will be 3~6% 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 (including information security risk) and industrial changes on the company's financial operations and countermeasures:

Regarding technological (including information security risk) and industrial changes, the company regularly invites relevant departments to hold meetings to discuss ways to respond; so far, technological (including information security risk) and industrial changes have not significantly impacted the company's financial operations.

- (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:

The Company	Other Party	The Year Dispute Began	Fact	Jurisdiction for Disputes
Shih Fong Power Co., Ltd.	Shanli tribe, Taiping tribe, and indigenous people	2020	The case was brought by the Shanli Tribe, the Taiping Tribe, and the indigenous people to stop the execution of the construction extension permit issued to Shih Feng Company by the Bureau of Energy, Ministry of Economic Affairs: The first trial of this case was ruled by the Taipei High Administrative Court in No. 79 of 2021 to stop the execution of the post-extension work permit issued by the Ministry of Economic Affairs on December 31, 2020 until the conclusion of the administrative dispute has made. The other sections are dismissed. Both the Ministry of Economic Affairs and Shih Feng disagreed with the aforesaid ruling and filed a petition to the Supreme Administrative Court within the statutory period. The case is still under trial and the verdict is not yet available. The case was brought by the Shanli Tribe, the Taiping Tribe, and the indigenous people to stop the execution of the construction extension	Supreme Administrative Court, Executive Yuan's Appeals and Petitions Committee.

			permit issued to Shih Feng Company by the Bureau of Energy, Ministry of Economic Affairs: The appeal is being heard by the Appeals and Petitions Committee of the Executive Yuan, and no result has been reached yet. Shih Feng Company has applied to state its opinion in the Committee.	
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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) Continuing Education/Training of Directors:

Job title	Name	Date		Host by	Course title	Training hours
Director	Kufn Lin	2021.08.18	2021.08.18	Accounting Research and Development Foundation of the Republic of China	The Process and Practice of Self-Prepared Financial Reports	3
Director	Kufn Lin	2021.09.01	2021.09.01	Accounting Research and Development Foundation of the Republic of China	Various Perspectives on New Policies of Sustainable Development, Climate Governance and Low-Carbon Management	3
Director	Kufn Lin	2021.09.24	2021.09.24	Accounting Research and Development Foundation of the Republic of China	Corporate Compliance with CPA Auditing Practices: Responsibility for “Fraud” in Financial Reporting	3
Director	Kufn Lin	2021.10.26	2021.10.26	Accounting Research and Development Foundation of the Republic of China	Various Perspectives on New Policies of Sustainable Development, Climate Governance and Low-Carbon Management	6
Director	Kufn Lin	2021.10.28	2021.10.28	Accounting Research and Development Foundation of the Republic of China	“Common deficiencies, preparation process and practice of “self-prepared financial reports” for companies”.	6
Director	Semi Wang	2021.09.01	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
Director	Semi Wang	2021.12.15	2021.12.15	Greater China Financial and Economic Development Association	Taiwan M&A Trends and Investment Holding Company Development	3
Independent Director	Ralph Chen	2021.09.27	2021.09.27	Securities and Futures Institute	Advanced Seminar on Directors’ and Supervisors’ (including Independent) and Corporate Governance Officers’ Practices - Legal Liability for Insider Trading and Case Studies	3
Independent Director	Ralph Chen	2021.09.28	2021.09.28	Taipei CPA Association	How the Board Reviews Sustainability Reports: ESG Disclosure Guidelines	3
Independent Director	Ralph Chen	2021.11.09	2021.11.09	Taiwan Corporate Governance Association	How the Audit Committee Oversees the Effectiveness of Internal Control	3
Independent Director	Cheng-Rong Chiang	2021.05.12	2021.05.12	Taiwan Institute of Directors	Learn change and transformation from the century-old enterprise	3
Independent Director	Cheng-Rong Chiang	2021.08.19	2021.08.19	Securities and Futures Institute	Advanced Seminar on Directors’ and Supervisors’ (including Independent) and Corporate Governance Officers’ Practices - Discussion on strategies and application for rewarding employees	3

Job title	Name	Date		Host by	Course title	Training hours
Independent Director	Cheng-Rong Chiang	2021.12.22	2021.12.22	Taiwan Corporate Governance Association	Corporate Governance Summit - Implementing ESG for Corporate Governance and Sustainable Development	6
Independent Director	Wei-Lin Wang	2021.05.21	2021.05.21	Taiwan Academy of Banking and Finance	Money Laundering Prevention and Fighting against Terrorism Act Amendment Highlights and the Risk Types	3.5
Independent Director	Wei-Lin Wang	2021.06.03	2021.06.03	Taiwan Academy of Banking and Finance	Family Trust and Family Business Planning Workshop (1st session)	6
Independent Director	Wei-Lin Wang	2021.07.16	2021.07.16	Digital Governance Association	Impact on Board Operations and Execution of Directors' Duties by Commercial Courts	3

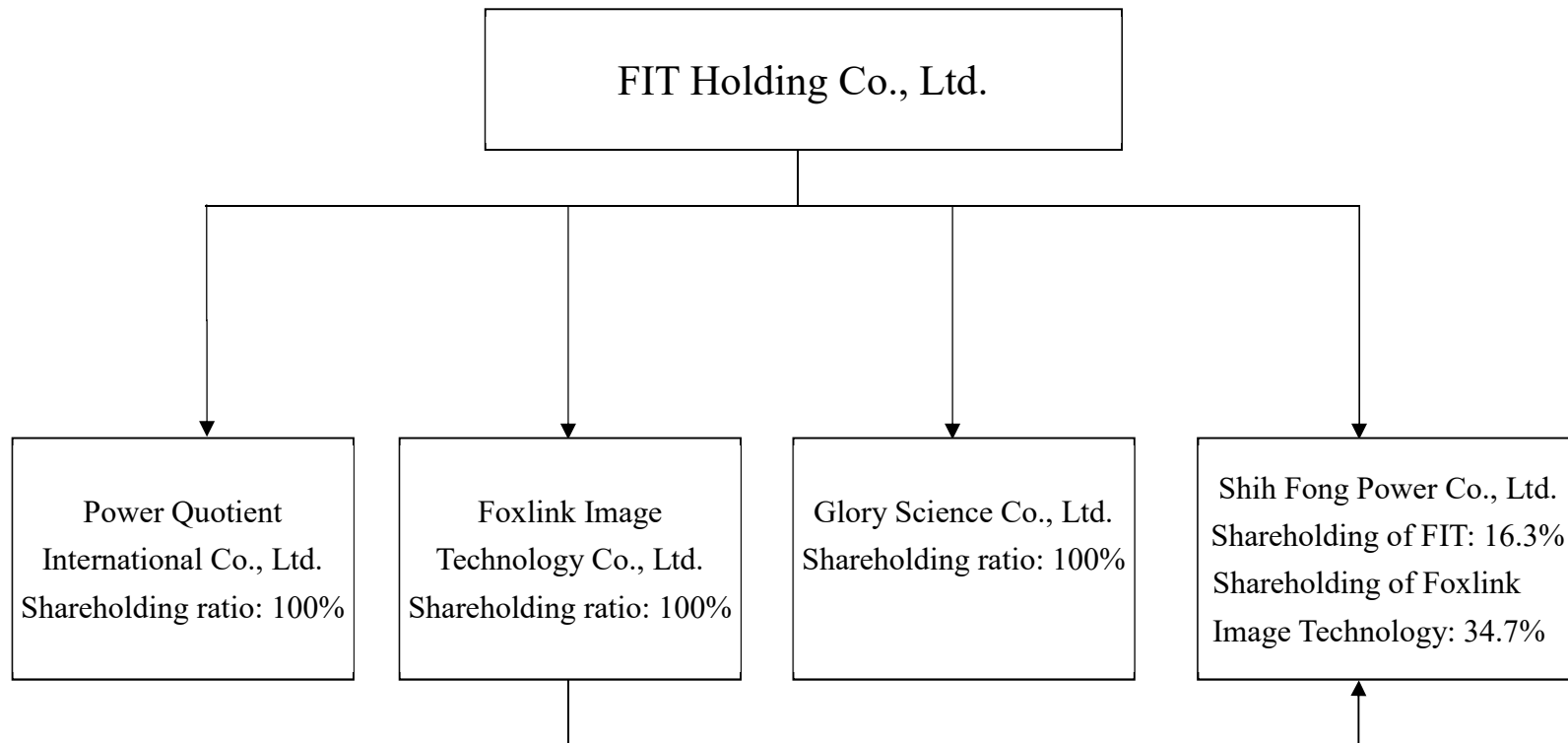
(II) Training participation by personnel related to financial information transparency:

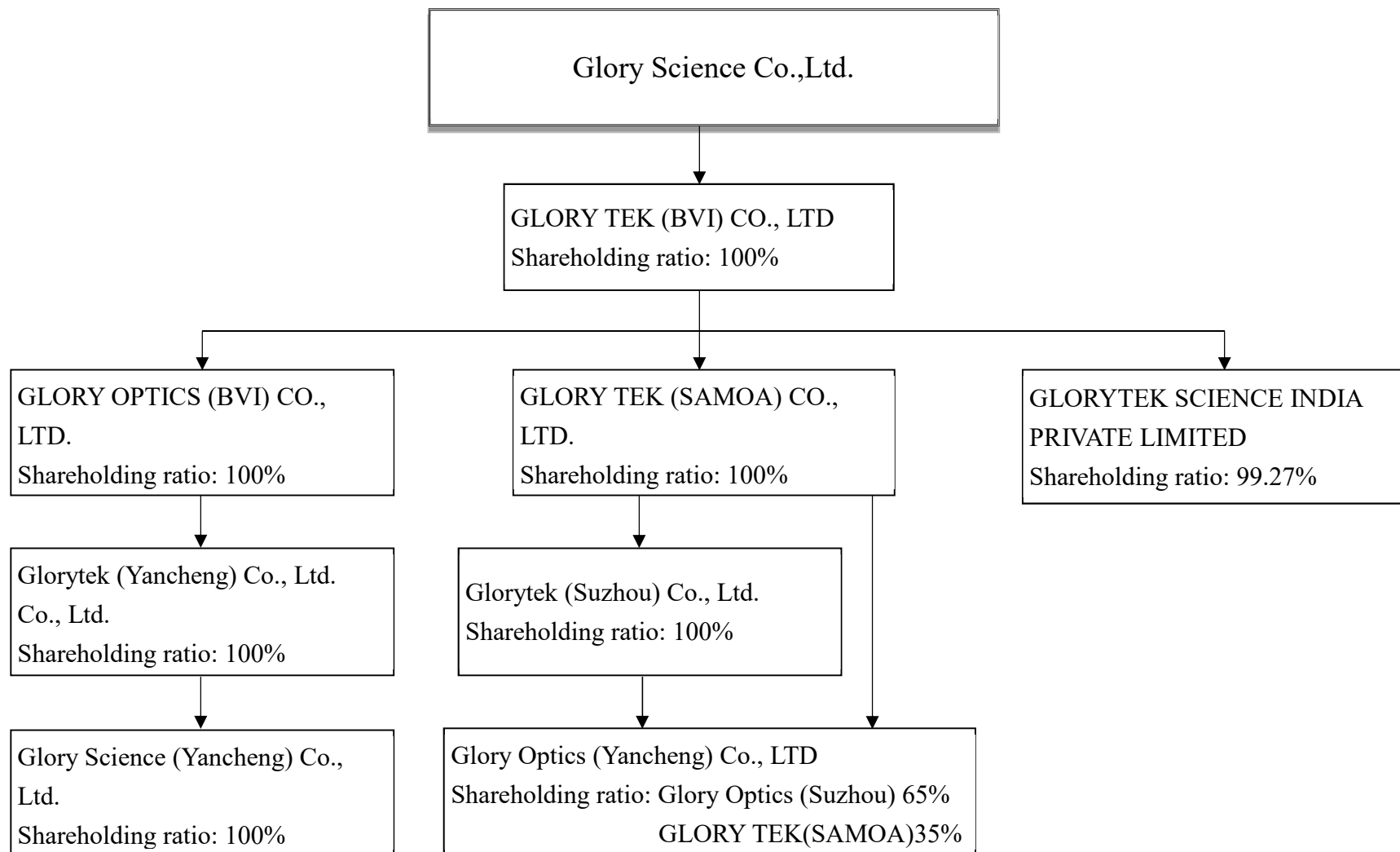
Year	Host by	Course title	Course hours	Number of company participants
2021	Accounting Research and Development Foundation of the Republic of China	The Process and Practice of Self-Prepared Financial Reports	3	1
2021	Accounting Research and Development Foundation of the Republic of China	Various Perspectives on New Policies of Sustainable Development, Climate Governance and Low-Carbon Management	3	1
2021	Accounting Research and Development Foundation of the Republic of China	Corporate Compliance with CPA Auditing Practices: Responsibility for "Fraud" in Financial Reporting	3	1
2021	Accounting Research and Development Foundation of the Republic of China	Various Perspectives on New Policies of Sustainable Development, Climate Governance and Low-Carbon Management	6	1
2021	Accounting Research and Development Foundation of the Republic of China	"Common deficiencies, preparation process and practice of "self-prepared financial reports" for companies".	6	1
2021	Accounting Research and Development Foundation of the Republic of China	Latest policy development and internal control management practices related to "self-prepared financial reports"	6	2
2021	Accounting Research and Development Foundation of the Republic of China	Common deficiencies in the preparation of financial reports and compliance with internal audit and internal control laws	6	1
2021	Institute of Internal Auditors - Chinese Taiwan	Self-Assessment Practice	6	1

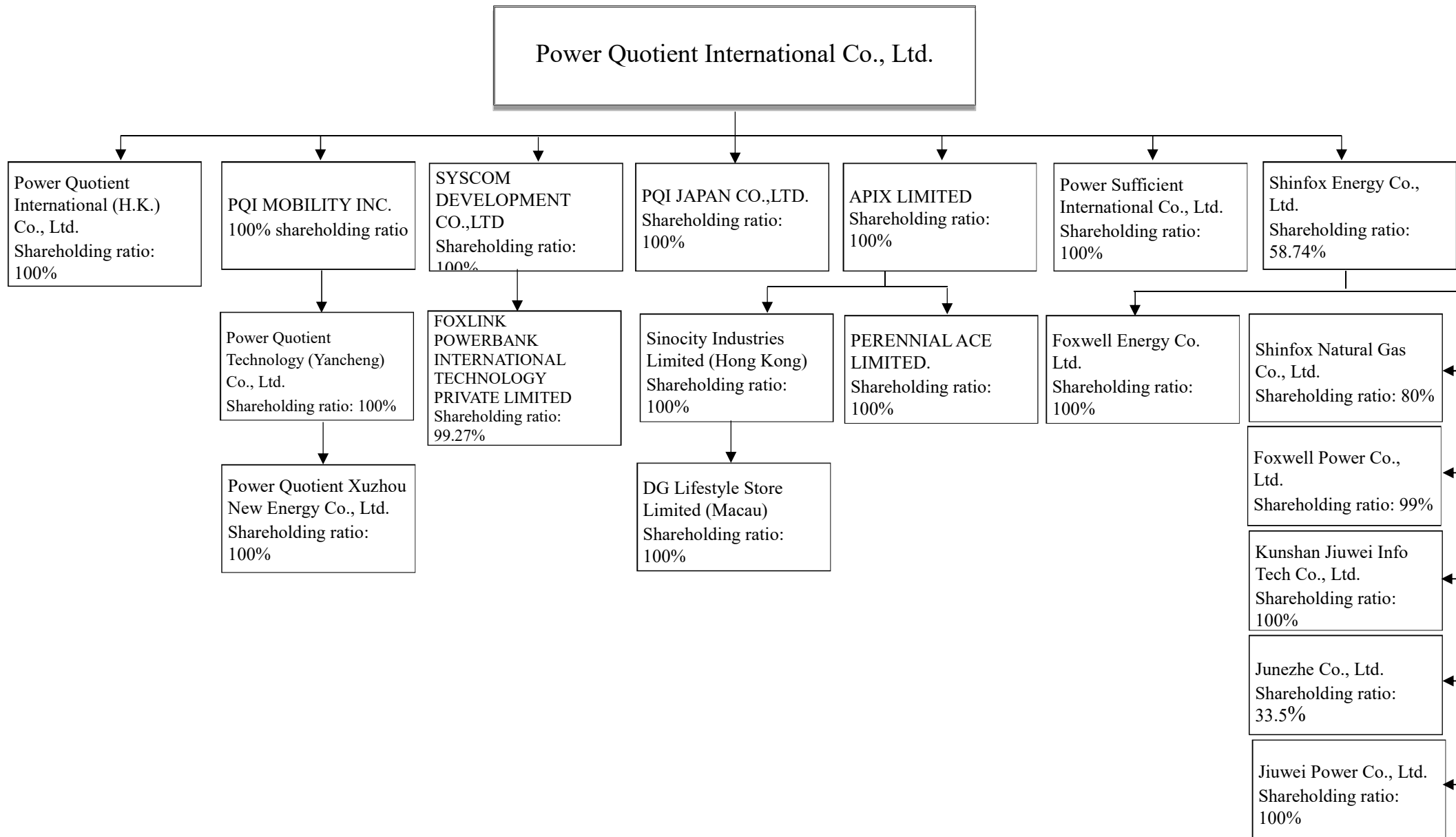
VIII. Special Items To Be Included

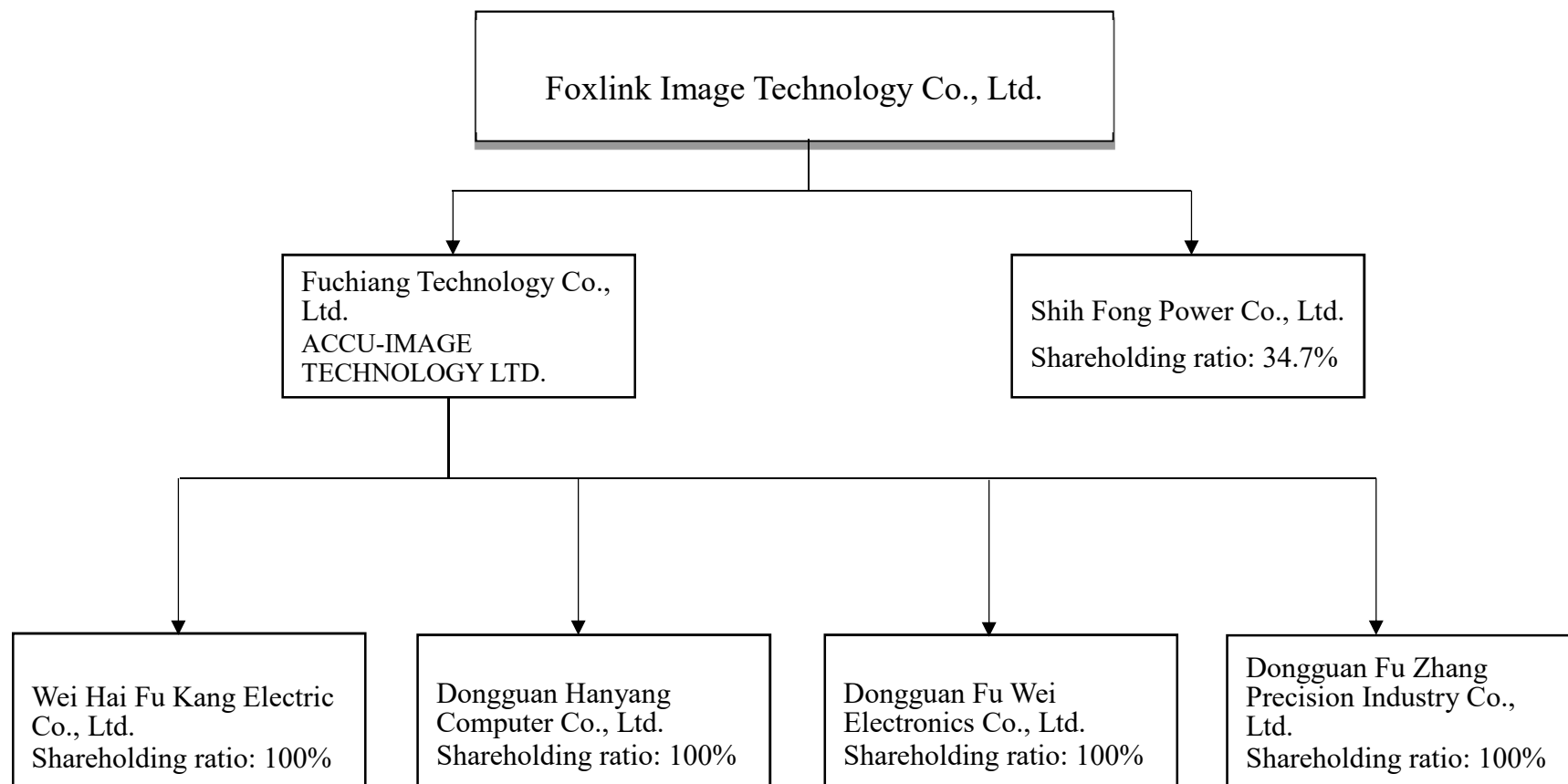
I. Information of Affiliated Enterprises

(I) Organization Chart of Affiliated Enterprises (December 31, 2021)









(II) Basic information of affiliated enterprises

December 31, 2021 Unit: NT\$ Thousand

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Glory Science Co., Ltd.	2000.06.29	No. 22, Houke South Road, Houli District, Taichung City	959,704	Production, processing and sales of optical lens components.
Power Quotient International Co., Ltd.	1997.12.31	8th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	4,446,905	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.	1997.03.25	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.	1995.01.18	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	2,300,000	Hydroelectric power generation business.
GLORY TEK (BVI) CO., LTD	2003.11.03	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	1,262,422	Holding and reinvestment business.
GLORY OPTICS (BVI) CO., LTD.	2003.12.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	494,837	Trading business.
GLORY TEK (SAMOA) CO., LTD.	2003.10.31	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	780,074	Holding and reinvestment business.
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	2011.11.11	No. 1 Standard Factory Building in Yancheng Comprehensive Bonded Zone, Jiangsu Province	249,120	Production, processing and sales of optical lens components.
Glorytek (Suzhou) Co., Ltd.	2004.01.09	Building 2, No. 2, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province	387,520	Production, processing and sales of optical lens components.
Glory Science (Yancheng) Co., Ltd.	2015.11.05	No. 50, Jiuhuashan Road, Yancheng Technology Development Zone, Jiangsu Province	43,440	Production, processing and sales of optical lens components.
Glory Optics (Yancheng) Co., LTD	2017.05.23	Room 919, No. 18, Hope Avenue South Road, Yancheng Technology Development Zone, Jiangsu Province	937,292	Production, processing and sales of optical lens components.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	2017.08.14	C-3 in Unit No.532, Logix Technova,Tower B Plot No.A-4,Sector-132 Noida Gautam Buddha Nagar-201301	81,701	Manufacturing and sales of communication and consumer electronics components.
Power Quotient International (H.K.) Co., Ltd.	1999.09.29	Unit 2018, Shatin Galleria, 18-24 Shan Mei Street, Fotan, New Territories, Hong Kong.	376,549	Electronic components trading.
PQI MOBILITY INC.	2012.12.14	Portcullis TrustNet Chambers, P.O Box 1225 Apia, Samoa	276,800	Holding and reinvestment business.
SYSCOM DEVELOPMENT CO., LTD	2000.11.09	OFFICE OF INSINGER CORPORA E SERVICES LIMITED, ROAD TOWN,TORTOLA,BRITISH VIRGIN ISLAND.	300,687	Holding and reinvestment business.
PQI JAPAN CO., LTD.	2002.04.09	5-1208 BIWAJIMA-TYO, NISHI-KU, NAGOYA CITY 451-0053, JAPAN	23,129	Electronic components trading.
APIX LIMITED	2012.12.13	Portcullis TrustNet Chambers, P.O Box 3444 Road Town,Tortola,British Virgin Islands	2,864,027	Holding and reinvestment business.
Power Sufficient International Co., Ltd.	2014.11.21	8th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	10,000	Medical equipment trading.
Shinfox Energy Co., Ltd.	2007.04.27	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	1,465,000	Machinery installation, energy technology service, and machinery manufacturing for power generation, transmission and distribution.
Power Quotient Technology (Yancheng) Co., Ltd.	2001.4.12	Room 815, Commercial Building, Comprehensive Bonded Zone, No. 18, Hope Avenue South Road, Yancheng Economic and Technological Development Zone, Jiangsu Province, China	553,600	Manufacturing and trading of electronic components.
Power Quotient Xuzhou New Energy Co., Ltd.	2020.6.18	North side of Shenda Road, Xuzhou Economic and Technological Development Zone	43,440	Battery manufacturing and trading.
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	2018.01.16	C-2 in Unit No.532, Logix Technova, Tower B Plot No. A-4, Sector -132 Noida Gautam Buddha Nagar UP 201301 IN	93,087	Manufacturing and sales of communication and consumer electronics components.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Sinocity Industries Limited (Hong Kong)	1991.12.10	Room 3906, Cable Building, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	2,395,575	Electronic product trading.
DG Lifestyle Store Limited (Macau)	2007.09.13	Shop 2109&2111, 3rd Floor, Shoppes at Venetian, Coloane Road, Macau	345	Electronic product trading.
PERENNIAL ACE LIMITED.	2012.01.17	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	589,584	Holding and reinvestment business.
Foxwell Energy Co. Ltd.	2013.02.08	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	3,000,000	Energy service management
Shinfox Natural Gas Co., Ltd.	2014.04.11	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.	2019.06.28	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.	2017.06.01	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.
Jiuwei Power Co., Ltd.	2021.11.10	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	30,000	Combined Heat and Power
Junezhe Co., Ltd.	2021.02.26	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	400,000	Dredging industry
ACCU-IMAGE TECHNOLOGY LIMITED	2000.07.18	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	366,512	Manufacturing of image scanners and multi-function printers.
Dongguan Fu Wei Electronics Co., Ltd.	2014.01.10	Yinhe Industrial Zone, Qingxi Town, Dongguan	166,080	Manufacturing of image scanners and multi-function printers.
Wei Hai Fu Kang Electric Co., Ltd.	2014.04.11	No. 373, Shuangdao Road, Shuangdao Bay, Weihai High District	221,440	Manufacturing and sales of parts and molds of photocopiers and scanners.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Dongguan Fu Zhang Precision Industry Co., Ltd.	2011.06.01	Yinhe Industrial Zone, Qingxi Town, Dongguan	224,547	Mold development and plastic parts business.
Dongguan Hanyang Computer Co., Ltd.	2000.11.24	Yinhe Industrial Zone, Qingxi Town, Dongguan	168,926	Manufacturing of image scanners and multi-function printers.

(III) Information of the same shareholders of entities which are presumed to have control and subordination relationship: None.

(IV) Industries covered by the businesses of all affiliated enterprises: manufacturing, investment, trading, retail, and energy services.

(V) Information on directors, supervisors and presidents of affiliated enterprises:

December 31, 2021 Unit: share

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Glory Science Co., Ltd.	Chairman	T. C. Gou (Note 1)	95,970,371	100%
Power Quotient International Co., Ltd.	Chairman	T. C. Gou (Note 1)	444,690,529	100%
Foxlink Image Technology Co., Ltd.	Chairman	T. C. Gou (Note 1)	164,993,974	100%
Shih Fong Power Co., Ltd.	Chairman	T. C. Gou (Note 1)	37,500,000	16.30%
	Director	Wilson Hu (Note 1)	37,500,000	16.30%
	Director	Kufn Lin (Note 1)	37,500,000	16.30%
	Director	Chiang-Chang Ru (Note 2)	57,500,000	25.00%
	Director	Shao-Bo Peng (Note 3)	46,000,000	20.00%
	Supervisor	Ching-Fan Bu (Note 4)	79,800,000	34.70%
Glory Tek (BVI) Co., Ltd.	Director	Kufn Lin	-	-
Glory Optics (BVI) Co., Ltd.	Director	Kufn Lin	-	-
GLORY TEK (SAMOA) CO., LTD.	Director	Kufn Lin	-	-
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	Legal representative	Kufn Lin	-	-

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Glorytek (Suzhou) Co., Ltd.	Legal representative	Kufn Lin	-	-
Glory Science (Yancheng) Co., Ltd.	Legal representative	Kufn Lin	-	-
Glory Optics (Yancheng) Co., LTD	Legal representative	Kufn Lin	-	-
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	Director	Kufn Lin	-	-
	Director	WU HSIANG CHIN	-	-
	Director	BENSON CHO F	-	-
Power Quotient International (H.K.) Co., Ltd.	Director	Vivien Liu (Note 5)	106,100,000	100%
PQI MOBILITY INC.	Director	Vivien Liu (Note 5)	10,000,000	100%
SYSCOM DEVELOPMENT CO., LTD	Director	Vivien Liu (Note 5)	10,862,980	100%
PQI JAPAN CO., LTD.	Director	Vivien Liu (Note 5)	24,300	100%
APIX LIMITED	Director	Vivien Liu (Note 5)	12,501	100%
Power Sufficient International Co., Ltd.	Chairman	Vivien Liu (Note 5)	1,000,000	100%
Shinfox Energy Co., Ltd.	Chairman	T.C. Gou (Note 5)	73,518,610	50.18%
	Director	Wilson Hu (Note 5)	73,518,610	50.18%
	Director	Kufn Lin (Note 5)	73,518,610	50.18%
	Director	Tsi-Jun Tu	-	-
	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 6)	(Capital contribution USD20,000 thousand, unissued shares)	100%
Power Quotient Xuzhou New Energy Co., Ltd.	Director	Chi-Hong Yeh (Note 7)	(Capital contribution CNY10,000 thousand, unissued shares)	100%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	Director Director	Vivien Liu (Note 8) Hsiang-Chin Wu	217,900,000 -	99.27% -
Sinocity Industries Limited (Hong Kong)	Director Director	Vivien Liu (Note 9) Jeffery Cheng	6,000,000 -	100% -
DG Lifestyle Store Limited (Macau)	Director	Jeffery Cheng (Note 10)	100,000	100%
PERENNIAL ACE LIMITED.	Director	Vivien Liu (Note 9)	(Capital contribution USD21,300 thousand, unissued shares)	100%
Foxwell Energy Co. Ltd.	Chairman	Wilson Hu (Note 11)	300,000,000	100%
	Director	Vivien Liu (Note 11)	300,000,000	100%
	Director	KufnLin (Note 11)	300,000,000	100%
	Supervisor	Chen-Phan Pu (Note 11)	300,000,000	100%
Shinfox Natural Gas Co., Ltd.	Chairman	T. C. Gou (Note 11)	12,000,000	80%
	Director	Wilson Hu (Note 11)	12,000,000	80%
	Director	Kufn Lin (Note 11)	12,000,000	80%
	Director	Kuei-Lung Liao (Note 11)	12,000,000	80%
	Director Supervisor	Yi-Chiu Chemical & Technical Co., Ltd. Chen-Phan Pu	3,000,000 -	20% -
Foxwell Power Co., Ltd.	Chairman	Wilson Hu (Note 11)	9,900,000	99%
	Chairman	Kufn Lin (Note 11)	9,900,000	99%
	Director	Hsia-Peng Hao (Note 11)	9,900,000	99%
	Supervisor	Chen-Phan Pu	-	-
Kunshan Jiuwei Info Tech Co., Ltd.	Legal representative	Wilson Hu	-	-
Jiuwei Power Co., Ltd.	Chairman	Wilson Hu (Note 11)	3,000,000	100%
Junezhe Co., Ltd.	Chairman	Wilson Hu (Note 11)	13,400,000	33.5%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Director	Jeffery Cheng (Note 12)	10,000,000	25%
	Director	Yueh-E Tsai (Note 13)	16,600,000	41.5%
	Supervisor	Sheng-Feng Kuo	-	-
ACCU-IMAGE TECHNOLOGY LIMITED	Director	Kufn Lin (Note 4)	13,241,034	100%
Dongguan Fu Wei Electronics Co., Ltd.	Legal representative	Kufn Lin (Note 14)	USD6,000,000	100%
Wei Hai Fu Kang Electric Co., Ltd.	Legal representative	Kufn Lin (Note 14)	USD8,000,000	100%
Dongguan Fu Zhang Precision Industry Co., Ltd.	Legal representative	Kufn Lin (Note 14)	USD 8,112,257	100%
Dongguan Hanyang Computer Co., Ltd.	Legal representative	Kufn Lin (Note 14)	HKD 47,598,184	100%

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

Note 2: Representative of C&C INVESTMENT CORPORATION

Note 3: Representative of the National Development Fund Management Committee of the Executive Yuan

Note 4: Representative of Foxlink Image Technology Co., Ltd.

Note 5: Representative of Power Quotient International Co., Ltd.

Note 6: Representative of PQI Mobility Inc.

Note 7: Representative of Power Quotient Technology (Yancheng) Co., Ltd.

Note 8: Representative of Syscom Development Co., Ltd.

Note 9: Representative of Apex Limited

Note 10: Representative of Sinocity Industries Limited (Hong Kong)

Note 11: Representative of Shinfox Energy Co., Ltd.

Note 12: Representative of Studio A Co., Ltd.

Note 13: Representative of Chern Feng Engineering Tech Co., Ltd.

Note 14: Representative of Accu-Image Technology Limited

(VI) Operation overview of affiliated enterprises

Financial status and operating results of affiliated enterprises in 2021:

Unit: NT\$ thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss (after tax)	Basic earnings per share (NT\$) (after tax)
Glory Science Co., Ltd.	959,704	2,155,058	1,773,914	381,144	229,476	(153,776)	(386,782)	(4.03)
Power Quotient International Co., Ltd.	4,446,905	5,382,957	881,189	4,501,768	49,865	(540,141)	396,198	0.89
Foxlink Image Technology Co., Ltd.	1,649,940	7,190,297	4,503,977	2,686,320	4,264,206	320,617	510,733	3.10
Shih Fong Power Co., Ltd.	2,300,000	2,461,545	18,591	2,442,955	-	(10,705)	(8,560)	(0.04)
Glory Tek (BVI) Co., Ltd.	1,262,422	438,285	-	438,285	-	-	(274,232)	(6.74)
Glory Optics (BVI) Co., Ltd.	494,837	(169,785)	-	(169,785)	-	(7)	(113,038)	(7.06)
GLORY TEK (SAMOA) CO., LTD.	780,074	526,272	-	526,272	-	-	(161,299)	(6.44)
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	249,120	593,249	1,006,835	(413,587)	190,490	(108,706)	(111,457)	Not applicable
Glorytek (Suzhou) Co., Ltd.	387,520	525,797	156,336	369,462	-	(947)	(104,137)	Not applicable
Glory Science (Yancheng) Co., Ltd.	43,440	141,835	0	141,835	0	(528)	(506)	Not applicable
Glory Optics (Yancheng) Co., LTD	937,292	1,371,062	908,709	462,353	78,895	(168,886)	(163,866)	Not applicable
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	81,701	82,801	474	82,327	-	(179)	108	0.01
Power Quotient International (H.K.) Co., Ltd.	376,549	604	5,242	(4,638)	0	(59)	(87)	0.00
PQI MOBILITY INC.	276,800	695,600	1,684	693,916	0	(977)	4,315	0.43
SYSCOM DEVELOPMENT CO., LTD	300,687	85,004	404	84,600	0	(214)	494,976	45.57
PQI JAPAN CO., LTD.	23,129	2,937	158,620	(155,683)	0	0	0	0.00
APIX LIMITED	2,864,027	1,465,892	343,065	1,122,827	1,988,219	90,711	102,062	8164.31
Power Sufficient International Co., Ltd.	10,000	13,274	221	13,053	0	(1)	3,926	3.93
Shinfox Energy Co., Ltd.	1,465,000	7,913,705	2,028,279	5,885,426	2,714,079	460,650	455,939	3.78

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss (after tax)	Basic earnings per share (NT\$) (after tax)
Power Quotient Technology (Yancheng) Co., Ltd.	553,600	695,600	1,684	693,916	-	(958)	4,315	Not applicable
Power Quotient Xuzhou New Energy Co., Ltd.	43,440	43,549	1	43,548	-	(19)	109	Not applicable
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	93,786	82,645	404	82,241	-	(213)	(19)	Not applicable
Sinocity Industries Limited (Hong Kong)	2,395,575	1,221,181	334,228	886,953	1,975,330	92,293	79,406	Not applicable
DG Lifestyle Store Limited (Macau)	345	47,290	48,007	(717)	141,001	(1,582)	(1,351)	(13.51)
PERENNIAL ACE LTD.	589,584	235,746	-	235,746	-	-	22,656	Not applicable
Foxwell Energy Co. Ltd.	3,000,000	4,978,473	1,843,840	3,134,633	1,501,696	142,857	88,453	0.83
Shinfox Natural Gas Co., Ltd.	150,000	130,100	17,634	112,466	1,048	(21,275)	(16,878)	(1.13)
Foxwell Power Co., Ltd.	100,000	218,625	115,284	103,341	157,250	2,498	2,082	0.21
Kunshan Jiuwei Info Tech Co., Ltd.	1,536	20,148	2,134	18,014	22,245	4,427	4,401	Not applicable
Junezhe Co., Ltd.	400,000	416,530	8,803	407,727	44,527	9,684	7,747	0.25
Jiuwei Power Co., Ltd.	30,000	29,984	30	29,954	0	(47)	(46)	(0.02)
ACCU-IMAGE TECHNOLOGY LIMITED	366,512	1,651,906	120,091	1,531,815	283,361	23,080	173,844	Not applicable
Dongguan Fu Wei Electronics Co., Ltd.	166,080	495,643	133,017	362,626	850,969	(142,335)	(147,083)	Not applicable
Wei Hai Fu Kang Electric Co., Ltd.	221,440	347,020	88,028	258,992	349,425	5,807	10,438	Not applicable
Dongguan Fu Zhang Precision Industry Co., Ltd.	224,547	296,042	81,280	214,762	187,599	(40,882)	(44,262)	Not applicable
Dongguan Hanyang Computer Co., Ltd.	168,926	272,992	1,798	271,194	0	(14,391)	25,470	Not applicable

(VII) Consolidated financial statements of affiliated enterprises:

FIT Holding Co., Ltd.

Consolidated financial statements of affiliated enterprises

Pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, as of and for the year ended December 31, 2021, the Company that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared, provided that a statement to that effect is made and presented on the front page of the consolidated financial report.

Very truly yours,

FIT Holding Co., Ltd.

Chairman: T.C. Gou

March 24, 2022

(VIII) Report on the Relationship:

FIT Holding Co., Ltd.

Relationship Report

The Company's report on relationships as of and for the year ended December 31, 2021 was prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and the information disclosed was not materially inconsistent with the information disclosed in the notes to the financial statements for the preceding period.

FIT Holding Co., Ltd.

Chairman: T.C. Gou

March 24, 2022

FIT Holding Co., Ltd.
CPA's Review on the Relationship Report

Our Ref:21019596

To FIT Holding Co., Ltd.:

The report on relationships of FIT Holding Co., Ltd. ("the Company") as of and for the year ended December 31, 2021 has declared that it was prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and the information disclosed was not materially inconsistent with the information disclosed in the notes to the financial statements for the preceding period.

The report on relationships of FIT Holding Co., Ltd. ("the Company") as of and for the year ended December 31, 2021 has declared that it was prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and the information disclosed was not materially inconsistent with the information disclosed in the notes to the financial statements for the preceding period.

PwC Taiwan

Se-Kai Lin
Certified Public Accountant
Yi-Chang Liang

Former Approved Number issued by Securities and Futures Bureau,
Financial Supervisory Commission, Executive Yuan:
Jin Guan Zheng Lu Zi No.: 0960072936
Financial Supervisory Commission
Approved No. : Jin Guan Zheng Shen Zi No. 1070303009

March 24, 2022

FIT Holding Co., Ltd.
2021 Report on the Relationship:

1. The relationship between the subordinate company and the controlling company

The Company is a subordinate of Cheng Uei Precision Industry Co., Ltd. Information about the Company are as follow:

Unit: thousand shares; %

Name of the Controlling Company	Reasons for the Control	Details of Shareholding and Pledges			Any Directors or Supervisors Appointed to the Subordinate Company by the Controlling Company	
		Number of shares held	Shareholding ratio	Number of shares pledged	Job title	Name
Cheng Uei Precision Industry Co., Ltd.	With a majority of the Company's directorships	94,049(Note)	38.19%(Note)	-	Chairman	T.C. Gou
					Director	Kufn Lin
					Director	Jeffery Cheng
					Director	Hwee Kian Lim
					Director	Semi Wang
					Director	Wilson Hu

Note: Indirectly held through Foxlink International Investment Co., Ltd., Chi-De Investment Co., Ltd. and Fu Uei International Investment Ltd.

2. The description of business transactions between the subordinate company and the controlling company
The business transactions between the Company and its controlling company, Cheng Uei Precision Industry Co., Ltd. for the year ended December 31, 2021 were as follows:

(1) Purchase (sale) of goods

Unit: NT\$ thousand;%

Name of the Controlling Company	Business transactions with the Controlling Company				Transaction terms and conditions		Ordinary transaction terms and conditions		Difference	Accounts receivable (payable)		Tardiness in account receivable		
	Purchase (sale) of goods	Amount	Percentage of total purchase (sales)	Gross profit on sales	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	Percentage of total accounts receivable (payable)	Amount	Treatment (Handling Method)	Allowance for doubtful accounts
Cheng Uei Precision Industry Co., Ltd.	Sales	\$56,060	0.50%	\$1,487	Note1	Credit on 90 - 120 days	Note1	Note1	Note1	\$15,097	1.26%	-	-	-
	Purchase	\$16,916	0.21%	-	Note2	Credit on 90 - 120 days	Note2	Note2	Note2	\$2,376	0.09%	-	-	-

Note1: The sale price is negotiated by both parties and is not sold to other customers.

Note2: The purchase price is negotiated by both parties.

(2) Property transactions: None.

(3) Financing

Unit: NT\$ thousand;%

Transaction Type	Maximum outstanding balance	Balance at December 31, 2021	Interest rate	Total interest	Period	Reason for short-term financing	Collateral		The manner of deciding on this transaction	Allowance for doubtful accounts
							Item	Value		
Borrow	\$4,000,000	\$-	1.5%	\$29,753	One Year	Operations	-	-	The board of directors	NA

(4) Asset leasing:

Unit: NT\$ thousand;%

Type of transaction (Rent out or lease)	Name of the object leased		Lease period	Nature of leasing	The method by which the leasing price was determined	The collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection/payment status		Other stipulations
	Name	Location									
Lease	Office	Tucheng District, New Taipei City	2013 - 2028	Capitalization (Note)	At the market rate	Monthly payment	No material difference	\$22,869	Good		None
		Bao Shan Village, Hsinchu County	2013 - 2028	Capitalization (Note)	At the market rate	Monthly payment	No material difference	\$723	Good		None
Lease	Office	Houli District, Taichung City	2021 - 2023	Business leasing	At the market rate	Monthly receivable	No material difference	\$18,244	Good		None

Note: Right-of-use assets and lease liabilities have been recognized in accordance with IFRS 16 Leases.

(5) Other significant transactions: None.

III. The endorsement and guarantee between the subordinate company and the controlling company

IV. Other matters that have a material effect on financial and business operations: None.

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