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FIT Holding Co., Ltd.

2022

Annual Report

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- I. Company spokesperson and acting spokesperson
Spokesperson: Fanny Luo
Job Title: Manager
Acting spokesperson: Kufn Lin
Job Title: Chief Financial Officer
Telephone: (02)2269-9866
E-mail: contactus@fit-holding.com
- II. Company address and telephone
FIT Holding Co., Ltd.
Address: No.49, Sec.4, Zhongyang Rd., Tucheng Dist., New Taipei City
Telephone: (02)2269-9866

Foxlink Image Technology Co., Ltd.
Address: No.49, Sec.4, Zhongyang Rd., Tucheng Dist., New Taipei City
Telephone: (02)2269-9888

Glory Science Co.,Ltd.
Address: No. 22 Houke South Road, Houli District, Taichung
Telephone: (04)2558-7889

Power Quotient International Co., Ltd.
Address: No.49, Sec.4, Zhongyang Rd., Tucheng Dist., New Taipei City
Telephone: (02)2269-9889

Shih Fong Power Co., Ltd.
Address: No.49, Sec.4, Zhongyang Rd., Tucheng Dist., New Taipei City
Telephone: (02)2269-9888
- III. Stock Transfer Agency
Name: Grand Fortune Securities
Address: 6F, No.6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City.
Website: www.gfortune.com.tw
Telephone: (02)2371-1658
- IV. Name, firm name, address, website and telephone number of the CPAs for the most recent financial report
Names of CPAs: Zhou,Hsiao-Zi, Liang Yi- Chang
Firm Name: PricewaterhouseCoopers
Address: 27F, No. 333, Section 1, Keelung Road, Taipei City.
Website: www.pwc.tw
Telephone: (02)2729-6666
- V. Name of the trading place where overseas securities are listed for trading, and inquiry method of the information of overseas securities:
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 2022 was NT\$12,069,249 thousand, a increase of 7.36% compared with NT\$11,241,928 thousand in 2021. The net profit after tax attributable to the parent company in 2022 was NT\$529,589 thousand, an increase of 22.02% from the NT\$434,012 thousand net profit after tax attributable to the parent company in 2021; the fact that Foxlink Image Technology Co., Ltd. received more orders than expected contributed to the slight increase in revenue and profit; the loss of Glory Science Co., Ltd. was reduced due to the efforts made by the team. In 2022, despite the impact of the COVID-19 pandemic, the Russia-Ukraine war, high inflation rate and climate change, the Group was able to grow its revenue and profit compared to the previous year. The Group has all of its employees to thank for their hard work and efforts, and its shareholders for their contributions and support 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 business development 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 will transform to develop optical communication products and other special applications, which is expected to get out of the red; in an effort to promote green energy, environmental protection and carbon footprint reduction, Power Quotient has planned to launch electric bicycles and peripheral products to create greater benefits 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 clean energy industry. At present, Shih Fong Power Co., Ltd. is in charge of hydropower, Shinfox Energy is in charge of land wind power and solar power plant turnkey projects and maintenance, and Foxwell Energy Corporation Ltd. is 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. Jiuwei Power Co., Ltd. was established in November 2021, whose main business is the development, construction and operation of natural gas power plants. Founded in March 2022, Yuanshan Forestry focuses on the development of carbon capture and storage technology, which is part of the Group's effort of advanced planning in response to climate change to achieve its goal of sustainability.

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.

I. 2022 Business Results

(I) Business Plan Implementation Results

Unit: NT\$ thousand

Item	2022	2021	Growth rate
Operating income	12,069,249	11,241,928	7.36%
Operating cost	10,259,716	9,418,926	8.93%
Operating margin	1,809,533	1,823,002	(0.74%)
Operating expenses	1,255,560	1,195,161	5.05%
Operating profit	553,973	627,841	(11.77%)
Non-operating income and expenditure	292,548	221,759	31.92%
Net profit before tax	846,521	849,600	(0.36%)
Net profit for the period	660,391	626,231	5.45%
Net profit attributable to the parent company	529,589	434,012	22.02%

(II) Budget Implementation Status

The company did not prepare the 2022 financial forecast, so this is not applicable.

(III) Profitability Analysis

Year		2022	2021
Return on assets (%)		2.69	3.02
Return on shareholders' equity (%)		4.95	6.21
Percentage of paid-in capital (%)	Operating profit	22.50	25.5
	Net profit before tax	34.38	34.5
Net profit rate (%)		5.47	5.57
Basic earnings per share (NT\$) (Note)		2.15	1.76

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. Optical mold technology and forming technology.
3. Improved automation capabilities.
4. Process efficiency and yield.
5. R&D of new materials for general optical use.
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 optical products and technologies.
10. Application and cooperative development of other optical products.

3C Retail and Peripheral Products:

1. The direct impact on Apple's lightning charging interface is expected to drive a new wave of Apple's USB-C charging peripherals and wireless charging (MagSafe) demand. USB-C charging cables will also need to provide more specific support wattage and restrictions.

The USB-C interface charging and transmission cable specification are in line with the new USB-iF protocol, and the newly released USB4 specification supports different operating system platforms to integrate charging, transmission, and video.

2. In response to the needs of fast charging for mobile devices, a series of fast charging products have been launched, including fast chargers with output requirements of GaN140W, 100W, 65W and 35W. In response to the growing demand for handheld gaming devices, advanced fast charging products featuring NS along with HDMI+HUB functions have been developed to provide simultaneous charging and docking for multiple devices.
3. Following the lifting of pandemic-related restrictions, the demand for mobile power has been boosted by the influx of people traveling abroad. The Company continues to plan PD10000mAh/20000mAh and MagSafe wireless power banks, and develop high output wattage power banks to provide wireless charging for laptops, tablets, office mobility and business trips.
4. For the electric bicycle market of over 2.8 million units across four regions (Taiwan/Japan/USA/Australia), the Company's current strategy is to develop potential customers and channels in the four regions with a dual-focus on branding and OEM to meet the needs of different customer groups, such as mini velos, commuter bikes, parent-child bikes, road bikes and off-road bikes.

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 striving to cultivate R&D talents, including talents of software, firmware, optics, electronics and institutions, strengthening on-the-job training, and enriching the capability of the R&D team.
3. Continuing to develop related products such as digital imaging and automatic paper feeder modules and actively investing in mold development to increase the company's core mold technology and enhance mold competitiveness to strengthen one-stop service to customers.
4. Establishing a complete testing centers in Taiwan, Dongguan Qingxi and Shandong Weihai to provide rapid testing and verification services during the R&D phase, as well as rapid support and improved product design quality.
5. To promote the control of prohibited substances, lead-free products, and to develop materials and products that meet environmental protection requirements. Paying close attention to environmental requirements and restrictions in different countries.
6. Committed to bridging the gaps in the world of conservation and continuing to promote ESG sustainability.

II. Summary of 2023 Business Plan

(I) Business Policy

After the establishment of the Company, Glory Science Co., Ltd., Power Quotient International and Foxlink Image Technology can further strengthen the advantages in their respective professional fields; later, Shifeng Power and Shinfox Energy will get on board to get a foothold in the energy service field. Under the complementary resource sharing and full cooperation of marketing, procurement and R&D, each company's resources are integrated to give full play to the advantage of integrated marketing. After the vertical integration between upstream and downstream products, the scale of operations will be expanded to increase economic benefits and improve overall operating performance and competitiveness, thereby increasing the future room for growth between each other. At the same time, commanding heights and new opportunities for the future development and sustainable operation of the optoelectronic, communication and digital imaging businesses can be obtained to provide customers with quality, efficient and comprehensive services so as to create the company's best operating performance and seek the maximum profit for shareholders.

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

(II) Expected Sales Volume and Its Basis

The Group's products are mainly consumer electronics and engineering business, power plant investment and energy services. With the active expansion of customer base, new product development and renewable energy development, it is expected that each business will grow stably.

(III) Important Production and Marketing Policies

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

III. Future Company Development Strategy

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

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

Faced with the rapidly changing industry and operating environment, the Group will further implement business management, improve operating efficiency, and respond to the company's operations with a more positive attitude and service. In addition to continuing to

control fixed marketing costs, the Group will also use its relevant resources to develop and produce products to strengthen its cost competitiveness and timeliness. In the meantime, the company will integrate the technical guidance of the Group to develop forward-looking products, strengthen product differentiation and enhance competitiveness. Green energy is supported by current policies and regulations and will bring a greater vision to the FIT Holding Group.

Responsible person: T.C.Gou Managerial Officer: Wilson Hu Chief Accounting Officer: Kufn Lin

II. Company Profile

I. Date of Establishment: October 1, 2018

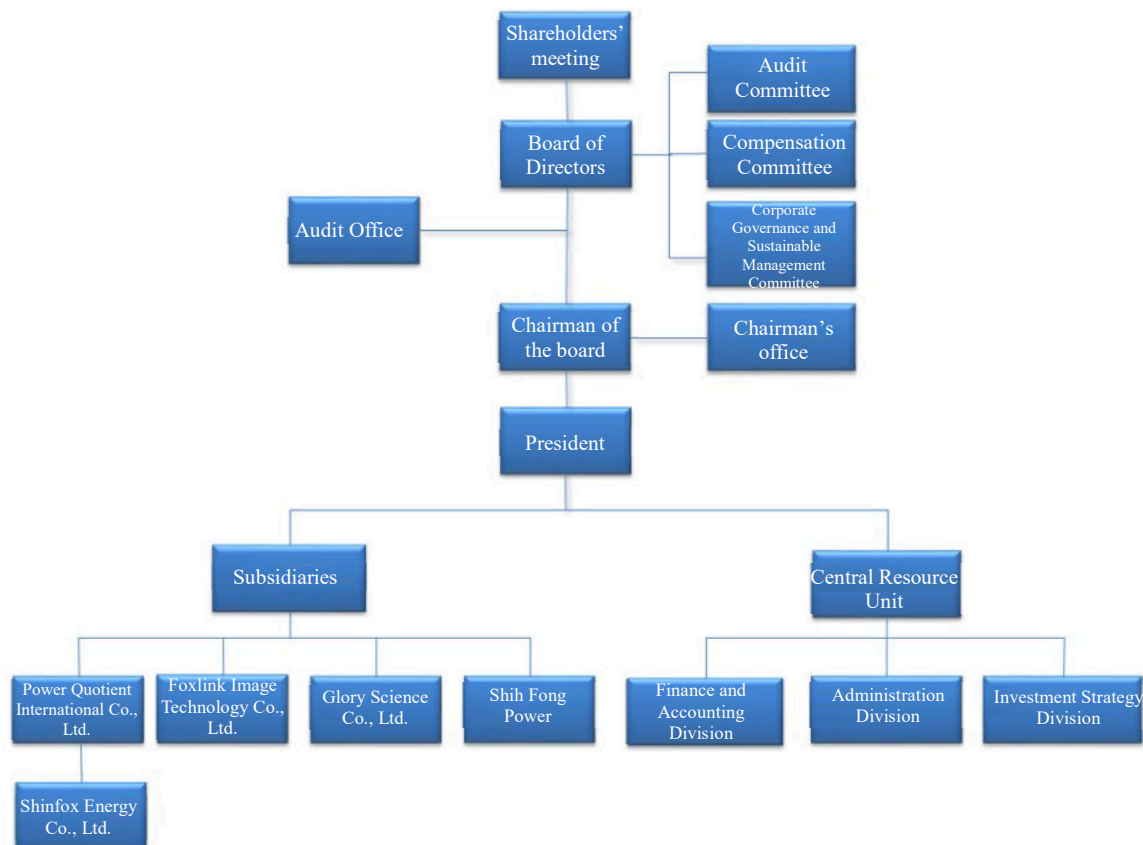
II. Company History:

- | | |
|------|---|
| 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 Shifeng 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 Hsingwei 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. |
| 2022 | <ul style="list-style-type: none">• The Corporate Governance and Sustainable Development Committee was established on November 12, 2021.• Subsidiary Shinfox Energy Co., Ltd. handles capital increase, and the Group holds 47.63% of its equity.• The directors were re-elected upon the expiration of their terms of office; 9 directors were elected, 3 of whom were independent directors.• Completed preparing the sustainability report. |

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 (I)															April 1, 2023	Unit: Share				
Job title	Nationality or place of registration	Name	Gender Age	Appointment (taking office) Date	Term of office	First appointment Date	Appointed Shareholding		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 of the board	Republic of China	Foxlink International Investment Co., Ltd.	-	June 17, 2022	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 17, 2022	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 4	None	None	None	None
Director	Republic of China	Foxlink International Investment Co., Ltd.	-	June 17, 2022	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 17, 2022	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 4	None	None	None	None
Director	Republic of China	Hsin Hung International Investment Co., Ltd.	-	June 17, 2022	3 years	June 17, 2022	5,419,329	2.20%	5,419,329	2.20%	0	0%	0	0%	None	None	None	None	None	None
	Republic of China	Jeffrey Cheng (note 2)	Male 61-70	June 17, 2022	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 4	None	None	None	None
Director	Republic of China	Hsin Hung International Investment Co., Ltd.	-	June 17, 2022	3 years	June 17, 2022	5,419,329	2.20%	5,419,329	2.20%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Singapore	Hui-Juan Lin (note 2)	Female 51-60	June 17, 2022	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, Foxlink Image Technology Co., Ltd.	Note 4	None	None	None	None

Job title	Nationality or place of registration	Name	Gender Age	Appointment (taking office) Date	Term of office	First appointment Date	Appointed Shareholding		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	
Director	Republic of China	Foxlink Taiwan Investment Co., Ltd.	-	June 17, 2022	3 years	June 17, 2022	2,771,276	1.13%	2,771,276	1.13%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Republic of China	Wilson Hu (Note 3)	Male 51-60	June 17, 2022	3 years	June 21, 2019	0	0%	0	0%	0	0.00%	0	0.00%	M.S. in Information Management, National Taiwan University President and Director, Shinfox Energy Co., Ltd. Chairman, Foxwell Energy Co., Ltd. Standing Supervisor, Taiwan Electrical and Electronic Manufacturers' Association Standing Director, Association of National Tsing Hua University Alumni Director, Friends of the Police Association of the Republic of China	Note 4	None	None	None	None
Director	Republic of China	Foxlink Taiwan Investment Co., Ltd.	-	June 17, 2022	3 years	June 17, 2022	2,771,276	1.13%	2,771,276	1.13%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Republic of China	Semi Wang (Note 3)	Male 61-70	June 17, 2022	3 years	June 29, 2019	0	0%	0	0%	0	0.00%	0	0.00%	MBA, University of Leicester, UK President and Vice Chairman of NexPower Optoelectronics Co., Ltd.	Note 4	None	None	None	None
Independent Director	Republic of China	Ralph Chen	Male 51-60	June 17, 2022	3 years	June 21, 2019	0	0%	0	0%	0	0.00%	0	0.00%	Department of Accounting, Tunghai University CPA of Shanghai Certified Public Accountants	Note 4	None	None	None	None
Independent Director	Republic of China	Cheng-Rong Chiang	Male 61-70	June 17, 2022	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 Environmental Protection Equipment Industry Association, Minister of the "Domestic Environmental Protection Equipment Quality Certification Review Committee" of the Industrial Bureau of the Ministry of Economic Affairs Independent Director, HONY TECHNOLOGY CORPORATION, LTD. Independent Director, Chen Full International Co., Ltd. Independent Director, Glory Science Co., Ltd.	Note 4	None	None	None	None
Independent Director	Republic of China	Wei-Lin Wang	Male 51-60	June 17, 2022	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 4	None	None	None	None

Note 1: Legal representative of Foxlink International Investment Ltd.

Note 2: Legal representative of Hsin Hung International Investment Co., Ltd.

Note 3: Legal representative of Foxlink Taiwan Industry Co., Ltd.

Note 4:

Directors:	Positions at the company and other companies concurrently held
T.C. Gou	Chairman of Cheng Uei Precision Industry Co., Ltd., Shinfox Energy 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., Shih Fong Power, Central Motion Picture USA Corporation and Luminys Systems Corp; Director of WELL BENEFIT LIMITED and PILOT TIME LIMITED
Kufn Lin	Director of Well Shin Technology Co., Ltd., Shinfox Energy 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 Natural Gas, Straight A, Jing Jing Technology, Wellgen Medical, Shih Fong Power, Fu Uei Power, 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), Changpin wind power Ltd., SHINFOX FAR EAST COMPANY PTE LTD. 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 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. Supervisor, Fugang Electronics (Xuzhou) Legal representative of Fugang Electric (Yancheng), Fuqiang Electric (Yancheng), Fugang Electric (Kunshan), Dongguan Fuqiang Electronics, Fugang Electric (Maanshan), Fuqiang Electric (Ma'anshan), Dongguan Fu Uei Electronics, Kunshan Fugang Electric, Kunshan Fugang Investment Suzhou Keyu Rui Automobile Technology, Dong Guan Fu Zhang Precision Industry, Wei Hai Fu Kang Electric and Dong Guan Han Yang Computer.
Jeffrey Cheng	Chairman of Jing Jing Technology, Jingsheng Technology and Ashop Co., Ltd. Director of VA Product International, Kunshan Fugang Electric Trading, Jingshi Hong Kong, Shanghai Fugang Electronic Trading, Kunshan Fu Shi You Trading, Sinocity Industries Limited, Shanghai Benchmarking Information and DG Lifestyle Store Limited. President of Studio A Inc., Studio A Hong Kong, 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 of Creative Sensor Inc., Director of Taiwan Electrical and Electronic Manufacturers' Association
Wilson Hu	President and Director of Shinfox Energy Co., Ltd. Chairman of FOXWELL ENERGY CORPORATION LTD., FOXWELL Power Co., Ltd., SHINFOX NATURAL GAS CO., LTD., Jiuwei Power Co., Ltd. Yuanshan Forest Natural Resources Co., Ltd., Elegant Energy TECH Co., Ltd., Changpin wind power Ltd., Kuan Wei Power Co., Ltd., Ti Wei Power Co., Ltd., Liang Wei Power Co., Ltd., and SHINFOX FAR EAST COMPANY PTE LTD Director of Shih Fong Power Co., Ltd., SFI ELECTRONICS TECHNOLOGY INC., Yi Chun Green Technology Co., Ltd., and Unicon Optical Co., Ltd. Legal representative of Kunshan Jiuwei Info Tech, Independent Director of Gudeng Precision Co., Ltd. and EBM Technologies Incorporated
Ralph Chen	Certified Public Accountant of Shangjin Certified Public Accountants, Independent Director of Ruibao Gene Co., Ltd., Independent Director of Triocean Industrial Co., Ltd., and Independent Director 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 Shampo Co., Ltd., Independent Director of Alpha Networks Inc. and Independent Director of Sheng Nan Electronics Co., Ltd., Adjunct Professor of Tamkang University Department of Aerospace Engineering, Director and Strategic Advisor of Commerce Development Research Institute, Ministry of Economic Affairs
Wei-Lin Wang	CEO of ITRI Technology Transfer and Legal Center, Independent Director of Cigna Taiwan Life Assurance Company Ltd.

Major Shareholders of Corporate Shareholders

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

Name of the corporate	Major shareholders of the corporate
Cheng Uei Precision Industry Co., Ltd.	Hsin Hung International Investment Co., Ltd. (19.62%),Foxlink Image Technology Co., Ltd.(6.84%),Central Motion Picture Corporation(6.36%),Citibank as custodian of Norwegian Central Bank Investment Account(1.52%),Chase in custody for Emerging Market Fund Investment Account of Vanguard Group Corporation(1.20%),T.C Gou(1.17%),Chase in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.08%),iShare Core MSCI Emerging Market ETF(0.83%),JP Morgan Investment Fund under the Custody of JP Morgan Chase Bank(0.76%),Su Lian Mei Ying(0.69%)

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 of the board 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 Jeffrey Cheng (Note 2)	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. Jeffrey Cheng has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	0
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

Criteria Name	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Director Wilson Hu (Note 3)	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 operational management skills. Jeffrey Cheng has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	2
Director Semi Wang (Note 3)	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. Jeffrey Cheng has not been in or is under any circumstances stated in Article 30 of the Company Act.	-	2
Independent Director Ralph Chen	Graduated from Tunghai University with a degree in accounting, he is currently an 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.	Items listed in Note 3: None Compliance with the independence criteria	3
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., independent director and member of the remuneration committee for many other companies, as well as the director and strategic advisor of the Commerce Development Research Institute, Ministry of Economic Affairs. 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, Chief Executive Officer of Technology Transfer and Law Center of ITRI. He has more than five years of experiences	Items listed in Note 3: None	1

Criteria Name	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	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.	Compliance with the independence criteria	

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 competencies necessary.

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 diverse and has the knowledge, skills and professional backgrounds required for their positions. Many of the directors serve as the chairman or directors of public companies. The directors are highly valued by the Company for their extensive knowledge, personal insight and business judgment capabilities. 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.

The Company's current board of directors' diversity policy and its implementation are as follows:

Diversity Policy for Board Members	Nationality	Gender	Age		Term of office and seniority of independent directors	Professional Skill							
Director's name			51-60	61-70		Administration Manage	Leadership Decision	Industry Knowledge	Finance Accounting	Marketing	Technology	Law	Sustainability Development
Foxlink International Investment Ltd. Representative: T.C. Gou	Republic of China	Male		✓		✓	✓	✓		✓		✓	✓
Foxlink International Investment Ltd. Representative: Kufn Lin	Republic of China	Male	✓			✓	✓	✓	✓			✓	✓
Hsin Hung International Investment Co., Ltd.. Representative: Jeffrey Cheng	Republic of China	Male		✓		✓	✓	✓		✓			✓
Hsin Hung International Investment Co., Ltd. Representative: Hwee Kian Lim	Singapore	Female				✓	✓	✓		✓	✓		✓
Foxlink Taiwan Industry Co., Ltd. Representative: Wilson Hu	Republic of China	Male	✓			✓	✓	✓		✓	✓		✓
Foxlink Taiwan Industry Co., 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 3-6 years; 5 directors are 51-60 years old, and 4 are 61-70 years old; 2 have a professional background in finance and accounting, 2 has a professional background in law, 4 have a professional background in technology, and 7 directors have relevant industry experience. The specific management objectives of the board diversity policy have been achieved and the diversity objectives of the board members have been fulfilled. 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 Hsin Hung International Investment Co., Ltd.

Note 3: Legal representative of Foxlink Taiwan Industry Co., Ltd.

Note 4: (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 auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. 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 this 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 1, 2023 Unit: Share

Job title	Nationality	Name	Gender	Date of election (taking office)	Shareholding		Shares held by spouses and minor children		Shares held under the names of other parties		Major work experience (education background)	Concurrent positions at other companies	Managers who are spouses or within two degrees 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 Hsingwe Co., Ltd. Chairman of Foxwell Energy Corporation Ltd.	President and Director of Shinfox Energy Co., Ltd. Chairman of FOXWELL ENERGY CORPORATION LTD., FOXWELL Power Co., Ltd., SHINFOX NATURAL GAS CO.,LTD.,Jiuwei Power Co., Ltd. Yuanshan Forest Natural Resources Co., Ltd., Elegant Energy TECH Co., Ltd., Changpin wind power Ltd., Kuan Wei Power Co., Ltd., Ti Wei Power Co., Ltd., Liang Wei Power Co., Ltd., and SHINFOX FAR EAST COMPANY PTE LTD Director of SHINFOX NATURAL GAS CO.,LTD., Shih Fong Power Co., Ltd., Yi Chun Green Technology Co., Ltd., and Unicon Optical Co., Ltd. Legal representative of Kunshan Jiuwei Info Tech	None	None	None	None
Chief Financial Officer and Corporate Governance Officer	Republic of China	Kufn Lin	Male	2018.10.01 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., Shinfox Energy 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 Natural Gas, Straight A, Jing Jing Technology, Wellgen Medical, Shih Fong Power, Fu Uei Power, 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), Changpin wind power Ltd., SHINFOX FAR EAST COMPANY PTE LTD. 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, Fugang Electronics (Xuzhou) 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	None	None	None	None

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 2022

(1) Remuneration of General and Independent Directors

Unit: 1000 shares, NT\$ thousand

Job title	Name	Remuneration of directors								Total Remuneration (A+B+C+D) and its ratio to net income		Remuneration received for concurrent employee positions								Total compensation (A+B+C+D+E+F+G) and its ratio to 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, bonuses, and allowances (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.		All companies in the financial statements		FIT Holding Co., Ltd.	From all Consolidated entities	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Director	Foxlink International Investment Co., Ltd.	560	560	0	0	2,540	4,700	40	220	3,140 0.59%	5,480 1.03%	0	28,993	0	108	0	0	11,668	0	3,140 0.59%	46,249 8.73%	39,173
	Corporate representative : T.C. Gou																					
	Corporate representative : Kufn Lin																					
	Hsin Hung International Investment Co., Ltd.,																					
	Corporate representative : Jeffrey Cheng																					
	Corporate representative : Hwee Kian Lim																					
	Taiwan Foxlink Investment Co., Ltd.																					

	Corporate representative : Wilson Hu																					
	Corporate representative : Semi Wang																					
	Fu Uei International Investment Ltd. (Note 1)																					
Independent Director	Ralph Chen																					
	Cheng-Rong Chiang	1,080	1,080	0	0	1,320	1,320	120	120	2,520 0.48%	2,520 0.48%	0	0	0	0	0	0	0	0	2,520 0.48%	2,520 0.48%	0
	Wei-Lin Wang																					
<p>1. The policy, system, standards and structure for the remuneration of independent directors, and the correlation between the amount of remuneration paid and the responsibilities, risks and time commitment of the directors: 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 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.</p> <p>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.</p>																						

Note 1: The term of office of the directors was terminated on June 17, 2022 following a general re-election of the directors at the General Meeting of Shareholders.

Note 2: (1) All the 2022 retirement pension amount is 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 2022.

Remuneration Table

Tiers of Remuneration Paid to Each Director of the Company	Director's name			
	The total amount of the first four remuneration amounts (A+B+C+D)		The total amount of the first seven remuneration amounts (A+B+C+D+E+F+G)	
	FIT Holding Co., Ltd.	All companies in the financial statements	FIT Holding Co., Ltd.	Remuneration from the parent company and from ventures other than subsidiaries
Less than NT\$1,000,000	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., Hsin Hung International Investment Co., Ltd., T.C. Gou, Kufn Lin, Jeffrey Cheng, Hwee Kian Lim, Wilson Hu, Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., Hsin Hung International Investment Co., Ltd., T.C. Gou, Kufn Lin, Jeffrey Cheng, Hwee Kian Lim, Wilson Hu, Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., Hsin Hung International Investment Co., Ltd., T.C. Gou, Kufn Lin, Jeffrey Cheng, Hwee Kian Lim, Wilson Hu, Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang	General directors: Foxlink International Investment Ltd., Fu Uei International Investment Ltd., Hsin Hung International Investment Co., Ltd., Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	General directors: Taiwan Foxlink Investment Co., Ltd.	General directors: Taiwan Foxlink Investment Co., Ltd..	General directors: Taiwan Foxlink Investment Co., Ltd.	General directors: Taiwan Foxlink Investment Co., Ltd.
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 directors: Kufn Lin, Jeffrey Cheng
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	General director: TC Guo, Hwee Kian Lim, 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	13	13	13	13

(2) Remuneration paid to President and Vice Presidents

December 31, 2022 Unit: 1000 shares, NT\$ thousand

Job title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances (C)		Employee remuneration (D)				(A+B+C+D) as a percentage (%) 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.		All companies in the financial statements		FIT Holding Co., Ltd.	From all consolidated entities	
								Cash	Stock (fair market	Cash Amount	Stock Amount			
President	Wilson Hu	0	14,736	0	108	0	0	0	0	3,788	0	0/0%	18,632 3.52%	6,665
Chief Financial Officer and Chief Corporate Governance Officer	Kufn Lin													

Remuneration Table

Tiers of Remuneration of President and Vice Presidents of the Company	Name of President and Vice Presidents	
	FIT Holding Co., Ltd.	Remuneration from the parent company and from ventures other than subsidiaries
Less than NT\$1,000,000	Wilson Hu, 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)	-	Kufn Lin
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	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	2	2

Employees' Profit Sharing Paid to Management Team

December 31, 2022

Unit: NT\$ thousand

	Job title	Name	Monetary amount of shares	Cash amount	Total	Percentage of net profit after tax (%)
Managerial Officer	President	Wilson Hu	0	0	0	0%
	Chief Financial Officer and Chief Corporate Governance Officer	Kufn Lin				

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

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

Item Job title	Total remuneration as a percentage of the net profit after tax			
	2022		2021	
	FIT Holding Co., Ltd.	All companies in the financial statements	FIT Holding Co., Ltd.	All companies in the financial statements
Director	1.07%	1.51%	1.15%	2.13%
President and Vice Presidents	0%	3.52%	0%	0%

(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 Policies, standards and packages of compensation:

The remuneration of the Company's directors for the performance of their duties is determined by the Board of Directors with reference to the industry norm based on the degree of participation and value of contribution of individual directors. In addition, if the Company makes a profit in the year, no more than 3% of the remuneration of the directors shall be allocated in accordance with Article 26 of the Company's Articles of Incorporation.

The Company periodically evaluates the remuneration of directors in accordance with the "Board of Directors' Performance Evaluation Method", and the related performance evaluation and reasonableness of remuneration are reviewed by the Compensation Committee and the Board of Directors.

The remuneration of the Company's managers is based on allowances and bonuses specified in the "Salary Management Regulations" to motivate employees to grow and improve. Relevant bonuses are also granted according to the Company's annual operating

performance, financial status and individual performance. In addition, if the Company makes any profit in the year, no less than 6% shall be allocated to employees' remuneration in accordance with Article 26 of the Company's Articles of Incorporation. The results of the performance evaluation conducted by the Company in accordance with the "Performance Evaluation Method" shall be a reference for managers' bonus payment. Managers' performance evaluation shall be based on 1) financial indicators: e.g. the company's revenue, managers' target achievement rate, etc.; 2) non-financial indicators: capabilities to make leadership decisions, significant failure of the departments in compliance with laws and regulations and operational risks, etc., to calculate their compensation for operational performance.

The Company's compensation package, as defined by the Compensation Committee's organizational charter, includes cash compensation, stock options, stock dividends, retirement benefits or severance pay, allowances and other tangible incentives. The scope of the compensation package is consistent with the provisions related to directors' and managers' remuneration in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

② Procedures for determining remuneration:

In order to periodically evaluate the compensation of directors and managers, the evaluation results are based on the "Performance Evaluation Method of the Board of Directors" and the "Performance Evaluation Method" applicable to managers and employees of the Company. The performance evaluation of directors includes: mastery of the company's objectives and tasks, knowledge of directors' responsibilities, participation in the company's operations, internal relations management and communication, directors' expertise and continuing education and internal control. The annual performance appraisal of the managers includes the performance indicators corresponding to their major duties and responsibilities, as well as the evaluation of management functions and core functions. The performance appraisal and the reasonableness of the remuneration are evaluated and reviewed by the Compensation Committee and the Board of Directors on an annual basis, with reference to the individual's performance achievement rate and contribution to the Company, the overall operational performance of the Company, the future risks and development trends of the industry, and the timely review of the remuneration system in light of the actual operating conditions and relevant laws and regulations. In addition, the Company also considers the current trend of corporate governance and provide reasonable compensation in order to strike a balance between sustainable operation and risk control.

The performance self-evaluation results of the Board of Directors, members of the Board of Directors and functional committees and the evaluation of the performance of the managers for the year 2022 were good. The compensation of the directors and managers has taken into full consideration their professional competence and the operating and financial status of the Company, and is linked to the overall operating performance, management of personal performance goals and evaluation of the Company's performance. The actual amounts of directors' and managers' remuneration for the year 2022 were reviewed by the Compensation Committee and submitted to the Board of Directors' meeting for approval.

③ Correlation with operating performance and future risks:

The Company's compensation policy and related payment standards and system are reviewed based on the Company's overall operating conditions, and the payment standards

are approved based on performance achievement rate and contribution, in order to enhance the team competencies of the Board of Directors and the management. The Company also makes reference to industry salary standards to ensure that its management's salaries are competitive in the industry in order to retain outstanding management personnel.

The performance objectives of our managers are integrated with "risk control" to ensure that possible risks within the scope of duties and responsibilities are managed and prevented; the results of the actual performance evaluation are linked to the relevant human resources and related salary and compensation policies. The important decisions of the Company's management are made after balancing various risk factors. The performance of relevant decisions is reflected in the profitability of the Company, and the compensation of the management is related to the performance of risk management.

IV. Corporate Governance Status:

(I) Operation of the board of directors:

In the last year (2022), 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 of the board	T.C. Gou (Note 1)	7	0	100%	
Director	Kufn Lin (note 1)	7	0	100%	
Director	Jeffrey Cheng (Note 2)	7	0	100%	
Director	Hwee Kian Lim (Note 2)	7	0	100%	
Director	Wilson Hu (Note 3)	6	1	85.7%	
Director	Semi Wang (Note 3)	7	0	100%	
Independent Director	Ralph Chen	7	0	100%	
Independent Director	Cheng-Rong Chiang	7	0	100%	
Independent Director	Wei-Lin Wang	6	1	85.7%	

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 63 for all resolutions of the board meetings in 2022. 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 29, 2022, the board meeting made a resolution on the remuneration of the directors of the Company for 2021. Directors T.C. Gou, Kufn Lin, Jeffrey Cheng, Hwee Kian Lim, Wilson Hu, Semi Wang, Ralph Chen, Cheng-Rong Chiang and Wei-Lin Wang avoided the discussion and voting in accordance with the law, and the remaining eight directors approved the case without objection.

III. Board of Directors' Performance Evaluation Implementation Status:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation aspect
Carried out annually	January 1, 2022 to December 31, 2022	Board of Directors Individual Board Members Functional committees (including the	Internal Self-evaluation of the Board of Directors Self-evaluation of board members Self-evaluation of functional	I. Items of performance evaluation for the board of directors: 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.

		<p>Audit Committee, the Compensation Committee, and the Corporate Governance and Sustainability Committee)</p>	<p>committees (including the Audit Committee, the Compensation Committee, and the Corporate Governance and Sustainability Committee)</p>	<p>4. Election of board members and continuing knowledge development. 5. Internal controls. II. Items of performance evaluation for the board members: 1. Understanding of the Company's goals and mission. 2. Awareness of director's duties. 3. Involvement in the Company's operation. 4. Internal relationship and communication. 5. Director's professionalism and continuing knowledge development. 6. Internal controls. III. Items of performance evaluation for the Audit Committee: 1. Involvement in the Company's operation 2. Awareness of the Audit Committee's duties 3. Enhancement of the quality of the Audit Committee's decision-making 4. Composition of the Audit Committee and election of its members 5. Internal controls. IV. Items of performance evaluation for the Compensation Committee: 1. Involvement in the Company's operation 2. Awareness of the Compensation Committee's duties 3. Enhancement of the quality of the Compensation Committee's decision-making 4. Composition of the Compensation Committee and election of its members 5. Internal controls. V. Items of performance evaluation for the Corporate Governance and Sustainability Committee: 1. Involvement in the Company's operation 2. Awareness of the Corporate Governance and Sustainability Committee's duties 3. Enhancement of the quality of the Corporate Governance and Sustainability Committee's decision-making 4. Composition of the Corporate Governance and Sustainability Committee and election of its members 5. Internal controls.</p>
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The Company has completed the performance evaluation of the board of directors and functional committees for the year 2022. The evaluation results were submitted to the Board of Directors on March 13, 2023 as a basis for review and improvement. The evaluation results are as follows:

1. The average score of the Board of Directors performance self-evaluation is 4.93 out of 5, the average score of the Board members' individual performance self-evaluation is 4.82 out of 5, and the performance self-evaluation results of the functional committees - Audit Committee, Compensation Committee and Corporate Governance and Sustainability Committee are 4.96, 4.95 and 4.95 out of 5, respectively.
2. The results of the Company's 2022 Board of Directors' and functional committees' performance evaluation ranged between 5 "strongly agree" and 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.
3. The results of the performance evaluation of the Company's Board of Directors will be a reference for the selection or nomination of directors; the results of the performance evaluation of individual directors will be a reference for setting their individual remuneration.
- 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 Hsin Hung International Investment Co., Ltd.

Note 3: Legal representative of Foxlink Taiwan Industry Co., Ltd.

(II) Information on the Operation of the Audit Committee

In the last year (2021), the Audit Committee held 5 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	5	0	100%	Independent Director
Member	Cheng-Rong Chiang	5	0	100%	Independent Director
Member	Wei-Lin Wang	3	0	60%	Independent Director

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:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Meeting date	Proposal contents, resolution status and follow-up processing
2022.03.24 (17th session of the 1st term)	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. The Company's 2021 financial statements and business report. 2. The Company's proposal of lending funds to the subsidiary Power Quotient International Co., Ltd. 3. The replacement of certified public accountants in line with the internal restructuring of the accounting firm. 4. The independence and competency assessment report on the

	<p>independent auditor.</p> <p>5. The 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".</p> <p>6. The amendment to the Operational Procedures for Endorsements and Guarantees.</p> <p>7. The amendment to the Operational procedures for Acquisition and Disposal of Assets</p> <p>II. Independent directors' dissenting opinions: N/A</p> <p>III. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve.</p> <p>IV. The Company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present.</p>
2022.05.05 (18th session of the 1st term)	<p>I. Proposal contents:</p> <p>1. The Company's consolidated financial report for the third quarter of 2022.</p> <p>2. The Company's subscription to the new shares from cash capital increase by the subsidiary Glory Science Co., Ltd.</p> <p>3. Approved the Company's proposal of endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd.</p> <p>4. The amendment to the Operational Procedures for Endorsements and Guarantees.</p> <p>II. Independent directors' dissenting opinions: N/A</p> <p>III. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve.</p> <p>IV. The Company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present.</p>
2022.08.12 (1st session of the 2nd term)	<p>I. Proposal contents:</p> <p>1. The Company's consolidated financial report for the second quarter of 2022.</p> <p>2. The proposed endorsement and guarantee for the subsidiary Glory Science Co., Ltd.</p> <p>II. Independent directors' dissenting opinions: N/A</p> <p>III. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve.</p> <p>IV. The Company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present.</p>
2022.11.11 (2nd session of the 2nd term)	<p>I. Proposal contents:</p> <p>1. The Company's consolidated financial report for the third quarter of 2022.</p> <p>2. The company's 2023 internal audit plan.</p> <p>II. Independent directors' dissenting opinions: N/A</p> <p>III. Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to approve.</p> <p>IV. The Company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present.</p>
2022.12.23 (3rd session of the 2nd term)	<p>I. Proposal contents:</p> <p>1. The Company's subsidiary Shinfox Energy Co., Ltd. to dispose of the shares of Shinfox Energy Co., Ltd., reducing the Company's shareholding of Junezhe Co., Ltd. by more than 10%.</p> <p>II. Independent directors' dissenting opinions: N/A</p> <p>III. Results of the resolution of the Audit Committee: All members of the Audit</p>

	Committee agreed to approve. IV. The Company's handling of the opinions of the Audit Committee: Submitted to the board meeting and approved by all the directors present.	
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(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 certified public accountants attends the Audit Committee meeting once or twice a year and reports the results of financial statement audits or reviews and other communication matters required by the relevant laws and regulations at the meetings, and reports to the Audit Committee members in a timely manner when there are special circumstances. 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 2022:

Meeting date	Communication with head of the internal audit
Audit Committee meeting on March 24, 2022	Implementation status for internal audit from October 2021 to January 2022 Statement of Internal Control System
Audit Committee meeting on May 5, 2022	Implementation status for internal audit from February 2022 to March 2022
Audit Committee meeting on August 12, 2022	Implementation status for internal audit from April to June 2022
Audit Committee meeting on November 11, 2022	Implementation status for internal audit from July to September 2022 2023 Audit Plan Report
Individual meeting on November 11, 2022	Internal audit report review
Audit Committee meeting on December 23, 2022	Implementation status for internal audit in October 2022

Meeting date	Communication with the independent auditor (CPA).
Audit Committee meeting on March 24, 2022	The important matters and the latest legal information for 2021 annual financial report audit.
Individual meeting on November 11, 2022	The important matters and the latest legal information for 2022 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 of the Audit Committee:

The Audit Committee of the company convened 5 meetings in 2022. Its main work priorities and responsibilities are as follows:

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.

(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? (II) Does the company have a list of major shareholders and ultimate controllers of major shareholders who actually control the company? (III) Has the company established and implemented risk control and firewall mechanisms with affiliated enterprises? (IV) Does the company have internal regulations that prohibit insiders of the company from buying and selling securities using non-public information?	✓ ✓ ✓ ✓		(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. (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) The company has established affiliated enterprise trading procedures and risk control management measures to control various operating procedures and various risk issues, as well as to eliminate exceptional trading. (IV) The Company has established the “Regulations Governing Internal Material Information Handling” and conducts a briefing for insiders at least once a year. The Company's Code of Corporate Governance Practices also specifies that insiders are prohibited from trading in the Company's shares from the date they are informed of the	No difference.

			Company's financial reports or related results. Directors are also prohibited from trading their shares during the closed period of 30 days prior to the publishing of the annual financial report and 15 days prior to the publishing of the quarterly financial report.	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors established a diversity policy, set specific goals, and implemented them accordingly?</p>	✓		<p>(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, 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>	No difference.
<p>(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>	✓		<p>(II) The Company has established a Compensation Committee and an Audit Committee in accordance with the laws, and a Corporate Governance and Sustainability Committee in November 2021. The functional committees have been operating smoothly and have been performing sound supervisory functions and strengthening the management mechanism, as well as contributing to the implementation of corporate social responsibility and sustainable</p>	

<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>	<p>✓</p>		<p>management.</p> <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 results of performance evaluation of the Board of Directors shall be reported to the Board of Directors in the first quarter of the following year.</p> <p>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. 5. Internal control. 	
<p>(IV) Does the Company regularly evaluate the independence of the independent auditor?</p>	<p>✓</p>		<p>(IV) The Audit Committee of the Company regularly evaluates the independence and eligibility of the independent auditors on an annual basis, and submits the evaluation results to the Board of Directors for review. On March 13, 2023, the Audit Committee and the Board of Directors resolved, with reference to the Audit Quality Indicators (AQIs) and the "Statement of Extraordinary Independence and Audit Work" provided by the CPAs, that the CPAs meet the Company's independence and eligibility assessment.</p> <p>The evaluation consists of 5 major components and 13 indicators. Refer to page 29 of this annual report.</p>	
<p>IV. For a listed or OTC company, is it equipped with a competent and appropriate number of corporate governance personnel, and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and</p>	<p>✓</p>		<p>On March 26, 2021, the board meeting of the Company approved the establishment of the position of Corporate Governance 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</p>	<p>No difference.</p>

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.)?		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 2022 information on continuing training for the Corporate Governance Officer is as follows:																	
		<table border="1"> <thead> <tr> <th>Date</th><th>Host by</th><th>Course title</th><th>Hours</th></tr> </thead> <tbody> <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> </tbody> </table>	Date	Host by	Course title	Hours	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	
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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 set up a stakeholder area on its website, where specialists serve as a communication channel for stakeholders and respond appropriately to important CSR issues of concern to stakeholders.	No difference.																
VI. Has the Company appointed a professional agency to handle the affairs of the shareholders' meeting?	✓	The Company has appointed a professional stock affairs agency, the stock Affairs Agency Department of Fubang Securities Co., Ltd., to handle the stock affairs of the company.	No difference.																
VII. Information Disclosure																			
(I) Has the Company set up a website to disclose financial and corporate governance information?	✓	(I) The Company has set up a website to disclose various financial information and corporate governance related information.	There is no difference between the first and second items, and the third item is completed before the specified deadline.																
(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)?	✓	(II) The Company has established a website with relevant information on investors' conference and implemented a spokesperson system. The Company has also designated a specialist responsible for the collection and disclosure of corporate information.																	
(III) Does the Company announce and declare the	✓	(III) As the Company has a large number of subsidiaries, it is unable to																	

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?			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.	
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.)?	√		<p>(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.</p> <p>(II) Employee care: In order to expand the scope of employees' leisure activities, the company subsidizes employees' club activities and signs contracts with a number of leisure sports centers for employees to keep fit. In addition, the company regularly carries out staff health examinations and provides medical consultations to maintain the physical and mental health of employees, and continuously improves the working environment of employees to meet the needs of international norms. Therefore, all employees are able to complete the work agreed with the company according to their wishes, without physical or psychological coercion, and without discrimination on the basis of race, gender, age, religion or political orientation.</p> <p>(III) Investor relations: A stock affairs department and a spokesperson system are set up to handle stock affairs, shareholder suggestions and disputes.</p> <p>(IV) Supplier relations: The Company has signed purchase contracts with suppliers and has always been able to maintain a good relationship with them.</p> <p>(V) Rights of interested parties: The Company has a spokesperson system in place. Interested parties can communicate with the company through the company's website, telephone and fax. At the same time, the company's 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</p>	No difference.

			<p>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 294 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 all directors.</p>	
<p>IX. Please explain the improvement of the corporate governance evaluation results according to the findings issued by the Corporate Governance Center of the Taiwan Stock Exchange for the latest year, and put forward the priorities and measures for those that have not been improved: The Company has set up an audit committee on June 21, 2019, 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.</p>				

Independence and competency assessment report on the certified public accountants:

Dimension	Item	Audit quality indicator	Evaluation conclusion
Professionalism	1	Audit experience	The accountants and auditors at the managerial level or above have sufficient audit experience.
	2	Training hours	The accountants and auditors at the managerial level and above receive adequate training each year to continuously acquire professional knowledge and skills.
	3	Turnover rate	The firm maintains sufficiently experienced human resources.
	4	Professional support	The firm has sufficient professional staff to support the audit team.
Quality control	5	CPA workload	The number of public companies for which the accountant is the lead certifying officer is not overburdening.
	6	Audit input	The audit team members engage an appropriate number of people in each audit phase.
	7	Case quality control review status	The case quality control reviewer devotes sufficient hours to perform the review of audit cases.
	8	Quality control support capability	The firm has sufficient quality control human resources to support the audit team.
Independence	9	Percentage of non-audit services	The proportion of non-audit service fees charged to the Group by the firm and its affiliates is consistent with their independence.

	10	Client familiarity	The cumulative number of years that the firm has provided audit services for the Company's financial statements is moderate and does not affect independence.
Supervision	11	External inspection deficiencies and disposition	The quality control and audit cases of the firm are performed in accordance with the relevant laws and regulations and standards.
	12	Number of letters from the competent authorities	The quality control and audit cases of the firm are performed in accordance with the relevant laws and regulations and standards.
Innovation capability	13	Innovative planning or initiatives	The firm has planned initiatives or projects related to the improvement of audit quality.

(IV) Compositions and operations of the Compensation Committee and Corporate Governance and Sustainability Committee:

1. Information of Compensation Committee members

Identity type	Criteria	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	Name			
Independent Director Convener	Wei-Lin Wang	Please refer to page 14	Please refer to page 14	1
Independent Director	Cheng-Rong Chiang	Please refer to page 14	Please refer to page 14	3
Independent Director	Ralph Chen	Please refer to page 14	Please refer to page 14	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 June 17, 2022 to June 16, 2025. 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. For the performance evaluation and remuneration of directors, supervisors and managers, references shall be made to the general level of payment in the same industry. The reasonable association with personal performance, company performance and future risks shall be taken into consideration.
2. 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.
3. The proportion of short-term performance bonuses paid to directors and senior managers and the payment time of partial variable salaries shall be determined by considering the industry characteristics and the nature of the company's business.

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

II. If the board meeting does not adopt or amends the recommendation of the Compensation Committee, state the date, period, content of the proposal, resolution results of the board meeting, and the Company's handling of the opinions of the Compensation Committee (if the compensation adopted by the board meeting is better than the proposal of the Compensation Committee, state the difference and reason): None.

III. In case of any objection or reservation of any member to the resolution of the Compensation Committee with a record or written statement in place, please state the date, period, proposal content, opinions of all members and the handling of the opinions of the members:

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:

Meeting date	Proposal Contents	Result	Company's Response
2nd term 6th session 2022.03.24	1. Allocation of remuneration of employees, directors and supervisors of the company and its major subsidiaries for 2021.	Approved by all committee members present unanimously.	Submitted to the board meeting and approved by all the directors present.
3rd term 1st session 2022.09.29	1. The Company's 2021 distribution of directors' remuneration 2. The Company's 2021 remuneration to managerial officers and employees	Approved by all committee members present unanimously.	Submitted to the board meeting and approved by all the directors present.

3. The Company's Corporate Governance and Sustainability Committee

(1) The Company's Corporate Governance and Sustainability Committee consists of five directors, three of whom are independent.

(2) Term of office of current members: from June 17, 2022 to June 16, 2025.

In the last year, the Corporate Governance and Sustainability 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)	Main expertise
Independent Director (Convener)	Cheng-Rong Chiang	2	0	100	Aerospace engineering Industry experience

Independent Director	Wei-Lin Wang	2	0	100	Legal
Independent Director	Ralph Chen	2	0	100	Accounting review
Director	Kufn Lin	2	0	100	Operational management Finance/Accounting
Director	Wilson Hu	2	0	100	Operational management Industry experience

Other issues to be noted:

I. The scope of authority (responsibility) of the Company's Corporate Governance and Sustainability Committee:

1. To oversee the implementation of corporate social responsibility and sustainable management, and evaluate the implementation status.
2. To review the formulation and amendment of the Company's code of corporate social responsibility, code of corporate governance and code of ethical management, and submit them to the board of directors for resolution.
3. To review the formulation and amendment of the Company's articles of incorporation, rules of procedure for shareholders' meetings, procedures for the election of directors and regulations for board meetings, and to propose such matters to the board of directors for resolution.
4. To review the formulation and amendment of the organizational rules of the functional committees of the Company's Board of Directors, and to submit them to the Board of Directors for resolution.
5. To oversee and direct the Company's participation in various corporate governance evaluations, assessment results and board performance evaluations, and present the evaluation results to the board of directors
6. To evaluate the Board of Directors' information gathering channels, as well as the quality and timeliness of the information obtained
7. To review the governance relationship between the Company and its subsidiaries and other affiliates
8. Any other material matter so required by the company or the Competent Authority.

II. The date, the number of the meeting session, the contents of the proposal and the resolution of the Corporate Governance and Sustainability Committee meetings in the latest year, and the company's handling of the opinions of the Corporate Governance and Sustainability Committee:

Meeting date	Proposal Contents	Result	The Company's handling of the opinions of the Corporate Governance and Sustainability Committee
1st term 2nd session 2022.03.24	1. Proposal of the 2022 implementation plan for corporate governance and sustainability 2. Amendment to the Company's Articles of Incorporation 3. Amendment to the Company's Corporate Governance Best Practice Principles 4. Amendment to Company's "Regulations Governing Evaluation of the Performance of the Board of Directors" 5. Results of performance evaluation of the Company's Board of Directors and functional committees	Approved by all committee members present unanimously.	Submitted to the board meeting and approved by all the directors present.
2nd term 1st session 2022.08.12	1. The Company's corporate governance and sustainability performance for the first half of 2022 2. Formulation of the Company's "risk management policy"	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:

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
I. Has the Company created a governance structure for promotion of sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors appointed executive-level positions with responsibility for such units, and what is the status of the board of directors' supervision?	√		<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. The Company held a meeting on February 21, 2023, and the motions included (1) identifying issues that require attention and preparing an implementation plan for 2023; and (2) overseeing the implementation of sustainable management issues and evaluating the</p>	No difference.

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			<p>implementation status.</p> <p>The Company's Board of Directors regularly evaluates the implementation plans and results proposed by the Sustainable Management team, reviews the progress of the plan's objectives, and urges the management to make adjustments when necessary.</p>	
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 policy or strategy?	✓		<p>1. This disclosure covers the sustainable development performance of the Company's main locations from January to December 2022. The boundary of risk assessment includes Taiwan, China and other 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>	No difference.

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>Social→Occupational Safety: The management response is as follows</p> <ol style="list-style-type: none"> 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. 2. Fire drills and industrial safety education training are held annually to provide employees with the ability to respond to emergencies and to manage their own safety. <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 	

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>regulations, institutional development and policies for directors every year.</p> <p>2. The Company provides directors' liability insurance to prevent litigation or claims against directors.</p> <p>Corporate Governance→Communicate with stakeholders: The management response is as follows</p> <p>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.</p> <p>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.</p>	
<p>III. Environmental Issues</p> <p>(I) Has the Company established an appropriate environmental management system according to its industrial characteristics?</p> <p>(II) Is the Company committed to improving energy use efficiency and using renewable materials with low impact on the environment?</p>	<p>✓</p> <p>✓</p>		<p>(I) In 2022, all the factories in China have been qualified by "ISO 14001 Environmental Management System" and have been certified on a regular basis.</p> <p>(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 build solar panels to improve the renewable energy efficiency every year.</p> <p>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.</p> <p>For green manufacturing, we reduce unnecessary</p>	No difference.

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			<p>resource consumption, seek waste reduction and develop reuse technology, to maximize 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>In 2022, FIT Group invested in Shinfox Energy Co., Ltd. (stock code 6806) with an amount of approximately NT\$1,766,454 thousand. With the core values and vision of protecting the earth, sustainable development, green energy and carbon reduction, and clean energy, Shinfox Energy has a professional energy engineering and technology team with nearly 20 years of experience. It is committed to renewable energy and clean energy services and technology development. Its main business is focused on the investment and development, construction, and operation and maintenance of renewable energy plants such as solar power, offshore wind power, land-based wind power, and hydroelectric power, as well as the import of liquefied natural gas (LNG) clean energy, green power trading platform and ESCO, energy storage device technology, and other comprehensive energy services.</p> <p>Shinfox Energy generates up to 400 million kilowatt-hours of green energy per year, reducing 213,045 tons of carbon, which is equivalent to planting 17.75 million trees, equivalent to 737 Daan Forest Parks. In terms of energy conservation services, Shinfox Energy provides smart energy saving systems, inverter equipment and LED replacement for corporate customers, educational</p>	

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>institutions, healthcare systems, public institutions, etc., to effectively improve power efficiency and save energy. Moreover, Shinfox Energy completed the construction and began commercial operation of Shin Wei Chi Gu solar power project in September 2022, with a total carbon reduction of 55,240 tons. Shinfox Energy also participated in the TaiPower Offshore Wind project phase II, which is expected to be fully constructed and connected to the grid in December 2025, with a total carbon reduction of 586,300 tons.</p> <p>(III) The Corporate Governance and 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 innovative research and development, 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. The Company has concerned about the issue of water conservation and environmental protection for years. In terms of water conservation plan, we have been</p>	

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>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 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 2022 is 8 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 2022 through legal disposal by suppliers, all waste management process was in compliance with the contract and legal obligations.</p>	
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?	✓		(1) The Company supports and follows internationally recognized human rights norms and principles such as the United Nations Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, complies with local laws and regulations, takes actions consistent	No difference.

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>with the Responsible Business Alliance (RBA) Code of Conduct, treats all staff members with dignity and respect, and establishes human rights policies applicable to the Company and its subsidiaries. The Company's 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 management procedure documents such as the non-compulsory, non-discriminatory and anti-harassment regulations.</p> <p>In 2022, a total of 672 hours of human rights protection-related training was provided to employees, and 56 employees completed the training, accounting for 21.88% of the total number of employees in Taiwan. In the future, we will continue paying attention to human rights protection issues and conduct related training sessions to raise awareness of human rights protection and reduce the possibility of related risks.</p> <p>As for child labor and underage workers, in 2022, there were no violations and complaints related to child labor and freedom of association at our factories.</p> <p>(2) Employees' remuneration:</p> <p>In accordance with the Company's Articles of Incorporation, no less than 6% of the Company's profit for the year shall be appropriated for employee compensation. In order to attract and retain the best</p>	No difference.

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			<p>talents and reward colleagues for their performance, the Company has connected employee salaries to company performance and designed a competitive compensation structure to attract talents. Employee remuneration has three major sources: fixed salary, year-end bonuses and performance bonuses. In addition to occasional salary adjustments, bonus payments are made annually based on the operating performance of the business unit in order to provide more immediate motivation. The Company provides rewards for R&D and engineering personnel, as well as high-performance and outstanding individuals. A patent proposal and approval bonus incentive is also available to encourage innovative research and development.</p> <p>Employee welfare:</p> <p>The Company has established an employee welfare committee to provide annual employee welfare funds and to plan and provide quality benefits for employees, such as: birthday cash gifts, major holiday cash gifts, occasional afternoon tea, meal and parking subsidies, employee travel subsidies, lifestyle and art course subsidies, wedding subsidies, maternity subsidies, funeral subsidies, etc. The Company also provides a free health checkup program for its employees. In addition, the Company has a comprehensive leave system so that employees can have a work-life balance. The system includes annual leave, funeral leave, marriage leave, maternity leave, miscarriage leave, paternity leave, maternity examination leave, breastfeeding leave, menstruation leave, and family care leave. In the event of childcare, serious injury or illness, or a major accident that requires a longer leave of absence, employees can apply for leave without pay</p>	

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>to take care of both personal and family needs.</p> <p>Workplace diversity and equality: The Company aims for equal pay for equal work and equal promotion opportunities for men and women. In the Taiwan headquarters, which is mainly engaged in administration and research and development, the ratio of men to women is 63% to 37%; the China plant, which is primarily a manufacturing center, has a 63% to 37% men to women ratio. The composition of the Company is diverse, including different age groups, overseas talents, different industries, academic and other professional backgrounds. 25% of managerial officers above the assistant manager level are women.</p> <p>Operating performance is reflected in employee compensation: (1) Article 26 of the Articles of Incorporation: If the Company makes a profit in a year, it shall contribute no less than 6% to employees' remuneration. However, when the Company still has a cumulative loss, it shall reserve the compensation amount in advance. (2) Overall remuneration policy: The Company participates in annual market remuneration surveys and adjusts salaries according to salary levels in the market, economic trends and individual performance in order to maintain overall pay competitiveness. In 2022, the average annual salary adjustment for both management and non-management positions in the Company's locations in China was 4%.</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</p>	

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>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.</p> <p>In 2022, a total of RMB1,855,825 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 2022, the rate of disabling injury in Taiwan was 0; the rate of disabling injury in China was 0. Among work accident occurrences, there were 0 physical strikes, 10 mechanical injuries and other minor work-related injuries (0.4% of the total number of employees at the end of 2022). There was no major accident occurred.</p> <p>After a thorough review and for improvement, the Company immediately revised the automatic inspection items and reaffirmed the Company's safety and life-saving policies, and urged managerial officers to pay attention to the physical and mental condition of employees to ensure their safety during work.</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</p>	

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>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 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. 2. Occupational safety and disaster prevention measures and response: (1) The Company has a "Safety Production Committee" with the person in charge of the China plant as the general convener. Quarterly meetings on safety production are held to study and review major issues related to safety production. (2) New employees must attend labor safety and health training to raise their occupational safety awareness. (3) 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. (4) Due to the company's good occupational safety and health control, there 	

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
			<p>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 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. (4) The Company regulates dangerous machinery and equipment according to the law and conducts detailed inspections to ensure that the equipment is operated safely. The company's dangerous machinery is regularly inspected and maintained in accordance with the "Rules of Operation for Machines and Equipment" to ensure the safety of the use of the equipment.</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</p>	

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>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 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. 23 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</p>	

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
<p>(V) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?</p> <p>(VI) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues?</p>	<p>✓</p> <p>✓</p>		<p>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> <p>(V) The marketing and labeling of the company's products and services are handled in accordance with relevant laws and international standards. The Company also has dedicated personnel and an e-mail box to deal with issues related to company complaints and deal with consumer or customer complaints immediately.</p> <p>(VI) When cooperating with new suppliers, suppliers are required to sign a "supply-side social responsibility commitment"; 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 and the "supply-side social responsibility commitment".</p>	
V. Does the Company prepare 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's 2022 sustainability report follows the latest version of the guidelines (hereinafter referred to as GRI Standards) issued by the Global Reporting Initiative (Global Reporting Initiative, hereinafter referred to as GRI), with accuracy, balance, clarity, comparability, completeness, The 8 principles of sustainability, timeliness, and verifiability are	The company has formulated the "Code of Practice for Sustainable Development", and the 2022 sustainability report will be uploaded before June 30, 2023.

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			disclosed, and the writing is compiled with reference to international guidelines such as the United Nations Sustainable Development Goals and the Climate-related Financial Disclosure Framework (TCFD). AFNOR Asia Ltd., a third-party verification agency, is entrusted to conduct independent verification according to the AA1000 V3 assurance standard and the first application type (Type 1) in 2018. Please refer to the report for details See our website.	
<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. For instance, it donated NT\$1.2 million to the Hualien County Government for relief. The Company has also held 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 participates in the beach cleaning events held by the group and regularly organizes 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	Operation 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 a "Code of Ethical Management" which was approved by the Board of Directors. The "Corporate Governance and Sustainability Committee" under the Board of Directors and its affiliated "Corporate Governance Group" are responsible for promoting the Group's ethical management, anti-bribery and compliance with laws and regulations, as well as assisting the Board of Directors and the management in formulating and monitoring the implementation of ethical management policies and preventive programs to ensure the implementation of the Code of Conduct for Ethical Management, and annually reporting its implementation status to the Board of Directors.</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.

Evaluation items	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Explanation	
<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>(II) Has the Company set up a dedicated unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?</p> <p>(III) Does the Company have a conflict of interest prevention policy to provide appropriate channels for explanation and implement it?</p> <p>(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the status of unethical behavior prevention accordingly, or entrusted an independent auditor to carry out the audit?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</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> <p>(II) The Company's stock affairs unit is responsible for formulating and monitoring the implementation of corporate ethical management policies and prevention programs, and reports to the Board of Directors on the implementation status at least once a year -- most recently reported to the Board of Directors on September 29, 2022. See page 44 of this Annual Report for the status of the Company's ethical management in 2022.</p> <p>(III) The Company's employees have signed the "Employee Integrity Commitment Letter," and complaint channels are available. For any violations and petitions, employees can report to their direct supervisors, Human Resources or the audit unit.</p> <p>(IV) The Company has established an effective accounting system and internal control system, and formulates an internal audit plan every year. According to the audit plan, the internal audit unit implements various audit operations; in case of special circumstances, special inspections will be arranged separately.</p>	No difference.

Evaluation items	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Explanation	
(V) Does the Company regularly conduct internal and external ethical corporate management?	✓		(V) The Company has a code of conduct for ethical management; its employees and suppliers have signed integrity pledges, and the Company also regularly educates its staff on ethical management-related regulations.	
III. Operation of the company's accusation system (I) Does the company have a specific accusation and reward system, establish a convenient accusation channel, and assign appropriate personnel to the accused person? (II) Has the Company established the standard operating procedures for the investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism? (III) Does the Company take measures to protect the accuser from improper treatment due to the accusation?	✓ ✓ ✓		(I)The Company has a dedicated line and mailbox for appeals and has dedicated personnel to handle related affairs. (II) The Company has established operating procedures and related confidentiality mechanisms for accepting accusation matters. (III)The Company protects the identity of the accuser and avoids improper handling and threats to him/her due to the accusation.	No difference.
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 discloses its corporate culture and business policies on its website and ethical management information on the Market Observation Post System.	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: The Company has established its "Ethical Corporate Management Best Practice Principles", which is not materially different from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".				
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.				

The Company's 2022 ethical management status is as follows:

Supplier Commitment	<ul style="list-style-type: none"> ●All of the Company's suppliers shall sign the "Vendor Integrity Pledge" (100%).
Education and Training	<ul style="list-style-type: none"> ●At least once a year, we provide training sessions to our directors, managers and employees on the "Regulations for the Prevention of Insider Trading", "Procedures for Handling Material Inside Information" and related laws and regulations. ●We incorporate ethical management into training programs for new employees. ●In 2022, we held a training on the issue of ethical management, "Analysis of the Trade Secrets Law and Practical Cases and Promotion of Confidentiality Obligations," with 174 participants, totaling 195 hours.
Commitment	<ul style="list-style-type: none"> ●All employees shall sign the "Employee Integrity Pledge" upon joining the Group (100%). ●New directors shall sign material information confidentiality agreements upon assuming office.
Education	<ul style="list-style-type: none"> ●As new directors and managers take office, the Company educates them on various laws and regulations and promotes the concept of ethical management from time to time. ●Directors are reminded that they are prohibited from trading their shares during the closed period of 30 days prior to the publishing of the annual financial report and 15 days prior to the publishing of the quarterly financial report, in order to prevent unintentional violation of the rules. ●We communicate ethics and confidentiality responsibilities to employees through bulletin boards. ●Whistleblowing mechanism - email: FITH_3712@fit-holding.com

(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) Implementation status of internal control system:

1. Statement of internal control system

FIT Holding Co., Ltd.
Internal Control System Statement

Date: March 13, 2023

Based on the results of the self-assessment of the Company's internal control system in 2022, 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.
4. 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.
5. 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, 2022, 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 13, 2023. 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
President: Wilson Hu

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
2022.03.24	<ol style="list-style-type: none"> 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. 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	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the third quarter of 2022. 2. Approved the Company's subscription to the new shares from cash capital increase by the subsidiary Glory Science Co., Ltd. 3. Approved the Company's proposal of endorsement and guarantee for subsidiaries Glory Science Co., Ltd. and Power Quotient International Co., Ltd. 4. Approved the amendment to the company's "Procedure of Endorsement and Guarantee." 5. Approved the nomination and resolution of the Company's list of directors (including independent directors) election candidates. 6. Approved the release of non-competition restrictions for the 3rd term newly elected directors and their representatives of the Company. 7. Approved the change of spokesperson
2022.06.17	<ol style="list-style-type: none"> 1. Approved the appointment of the Chairman of the Company 2. Approved the proposal to appoint the 3rd Compensation Committee members 3. Approved the appointment of the Company's second term of the Corporate Governance and Sustainable Development Committee.
2022.08.12	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the second quarter of 2022. 2. Approved the proposed endorsement and guarantee for the subsidiary Glory Science Co., Ltd. 3. Approved the formulation of the Company's "risk management policy and procedures"
2022.09.29	<ol style="list-style-type: none"> 1. Approved the Company's 2021 distribution of directors' remuneration 2. Approved the Company's 2021 remuneration to managerial officers and employees

Date	Important resolutions
2022.11.11	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the third quarter of 2022. 2. Approved the company's 2023 internal audit plan. 3. Approved the revision of the Company's "Internal Material Information Handling and Prevention of Insider Trading Management Procedures"
2022.12.23	<ol style="list-style-type: none"> 1. Approved the Company's subsidiary Shinfox Energy Co., Ltd. to dispose of the shares of Shinfox Energy Co., Ltd., reducing the Company's shareholding of Junezhe Co., Ltd. by more than 10%.
2023.03.13	<ol style="list-style-type: none"> 1. Approved the Company's 2023 business plan. 2. Approved the Company's and its important subsidiaries' allocation of remuneration of employees, directors and supervisors for 2022. 3. Approved the Company's 2022 financial statements and business report. 4. Approved the Company's 2022 earnings distribution plan. 5. Approved the Company's cash distribution from capital reserve. 6. Approved the assessment of the independence and eligibility of the Company's certified public accountants 7. Approved the amendment to the "Rules of Procedure for Shareholder Meetings". 8. Approved the amendment to the Company's Corporate Governance Best Practice Principles. 9. Approved the amendment to the Company's "Organizational Rules of the Compensation Committee" 10. Approved the formulation of the Company's "Procedures for the Preparation and Verification of Sustainability Report" 11. Approved the establishment of the Company's Sustainable Development Best Practice Principles. 12. Approved the establishment of the Company's "Code of Conduct for Financial Operations between Related Parties". 13. Approved the Company's 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". 14. Approved the Company's proposed endorsement and guarantee for its subsidiaries. 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 date of the Company's 2023 Annual General Meeting of Shareholders and its motions.

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

Meeting date	Important resolutions	Implementation Status
2022.06.17	<ol style="list-style-type: none"> (1) Approved the Company's 2021 final business accounts and earnings distribution table for the year (2) Approved the amendment to the Company's Corporate Charter (Articles of Incorporation). (3) Approved the amendment to the company's "Procedure of Endorsement and Guarantee." (4) Approved the amendment to the Company's "Operational Procedures for Acquisition and Disposal of Assets". (5) Approved the election of the directors. List of Elected Directors: Representative of Foxlink International Investment Co., Ltd.: T. C. Gou, Kufn Lin Representative of Hsin Hung International Investment Co., Ltd.: Ying-Long Cheng, Hui-Chuan Lin Representative of Foxlink Taiwan Investment Co., Ltd.: Wilson Hu, Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, W Lin Wang (6) Approved the release of non-competition restrictions for newly elected directors and their representatives of the Company. 	<ol style="list-style-type: none"> (1) The ex-dividend date of August 12, 2022 was set, and NT\$1.50 per share cash dividend was fully paid on August 31, 2022. (2) The registration was approved by the Ministry of Economic Affairs on August 15, 2022 and announced on the Company's website. (3) The "Procedure of Endorsement and Guarantee" have been announced on the company's website and the revised procedures shall prevail. (4) The "Procedures for Acquiring or Disposing of Assets" have been announced on the company's website and the revised procedures shall prevail. (5) The registration was approved by the Ministry of Economic Affairs on August 15, 2022 and announced on the Company's website.

- (XII) In the most recent year and as of the date of printing the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board of directors' meeting with recorded or written statements in place, the main contents are: None.
- (XII) Summary of resignations and dismissals of relevant persons of the company (including Chairman, President, accounting director, financial director, internal audit director, corporate governance director and R&D director, etc.) in the most recent year and as of the date of printing of the annual report: None.

V. Certified Public Accountant Fee Information

Certified Public Accountant Fee Information

Unit: NT\$ thousand

Accounting Firm	Name of independent auditor	Audit period	Audit fee	Non-audit fee	Total	Remarks
PwC Taiwan	Hsiao-Zi, Zhou Liang, Yi-Chang	January 1, 2022 - December 31, 2022	2,150	750	2,900	

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 the change, disclose the audit fees before and after the change 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: 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	2022		2023 as of April 1	
		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 of the board	Corporate representative: TC Gou	0	0	0	0
Director, CFO and Corporate Governance Officer	Corporate representative: Kufn Lin	0	0	0	0
Director	Hsin Hung International Investment Co., Ltd.	0	0	0	0
Director	Corporate representative: Jeffrey Cheng	0	0	0	0
Director	Corporate representative: Hwee Kian Lim	0	0	0	0
Director	Foxlink Taiwan Industry Co., Ltd.	0	0	0	0
Director and President	Corporate representative: Wilson Hu	0	0	0	0
Director	Corporate representative: Semi Wang	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

(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	CURRENT 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%	-	-	-	-	Hsin Hung International Investment Co., Ltd.	The Chairman is the same.	
	-	-	-	-	-	-	Fulian International Investment Co., Ltd.	The Chairman is the spouse	
Chi-De Investment Co., Ltd. Representative: Vivien Liu	21,055,687	8.55%	-	-	-	-	Foxlink Taiwan Industry Co., Ltd.	The Chairman is the same.	
	5,248	-	-	-	-	-			
Fu Uei International Investment Ltd. Representative: Kufn Lin	14,690,257	5.97%	-	-	-	-	Cheng-Fa Investment Co., Ltd.	The Chairman is the same.	
	6,310	-	-	-	-	-			
Ya-Chun, Hsu	6,301,000	2.56%	-	-	-	-	-	-	
Hsin Hung International Investment Co., Ltd. Representative: T.C. Gou	5,419,329	2.20%	-	-	-	-	Foxlink International Investment Ltd.	The Chairman is the same.	
	-	-	-	-	-	-	Fulian International Investment Co., Ltd.	The Chairman is the spouse	
Fulian International Investment Co., Ltd. Representative: Yu-Chen Luo	4,197,772	1.71%	-	-	-	-	Foxlink International Investment Ltd.	The Chairman is the spouse	
	-	-	-	-	-	-	Hsin Hung International Investment Co., Ltd.	The Chairman is the spouse	
Foxlink Taiwan Investment Co., Ltd. Representative: Vivien Liu	2,771,276	1.13%	-	-	-	-	Chi-De Investment Co., Ltd.	The Chairman is the same.	
	5,248	-	-	-	-	-			

Yi-Ching Chuang	2,614,000	1.06%	-	-	-	-	-	-	
Chao Sung Investment Co., Ltd. Representative: Jianzhi Lin	2,125,000	0.86%	-	-	-	-	-	-	
	1,645,000	0.67%	-	-	-	-			
Cheng-Fa Investment Co., Ltd. Representative: Kufn Lin	1,766,000	0.72%	-	-	-	-	Fu Uei International Investment Ltd.	The Chairman is the same.	
	6,310	-	-	-	-	-			

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:

March 31, 2023
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.	60,000,001	100%	0	0%	600,000,001	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%
Synergy Co., Ltd.	3,676,000	36.76%	0	0%	3,676,000	36.76%

IV. Fund Raising Status

I. Capital and shares

(1) Capitalization

1. Capitalization

April 1, 2023

Unit: thousand shares; NT\$ thousand

Year and month	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 1, 2023

Unit: share

Shares Type	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 1, 2023

Unit: thousand shares

Shareholders Structure Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	0	0	53	30,915	64	31,032
Number of shares held	0	0	114,956,601	125,087,201	6,198,344	246,242,146
Shareholding ratio	0.00%	0.00%	46.68%	50.80%	2.52%	100.00%

(III) Distribution of Shareholding

1. Diversified holdings of common shares

April 1, 2023

Unit: share

Shareholding range	Number of shareholders (persons)	Number of shares held (shares)	Shareholding ratio
1 to 999	12,941	3,348,082	1.36%
1,000 to 5,000	14,341	28,964,441	11.76%
5,001 to 10,000	2,004	15,541,696	6.31%
10,001 to 15,000	565	7,175,864	2.91%
15,001 to 20,000	399	7,341,046	2.98%
20,001 to 30,000	283	7,255,518	2.95%
30,001 to 40,000	104	3,706,279	1.51%
40,001 to 50,000	103	4,818,150	1.96%
50,001 to 100,000	159	11,571,150	4.70%
100,001 to 200,000	60	8,290,444	3.37%
200,001 to 400,000	40	11,583,123	4.70%
400,001 to 600,000	11	5,532,505	2.25%
600,001 to 800,000	4	2,514,949	1.02%
800,001 to 1,000,000	2	1,681,436	0.68%
1,000,001 or more	16	126,917,463	51.54%
Total	31,032	246,242,146	100.00%

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

(IV) List of major shareholders

April 1, 2023

Unit: share

Shareholder's Name	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%
Ya-Chun, Hsu	6,301,000	2.56%
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%
Chao Sung Investment Co., Ltd.	2,125,000	0.86%
Cheng-Fa Investment Co., Ltd	1,766,000	0.72%

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

Item \ Year			2021	2022	2023 as of March 31, 2023
Market value per share (NT\$)	Highest		42.9	37.2	39.15
	Lowest		23.6	22.1	27.15
	Average		31.46	28.9	34.79
Net value per share (NT\$)	Before distribution		30.77	31.99	-
	After distribution		29.27	29.99	-
Earnings per share	Weighted average number of shares (thousand shares)		246,242	246,242	-
	Earnings per share (NT\$)	Before retrospective adjustment	1.76	2.15	-
		After retrospective adjustment	1.76	2.15	-
Dividend per share (NT\$)	Cash dividend		1.5	2	-
	Free share allotment	Share allotment from earnings	-	-	-
		Share allotment from capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Return on investment analysis	P/E ratio		17.88	13.44	-
	Price-dividend ratio		20.97	14.45	-
	Cash dividend yield		4.77%	6.92%	-

Note1 : The 2022 earnings distribution plan was approved by the board meeting.

Note 2: As of the publication date of the Company's annual report, the quarterly report for the first quarter of 2023 has not been reviewed by the CPAs.

(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\$369,363,219 as shareholders' cash dividend from the distributable earnings of 2022, at NT\$1.5 per share, and a capital reserve of NT\$123,121,073 in excess of the par value of shares issued will be distributed in cash at NT\$0.5 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: Not applicable.

(VIII) Remuneration of employees, directors and supervisors

1. 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\$34,000,000 for employees' compensation and NT\$3,860,000 for directors' and supervisors' remuneration.

(2) The amount of employees' remuneration distributed in stock and its proportion of the total net profit after tax and total employees' remuneration in the individual financial report for the current period: Not applicable.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price); if there are differences between the recognized remuneration of employees, directors and supervisors, state the differences, reasons and handling: In 2021, the Company recognized NT\$30,000,000 for employee compensation and NT\$4,880,000 for director remuneration.

However, the actual amount of employee compensation and director compensation for the year was NT\$30,000,000 and NT\$4,880,000, respectively. There was no difference between the actual distribution and the amount recognized.

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

II. Corporate bonds: None.

III. Preferred shares: None.

IV. Handling of overseas depositary receipts: None.

V. Handling of employee stock option certificates

(I) Processing of the company's unexpired employee stock options and its impact on shareholders' equity: None.

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

(III) 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 2022 are as follows:

Product	Business turnover (NT\$ thousand)	Proportion
System and peripheral products	5,306,253	43.97%
3C retail and peripheral products	2,214,276	18.35%
3C components	255,153	2.11%
Energy Service	4,293,567	35.57%
Total	12,069,249	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, NB computers, wearables, 3D game consoles, connectors for optical fiber network products, and precision components.
3C retail and peripheral products: Apple products and mobile peripheral products	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.
Electric bicycles	Commuting, sports, micro-mobility, parent-child entertainment and other related applications
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 system assembly and processing, SMT templates, mold design and production income, etc.

4. New products planned to be developed:

3C Components:

- (1) 2M, 5M, 8M (high resolution) NB lens
- (2) Biometric and AI sensor lenses
- (3) Metaverse, VR/AR lens and optical components
- (4) Optical precision component products, wearable optical components
- (5) High-speed optical components, multi-channel Tx/Rx optical communication components

3C retail and 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) iPhone/iPad/Macbook/Apple Watch peripheral products

Electric bicycles:

- (1) Mini velo (20")
- (2) Low span mid/rear motor (24")
- (3) Long-range road bike (27.5")
- (4) Off-road adventure bike (29")

System and peripheral products:

- (1) High-end 120/80/60 PPM A4 size double-sided automatic document feeder modules
- (2) High-end 80PPM A3 desktop scanner
- (3) Different from L & C type and U type Paper Path desktop scanners

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.

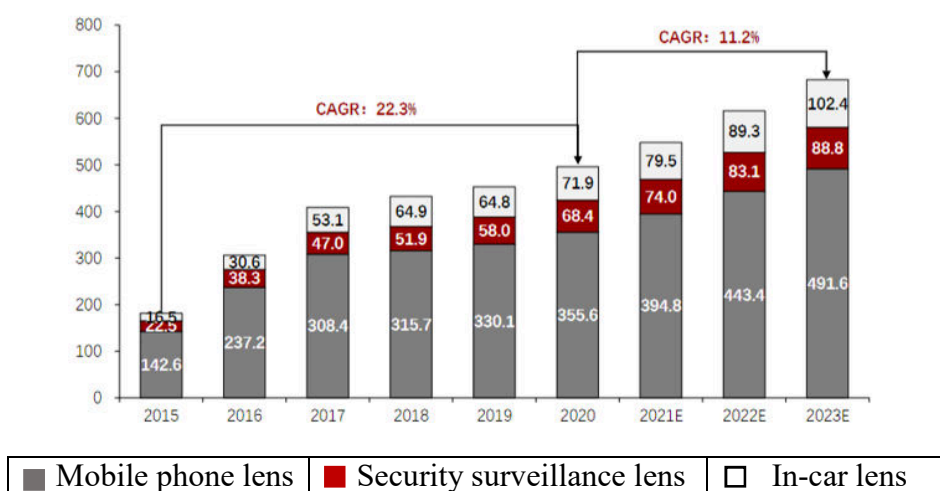
Optical lens is an important segment in the optoelectronic industry and an indispensable part of machine vision system. It is generally composed of precision hardware, plastic parts, lenses, apertures, drive motors, sensors and other opto-mechanical devices and lens barrels. Optical lens is the core 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%.

Classification by optical lens characteristics			
Characteristic	Plastic lens	Glass Lens	Glass-plastic hybrid lens
Difficulty level of craft	Low	High	Medium
Mass production capability	High	Low	Higher
Cost of production	Low	High	Lower
Thermal expansion	High	Low	Medium
Transmittance	Up to 92%	Up to 99%	In between
Downstream applications	Smart phones Digital cameras	High-end consumer electronics SLR cameras, etc.	In-vehicle, security surveillance Emerging consumer electronics, etc.
Representative companies	Largan Sunny Optical, etc.	Tamron, Foxlink Fujian Forecam Optics, etc.	YuTong Optical Technology Sunny Optical, etc.

Global Optical Lens Industry Market Size and Forecast (by Demand), 2015-2023 Forecast
Unit: hundred million NTD



(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, Hisilicon, Lumentum, InnoLight, Hisense 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.

Electric bicycles:

The rise of environmental awareness, energy saving and carbon reduction drives the transformation of bicycles into electric bicycles. Research has shown that the electric bicycle market continues to grow, and with the innovation and development of the peripheral parts industry, it is expected that another wave of market growth will follow the lifting of the pandemic-related restrictions.

Power Plant Investment and Energy Services:

With climate change and limited resources, environmental awareness is on the rise in various countries, leading to the rise of environmental protection, energy conservation and green economy. In order to strengthen energy security, innovate a green economy and promote environmental sustainability, Taiwan has also set a policy target of 20% of electricity to be generated by renewable energy by 2025.

In response to the deterioration of the environment, the world is entering a critical moment of "clean energy" transformation. In order to achieve the goal of generating 20% of electricity from renewable energy sources by 2025 and to promote the development of emerging green energy industries, the government has been promoting the "Green Energy Technology Industry Innovation Program" under the "5+2" industrial innovation framework. Based on the domestic green demand, the government has introduced large domestic and foreign investments, and along with the promotion of major policies such as the 5+2 Industrial Innovation Program, the Forward-Looking Infrastructure Program, the Digital National Innovation Economy Development Program, and the Action Plan for Welcoming Taiwan Businesses to Invest in Taiwan, it is expected to inject new momentum into Taiwan's economic growth and accelerate the development of related industries.

The six core strategic industries were announced to be promoted during the President's inauguration speech on May 20, 2020. On May 21, 2021, the Executive Yuan approved the "Six Core Strategic Industries Promotion Plan", which includes six major industries: information and digital, information security excellence, Taiwan's precision health, green power and renewable energy, national defense and strategic, and livelihood and warfare, etc. Based on the past efforts to promote 5+2

industrial innovation, the plan is to enable Taiwan to grasp the first opportunity of global supply chain restructuring in the post-pandemic era through advanced industrial deployment. The President further elaborated on the six core strategic industries for the long-term development of the country on New Year's Day 2023. The government will convene a phase review, including the green energy industry, and welcomes suggestions for brainstorming and strategies to further consolidate Taiwan's key role in the global supply chain and maintain the security and stability of industrial development momentum and various energy needs.

System and Peripheral Products:

Commercial Scanner

①End Market

The terminal application market for high-speed scanners is firms and government departments with moderate and heavy needs for digitizing daily documents, such as hospitals, banks, law firms, post offices, government administrative units, etc. In recent years, in addition to the continuous increase in the demand for the digitization of documents by various firms, due to the rapid development of online e-commerce, especially the rapid change in the retail market generated by cross-border e-commerce, the express delivery business volume has increased year after year. The digitization of express delivery documents is also one of the key factors leading to the continuous growth in demand for commercial scanners in recent years.

②Brand 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.

③Future Development

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

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

3C Components:

(1) Optical Components (Plastic Lens Set)

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.

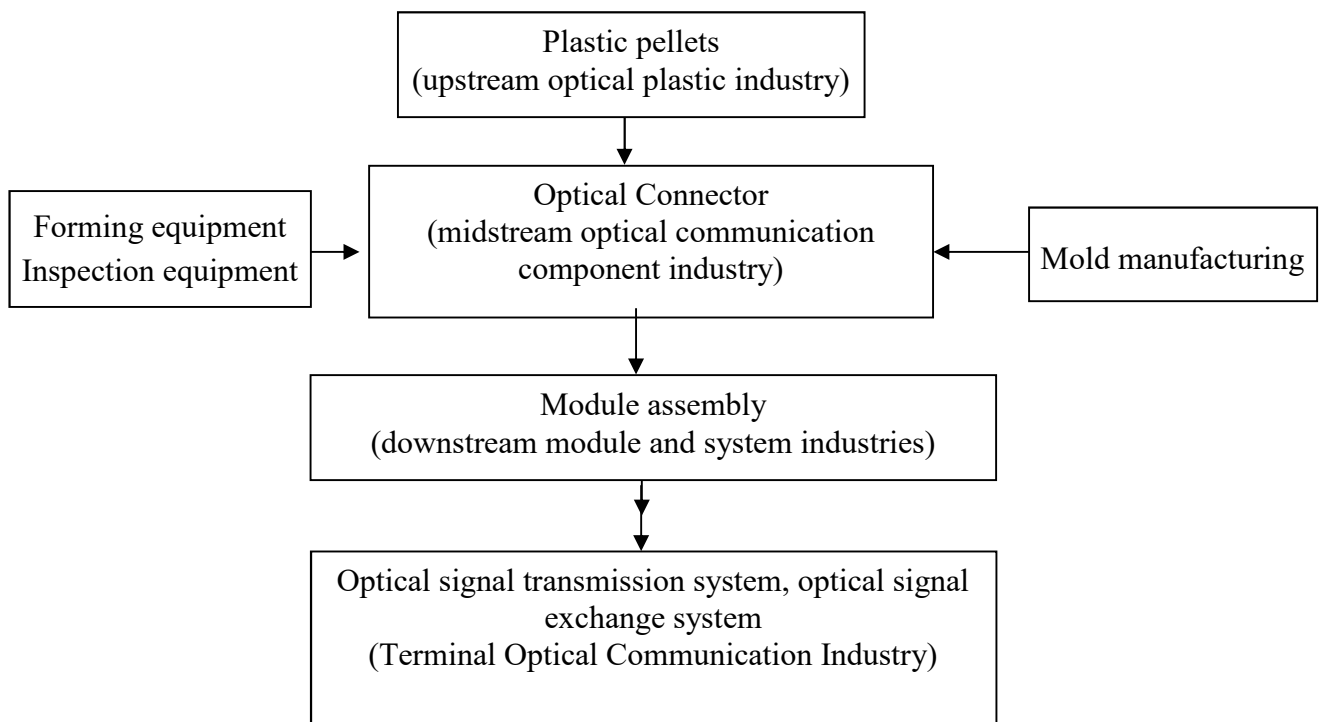
However, in the machine vision industry, China's market is quite dispersed, as the AI and 5G application scenarios are implemented, industrial robotics market applications extend to service robots, it is expected that the service robotics market in China will grow rapidly.

(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 which provides optical material plastic pellets, and the midstream is the mold making industry, molding equipment industry and inspection equipment industry which assist the Company in completing the optical connectors.

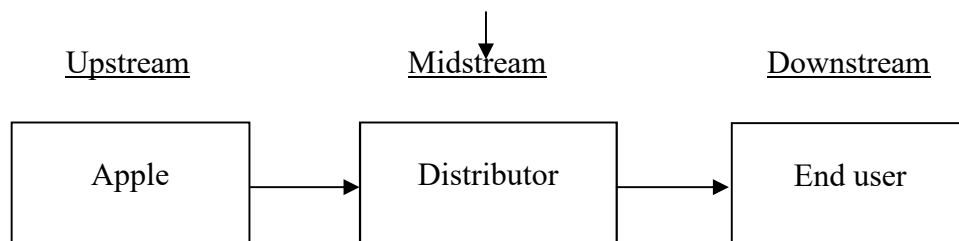
The downstream part of the Company's optical connector is the module industry or system industry, which assembles the modules to complete products. The upstream, midstream, and downstream of the optical connector industry are related to each other as illustrated below:



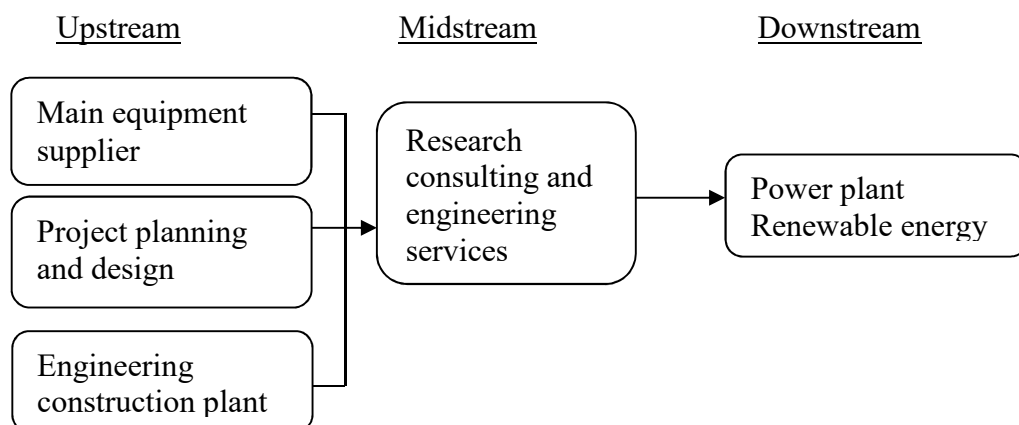
3C Retail and Peripheral Products:

Apple products

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

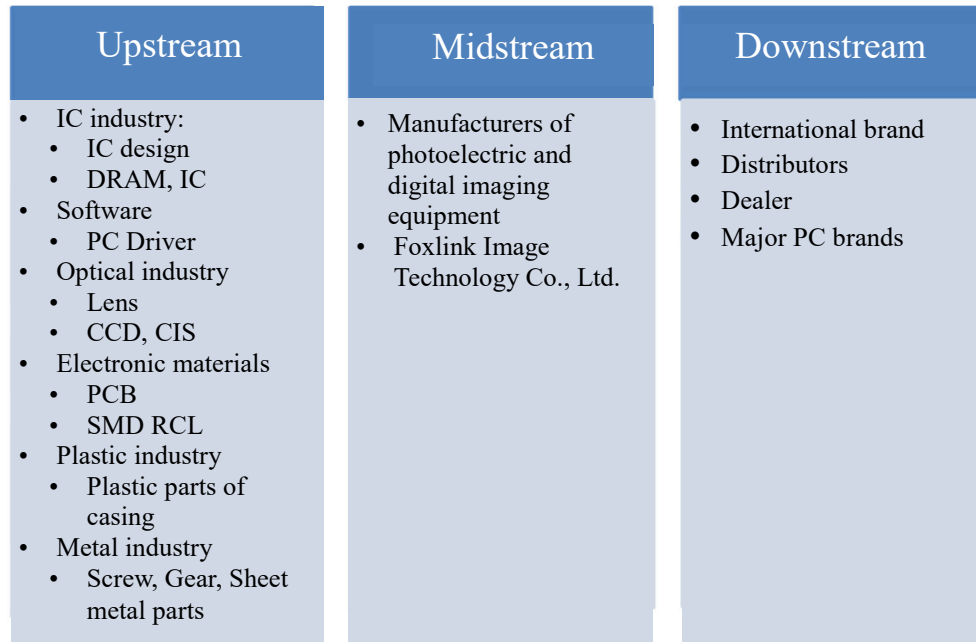


Energy Service Management:



System and Peripheral Products:

Mainly the production of optoelectronic and digital imaging related products. Its upstream materials cover a wide range of suppliers, such as those of optical materials, electronic materials, IC, plastic materials, metal materials, packaging materials and software; the downstream manufacturers include major international brands and distributors, distributors, PC manufacturers and other customers. The company is located in the midstream responsible for integrating the upstream materials, and conducts the design, producing, testing and packaging, and finally provides the finished products to downstream customers. The correlation among the industry's upstream, midstream and downstream is shown in the figure below:



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)Product line integrity of the brand: With the maturity of 3C products and the rapid development of technology, the development of more diversified product lines and product integrity can increase customer recognition of the brand.

(2)More comfortable shopping environment: 3C products are rapidly changing. Not only the store display, route planning,professional explanation by the service staff, but also the hands-on experience of customers are all essential factors for the setting of retail environment nowadays.

(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) Maintaining loyal members: Due to the increasing competition in the market, retaining existing members and regularly launching brand activities on the company's website/social media/sales channels can help increase member retention, so that members will keep an eye on new product launches.

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 have increased, competitors have also increased. The company will invest in related businesses with an excellent management team and quality and technology to enhance the company's interests.

According to the government's plan, the installed capacity of solar power will reach 20GW in 2025, with rooftop type and ground type accounting for 3GW and 17GW. By the end of December 2022, the system had a installed capacity of 9.723747 GW of solar power.

Wind energy is a very important part of the development of renewable energy in Taiwan. Since 2000, Taiwan has been actively promoting the development and application of wind energy. Through resource exploration, technical guidance, research and investigation, demonstration subsidies and promotion, Taipower and the private sector have invested in the development of onshore and offshore wind farms. By the end of December 2022, the system had a installed capacity of 1.581055 GW of wind power.

The Company and its subsidiaries have installed 130MW of solar power, 29MW of onshore wind power and 300MW of offshore wind power. The Company continues to develop and invest in large-scale solar and wind power plants, and plans to establish special purpose vehicles (SPVs) as owners of the projects in order to improve the operation and capital efficiency. In addition, the Company plans to dispose of the SPV shares to recover the capital and realize profits in advance, and use the capital to expand solar power plants or develop other new businesses to achieve growth on a rolling basis.

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	2022	2023 (as of March 31, 2023)
Expenses	369,415	55,132(Note)
New products or new technologies successfully developed	3C Components: 1. Eight high, middle and low level NB lenses 2. One 13 million pixel lenses 3. Two TOF and face ID lenses 4. One AR lens 5. Three 3D application lenses 6. Three surveillance lenses 7. One special lens 8. Five lens array fiber optical connectors 9. Four COB fiber optical connectors 10. One optical communication component 11. Four high precision plastic parts 12. One consumer lens	3C Components: 1. Five high, middle and low level NB products 2. One NB special lens application 3. Two VR application-oriented lens 4. One 3C sensing application 5. Two TOF applications 6. Six optical communication component 7. Two lens array fiber optical connectors 8. Two High precision plastic parts 9. Two surveillance and sensor lenses 10. One VR freedom lens
	3C Retail and Peripheral Products: 1. New generation of USB-C fingerprint recognition key 2. Fingerprint recognition SSD 3. Cryptocurrency wallet	3C Retail and Peripheral Products: 1. 35W/140W/wireless charging dock/USB4 cable 2. Watch charger
	System and Peripheral Products: 1. High-end 120/55 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	Electric bicycles: 1. 24-inch parent-child bike 2. 28-inch city/sports bike

Note: The data has not been reviewed by the CPAs.

The Group's Intellectual Property Management Plan

1. Intellectual property rights application and process control / rights assessment and cost control
2. Intellectual property enquiry/infringement analysis
3. Assisting the legal department in intellectual property litigation
4. Technical committee project analysis on intellectual property rights
5. Patent mapping for products/technologies
6. Intellectual property management/search platform system construction and maintenance
7. Intellectual property management method development
8. Implementation of the intellectual property rights incentive bonus system
9. Enforcement of measures related to protection of business secrets

Implementation and Results

The Company reports intellectual property-related matters to the Board of Directors at least once a year, with the most recent reporting date being September 29, 2022.

List of intellectual property acquisition and results in 2022:

1. Patents: The Group filed a total of 13 applications, including 3 patents for "novelties".
2. Trademarks: N/A.

As of today, intellectual property rights acquired by FIT Holding Co., Ltd's 100% subsidiaries include:

	Inventions	Novelties	Design	Trademarks
Quantity	61	126	6	59

Education and Training Status

The Company conducts education on intellectual property rights for new employees during new employee training and held related training on August 26, 2022 with 5 participants for a total of 15 hours.

(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) Expand more product items for customers and develop product portfolio/series, which will stimulate customers and drive overall revenue growth. The centralized service capability enables the company to gain a deeper understanding of potential business opportunities, so that the company can more effectively grasp the dynamics of each sales channel and market and facilitate cooperation. By grasping the market and channel dynamics, the company will be able to accelerate the launch of the next generations for the best-selling products, and match them with the marketing of topical products, which will also increase the competitiveness of the brand.
- (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) Expand 3C consumer electronics to global markets. In the future, we will develop sales of electric bicycles (Janus), focusing on the markets of Taiwan, Southeast Asia and Japan, and in the future, we will also expand to other countries such as the United States and Australia.
- (7) 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	2022		2021	
	Amount	Percentage	Amount	Percentage
Hong Kong	2,156,948	17.87%	2,158,618	19.20%
China	1,505,847	12.48%	1,249,200	11.11%
United States	1,550,918	12.85%	1,363,783	12.13%
Taiwan	4,400,353	36.46%	4,407,090	39.21%
Others	2,455,183	20.34%	2,063,237	18.35%
Total	12,069,249	100.00%	11,241,928	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 Chinese, Taiwanese, and South Korean companies. The market shares are as follows:

- a. The mainland Chinese lens factories have a market share of about 60-62%, and the important manufacturers include Sunny, AAC, Spy Optical, and Johnlen.
- b. Taiwanese lens factories have a market share of about 25~28%, and the important manufacturers include Largan, Genius Electronic Optical, Newmax Technology, Ability Opto-Electronics Technology, Powertip Image and our company.

c. South Korean lens factories have a market share of about 7-10%, and the important manufacturers include Diostech, Kolen and Sekonix.

d. Lens factories in other regions have a market share of about 5-6%.

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

② Lens Demand Status

The Group is a professional manufacturer of lenses, and mobile phones are the main source of demand for the lens industry. The main terminal applications of lenses include smartphones, NBs and tablets. Among them, smartphones account for the highest proportion of shipments. The 2023 estimated shipment volume by each research unit compiled by the company is as follows:

Product name	Estimated shipment volume (production volume)	Annual growth rate	Explanation
Smartphones	1.327 billion units	5.2%	The global market size was 1.26 billion units in 2022, a decline of 6.8%, mainly due to the stagnation of the global economy and inflation, and weak market demand, affecting the terminal inventory of cell phones, and even extended to upstream components. Inventory adjustment is expected to end in the second to third quarter of 2023. Global mobile phone shipments amounted to 1.327 billion units, a 5.2% growth rate. Considering the low base amount in 2022, the overall performance is expected to be lower than the shipment in 2021 and is still not back to the pre-pandemic level.
NB	176 million units	-6.9%	Global notebook computer shipments fell to 42.9 million units in 4Q2022, down 7.2% QoQ and 32.3% YoY, lower than the same period before the pandemic. In addition, market demand was impacted by negative factors such as inventory adjustment, the Russia-Ukraine war and high inflation, which led to another downward revision of 2022 notebook computer shipments to 189 million units, down 23% YoY. The ratio of shipments in the first and second half of the year was 53:47, which the first time in nearly a decade that the the product was shipped more in the first half of the year than the second.

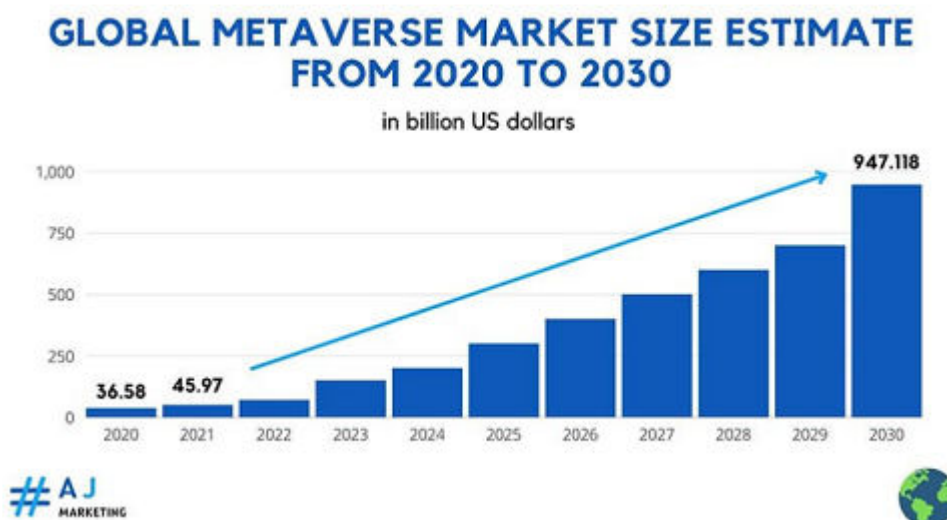
Product name	Estimated shipment volume (production volume)	Annual growth rate	Explanation
			It is estimated that the global notebook computer market will not show any obvious signs of recovery for the time being in 2023, and even though the annual decrease in shipments has shrunk to 6.9%, it will only be 176 million units.

③ Supply and Demand Status and Growth of Special Applications

a. In-car lens:

Compared with the rapid decline in demand for consumer electronics, the vehicle market is expected to see some orders and demand deferred to 2023 due to chip shortages, so global vehicle sales are estimated to reach 83.9 million units in 2023, up 3.7% annually, and 91 million units in 2025. It is estimated that in 2025, the market for automotive cameras will be \$26 billion and for in-vehicle cameras will be \$78.2 billion ; the CAGR from 2020 to 2025 will be 32%.

b. According to AJ Marketing, the global metaverse market will grow from 2022 and reach US\$947.118 billion by 2030, increasing the size of the industry and attracting more companies into the space.



The development of the metaverse can be traced back to 2013 and has been influenced by four key emerging technologies - augmented reality (AR), virtual reality (VR), artificial intelligence (AI), machine learning (ML), cloud computing and blockchain - leading to accelerated development. Among them, AR and VR technologies has matured to enhance the interactive and immersive virtual experience of the public, and thus these two technologies will become one of the key elements in the development of virtual worlds.

The future metaverse business opportunities will grow massively in six major areas. By leveraging technologies such as AR/VR, artificial intelligence, machine learning, cloud computing and blockchain, the metaverse service applications will shine in six major potential areas, including entertainment, shopping, social, work, education and finance. The metaverse is still in its infancy and needs to be improved step by step in terms of construction, equipment and technology. Although the

metaverse has great economic potential, it depends on the speed of infrastructure development to reach the ideal economic state. The speed of deployment of the technology and the use of the metaverse by consumers and industry are key as well. It will take some time before the metaverse is fully developed. AR/VR seems to be the main focus platform for the development of related applications and technologies around the metaverse. Therefore, the most urgent task should be to improve the usage rate and quality of AR/VR technologies. Moreover, content is still an essential element in driving the concept of virtual worlds, so content creation is also a priority for the industry while creating virtual worlds. With good content and a rich cultural heritage, better immersive experience can be brought to the public, and a more scalable business opportunity can be brought to the industry.

- 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

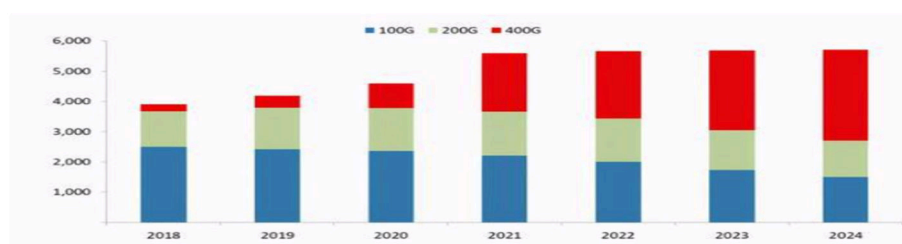
Since the market for the optical communications industry is still in the hands of major international manufacturers, after mergers and acquisitions, bankruptcies and the addition of new competitors in the past few years, the optical communications industry is still under constant restructuring. Large 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.

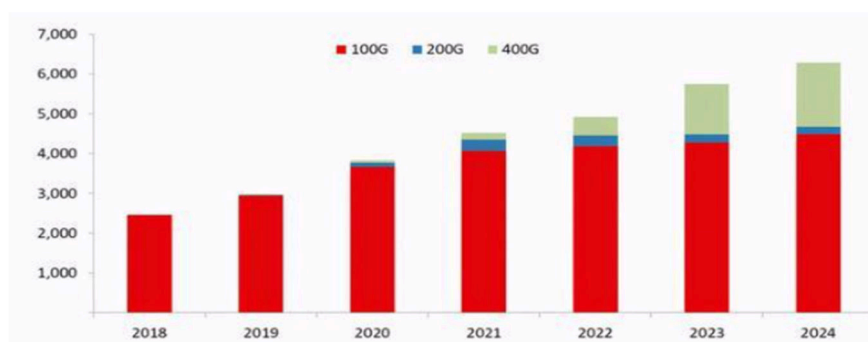
The demand for large bandwidth in the telecom market has come out earlier. In 2018, 400G applications were already introduced to the telecom network. Later on when the 5G infrastructure was built, 400G module transmission will be activated in the metropolitan network. OVUM estimates that the market for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



Telecom Network High Speed Optical Module Market (Million USD)
Source: OVUM



Data Center High Speed Optical Module 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 130MW was completed at the end of 2022, 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.
- (4) By the end of 2022, the Company has completed the construction of three natural gas project sites and will continue to develop market opportunities for "clean energy" to replace heavy oil or coal as fuels.

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:

Office automation technology may have the opportunity to enter the new industrial automation field, combining AI and smart technologies (FW/SW), 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.
- (5) Maintain good and long-term relationship with clients.
- (6) Control costs while maintaining the brand's quality advantage.
- (7) Develop a diverse product portfolio and product offerings.

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. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

3C Components:

(1) Favorable Factors

① Main Business Contents and Development Prospects

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

② Position 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.

③ Supply 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.

④ Sales 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

① Main Business Contents and Development Prospects

As the market is vast, there are many competitors.

② Position in the Industry

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

③ Supply Status of Main Raw Materials

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

④ Sales Status of Main Products

Compete with industry leaders.

(3) Countermeasures

① Main 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.

② Position in the Industry

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

③ Supply Status of Main Raw Materials

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

④ Sales Status of Main Products

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

3C Retail and Peripheral Products:

(1) Favorable Factor:

① In 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.

② The 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.

③ With our long-standing insistence on product quality and customer service, the market has a good impression and trust in our brand, so we have been able to obtain a high level of customer support in promoting new products.

④ We continue to strengthen cost control, look for more competitive prices and stable quality vendors, and seize the opportunity to launch new products so that we can maintain a honeymoon period for new product launches and lengthen product cycles.

(2) Unfavorable Factors and Countermeasures

① High 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.

② Wide 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.

③Low entry threshold of 3C brands

Countermeasures: In view of the many brands in the market with different prices, consumers are more selective and tend to go for the lowest price, so we need to be more cautious in maintaining brand positioning and price considerations. The Company continues to develop new products and control cost and price, which will make it more competitive in the market to enhance the overall product profitability.

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 2022, 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.

④As the world recovers from the COVID-19 pandemic and countries, including China, lifted their lockdowns, the market is also recovering, which is driving the demand for products and R&D.

(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.

③The political and trade confrontation between the U.S. and China, coupled with the rivalry between the U.S. and Russia, has led to unstable supply in the market and in many countries, posing certain challenges.

(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.
- ④Accelerate product development for other industrial applications in order to increase the momentum of long-term business growth.
- ⑤Continuously 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.

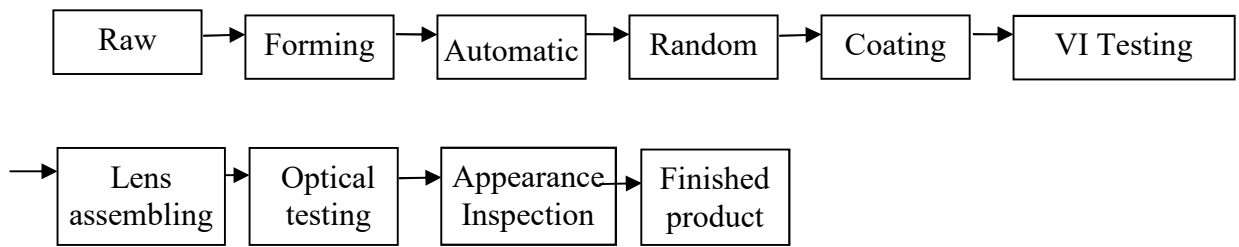
(II) Important Applications and Production Process of Main Products

1. Important Applications of Main Products

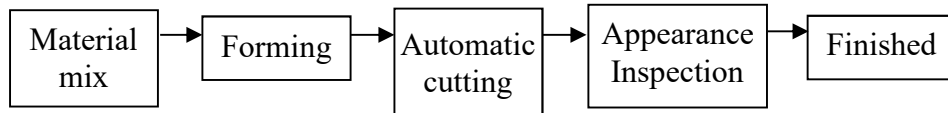
Main Products	Important Applications
Optical Components	It can be used for photography, smartphones, tablets, game consoles, laptops, desktops, digital cameras, wearable devices, sensor security applications, robot vacuums, VR, logistics robots, and more.
Optical Communication Components	Provides standard fiber optic terminals for optical transmission devices, storage devices, and 5G optical transmission applications. By 25G, 32G, 100G, 200Gg and other optical transmission efficiency applications, to work with the communication optical fiber transmission applications lens and other products.
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.
Electric bicycles	Provides leisure, sports, micro-mobility, and for many different groups to use.
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

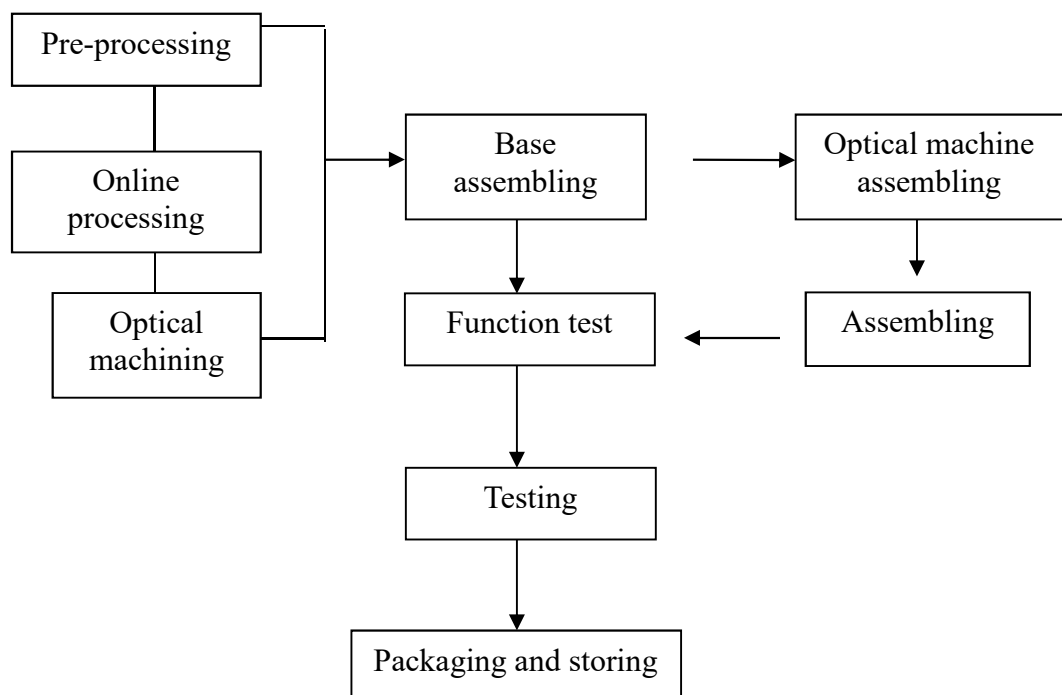
A. Optical Components



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

Item	2021				2022			
	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Purchase (%)	Relationship with the Issuer
1	Company E	1,869,525	23%	None	Company E	1,900,382	23%	None
2	Company H	1,205,334	15%	None	Company H	1,418,142	17%	None
	Others	5,001,303	62%		Others	5,113,624	61%	
	Purchase Net amount	8,076,162	100%		Purchase Net amount	8,432,148	100%	

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

Unit: NT\$ thousand

Item	2021				2022			
	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer
1	Customer G	2,445,998	22%	None	Customer H	2,099,298	17%	None
2	Customer H	1,500,850	13%	None	Customer G	1,593,294	13%	None
3	Customer C	1,318,720	12%	None	Customer C	1,429,689	12%	None
	Others	5,976,360	53%	-	Others	6,946,968	58%	-
	Sales Net amount	11,241,928	100%		Sales Net amount	12,069,249	100%	

(V) Production Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Unit: 1000 units / ¥10 thousand							
Production Value Volume	Year	2021			2022		
		Production Capacity	Production Volume	Output Value	Production Capacity	Production Volume	Output Value
Major Product							
Optical and optical communication components		180,000	34,975	160,526	180,000	25,921	96,911
System and peripheral products		2,100	1,907	3,492,213	3,400	3,322	4,015,949
Energy service management		23,481	27,872	3,494,345	22,866	87,451	3,753,199
Others		2021	103	32,421	100	99	43,367
Total		205,691	64,920	7,179,505	206,366	116,794	7,909,426

(VI) Sales Volume Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Value Volume of Sales Major Product	Year		2021				2022			
			Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Optical and optical communication components	4,964	63,951	36,697	245,585	3,931	50,518	27,319	204,635		
System and peripheral products	-	-	2,026	4,560,026	-	-	3,746	5,306,253		
Energy service management	-	4,312,087	-	22,245	88,007	4,276,302	-	17,265		
Others	106	26,791	525	2,011,273	265	67,810	251	2,146,466		
Total	5,070	4,402,799	39,248	6,839,129	92,203	4,394,630	31,316	7,674,619		

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		2021	2022	The current year as of March 31, 2023
Number of employees	Clerical staff	1,126	1,130	1,030
	Operators	2,302	1,716	1,034
	Total	3,428	2,846	2,064
Average age		27.13	33.21	32.29
Average years of service		3.04	3.81	4.74
Distribution of education level	PhD	0.12%	0.21%	0.24%
	Master	3.73%	5.13%	7.07%
	College	20.80%	23.96%	24.22%
	High school	10.82%	14.05%	9.74%
	Under high school	64.53%	56.65%	58.73%

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

(I) Describe the risk management framework for information security, information security policy, specific management plan and the resources invested in information security management, etc.

1. Information Security Organizational Structure

The Group has established the Information Security and Business Secrets Review Committee at the direction of the Chairman, with an information security organization under it. The Group convenes the top executives of each business group as members of this Committee. The Chief Legal Officer and the Chief Information Officer jointly convene regular meetings of the Business Secrets Review Committee to implement, formulate and review the Group's information security control measures in order to effectively promote the Group's information security management policies, and regularly reports to the Board of Directors on the implementation status for the year.

2. Information Security Policy

The Group's information security policy is "To maintain the integrity, availability and confidentiality of the information of the Group's companies and to actively avoid damage caused by man-made or natural external forces to reduce the impact on the Company's operations and losses of the Company's interests". Through regular internal information security audits, we reinforce various information security measures and correct information equipment weaknesses to maintain normal operation of information systems. We hold regular internal information security meetings once a month to strengthen information security emergency response capabilities and deepen and adjust annual information security management goals.

3. Specific management plan and resources invested in information security management

In the past, the information security organization was responsible for the review and implementation of information security policies. The group conducts monthly security inventory and review to enhance the control of sensitive information. In the end control of the office environment, we have also invested in relevant control mechanisms so that the employees' information security can be protected in the office. On a regular basis, the information bulletin keeps employees informed of information security news in the industry and fosters awareness of information security in the workplace, which is a significant achievement since the establishment of the information security organization. The information security team conducts audits of each unit in accordance with the resolutions of the Business Secrets Committee and internal audits of information security audits, provides improvement measures, and reports the results of the audits and improvements to the Business Secrets Committee.

The Group has established internal rules and regulations in accordance with information security regulations and policies, conducts related risk controls, and carries out information security management reviews.

- (1) Weekly vulnerability scanning and patching of critical information systems to reduce the risk of hacking
- (2) Installing terminal computer access to information security software to stop malicious virus intrusion
- (3) Building a email pre-sending audit system to prevent leakage of sensitive information

VII. Important Contracts

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
OEM contract	Company BF	December 10, 2013 - date of termination	OEM production	OEM of the Company
OEM contract	Company BB	November 1, 2013 - date of termination	OEM production	OEM of the Company
OEM contract	Company BD	January 20, 2017 - date of termination	OEM production	OEM of the Company
OEM contract	Company BA	December 01, 2021 - November 30, 2022	OEM production	OEM of the Company
Investment contract	Company HF	Starting from June 11, 2019	The investment amount is NT\$280 million	None
Investment contract	Company HE	Starting from September 14, 2020	The investment amount is NT\$210 million	None
Investment contract	Company HB	Starting from October 09, 2020	The investment amount is NT\$690 million	None
Investment contract	Company HA	Starting from March 02, 2021	The investment amount is NT\$690 million.	None
Investment contract	Company HD	Starting from September 16, 2021	The investment amount is NT\$150 million.	None
Investment contract	Company BI	Starting from August 31, 2022	The investment amount is US\$7 million.	None
Loan contract	Power Quotient International Co., Ltd.	May 3, 2022 - May 2, 2023	The loan amount is NT\$500 million.	None
Loan contract	Power Quotient International Co., Ltd.	May 3, 2022 - May 2, 2023	The loan amount is NT\$900 million.	None
Credit contract	JihSun International Commercial Bank Co., Ltd. Dunhua Branch	July 23, 2021 - July 22, 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.	Financial ratio restrictions
Credit contract	Mega International Commercial Bank Tucheng Branch	September 15, 2021 - September 15, 2023	The credit amount is NT\$300 million	None
Credit contract	Far Eastern International Bank	January 27, 2022 - January 27, 2024	The credit amount is NT\$300 million.	1. Financial ratio restrictions 2. Tangible net worth should be maintained at NT\$2 billion or more

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
Credit contract	Yuanta Commercial Bank	February 10, 2022 - February 9, 2024	The credit amount is NT\$300 million.	None
Credit contract	Taishin International Bank	January 31, 2022 - January 31, 2023	The credit amount is NT\$300 million.	1. Financial ratio restrictions 2. Tangible net worth should be maintained at NT\$2 billion or more
Credit contract	KGI Commercial Bank	September 12, 2022 - September 12, 2024	The credit amount is NT\$400 million.	None
Credit contract	E. Sun Commercial Bank, Ltd.	July 05, 2022 - July 05, 2023	The credit amount is NT\$400 million.	None
Credit contract	Bank of Taiwan Co., Ltd.	November 10, 2022 - November 10, 2024	The credit amount is NT\$300 million.	None
Credit contract	Taiwan Cooperative Bank	November 30, 2022 - November 30, 2024	The credit amount is NT\$500 million.	None
Credit contract	Yuanta Commercial Bank	February 15, 2022 – February 15, 2024	The credit amount is NT\$300 million.	None
Credit contract	Shanghai Commercial and Savings Bank	March 28, 2022 - March 28, 2024	The credit amount is NT\$300 million.	None
Credit contract	Bank SinoPac Company Limited	September 30, 2022 - September 30, 2023	The credit amount is NT\$ 1 billion.	1. Financial ratio restrictions 2. Tangible net worth should be maintained at NT\$5 billion or more
License contract	Company BG	March 15, 2019 - date of termination	Manufacturing and sales contract	1. Non-disclosure agreement 2. Intellectual property right guarantee clause
Procurement contract	Jiangsu Foxlink Green Energy Technology Co., Ltd.	Starting from October 15, 2020	Equipment Purchase	None
Procurement contract	FUGANG ELECTRIC (XUZHOU) CO.,LTD.	Starting from December 25, 2020	Equipment Purchase	None
Development contract	Company BF	November 22, 2010 - date of termination	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Development contract	Company BE	May 18, 2017 - date of termination	Development contract	The Company shall bear the responsibility of confidentiality of technical information.

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
Development contract	Company BA	January 1, 2018 - date of termination	Development contract	The company shall bear the responsibility of confidentiality of technical information.
Manufacturing and sales contract	Company BA	Starting from December 2, 2020	OEM production	1.Non-disclosure agreement 2.Intellectual property right guarantee clause
Manufacturing and sales contract	Company BB	December 09, 2019 ~ termination date	OEM production	1. Non-disclosure agreement 2. Intellectual property right guarantee clause
Sales contract	Company BC	January 13, 2014 - date of termination	Sales contract	1. Non-disclosure agreement 2. Intellectual property right guarantee clause
Sales contract	Company CA	November 20, 2019 - November 19, 2022	Product Indirect Sales	None
Construction and maintenance contract	Taiwan Power Company	June 15, 2020 - December 31, 2030	Offshore Wind Power Phase II Project - Wind Farm Property Procurement and Installation totaling NT\$62.888 billion	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Construction contract	Shinfox Electricity Inc.	December 17, 2020 - Warranty upon maturity	Qigu solar power generation system turnkey project totaling NT\$4,263,798 thousand	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Construction contract	Changpin Wind Power Ltd.	April 7, 2023 - Warranty upon maturity	Wind farm turnkey project	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Credit contract	CTBC Bank Co., Ltd.	December 7, 2020 –March 31,2026	The credit amount is NT\$5.4 billion	Fixed deposit pledge
Credit contract	KGI Bank Co., Ltd.	March 23, 2022 –March 23,2023	The credit amount is NT\$3 billion	Reimbursement account limit
Credit contract	King’s Town Bank Co., Ltd.	December 27, 2022 –October 3,2023	The credit amount is NT\$1.5 billion	None
Credit contract	11 banks including CTBC Bank Co., Ltd. and Bank of Taiwan Co., Ltd.	March 10, 2023 –December 31,2023	The syndicated loan credit amount is NT\$6.72 billion	1.Financial ratio restrictions 2.Reimbursement account limit
Procurement contract	Century Iron and Steel Industrial Co., Ltd. and Century Wind Power Co., Ltd.	June 3, 2021 - Warranty upon maturity	Taipower's offshore wind farm property procurement and installation case under the second phase of the wind power generation project for lower structural	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
			steel plate totaling NT\$2,790,000 thousand	
Procurement contract	Vestas Taiwan Limited	October 12, 2021 - Warranty upon maturity	Offshore wind turbine equipment procurement totaling NT\$20,730,184 thousand	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Procurement contract	LS Cable & System Ltd.	March 15, 2023 - Warranty upon maturity	Sub-Marine-Cable D&S Package	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Subcontracted construction contract	Sinotech Engineering Consultants Ltd.	August 19, 2020 –December 31,2025	1.Project Management Service Contract for Taipower Offshore Wind Power Phase II Project Document Submission for Review 2.Taipower Offshore Wind Power Phase II Project - Wind Farm Property Procurement and Installation - General Engineering Technical Consulting Services Contract	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Subcontracted construction contract	Century Iron and Steel Industrial Co., Ltd. and Century Wind Power Co., Ltd.	June 3,2021~ Warranty upon maturity	Manufacturing and supply of structural and miscellaneous electrical and mechanical equipment under the offshore wind farm property procurement and installation project for Phase II wind power generation totaling NT\$9,601,700 thousand	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Subcontracted construction contract	SOLAR MASTER ENERGY CO., LTD	December 30,2020~ Warranty upon maturity	Installation of solar power generation system in Xiashan Ziliao Section, Qigu District, Tainan City	1.Non-transferable 2.Breach of contract clause
Subcontracted construction contract	Star Energy Corporation Ltd.	August 18,2021~ Warranty upon maturity	Offshore wind farm property procurement and installation case under the second phase	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Subcontracted construction contract	SHINFOX FAR EAST COMPANY PTE. LTD.	November 28,2022~ Warranty upon maturity	Marine Transport and Installation Works Agreement	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause
Subcontracted construction contract	SHINFOX FAR EAST COMPANY PTE. LTD.	March 31,2023~ Warranty upon maturity	OSS- Supply of Material and Equipment Contract & OSS- Engineering, Transportation and Installation Contract	1.Non-transferable 2.Nonfidentiality clause 3.Breach of contract clause

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
Development service contract	Jiuwell Power Co., Ltd.	From June 14, 2022 to expiry	Natural gas power plant power generation project	1.Nonfidentiality clause 2.Breach of contract clause

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				
		2018	2019	2020	2021	2022
Current assets		6,902,925	6,740,195	13,443,029	15,569,224	20,092,218
Property, plant and equipment		3,510,082	5,279,784	3,411,488	3,469,151	3,651,644
Intangible assets		1,056,706	1,027,695	985,094	966,092	1,258,124
Other assets		4,270,314	5,160,244	4,967,398	4,539,369	7,387,016
Total assets		15,740,027	18,207,918	22,807,009	24,543,836	32,389,002
Current liabilities	Before distribution	5,169,736	5,813,251	10,542,565	9,293,411	12,407,153
	After distribution	5,362,200	6,428,856	10,788,807	9,662,774	12,899,637
Non-current		3,315,824	5,530,512	4,087,189	3,259,907	5,276,432
liabilities liabilities	Before distribution	8,485,560	11,343,763	14,629,754	12,553,318	17,683,585
	After distribution	8,678,024	11,959,368	14,875,996	12,922,681	18,176,069
Equity attributable to shareholders of the parent company		7,171,853	6,704,305	7,058,599	7,577,144	7,876,686
Share capital		2,462,421	2,462,421	2,462,421	2,462,421	2,462,421
Additional paid-in capital		5,019,688	4,237,390	4,198,013	4,890,319	4,841,997
Retained Earnings	Before distribution	(165,483)	(273,604)	98,209	445,172	862,941
	After distribution	(357,947)	(889,209)	24,336	322,051	493,578
Other equity		(144,773)	278,098	299,956	(220,768)	(290,673)
Non-controlling interests		159,810	159,850	1,118,656	4,413,374	6,828,731
Total equity	Before distribution	7,254,467	6,864,155	8,177,255	11,990,518	14,705,417
	After distribution	7,062,003	6,248,550	7,931,013	11,621,155	14,212,933

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.

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

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

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years				
	2018	2019	2020	2021	2022
Operating income	3,365,313	8,840,159	7,053,361	11,241,928	12,069,249
Operating margin	326,017	613,528	884,626	1,823,002	1,809,533
Operating profit and loss	(152,780)	(533,296)	(220,654)	627,841	553,973
Non-operating income and expenditure	14,269	305,166	512,107	221,759	292,548
Net profit before tax	(138,511)	(228,130)	291,453	849,600	846,521
Current net profit of continuing business units	(171,064)	(197,033)	179,775	626,231	660,391
Net profit for the period					
Interests in discontinued units	0	0	0	0	0
Net profit (loss) for the period	(171,064)	(197,033)	179,775	626,231	660,391
Other comprehensive income of the current period (net after tax)	(86,426)	413,575	25,590	(528,446)	(58,491)
Total comprehensive income for the current period	(257,490)	216,542	205,365	97,785	601,900
Net profit attributable to shareholders of the parent company	(166,692)	(189,059)	83,599	434,012	529,589
Net profit attributable to the equity of previous holders under joint control	(3,256)	(17,953)	0	0	0
Net profit attributable to non-controlling interests	(1,116)	9,979	96,176	192,219	130,802

Total comprehensive income attributable to owners of the parent company	(248,458)	234,752	111,706	(99,017)	470,985
Total comprehensive income attributable to the equity of previous holders under joint control	(6,512)	(18,250)	0	0	0
Total comprehensive income attributable to non-controlling interests	(2,520)	40	93,659	196,802	130,915
Earnings per share	(1.24)	(0.77)	0.34	1.76	2.15

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 financial statements for the year 2018 are disclosed in accordance with the IFRS FAQs provided by the Accounting Research and Development Foundation of the Republic of China on October 26, 2018. Since the transaction is regarded as a reorganization under common control and is essentially a continuation of Glory Science Co., Ltd., as each share of Glory Science's common stock is converted into one share of the Company's common stock, the financial statements prior to the date of establishment of the Company were prepared based on the recognition of the related assets and liabilities at the carrying amount of Glory Science's financial statements, and Glory Science Co., Ltd. was accounted for a subsidiary of the Company from the date of merger, and the financial statements during the comparative period was 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.

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

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

Unit: NT\$ thousand

Year Item		Financial Information for the Last Five Years				
		2018	2019	2020	2021	2022
Current assets		4	665	352,603	258,992	730,804
Property, plant and equipment		0	0	0	0	0
Intangible assets		0	0	0	0	0
Other assets		7,098,760	7,623,551	7,876,626	8,854,427	9,763,093
Total assets		7,098,764	7,624,216	8,229,229	9,113,419	10,493,897
Current liabilities	Before distribution	4,107	619,911	770,630	1,006,275	1,387,211
	After distribution	4,107	619,911	1,016,872	1,375,638	1,879,695
Non-current		0	300,000	400,000	530,000	1,230,000
Total	Before	4,107	919,911	1,170,630	1,536,275	2,617,211

liabilities	distribution					
	After distribution	196,571	1,535,516	1,416,872	1,905,638	3,109,695
Equity attributable to shareholders of the parent company		7,094,657	6,704,305	7,058,599	7,577,144	7,876,686
Share capital		2,462,421	2,462,421	2,462,421	2,462,421	2,462,421
Additional paid-in capital		5,019,688	4,237,390	4,198,013	4,890,319	4,841,997
Retained earnings	Before distribution	(165,483)	(273,604)	98,209	445,172	862,941
	After distribution	(165,483)	(273,604)	24,336	322,051	493,578
Other equity		(144,773)	278,098	299,956	(220,768)	(290,673)
Equity of previous holders under joint control		(77,196)	0	0	0	0
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	7,094,657	6,704,305	7,058,599	7,577,144	7,876,686
	After distribution	6,902,193	6,088,700	6,812,357	7,207,781	7,384,202

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.

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

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years				
	2018	2019	2020	2021	2022
Operating income	0	0	102,367	512,752	551,836
Operating margin	(165,845)	(281,228)	102,367	512,752	551,836
Operating profit and loss	(169,948)	(294,358)	77,450	470,061	526,167
Non-operating income and expenditure	0	87,346	6,149	(8,021)	(13,905)
Net profit before tax	(169,948)	(207,012)	83,599	462,040	512,262

Current net profit of continuing business units	(169,948)	(207,012)	83,599	434,012	529,589
Net profit for the period					
Interests (loss) of discontinued units	0	0	0	0	0
Net profit (loss) for the period	(169,948)	(207,012)	83,599	434,012	529,589
Other comprehensive income of the current period (net after tax)	(85,022)	423,514	28,107	(533,029)	(58,604)
Total comprehensive income	(254,970)	216,502	111,706	(99,017)	470,985
Net profit attributable to shareholders of the parent company	(166,692)	(189,059)	83,599	434,012	529,589
Net profit attributable to the equity of previous holders under joint control	(3,256)	(17,953)	0	0	0
Total comprehensive income attributable to owners of the parent company	(248,458)	234,752	111,706	(99,017)	470,985
Total comprehensive income attributable to the equity of previous holders under joint control	(6,512)	(18,250)	0	0	0
Earnings per share	(1.24)	(0.77)	0.34	1.76	2.15

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
2018	PwC Taiwan	Kai-Se Lin, Liang, Yi-Chang	Unqualified opinion subsequent to revision
2019	PwC Taiwan	Kai-Se Lin, Liang, Yi-Chang	Unqualified opinion subsequent to revision
2020	PwC Taiwan	Liang, Yi-Chang, Se-Kai Lin	Unqualified opinion
2021	PwC Taiwan	Kai-Se Lin, Liang, Yi-Chang	Unqualified opinion with other matters
2022	PwC Taiwan	Zhou, Hsiao-Zi and Liang, Yi-Chang	Unqualified opinion with other matters

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				
		2018	2019	2020	2021	2022
Capital Structure (%)	Debts ratio (%)	53.91	62.30	64.15	51.15	54.60
	Long-term fund to property, plant and equipment ratio (%)	266.79	209.72	343.52	425.63	531.64
Liquidity Analysis	Current ratio	133.53	115.95	127.51	167.53	161.94
	Quick ratio	102.02	85.45	115.48	124.74	110.49
	Times interest earned	(5.02)	(2.02)	3.71	8.04	7.24
Operating Performance Analysis	Average collection turnover (times)	3.54	6.31	5.48	8.78	9.62
	Days sales outstanding	103.24	57.82	66.61	41.57	37.94
	Average inventory turnover (times)	3.83	6.36	5.86	8.46	7.70
	Average payment turnover (times)	4.30	5.92	5.02	5.03	4.94
	Average inventory turnover days	95.39	57.35	62.29	43.14	47.4
	Property, plant and equipment turnover (times)	1.36	2.01	1.62	3.27	3.39
	Total assets turnover (times)	0.35	0.52	0.34	0.47	0.42
Profitability Analysis	Return on assets (%)	(1.46)	(0.65)	1.20	3.02	2.69
	Return on equity (%)	(3.53)	(2.79)	2.39	6.21	4.95
	Pre-tax income to paid-in capital ratio (%)	(5.62)	(9.26)	11.84	34.50	34.38
	Net Margin (%)	(5.08)	(2.23)	2.55	5.57	5.47
	Earnings per share (NT\$)	(1.24)	(0.77)	0.34	1.76	2.15
Cash flow (%)	Cash flow ratio (%)	3.07	5.27	11.97	(34.22)	(18.95)
	Cash flow adequacy ratio (%)	56.91	33.65	53.73	(12.11)	(51.74)
	Cash flow reinvestment ratio (%)	(0.26)	(1.93)	7.82	(17.78)	(11.28)
Leverage	Operating leverage	(2.43)	(1.45)	(4.29)	2.96	3.37
	Financial leverage	0.87	0.88	0.67	1.24	1.32

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

1. The ratio of long-term capital to property, plant and equipment increased by 25%, mainly due to the substantial increase in net worth of the equity and long-term borrowing in 2022.
2. The 20% decrease in return on equity was mainly due to the increase in average shareholders' equity in 2022.
3. Earnings per share (EPS) increased by 22%, mainly due to the increase in net income after tax in 2022.
4. The cash flow ratio increased by 45%, the cash flow adequacy ratio decreased by 327% and the cash reinvestment ratio increased by 37%, mainly due to the increase in cash outflow from operating activities in 2022.

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.

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

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

Year		2018	2019	2020	2021	2022
Analysis item						
Financial structure (%)	Debts ratio (%)	0.06	12.07	14.23	16.86	24.94
	Long-term fund to property, plant and equipment ratio (%)	-	-	-	-	-
Liquidity Analysis (%)	Current ratio	0.10	0.11	45.76	25.74	52.68
	Quick ratio	0.10	0.11	45.74	25.73	52.68
	Times interest earned	-	-39.6	9.84	32.73	17.06
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)		-	0.01	0.06	0.06
Profitability Analysis	Return on assets (%)	(3.56)	(2.74)	1.17	5.16	5.71
	Return on equity (%)	(3.56)	(3.00)	1.21	5.93	6.85
	Pre-tax income to paid-in capital ratio (%)	(6.90)	(8.41)	3.39	18.76	20.80
	Net Margin (%)	-	-	81.67	84.64	95.97
	Earnings per share (NT\$)	(1.24)	(0.77)	0.34	1.76	2.15
Cash flow (%)	Cash flow ratio (%)	0.10	74.41	41.40	38.50	20.83
	Cash flow adequacy ratio (%)	-	33.53	49.21	38.06	36.07
	Cash flow reinvestment ratio (%)	-	(2.20)	4.28	1.74	-0.88
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.00	0.98	1.14	1.03	1.06

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

1. Debt to assets ratio increased by 48%, mainly due to the significant increase in total liabilities in 2022.
2. The current ratio and the quick ratio increased by 105%, mainly due to the substantial increase in current assets in 2022.
3. The decrease in times interest earned by 48% was mainly due to the significant increase in interest expense in 2022.
4. Earnings per share (EPS) increased by 22%, mainly due to the substantial increase in revenues in 2022.
5. Cash flow ratio and cash reinvestment ratio decreased by 46% and 151% respectively, mainly due to the decrease in net cash flow from operating activities in 2022.

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.

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 2022. 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 13, 2023

IV. Latest Annual Financial Report:

Please refer to pages 120 to 229.

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

Please refer to pages 230 to 291.

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.

**FIT HOLDING CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021**

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, 2022, 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 13, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 22004886

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, 2022 and 2021, 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, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of 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, 2022 are stated as follows:

Recognition of construction revenue - assessment on the stage of completion

Description

Please refer to Note 4(30) 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(23) for details of contract assets and contract liabilities, which amounted to NT\$2,716,125 thousand and NT\$7,785 thousand, respectively, as of December 31, 2022.

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(21) for accounting policies on impairment loss on non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(12) for details of intangible assets.

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

How our audit addressed the matter

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

- A. Obtained an understanding and assessed the reasonableness of valuation of goodwill impairment policies and procedures.
- B. Obtained the external appraisal report on impairment valuation and examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
- C. Assessed that the valuation model used in the appraisal report was widely used and appropriate.
- D. 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(21) for accounting policies on impairment loss on non-financial assets, Note 5(2)

for the uncertainty of accounting estimates and assumptions applied to property, plant and equipment impairment valuation, and Note 6(8) for details of property, plant and equipment.

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

How our audit addressed the matter

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

- A. Obtained an understanding and assessed the reasonableness of valuation of property, plant and equipment impairment policies and procedures.
- B. Examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
- C. Verified whether the list of properties for the external appraiser is correct.
- D. Assessed that the valuation method used in the appraisal report was appropriate.
- E. 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\$203,442 thousand and NT\$212,883 thousand, constituting 0.63% and 0.87% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the share of loss of associates and joint ventures accounted for under the equity method amounted to NT\$(9,441) thousand and NT\$(2,358) thousand, constituting (1.57%) and (2.41%) of the consolidated total comprehensive income for the years then ended, respectively.

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, 2022 and 2021, 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 that came into effect 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 the 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 Standards on Auditing of 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 Standards on Auditing of 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.

Chou, Hsiao-Tzu

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 5,732,695	18	\$ 4,968,346	20
1136	Current financial assets at amortised cost	6(3) and 8	2,906,275	9	2,096,938	8
1140	Current contract assets	6(23)	2,716,125	8	3,216,453	13
1150	Notes receivable, net	6(4)	34,952	-	4,259	-
1170	Accounts receivable, net	6(4)	1,175,308	4	1,145,867	5
1180	Accounts receivable - related parties	7	40,899	-	51,547	-
1200	Other receivables	7	42,464	-	54,757	-
1220	Current tax assets	6(29)	41,363	-	2,204	-
130X	Inventories	6(5)	1,305,042	4	1,359,049	6
1410	Prepayments	6(6)	5,078,416	16	2,617,461	11
1460	Non-current assets or disposal groups classified as held for sale, net	6(14)	-	-	15,599	-
1470	Other current assets	8	1,018,679	3	36,744	-
11XX	Current Assets		20,092,218	62	15,569,224	63
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,904,369	6	2,098,520	8
1535	Non-current financial assets at amortised cost	6(3) and 8	393,288	1	19,140	-
1550	Investments accounted for under equity method	6(7)	2,033,895	6	878,483	4
1600	Property, plant and equipment	6(8) and 8	3,651,644	11	3,469,151	14
1755	Right-of-use assets	6(9)	520,496	2	552,434	2
1760	Investment property, net	6(11) and 8	392,454	1	400,811	2
1780	Intangible assets	6(12)(32)	1,258,124	4	966,092	4
1840	Deferred income tax assets	6(29)	206,839	1	234,941	1
1915	Prepayments for business facilities		1,560,221	5	213,290	1
1990	Other non-current assets, others	6(13)(19) and 8	375,454	1	141,750	1
15XX	Non-current assets		12,296,784	38	8,974,612	37
1XXX	Total assets		\$ 32,389,002	100	\$ 24,543,836	100

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(15)	\$ 7,035,719	22	\$ 3,086,000	13
2110	Short-term notes and bills payable	6(16)	1,789,159	6	1,596,522	6
2130	Current contract liabilities	6(23)	390,739	1	383,882	2
2150	Notes payable		656	-	150	-
2170	Accounts payable		1,414,445	4	2,732,866	11
2180	Accounts payable to related parties	7	2,573	-	5,317	-
2200	Other payables	6(17)	799,765	3	758,134	3
2220	Other payables to related parties	7	32,160	-	29,869	-
2230	Current income tax liabilities		66,500	-	173,693	1
2280	Current lease liabilities	7	57,848	-	61,639	-
2320	Long-term liabilities, current portion	6(18)	689,541	2	302,694	1
2399	Other current liabilities, others		128,048	1	162,645	1
21XX	Current Liabilities		12,407,153	39	9,293,411	38
Non-current liabilities						
2540	Long-term borrowings	6(18)	4,708,173	14	2,775,173	11
2570	Deferred income tax liabilities	6(29)	282,365	1	177,731	1
2580	Non-current lease liabilities	7	234,480	1	254,886	1
2600	Other non-current liabilities		51,414	-	52,117	-
25XX	Non-current liabilities		5,276,432	16	3,259,907	13
2XXX	Total Liabilities		17,683,585	55	12,553,318	51
Equity						
	Share capital	6(20)				
3110	Share capital - common stock		2,462,421	7	2,462,421	10
	Capital surplus	6(21)				
3200	Capital surplus		4,841,997	15	4,890,319	20
	Retained earnings	6(22)				
3310	Legal reserve		51,068	-	8,985	-
3320	Special reserve		229,129	1	8,361	-
3350	Unappropriated retained earnings		582,744	2	427,826	2
	Other equity interest					
3400	Other equity interest		(290,673)	(1)	(220,768)	(1)
31XX	Equity attributable to owners of the parent		7,876,686	24	7,577,144	31
36XX	Non-controlling interest		6,828,731	21	4,413,374	18
3XXX	Total equity		14,705,417	45	11,990,518	49
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 32,389,002	100	\$ 24,543,836	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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
Items						
4000	Sales revenue	6(23) and 7	\$ 12,069,249	100	\$ 11,241,928	100
5000	Operating costs	6(5)(28) and 7	(10,259,716)	(85)	(9,418,926)	(84)
5900	Gross profit		1,809,533	15	1,823,002	16
	Operating expenses	6(28)				
6100	Selling expenses		(191,356)	(1)	(195,416)	(2)
6200	General and administrative expenses		(692,903)	(6)	(603,111)	(5)
6300	Research and development expenses		(369,415)	(3)	(395,088)	(3)
6450	Expected credit loss	12(2)	(1,886)	-	(1,546)	-
6000	Total operating expenses		(1,255,560)	(10)	(1,195,161)	(10)
6900	Operating profit		553,973	5	627,841	6
	Non-operating income and expenses					
7100	Interest income	6(24)	68,260	1	41,084	-
7010	Other income	6(25) and 7	152,742	1	145,258	1
7020	Other gains and losses	6(26)	156,976	1	96,074	1
7050	Finance costs	6(9)(27) and 7	(135,701)	(1)	(120,652)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	50,271	-	59,995	1
7000	Total non-operating income and expenses		292,548	2	221,759	2
7900	Profit before income tax		846,521	7	849,600	8
7950	Income tax expense	6(29)	(186,130)	(2)	(223,369)	(2)
8200	Profit for the year		\$ 660,391	5	\$ 626,231	6

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2022		2021	
			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(19)	\$ 14,127	-	\$ 5,994	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(195,251)	(1)	(473,948)	(4)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	(2,826)	-	(1,199)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(183,950)	(1)	(469,153)	(4)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		156,765	1	(75,883)	(1)
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	-
8399	Income tax relating to the components of other comprehensive income	6(29)	(31,306)	-	(15,447)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(125,459)	(1)	(59,293)	(1)
8300	Other comprehensive loss for the year		(\$ 58,491)	-	(\$ 528,446)	(5)
8500	Total comprehensive income for the year		\$ 601,900	5	\$ 97,785	1
	Profit attributable to:					
8610	Owners of the parent		\$ 529,589	4	\$ 434,012	4
8620	Non-controlling interest		130,802	1	192,219	2
	Total		<u>\$ 660,391</u>	<u>5</u>	<u>\$ 626,231</u>	<u>6</u>
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		\$ 470,985	4	(\$ 99,017)	(1)
8720	Non-controlling interest		130,915	1	196,802	2
	Total		<u>\$ 601,900</u>	<u>5</u>	<u>\$ 97,785</u>	<u>1</u>
	Earnings per share	6(30)				
9750	Basic earnings per share (in dollars)		<u>\$ 2.15</u>		<u>\$ 1.76</u>	
9850	Diluted earnings per share (in dollars)		<u>\$ 2.14</u>		<u>\$ 1.76</u>	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained Earnings				Other equity interest					
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Notes	Share capital - common stock	Total capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				Total	Non-controlling interest	Total equity
<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(21)	(172,370)	-	-	-	-	-	(172,370)	-	(172,370)	
Appropriation and distribution of retained earnings	6(22)										
Legal reserve appropriated	-	-	8,985	-	(8,985)	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	-	(73,873)	-	-	(73,873)	-	(73,873)	
Changes in non-controlling interest	6(31)	-	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	-	-	-	-	(17,100)	-	17,100	-	-	-	
Balance at December 31, 2021	<u>\$ 2,462,421</u>	<u>\$ 4,890,319</u>	<u>\$ 8,985</u>	<u>\$ 8,361</u>	<u>\$ 427,826</u>	<u>(\$ 303,305)</u>	<u>\$ 82,537</u>	<u>\$ 7,577,144</u>	<u>\$ 4,413,374</u>	<u>\$ 11,990,518</u>	
<u>Year 2022</u>											
	\$ 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	
	-	-	-	-	529,589	-	-	529,589	130,802	660,391	
	-	-	-	-	11,301	125,346	(195,251)	(58,604)	113	(58,491)	
	-	-	-	-	540,890	125,346	(195,251)	470,985	130,915	601,900	
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method	-	2,127	-	-	-	-	-	2,127	-	2,127	
Cash dividends paid by additional paid-in capital	6(21)	(246,242)	-	-	-	-	-	(246,242)	-	(246,242)	
Appropriation and distribution of retained earnings	6(22)										
Cash dividends to shareholders	-	-	-	-	(123,121)	-	-	(123,121)	-	(123,121)	
Legal reserve appropriated	-	-	42,083	-	(42,083)	-	-	-	-	-	
Special reserve appropriated	-	-	-	220,768	(220,768)	-	-	-	-	-	
Changes in non-controlling interest	6(31)	-	194,140	-	-	-	-	194,140	2,281,988	2,476,128	
Compensation costs	-	1,653	-	-	-	-	-	1,653	2,454	4,107	
Balance at December 31, 2022	<u>\$ 2,462,421</u>	<u>\$ 4,841,997</u>	<u>\$ 51,068</u>	<u>\$ 229,129</u>	<u>\$ 582,744</u>	<u>(\$ 177,959)</u>	<u>(\$ 112,714)</u>	<u>\$ 7,876,686</u>	<u>\$ 6,828,731</u>	<u>\$ 14,705,417</u>	

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

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 846,521	\$ 849,600
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	1,886	1,546
Depreciation (including investment property and right-of-use assets)	6(8)(9)(11)(26)(28)	393,728	398,577
Amortizations	6(12)(28)	16,826	13,335
Gains on disposals of property, plant and equipment	6(8)(26)	(2,293)	(21)
Dividend income	6(25)	(44,690)	(72,193)
Share of profit of associates and joint ventures accounted for using the equity method		(50,271)	(59,995)
Interest expense	6(27)	135,701	120,652
Interest income	6(24)	(68,260)	(41,084)
Gains on disposals of investments		(12,866)	(112,689)
Compensation cost		4,107	5,736
Deferred government grants revenue recognised	6(26)	(5,956)	(7,709)
Profit from lease modification	6(9)	(1,246)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		500,328	(3,111,862)
Notes receivable, net		(30,693)	587
Accounts receivable		(48,117)	(251,976)
Accounts receivable - related parties		10,648	343,174
Other receivables		14,004	(45,451)
Inventories		54,007	(491,903)
Prepayments		(2,461,722)	(2,215,919)
Other current assets		15,118	9,139
Changes in operating liabilities			
Contract liabilities - current		6,857	(256,434)
Notes payable		506	(5)
Accounts payable		(1,314,408)	1,750,720
Accounts payable to related parties		(2,744)	(16,753)
Other payables		3,403	93,610
Other payables to related parties		2,291	(7,570)
Other current liabilities		(34,580)	(40,766)
Cash outflow generated from operations		(2,071,915)	(3,145,654)
Interest received		66,549	39,839
Dividends received		44,690	72,193
Interest paid		(130,902)	(120,616)
Income tax paid		(259,435)	(25,861)
Net cash flows used in operating activities		(2,351,013)	(3,180,099)

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ -	\$ 128,776
Increase in financial assets at amortised cost		(1,183,485)	3,477,517
Acquisition of investments accounted for using the equity method		(1,101,545)	(216,760)
Proceeds from disposal of investments accounted for using the equity method		-	138,721
Net cash flow from acquisition of subsidiaries	6(32)	(199,214)	-
Acquisition of property, plant and equipment		(536,604)	(364,300)
Proceeds from disposal of property, plant and equipment	6(8)	5,477	2,397
Acquisition of intangible assets	6(12)	(9,887)	(3,810)
Increase in prepayments for business facilities		(1,390,394)	(57,205)
Increase in refundable deposits		(1,214,898)	(7,535)
Increase in other non-current assets		(12,890)	(16,836)
Net cash flow from disposal of subsidiaries		65,262	-
Net cash flows (used in) from investing activities		(5,578,178)	3,080,965
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(34)	31,298,547	20,404,954
Decrease in short-term borrowings	6(34)	(27,348,828)	(20,448,754)
Increase in short-term notes payable	6(34)	192,637	1,289,285
Increase in long-term borrowings	6(34)	11,507,524	6,587,792
Decrease in long-term borrowings	6(34)	(9,187,677)	(7,554,444)
Repayment of lease liabilities	6(34)	(84,163)	(87,721)
Decrease in other payables to related parties		-	(4,000,000)
Increase in guarantee deposits received		4,767	17,969
Increase in other non-current liabilities		486	15,710
Cash dividends paid	6(22)	(123,121)	(73,873)
Cash dividends paid by additional paid-in capital	6(21)	(246,242)	(172,370)
Subsidiary's cash dividends paid		(102,908)	(55,396)
Proceeds from disposal of subsidiaries	6(31)	-	802,809
Changes in non-controlling interest	6(31)	2,703,696	3,204,585
Net cash flows from (used in) financing activities		8,614,718	(69,454)
Changes in foreign currency exchange		78,822	(11,955)
Net increase (decrease) in cash and cash equivalents		764,349	(180,543)
Cash and cash equivalents at beginning of year		4,968,346	5,148,889
Cash and cash equivalents at end of year		<u>\$ 5,732,695</u>	<u>\$ 4,968,346</u>

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

FIT HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(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 13, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became 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 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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, 2024

Amendments to IAS 1, 'Non-current liabilities with covenants' January 1, 2024

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 that came into effect 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, 2022	December 31, 2021	
The Company	Glory Science Co., Ltd. (Glory Science)	Manufacture and sale of optical lens components and other products	100	100	
The Company	Foxlink Image Technology Co., Ltd. (Foxlink Image)	Manufacture and sale of image scanners and multifunction printers	100	100	
The Company	Power Quotient International Co., Ltd. (PQI)	Manufacture of electronic telecommunication components	100	100	
The Company	Shih Fong Power Co., Ltd. (Shih Fong)	Energy service management	16.30	16.30	Note 2
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 products	100	100	
GLORY TEK (SAMOA)	Glory Optics (Yancheng) Co., Ltd. (GOYC)	Production and processing and sale of optical lens components and other products	35	35	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
GLORY OPTICS	Glorytek (Yancheng) Co., Ltd. (Glorytek Yancheng)	Production and processing and sale of optical lens components and other products	100	100	
Glorytek Yancheng	Yancheng Yaowei Technology Co., Ltd. (YYWT)	Production and processing and sale of optical lens components and other products	100	100	
Glorytek Suzhou	Glory Optics (Yancheng) Co., Ltd. (GOYC)	Production and processing and sale of optical lens components and other products	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 Fong)	Energy service management	34.70	34.70	Note 2
AITL	Dong Guan Fu Zhang Precision Industry Co., Ltd. (DGFZ)	Mould development and moulding tool manufacture	100	100	
AITL	Dongguan Fu Wei Electronics Co., Ltd. (Dongguan Fu Wei)	Manufacture and sale of image scanners and multifunction printers	100	100	
AITL	Wei Hai Fu Kang Electric Co., Ltd. (WHFK)	Manufacture and sale of parts and moulds of photocopiers and scanners	100	100	
AITL	Dong Guan HanYang Computer Co., Ltd. (DGHY)	Manufacture of image scanners and multifunction printers and investment of real estate	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
PQI	Power Quotient International (H.K.) Co., Ltd. (PQI H.K.)	Sale of electronic telecommunication components	100	100	
PQI	PQI Japan Co., Ltd. (PQI JAPAN)	Sale of electronic telecommunication components	100	100	
PQI	Syscom Development Co., Ltd. (SYSCOM)	Specialized investments holding	100	100	
PQI	PQI Mobility Inc. (PQI MOBILITY)	Specialized investments holding	–	100	Note 8
PQI	Apix Limited (APIX)	Specialized investments holding	100	100	
PQI	Power Sufficient International Co., Ltd. (PSI)	Sale of medical instruments	100	100	
PQI	Shinfox Energy Co. Ltd. (Shinfox)	Mechanical installation and piping engineering	47.63	50.18	Note 3
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	100	100	
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 Power)	Energy service management	80.23	99	Note4

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
Shinfox	Junezhe Co., Ltd.	Dredging industry	–	33.50	Notes 5 and 6
Shinfox	Jiuwei Power Co., Ltd. (Jiuwei Power)	Natural gas service management	100	100	Note 5
Shinfox	Elegant Energy TECH Co., Ltd.(Elegant Energy)	Energy service management	100	–	Note 7
Shinfox	Yuanshan Forest Natural Resources Co., Ltd. (Yuanshan Forest)	Afforestation	100	–	Note 7
Shinfox	Diwei Power Co., Ltd. (Diwei Power)	Electricity generating enterprise	100	–	Note 7
Shinfox	Guanwei Power Co., Ltd. (Guanwei Power)	Electricity generating enterprise	100	–	Note 7
Foxwell Energy	Liangwei Power Co., Ltd. (Liangwei Power)	Electricity generating enterprise	100	–	Note 7
SYSKOM	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED (FOXLINK POWERBANK)	Manufacture of electronic telecommunication components	99.27	99.27	
APIX	Sinocity Industries Limited (Sinocity)	Sales of electronic equipment	100	100	
APIX	Perennial Ace Limited (Perennial)	Specialised investments holding	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
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	Note 8
PQI H.K.	Power Quotient Technology (YANCHENG) Co., Ltd. (PQI YANCHENG)	Manufacture of electronic telecommunication components	100	–	Note 8
PQI YANCHENG	PQI (Xuzhou) New Energy Co.,Ltd. (PQI Xuzhou)	Manufacture of electronic telecommunication components	100	100	

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

Note 2: In March 2021, the Company sold 25% of the share capital of Shih Fong Power Co., Ltd. (the “Shih Fong”) 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 3: Shinfox Energy Co. Ltd. (the “Shinfox”) increased its capital for the years ended December 31, 2022 and 2021, respectively. The Group’s subsidiary, PQI, did not acquire shares proportionally to its interest and sold 1.9% of shares. As a result, PQI decreased its share interest to 47.63% and maintained control over Shinfox. Please refer to Note 6(31) for more details.

Note 4: Foxwell Power Co., Ltd. (the “Foxwell Power”) increased its capital for the years ended December 31, 2022. The Group’s subsidiary, Shinfox, did not acquire shares proportionally to its interest. As a result, Shinfox decreased its share interest to 80.23% and maintained control over Foxwell Power. Please refer to Note 6(31) for more details.

Note 5: Junezhe Co., Ltd. and Fox Power Company Ltd. completed its registration of incorporation in 2021.

Note 6: 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. The Group disposed all the equity interest in Junezhe Co., Ltd. in December 2022. Please refer to Note 6(33) for more details.

Note 7: A subsidiary that was newly established or acquired through merger in 2022.

Note 8: PQI Mobility Inc. cancelled its registration of incorporation in October 2022. PQI H.K. held 100% equity interest of PQI YANCHENG.

C. Subsidiaries not included in the consolidated financial statements

None.

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, 2022 and 2021, the non-controlling interest amounted to \$6,828,731 and \$4,413,374, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest		Non-controlling interest	
		Amount	Ownership (%)	Amount	Ownership (%)
SHINFOX Energy Co., Ltd.	Taiwan	5,645,030	52.37	3,221,252	49.82

Summarised financial information of the subsidiaries:

Balance sheets

	SHINFOX Energy Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 13,319,560	\$ 8,792,451
Non-current assets	4,897,758	1,374,176
Current liabilities	(6,090,718)	(3,512,181)
Non-current liabilities	(1,550,105)	(474,342)
Total net assets	\$ 10,576,495	\$ 6,180,104

Statements of comprehensive income

	SHINFOX Energy Co., Ltd.	
	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	\$ 4,301,192	\$ 4,334,413
Profit before income tax	309,136	572,529
Income tax expense	(66,604)	(115,889)
Profit for the period	242,532	456,640
Other comprehensive income (loss), net of tax	238	(101)
Total comprehensive income for the period	\$ 242,770	\$ 456,539
Comprehensive (loss) income attributable to non-controlling interest	\$ 17,320	\$ 701
Dividends paid to non-controlling interest	\$ 102,908	\$ 55,396

Statements of cash flows

	SHINFOX Energy Co., Ltd.	
	Year ended December 31, 2022	Year ended December 31, 2021
Net cash used in operating activities	(\$ 2,813,803)	(\$ 3,361,054)
Net cash (used in) provided by investing activities	(5,538,314)	3,182,798
Net cash provided by financing activities	8,899,905	1,094,736
Effect of exchange rates on cash and cash equivalents	436	(271)
Increase in cash and cash equivalents	548,224	916,209
Cash and cash equivalents, beginning of period	1,283,288	367,079
Cash and cash equivalents, end of period	\$ 1,831,512	\$ 1,283,288

(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

- 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.
- 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.
- 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.
- 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:

- Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- 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) Investment accounted for using equity method – joint ventures

Investment of joint arrangements are classified as joint operations or joint ventures based on its contractual rights and obligations.

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with 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 joint venture.

(17) 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 ~ 5 years
Leasehold improvements	3 ~ 7 years
Molding equipment	1 ~ 2 year(s)
Other equipment	3 ~ 15 years

(18) 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.

(19) 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 15 ~ 50 years.

(20) Intangible assets

A. Goodwill

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

B. 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.

- C. Except for goodwill and trademark right, intangible assets are mainly computer software and customer relationships and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(21) 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.

(22) 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.

(23) 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.

(24) Derecognition of financial liabilities

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

(25) Employee benefits

- A. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.
- B. Pensions
 - (a) Defined contribution plans
For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.
 - (b) Defined benefit plans
 - i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-

quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
 - iii. Past service costs are recognised immediately in profit or loss.
- C. Employees' compensation and directors' and supervisors' remuneration
Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Provisions

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

(27) Income tax

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

- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(28) Share capital

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

(29) Dividends

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

(30) Revenue recognition

A. Sales revenue

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

B. Service revenue

The Group provides services such as products research, development and mold repair, energy-saving services, equipment maintenance services, design and development of solar power projects, reservoir dredging and other services. 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. The Company's certain revenue from providing services is recognised when the services are rendered and certain revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Construction contract revenue

- (a) The Group's construction revenue mainly arises from undertaking construction contracts. As the cost of construction input is directly related to the stage of completion of performance obligations, revenue is recognised by the proportion of contract costs input to the estimated total costs.

- (b) The Group's revenue is recognised as contract assets over time based on the proportion of the cost of construction input. Accounts receivable from a service contract are recognised in which the Group bills monthly at the amount to which the Group has the right to invoice. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

D. Electricity sales revenue

The Group's electricity sales revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.

(31) Government grants

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

(32) Business combinations

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

(33) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(12) for the information of goodwill impairment.

B. 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, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 10,504	\$ 12,439
Checking accounts and demand deposits	2,997,281	2,806,560
Cash equivalents		
Time deposits	2,724,910	2,149,347
	<u>\$ 5,732,695</u>	<u>\$ 4,968,346</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 at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Equity instruments		
Listed stocks	\$ 1,263,416	\$ 1,263,416
Unlisted stocks	1,561,077	1,559,977
	2,824,493	2,823,393
Valuation adjustment	(920,124)	(724,873)
	<u>\$ 1,904,369</u>	<u>\$ 2,098,520</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 \$1,904,369 and \$2,098,520 as at December 31, 2022 and 2021, 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,	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 195,251)	(\$ 473,948)
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).

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Restricted bank deposits	\$ 1,131,507	\$ 695
Pledged time deposits	1,716,729	1,868,617
Time deposits maturing in excess of three months	58,039	227,626
	<u>\$ 2,906,275</u>	<u>\$ 2,096,938</u>
Non-current items:		
Restricted bank deposits	\$ 19,935	\$ 14,021
Pledged time deposits	373,353	5,119
	<u>\$ 393,288</u>	<u>\$ 19,140</u>

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

	Year ended December 31,	
	2022	2021
Interest income	<u>\$ 15,481</u>	<u>\$ 11,844</u>

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

C. As at December 31, 2022 and 2021, 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 financial assets at amortised cost held by the Group was \$3,299,563 and \$2,116,078, respectively.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 34,952	\$ 4,259
Accounts receivable	\$ 1,199,480	\$ 1,178,773
Less: Allowance for uncollectible accounts	(24,172)	(32,906)
	<u>\$ 1,175,308</u>	<u>\$ 1,145,867</u>

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,049,899	\$ 34,952	\$ 962,715	\$ 4,259
Up to 30 days	146,065	-	183,817	-
31 to 90 days	525	-	21,192	-
91 to 180 days	233	-	-	-
Over 181 days	2,758	-	11,049	-
	<u>\$ 1,199,480</u>	<u>\$ 34,952</u>	<u>\$ 1,178,773</u>	<u>\$ 4,259</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$932,105.

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, 2022 and 2021, 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 \$34,952 and \$4,259; \$1,175,308 and \$1,145,867, respectively.

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 947,790	(\$ 49,194)	\$ 898,596
Work in progress	89,493	(1,889)	87,604
Finished goods	199,295	(34,649)	164,646
Merchandise	160,206	(6,010)	154,196
	<u>\$ 1,396,784</u>	<u>(\$ 91,742)</u>	<u>\$ 1,305,042</u>

	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>

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2022	2021
Cost of goods sold	\$ 9,275,320	\$ 8,385,968
Cost of services	841,698	865,790
Unamortised manufacturing expenses	149,442	148,393
(Gain on reversal of) loss on decline in market value	(6,749)	18,803
Loss on scrapping inventory	97	-
Loss on physical inventory	(92)	(25)
Revenue from sale of scraps	-	(3)
	<u>\$ 10,259,716</u>	<u>\$ 9,418,926</u>

The Group reversed a previous inventory write-down because the Group sold certain inventories which were previously provided with loss on decline in market value and obsolescence during the year ended December 31, 2022.

(6) Prepayment

	December 31, 2022	December 31, 2021
Advance payment to construction	\$ 4,192,448	\$ 2,123,863
Others	885,968	493,598
	<u>\$ 5,078,416</u>	<u>\$ 2,617,461</u>

(7) Investments accounted for using the equity method

Investee companies	December 31, 2022 Carrying amount	December 31, 2021 Carrying amount
Associates :		
Power Channel Limited	\$ 585,875	\$ 527,626
Foxwell Energy Co., Ltd.	-	-
Castles Technology Co., Ltd.	-	-
CHUNG CHIA POWER Co., Ltd.	170,089	177,038
Studio A Technology Limited	122,882	112,630
Synergy Co., Ltd.	33,353	35,845
Tegna Electronics Private Limited	24,049	25,344
Joint venture :		
Changpin Wind Power Ltd.	116,102	-
Add : prepayments for investments-Shinfox Far East Company Pte Ltd	981,545	-
	<u>\$ 2,033,895</u>	<u>\$ 878,483</u>

A. The Group's investments accounted for using the equity method for the years ended December 31, 2022 and 2021 were recognised based on the financial statements audited and attested by independent auditors.

B. Associates

(a) 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, 2022</u>	<u>December 31, 2021</u>		
Power Channel	China (Note 1)	35.75%	35.75%	Note 2	Equity method

Note 1: Registered location is Hong Kong.

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

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

	<u>Power Channel Limited</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 19,662	\$ -
Non-current assets	1,265,605	1,123,279
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 1,285,267</u>	<u>\$ 1,123,279</u>
Share in associate's net assets	459,483	401,572
Goodwill	126,392	126,054
Carrying amount of the associate	<u>\$ 585,875</u>	<u>\$ 527,626</u>

Statement of comprehensive income

	<u>Power Channel Limited</u>	
	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ -	\$ -
Profit for the period from continuing operations	\$ 134,185	\$ 105,697
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 134,185</u>	<u>\$ 105,697</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

(c) 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, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$350,373 and \$350,857, respectively.

	Year ended December 31,	
	2022	2021
Profit (loss) profit for the year from continuing operations	\$ 23,385	(\$ 6,730)
Other comprehensive loss, net of tax	-	(3,032)
Total comprehensive income (loss)	<u>\$ 23,385</u>	<u>(\$ 9,762)</u>
Note: Foxwell Energy Co., Ltd., Castles Technology Co., Ltd., Tegna Eletronics Private Limited., CHUNG CHIA POWER Co., Ltd., Synergy Co., Ltd. and Studio A Technology Limited.		

C. Joint venture

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarised below:

As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial joint ventures amounted to \$116,102 and \$0, respectively.

	Year ended December 31,	
	2022	2021
Total comprehensive loss	(\$ 896)	\$ -

- D. 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 in 2021.
- E. 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.

(8) Property, plant and equipment

	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2022							
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>

2022

Opening net book amount as at January 1	\$ 1,059,531	\$ 1,451,046	\$ 17,923	\$ 21,481	\$ 29,880	\$ 889,290	\$ 3,469,151
Additions	-	422,946	10,433	4,071	14,542	120,306	572,298
Disposals	- (957)	(1,448)	(234)	(545)	-	(3,184)	
Disposal of subsidiaries	- (173,333)	-	-	-	-	(173,333)	
Reclassifications	(482)	61,540	-	- (256)	(10)	60,792	
Depreciation charge	(22,962)	(216,200)	(9,371)	(9,512)	(34,670)	-	(292,715)
Net exchange differences	10,901	6,879	966	(2,278)	2,167	-	18,635
Closing net book amount as at December 31	\$ 1,046,988	\$ 1,551,921	\$ 18,503	\$ 13,528	\$ 11,118	\$ 1,009,586	\$ 3,651,644

At December 31, 2022							
Cost	\$ 1,205,962	\$ 4,002,934	\$ 121,876	\$ 334,640	\$ 1,122,200	\$ 1,009,586	\$ 7,797,198
Accumulated depreciation	(158,974)	(2,451,013)	(103,373)	(321,112)	(1,111,082)	-	(4,145,554)
	<u>\$ 1,046,988</u>	<u>\$ 1,551,921</u>	<u>\$ 18,503</u>	<u>\$ 13,528</u>	<u>\$ 11,118</u>	<u>\$ 1,009,586</u>	<u>\$ 3,651,644</u>

	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	\$ 1,059,531	\$ 1,451,046	\$ 17,923	\$ 21,481	\$ 29,880	\$ 889,290	\$ 3,469,151

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>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31,	
	2022	2021
Amount capitalised	\$ 70,263	\$ 4,862
Range of the interest rates for capitalisation	1.88%~2.863%	1.49%

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

(9) Leasing arrangements - lessee

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 287,805	\$ 288,041
Buildings	229,914	259,900
Transportation equipment (Business vehicles)	2,765	4,413
Office equipment (Photocopiers)	12	80
	<u>\$ 520,496</u>	<u>\$ 552,434</u>

	Year ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Land	\$ 12,146	\$ 11,245
Buildings	77,043	70,542
Transportation equipment (Business vehicles)	2,659	2,438
Office equipment (Photocopiers)	70	72
	<u>\$ 91,918</u>	<u>\$ 84,297</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$47,083 and \$40,315, respectively.

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

	Year ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,401	\$ 4,711
Expense on short-term lease contracts	13,140	11,649
Expense on leases of low-value assets	1,950	1,438
Expense on variable lease payments	6,453	6,719
Profit from lease modification	1,246	-

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflows for leases were \$110,107 and \$112,238, 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 4.1%~40.05% 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 \$65.

(10) Leasing arrangements - lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2022 and 2021, the Group recognised rent income in the amounts of \$33,679 and \$32,049, 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:

	December 31, 2022	December 31, 2021
2022	\$ -	\$ 32,761
2023	34,195	32,679
After 2024	8,501	8,501
	<u>\$ 42,696</u>	<u>\$ 73,941</u>

(11) Investment property

	Land	Buildings and structures	Total
At January 1, 2022			
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>
<u>2022</u>			
Opening net book amount as at January 1	\$ 344,587	\$ 56,224	\$ 400,811
Reclassifications	-	738	738
Depreciation charge	-	(9,095)	(9,095)
Closing net book amount as at December 31	<u>\$ 344,587</u>	<u>\$ 47,867</u>	<u>\$ 392,454</u>
At December 31, 2022			
Cost	\$ 344,587	\$ 71,458	\$ 416,045
Accumulated depreciation	-	(23,591)	(23,591)
	<u>\$ 344,587</u>	<u>\$ 47,867</u>	<u>\$ 392,454</u>
	Land	Buildings and structures	Total
At January 1, 2021			
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>

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

	Year ended December 31,	
	2022	2021
Rental income from investment property	\$ 33,679	\$ 32,049
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 9,095	\$ 8,565

- B. The fair value of the investment property held by the Group as at December 31, 2022 and 2021 was \$502,230 and \$498,470, respectively, which was valued by external independent appraisers. Valuations were made using the comparison, income and cost approach.
- C. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(12) Intangible assets

	<u>Goodwill</u>	<u>Customer relationship</u>	<u>Trademarks</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022					
Cost	\$ 877,645	\$ -	\$ 45,764	\$ 94,432	\$ 1,017,841
Accumulated amortisation and impairment	-	-	-	(51,749)	(51,749)
	<u>\$ 877,645</u>	<u>\$ -</u>	<u>\$ 45,764</u>	<u>\$ 42,683</u>	<u>\$ 966,092</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 877,645	\$ -	\$ 45,764	\$ 42,683	\$ 966,092
Additions-acquired separately	-	-	-	9,887	9,887
Additions-acquired through business combinations	39,528	197,637	-	-	237,165
Reclassifications	-	-	-	2,000	2,000
Amortisation charge	-	(4,616)	-	(12,210)	(16,826)
Net exchange differences	<u>54,774</u>	<u>-</u>	<u>5,009</u>	<u>23</u>	<u>59,806</u>
Closing net book amount as at December 31	<u>\$ 971,947</u>	<u>\$ 193,021</u>	<u>\$ 50,773</u>	<u>\$ 42,383</u>	<u>\$ 1,258,124</u>
At December 31, 2022					
Cost	\$ 971,947	\$ 197,637	\$ 50,773	\$ 100,973	\$ 1,321,330
Accumulated amortisation and impairment	-	(4,616)	-	(58,590)	(63,206)
	<u>\$ 971,947</u>	<u>\$ 193,021</u>	<u>\$ 50,773</u>	<u>\$ 42,383</u>	<u>\$ 1,258,124</u>

	<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>

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, 2022</u>		<u>December 31, 2021</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	320,659	50,773	265,885	45,764
Energy service management	39,528	-	-	-
	<u>\$ 971,947</u>	<u>\$ 50,773</u>	<u>\$ 877,645</u>	<u>\$ 45,764</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 (13.36%~15.16%) based on financial budgets covering a five-year period.
- C. The Group's goodwill arose from business combinations in order to improve benefit comprising of potential customer relations and operating revenue in the location of acquired companies. Based on IAS 36, goodwill acquired in a business combination should be tested at least annually for impairment. For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the

synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows.

For goodwill, the impairment is calculated based on value in use and carrying amount of net assets of the entity. The key assumptions used for value in use calculations are operating profit margin, growth rate and discount rate.

D. The value of customer relationship is due to the acquisition of the shares of Elegant Energy TECH Co., Ltd. by the Group in February 2022. Please refer to Note 6 (32).

(13) Other non-current assets, others

	December 31, 2022	December 31, 2021
Guarantee deposits paid (Note)	\$ 261,031	\$ 40,217
Net defined benefit asset	96,737	81,874
Other non-current assets	17,686	19,659
	<u>\$ 375,454</u>	<u>\$ 141,750</u>

Note: Please refer to Note 8.

(14) Non-current assets held for sale (As of December 31, 2022: None)

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, and sold in January 2022.

(15) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 6,179,595	1.2912%~2.863%	None
Secured borrowings	856,124	2.00%~2.50%	Please refer to note 8
	<u>\$ 7,035,719</u>		
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 3,036,000	0.5143%~1.95%	None
Secured borrowings	50,000	1.50%	Please refer to note 8
	<u>\$ 3,086,000</u>		

(16) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers	\$ 1,792,400	\$ 1,597,500
Discount amortisation	(3,241)	(978)
	<u>\$ 1,789,159</u>	<u>\$ 1,596,522</u>
Annual interest rate range	<u>2.038%~2.508%</u>	<u>1.22% ~ 1.788%</u>

Information on collateral pledged for short-term notes and bills payable is provided in Note 8.

(17) Other accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payable on salary and bonus	\$ 339,944	\$ 302,564
Payable on employees' compensation and directors' and supervisors' remuneration	167,196	159,903
Payable on equipment	90,341	54,647
Others	202,284	241,020
	<u>\$ 799,765</u>	<u>\$ 758,134</u>

(18) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2022
Long-term bank borrowings				
Bank unsecured borrowings				
FIT Holding				
- including covenants	Borrowing period is from February 2022 to September 2024; pay entire amount of principal when due, interest is repayable monthly.	1.51%~2.05%	\$ 722,000	\$ 630,000
- without covenants	Borrowing period is from July 2021 to August 2024; pay entire amount of principal when due, interest is repayable monthly.	1.63%~1.875%	-	800,000
Foxlink Image				
- including covenants	Borrowing period is from January 2022 to January 2024; pay entire amount of principal when due, interest is repayable monthly.	2.00%	2,085,000	115,000
- without covenants	Borrowing period is from July 2021 to December 2024; pay entire amount of principal when due, interest is repayable monthly.	1.4062% ~1.9673%	1,640,000	1,410,000
PQI				
- including covenants	Borrowing period is from September 2022 to February 2024; pay principal based on each bank's regulations, interest is repayable monthly.	1.875%	-	300,000
- without covenants	Borrowing period is from July 2021 to June 2025; pay principal based on each bank's regulations, interest is repayable monthly.	1.78%~1.875%	-	600,000
Glory Science				
- without covenants	Borrowing period is from July 15, 2019 to December 23, 2024; pay principal and interest based on each bank's regulations.	1.4419% ~2.07%	-	110,000
Shinfox				
- without covenants	Borrowing period is from February 2019 to February 2023; pay entire amount in installments.	2.21%	-	1,295

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2022
Long-term bank borrowings				
Bank unsecured borrowings				
Foxwell Energy - without covenants	Borrowing period is from January 2019 to December 2035; pay entire amount in installments.	1.88% ~1.9662%	282,098	\$ 35,882
Foxwell Power - including covenants	Borrowing period is from October 2022 to September 2028; pay entire amount in installments.	2.15%	-	7,500
Bank secured borrowings				
Glory Science	Borrowing period is from December 2019 to December 2024; pay principal in installments quarterly, interest is calculated monthly.	1.61%	-	45,000
Foxwell Energy	Borrowing period is from May 2018 to February 2036; pay entire amount in installments.	1.88%~2.35%	223,996	275,013
Foxwell Power	Borrowing period is from October 2022 to September 2028; pay entire amount in installments.	2.15%	-	112,500
Syndicated borrowings				
Foxwell Power	Borrowing period is from October 2022 to October 2025; pay entire amount of principal when due.	2.3161% ~2.4082%	770,100	979,900
				5,422,090
Less: Current portion (shown as other current liabilities)			(	689,541)
Less: Syndicated expense			(	24,063)
Less: Amortization of long-term notes and bill payable discount			(	313)
			\$	<u>4,708,173</u>

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				
- including covenants	Borrowing period is from October 2021 to November 2023; pay entire amount of principal when due, interest is repayable monthly.	1.173%~1.2%	\$ 410,000	\$ 430,000
- without covenants	Borrowing period is from September 2021 to March 2023; pay entire amount of principal when due, interest is repayable monthly.	1.17%	\$ 400,000	\$ 100,000
Foxlink Image				
- including covenants	Borrowing period is from August 2021 to August 2023; pay entire amount of principal when due, interest is repayable monthly.	0.98%	1,552,000	48,000
- without covenants	Borrowing period is from March 2021 to December 2023; pay entire amount of principal when due, interest is repayable monthly.	0.94% ~0.9772%	1,416,800	1,610,000
PQI				
- including covenants	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				
- without covenants	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				
- without covenants	Borrowing period is from February 2019 to February 2023; pay entire amount in installments.	1.71%	-	8,976
Foxwell Energy				
- without covenants	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

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2021
Long-term bank borrowings				
Bank unsecured borrowings				
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>

A. The Group entered into the borrowing contracts with Bank SinoPac, EnTie Bank, Far Eastern Int'l Bank, Taishin Bank and Yuanta Commercial Bank, and the total credit line is \$2,700,000. As of December 31, 2022, the borrowings that have been used amounted to \$1,045,000. 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 80%;
- (b) Liabilities not exceeding 200% of tangible net equity;
- (c) Interest coverage of at least 300% to 400%;
- (d) Debt not exceeding 75% of total assets;
- (e) Tangible net equity of at least NT\$1,500,000 thousand to NT\$8,000,000 thousand; and
- (f) Net equity of at least NT\$1,800,000 thousand.

B. The borrowing agreement between the Group's subsidiary, Foxwell Power Co., Ltd., and Taishin bank stipulates that the Group shall annually review the financial ratios to maintain a current ratio not less than 150%, a net debt-to-equity ratio not less than 200% and a net asset value not less than \$800,000 during the facility period. Additionally, the Group is required to review the shareholding ratio of the ultimate parent company and the parent company on a semi-annual basis. For the year ended December 31, 2022, the Company did not violate the terms of the contracts with the above banks.

C. The Group's subsidiary, Foxwell Power Co., Ltd., entered into a syndicated contract for a credit line of \$1,750,000 with 3 financial institutions including O-Bank, etc., financial commitments are summarized as follows:

- (a) Foxwell Power Co., Ltd. committed to review the latest six months' or twelve months' revenue from ancillary services on a semi-annual or annual basis after the site of the project has been qualified to trade on the energy trading platform and the first settlement amount of ancillary services revenue has been remitted to the reserve account. The interest rate will be adjusted by 0.1% if the cumulative number of times did not meet the above requirement of

which the revenue reached 80% of the average monthly income listed in the “Estimated statement of annual gain and loss and cash flow”.

- (b) Foxwell Power Co., Ltd. committed to review the DSCR semi-annually based on the revenue from ancillary services and the principal and interest amount for the last twelve months, which shall not be less than 1.1 times from the date the first monthly settlement amount of ancillary services revenue for the site of project has been remitted to the reserve account for a full twelve months.

D. Information on collateral pledged for long-term borrowings is provided in Note 8.

E. As of December 31, 2022, the borrowings that have been used amounted to as follows:

Company	Bank	Credit line	Amount of borrowings used
FIT Holding 、Foxlink Image 、PQI 、Glory Science	Jih Sun Bank(Note)	\$ 500,000	\$ 500,000
FIT Holding 、PQI	Hua Nan Bank(Note)	200,000	200,000
Foxlink Image 、PQI	Mega Bank(Note)	300,000	300,000
FIT Holding	SCSB	300,000	300,000
FIT Holding	Mega Bank	300,000	300,000
Foxlink Image	E.SUN Bank(Note)	400,000	-
Foxlink Image	Bank of Taiwan	300,000	300,000
Foxlink Image	Hua Nan Bank	200,000	-
Foxlink Image	Taiwan Cooperative Bank	500,000	500,000
Foxlink Image	First Bank	250,000	250,000
Foxlink Image	Cathay United Bank(Note)	300,000	100,000
PQI	Mega Bank	300,000	300,000
PQI	Yuanta Bank	300,000	300,000
PQI	SCSB	300,000	300,000
Glory Science	Hua Nan Bank	75,000	75,000
Glory Science	Chang Hwa Bank	80,000	80,000
Shinfox	SCSB	1,295	1,295
Foxwell Energy	Taishin Bank(Note)	49,846	49,846
Foxwell Energy	Mega Bank	196,675	196,675
Foxwell Energy	Bank SinoPac	570,467	64,373

Note: The credit line was shared by short-term and long-term borrowings.

(19) 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, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 29,122)	(\$ 34,346)
Fair value of plan assets	125,859	116,220
Net defined benefit asset	<u>\$ 96,737</u>	<u>\$ 81,874</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>2022</u>			
At January 1	(\$ 34,348)	\$ 116,222	\$ 81,874
Interest (expense) income	(244)	838	594
	<u>(34,592)</u>	<u>117,060</u>	<u>82,468</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	8,871	8,871
Change in financial assumptions	2,114	-	2,114
Experience adjustments	<u>3,142</u>	<u>-</u>	<u>3,142</u>
	<u>5,256</u>	<u>8,871</u>	<u>14,127</u>
Pension fund contribution	-	142	142
Paid pension	<u>214</u>	<u>(214)</u>	<u>-</u>
At December 31	<u>(\$ 29,122)</u>	<u>\$ 125,859</u>	<u>\$ 96,737</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liability)
<u>2021</u>			
At January 1	(\$ 39,447)	\$ 114,338	\$ 74,891
Current service cost	(690)	-	(690)
Interest (expense) income	(207)	646	439
Past service cost	<u>1,098</u>	<u>-</u>	<u>1,098</u>
	<u>(39,246)</u>	<u>114,984</u>	<u>75,738</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,428	1,428
Change in demographic assumptions	(25)	-	(25)
Change in financial assumptions	646	-	646
Experience adjustments	<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>	<u>(332)</u>	<u>-</u>
At December 31	<u>(\$ 34,348)</u>	<u>\$ 116,222</u>	<u>\$ 81,874</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, 2022 and 2021 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	
	2022	2021
Discount rate	1.25%~2%	0.7%~0.75%
Future salary increases	2%~5%	1%~5%

Assumptions regarding future mortality experience are set based on the 6st 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 1%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 880)	\$ 917	\$ 861	(\$ 803)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 1,163)	\$ 1,218	\$ 1,148	(\$ 1,054)

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, 2023 amount to \$142.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 11~17.6 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, 2022 and 2021, were \$60,737 and \$57,608, respectively.

(20) 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, 2022, 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, 2022 amounted to 246,242 thousand shares.

(21) Capital surplus

	2022				
	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	\$ 3,783,055	\$ 204,782	\$ 837,883	\$ 64,599	\$ 4,890,319
Capital surplus used to issue cash to shareholders	(246,242)	-	-	-	(246,242)
Transactions with non-controlling interest	-	-	194,140	-	194,140
Compensation cost	-	-	1,653	-	1,653
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	522	1,605	2,127
At December 31	<u>\$ 3,536,813</u>	<u>\$ 204,782</u>	<u>\$ 1,034,198</u>	<u>\$ 66,204</u>	<u>\$ 4,841,997</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	\$ 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>

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 that the Company distribute cash by using capital surplus of \$246,242 (NT\$1 (in dollars) per share) and \$172,370 (NT\$0.7 (in dollars) per share) on March 24, 2022 and March 26, 2021, respectively.

(22) 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.

- D. 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

- E. The appropriation of 2021 earnings as proposed and resolved by the shareholders on June 17, 2022 are as follows:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 42,083	
Special reserve	220,768	
Cash dividends	123,121	\$ 0.50

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.

(23) 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>2022</u>	<u>China</u>	<u>Taiwan</u>	<u>Hong Kong</u>	<u>US</u>
System and peripheral products	\$ 1,365,088	\$ 5,723	\$ 12,270	\$ 1,546,507
3C retail and peripheral products	5,037	67,810	2,136,646	3,279
3C components	118,457	50,518	8,032	1,132
Others	17,265	4,276,302	-	-
	<u>\$ 1,505,847</u>	<u>\$ 4,400,353</u>	<u>\$ 2,156,948</u>	<u>\$ 1,550,918</u>
<u>2022</u>	<u>Europe</u>	<u>Others</u>		<u>Total</u>
System and peripheral products	\$ 692,110	\$ 1,684,555		\$ 5,306,253
3C retail and peripheral products	-	1,504		2,214,276
3C components	2,066	74,948		255,153
Others	-	-		4,293,567
	<u>\$ 694,176</u>	<u>\$ 1,761,007</u>		<u>\$ 12,069,249</u>
<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>

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, 2022 are as follows:

<u>Year</u>	<u>Year expected to recognise revenue</u>	<u>Contracted amount</u>
December 31, 2022	Year 2023~2025	\$ 50,750,368
December 31, 2021	Year 2022~2025	54,669,266

C. Contract assets and contract liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contract assets:		
Contract assets – construction contracts	<u>\$ 2,716,125</u>	<u>\$ 3,216,453</u>
Contract liabilities:		
Contract liabilities – advance sales receipts	387,568	381,589
Contract liabilities – construction contracts	<u>3,171</u>	<u>2,293</u>
	<u>\$ 390,739</u>	<u>\$ 383,882</u>

- (b) The aforementioned revenue-related contract assets and contract liabilities as at December 31, 2022 and 2021 are as follows:

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Total costs incurred and revenue recognised	\$ 8,411,401	\$ 4,366,249
Less: Progress billings	(5,698,447)	(1,152,089)
Net balance sheet position for Construction in progress	<u>\$ 2,712,954</u>	<u>\$ 3,214,160</u>
Presented as:		
Contract assets- current	\$ 2,716,125	\$ 3,216,453
Contract liabilities- current	(3,171)	(2,293)
	<u>\$ 2,712,954</u>	<u>\$ 3,214,160</u>

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

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Unearned revenue	<u>\$ 53,295</u>	<u>\$ 77,051</u>

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

(24) Interest income

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Interest income from bank deposits	\$ 52,779	\$ 29,240
Interest income from financial assets measured at amortised cost	<u>15,481</u>	<u>11,844</u>
	<u>\$ 68,260</u>	<u>\$ 41,084</u>

(25) Other income

	Year ended December 31,	
	2022	2021
Rent income	\$ 70,218	\$ 47,126
Dividend income	44,690	72,193
Compensation income	35,167	-
Others	2,667	25,939
	<u>\$ 152,742</u>	<u>\$ 145,258</u>

(26) Other gains and losses

	Year ended December 31,	
	2022	2021
Foreign exchange gains (losses)	\$ 147,239	(\$ 23,153)
Gains on disposals of investments	12,866	112,689
Government grants revenue	5,956	7,709
Gains on disposals of property, plant and equipment	2,293	21
Depreciation charge on investment property	(9,095)	(8,565)
Others	(2,283)	7,373
	<u>\$ 156,976</u>	<u>\$ 96,074</u>

(27) Finance costs

	Year ended December 31,	
	2022	2021
Interest expense		
Bank loans	\$ 123,410	\$ 86,188
Lease liabilities	4,401	4,711
Loans from related parties	7,890	29,753
	<u>\$ 135,701</u>	<u>\$ 120,652</u>

(28) Expenses by nature

Year ended December 31, 2022			
Nature	Classified as operating costs	Classified as	Total
		operating expenses	
Employee benefit expense			
Wages and salaries	\$ 723,761	\$ 643,836	\$ 1,367,597
Labour and health insurance fees	35,894	40,259	76,153
Pension costs	35,551	24,592	60,143
Other personnel expenses	34,571	25,088	59,659
	<u>\$ 829,777</u>	<u>\$ 733,775</u>	<u>\$ 1,563,552</u>
Depreciation charge	<u>\$ 250,243</u>	<u>\$ 134,390</u>	<u>\$ 384,633</u>
Amortisation charge	<u>\$ 186</u>	<u>\$ 16,640</u>	<u>\$ 16,826</u>

Year ended December 31, 2021			
Nature	Classified as operating costs	Classified as	Total
		operating expenses	
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>

- 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, 2022, employees' compensation was accrued at \$34,000; while directors' and supervisors' remuneration was accrued at \$5,000. 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 13, 2023 were \$34,000 and \$3,860, 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 2021 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.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense :

		Year ended December 31,	
		2022	2021
Current tax:			
Current tax on profits for the year	\$	102,012	\$ 180,302
Tax on undistributed surplus earnings		4,904	1,584
Prior year income tax (over)			
underestimation		20,138	(3,200)
Total current tax		127,054	178,686
Deferred tax:			
Origination and reversal of temporary		59,076	44,683
differences			
Total deferred tax		59,076	44,683
Income tax expense	\$	186,130	\$ 223,369

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

		Year ended December 31,	
		2022	2021
Currency translation differences	(\$	31,306)	\$ 15,447
for the year			
Remeasurement of defined benefit			
obligations	(	2,826)	(1,199)
	(\$	34,132)	\$ 14,248

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 201,738	\$ 239,097
Temporary difference not recognised as deferred tax assets	73,976	87,487
Prior year income tax underestimate (overestimation)	20,138 (	3,200)
Tax on undistributed surplus earnings	4,904	1,584
Tax effects of investment tax credits	(32,261) (	11,946)
Prior year loss carryforward income tax	(40,904) (	38,788)
Expenses disallowed by tax regulation	(41,461) (	78,893)
Effect from changes in tax regulation	-	28,028
Income tax expense	<u>\$ 186,130</u>	<u>\$ 223,369</u>

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

	2022				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Business combination	At December 31
Temporary differences:					
— Deferred tax assets:					
Loss carryforward	\$ 72,498	\$ 6,675	\$ -	\$ -	\$ 79,173
Depreciation difference between tax and financial basis	50,760	1,231	-	-	51,991
Warranty cost of after-sale service	13,702	4,713	-	-	18,415
Currency translation differences	26,015	-	(23,570)	-	2,445
Unrealized loss on market price decline and obsolete and slow-moving inventory	15,388	(1,325)	-	-	14,063
Losses on doubtful debts	15,057	374	-	-	15,431
Unrealised gain on inter-affiliate accounts	20,902	(6,460)	-	-	14,442
Others	20,619	(9,715)	(25)	-	10,879
	<u>\$ 234,941</u>	<u>(\$ 4,507)</u>	<u>(\$ 23,595)</u>	<u>\$ -</u>	<u>\$ 206,839</u>
— Deferred tax liabilities:					
Unrealised exchange gain	(\$ 112,839)	(\$ 60,287)	\$ -	\$ -	(\$ 173,126)
Intangible assets-customer relationship	-	923	-	(39,528)	(38,605)
Others	(64,892)	4,795	(10,537)	-	(70,634)
	<u>(\$ 177,731)</u>	<u>(\$ 54,569)</u>	<u>(\$ 10,537)</u>	<u>(\$ 39,528)</u>	<u>(\$ 282,365)</u>
	<u>\$ 57,210</u>	<u>(\$ 59,076)</u>	<u>(\$ 34,132)</u>	<u>(\$ 39,528)</u>	<u>(\$ 75,526)</u>

	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>

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, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013~2022	\$ 2,476,409	\$ 2,384,515	\$ 1,813,210	2023~2032

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

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 2020 have been assessed and approved by the Tax Authority.

(30) Earnings per share

Year ended December 31, 2022			
	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>\$ 529,589</u>	<u>246,242</u>	<u>\$ 2.15</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 529,589	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>1,435</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 529,589</u>	<u>247,677</u>	<u>\$ 2.14</u>
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 and diluted loss 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>

(31) 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.

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, Shinfox Energy Co., Ltd. and Foxwell Power Co., Ltd. increased its capital by issuing new shares in 2022. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 2.55% and 18.77%, respectively. The transaction increased non-controlling interest by \$2,615,806 and increased the equity attributable to owners of parent by \$194,140.

The subsidiary, Shinfox Energy Co., Ltd. and Junezhe Co., Ltd. increased its capital by issuing new shares in 2021. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 7.82% and 66.5%, respectively. The transaction increased non-controlling interest by \$2,492,149 and increased the equity attributable to owners of parent by \$712,436.

(32) Business combinations

A. On February 14, 2022, the Group acquired 100% of the share capital of Elegant Energy for \$200,000 and obtained the control over Elegant Energy. As a result of the acquisition, the Group is expected to increase its presence in the onshore wind power generation markets.

B. The following table summarises the consideration paid for Elegant Energy and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>February 14, 2022</u>
Purchase consideration	
Cash	\$ 200,000
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	786
Other current assets	3,293
Intangible assets	197,637
Other current liabilities	(1,716)
Deferred tax liabilities	(39,528)
Total identifiable net assets	<u>160,472</u>
Goodwill	<u>\$ 39,528</u>

- C. The allocation of purchase price of Elegant Energy has been completed in the first quarter of 2022. The fair values of the identifiable intangible assets and goodwill acquired amounted to \$197,637 and \$39,528, respectively.
- D. The operating revenue included in the consolidated statement of comprehensive income since February 14, 2022 contributed by Elegant Energy was \$9,641. Elegant Energy also contributed profit before income tax of \$9,415 over the same period. Had Elegant Energy been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue of \$12,069,998 and profit before income tax of \$842,306.

(33) Supplemental cash flow information

- A. The Group sold 33.5% of shares in the subsidiary – Junezhe Co., Ltd. on December 27, 2022 and therefore lost control over the subsidiary (please refer to Note 4(3) B.). The details of the consideration received from the transaction (including cash and cash equivalent) and assets and liabilities relating to the subsidiary are as follows:

	<u>December 27, 2022</u>
Receive consideration	
Cash	\$ 77,050
Carrying amount of the assets and liabilities of Junezhe	
Cash	11,788
Accounts receivable	16,790
Other current assets	1,091
Property, plant and equipment	173,333
Accounts payable(including related parties)	(4,013)
Other payables	(3,587)
Current income tax liabilities	(7,081)
Other current liabilities	(17)
Total net assets	<u>\$ 188,304</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, 2022	\$ 3,086,000	\$ 1,596,522	\$ 3,077,867	\$ -	\$ 316,525	\$ 8,076,914
Changes in cash flow from financing activities	3,949,719	192,637	2,319,847	-	(84,163)	6,378,040
Changes in other non-cash items	-	-	-	-	54,449	54,449
Impact of changes in foreign exchange rate	-	-	-	-	5,517	5,517
December 31, 2022	<u>\$ 7,035,719</u>	<u>\$ 1,789,159</u>	<u>\$ 5,397,714</u>	<u>\$ -</u>	<u>\$ 292,328</u>	<u>\$ 14,514,920</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, 2021	\$ 3,129,800	\$ 307,237	\$ 4,044,519	\$ 4,000,000	\$ 337,052	\$ 11,818,608
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>\$ 3,077,867</u>	<u>\$ -</u>	<u>\$ 316,525</u>	<u>\$ 8,076,914</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cheng Uei Precision Industry Co., Ltd. (Cheng Uei)	Ultimate parent
Fugang Electronic (Dongguan) Co., Ltd. (FGEDG)	Other related party
Fugang Electronic (Xuzhou) Co., Ltd. (FG XuZhou)	Other related party
Kunshan Fugang Electric Trading Co., Ltd. (KFET)	Other related party
VA Product Inc. (VA)	Other related party
CU International Ltd. (CU)	Other related party
Studio A 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)	Former other related party (Note 1)
Changyuan Wind Power Co., Ltd. (Zhangyuan)	Former other related party (Note 1)
Beiyuan Wind Power Co., Ltd. (Beiyuan)	Former other related party (Note 1)
Shinfox Power Co., Ltd. (Shinfox Power)	Former other related party (Note 1)
Chern Feng Engineering Tech Co., Ltd.(Chern Feng)	Former other related party (Note 2)
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
Hon Hai Precision Industry Co., Ltd. (Hon Hai)	Other related party
Studio A Technology Limited (Studio A Hong Kong)	Associate
Chung Chia Power Co., Ltd. (Chung Chia)	Associate
Synergy Co., Ltd. (Synergy)	Associate (Note 3)
Changpin Wind Power Ltd.(Changpin)	Joint Venture (Note 4)

Note 1: 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.

Note 2: Chern Feng Engineering Tech Co., Ltd. was the Group's related party because Chern Feng Engineering Tech Co., Ltd. was the major shareholder of the Group's subsidiary- Junezhe Co., Ltd. However, the Group disposed all the equity interest in Junezhe Co., Ltd. on December 27, 2022. Chern Feng Engineering Tech Co., Ltd. was no longer a related party of the Group starting from December 27, 2022.

Note 3: The Group acquired the investment accounted for using the equity method in the fourth quarter of 2021, so it is listed as a related party.

Note 4: The Group acquired the investment accounted for using the equity method in the second quarter of 2022, so it is listed as a related party.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31,	
	2022	2021
Cheng Uei	\$ 131,194	\$ 56,060
Shinfox Power	-	391,510
Other related parties	145,584	103,809
Joint venture	60,000	-
Associates	43,480	20,666
	<u>\$ 380,258</u>	<u>\$ 572,045</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,	
	2022	2021
Purchases of goods:		
Cheng Uei	\$ 18,581	\$ 16,916
Studio A	3,074	2,460
Other related parties	253	462
	<u>\$ 21,908</u>	<u>\$ 19,838</u>
Cost of engineering sales :		
Other related parties	<u>\$ 60,007</u>	<u>\$ 14,318</u>

The prices and terms are determined in accordance with mutual agreement, and the payment term is 90 to 120 days after monthly billings. The remaining cost of engineering sales is calculated based on the contracted construction agreement entered into using market quotes.

C. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Cheng Uei	\$ 26,614	\$ 15,097
Other related parties	14,285	35,434
Associates	-	1,016
	<u>\$ 40,899</u>	<u>\$ 51,547</u>
Other receivables:		
Sharetronic	\$ 10,248	\$ 5,372
Cheng Uei	148	8,952
Other related parties	117	9,541
Associates	8	-
	<u>\$ 10,521</u>	<u>\$ 23,865</u>

Other receivables are mainly rental income, human support income and advance.

D. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Cheng Uei	\$ 2,518	\$ 2,376
Associates	\$ 55	\$ 448
Other related parties	-	2,493
	<u>\$ 2,573</u>	<u>\$ 5,317</u>
Other payables:		
Cheng Uei	\$ 10,828	\$ 10,650
Other related parties	\$ 21,332	\$ 18,698
Associates	-	521
	<u>\$ 32,160</u>	<u>\$ 29,869</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, 2022</u>	<u>Year ended December 31, 2021</u>
Acquisition of property, plant and equipment:		
Other related parties	\$ 3,980	\$ -

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. Rents are paid monthly.

(b) Acquisition of use-of-right assets

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Cheng Uei	<u>\$ 7,838</u>	<u>\$ 28,122</u>

(c) Lease liability

i. Outstanding balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cheng Uei	\$ 122,374	\$ 144,112
Other related parties	4,894	21,929
	<u>\$ 127,268</u>	<u>\$ 166,041</u>

ii. Interest expense

	<u>Year ended December 31,</u> <u>2022</u>	<u>Year ended December 31,</u> <u>2021</u>
Cheng Uei	\$ 1,924	\$ 2,186
Other related parties	165	356
	<u>\$ 2,089</u>	<u>\$ 2,542</u>

G. Rental revenue

	<u>Year ended December 31,</u> <u>2022</u>	<u>Year ended December 31,</u> <u>2021</u>
Cheng Uei	\$ 19,874	\$ 18,244
Other related parties	30,781	23,922
	<u>\$ 50,655</u>	<u>\$ 42,166</u>

H. Loans from related parties:

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

Interest expense

	<u>Year ended December 31,</u> <u>2022</u>	<u>Year ended December 31,</u> <u>2021</u>
Cheng Uei	\$ 7,890	\$ 29,753

The loans are settled at maturity. Interest rate for the year ended December 31, 2022 was 1.5%~1.6% per annum.

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

J. Commitments with former other related parties: Please refer to Notes 9(2) F.

(3) Key management compensation

	<u>Year ended December 31,</u> <u>2022</u>	<u>Year ended December 31,</u> <u>2021</u>
Salaries and other short-term employee benefits	\$ 23,940	\$ 33,906
Post-employment benefits	859	628
	<u>\$ 24,799</u>	<u>\$ 34,534</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Time deposits (shown as financial assets at amortised cost- current)	\$ 228,732	\$ 158,617	Guarantee for fast Customs Clearance and issuance of material purchasing guarantee and security deposit
Guarantee deposits paid (shown as other non-current assets)	246,058	18,605	Guarantee for electric energy transfer, deposits, guarantee and customs deposit
Guarantee deposits paid (shown as other current assets)	999,710	2,657	Guarantee for construction performance, performance bond
Restricted bank deposits and pledged time deposits (shown as financial assets at amortised cost- current)	2,619,504	1,710,695	Letters of guarantee for construction performance , short-term borrowings and guarantee notes, etc.
Time deposits (shown as financial assets at amortised cost-non-current)	4,500	4,500	Guarantee for lease performance
Restricted bank deposits and pledged time deposits (shown as financial assets at amortised cost- non-current)	388,788	14,640	Impound, performance guarantee and guarantee for development plan
Property, plant and equipment			Short-term notes and bills, Short-term and long-term borrowings
Investment property	1,028,412	917,568	Short-term and long-term borrowings
	6,654	12,375	
	<u>\$ 5,522,358</u>	<u>\$ 2,839,657</u>	

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 of the Group, amounting to \$177,555, 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.
- B. Subsidiaries of the Group, Shih Fong Power Co., Ltd.(the “Shih Fong”), 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 extension was applied for according to the law year by year and the Work Permit was obtained as

approved and issued by the Ministry of Economic Affairs. Certain litigations occurring during the period of application for the renewal of the Work Permit are as follows:

(a) Administrative Appeal

The local indigenous peoples (the “Applicants”) filed an administrative appeal on May 14, 2021 with the Administrative Appeals Committee of the Executive Yuan (the “Committee”), requesting “the suspension of the Project” and “the revocation of Work Permit in 2021 issued by the Ministry of Economic Affairs”. Regarding the dispute with the former, the administrative appeal was dismissed by the Committee on May 31, 2021; and regarding the dispute with the latter, the decision of administrative appeal was rendered by the Committee on March 3, 2022 and the original administrative action was revoked.

In accordance with the decision of the Committee, the Ministry of Economic Affairs sent a letter to Shih Fong on March 10, 2022, ordering it to consult and obtain consent and participation from the indigenous peoples or tribes. Shih Fong disagreed with the judgement and filed an administrative litigation according to the law on April 29, 2022, requesting the Executive Yuan to revoke the decision of administrative appeal of Shih Fong’s Work Permit in 2021. Currently, the case trial has been initiated by the court on November 9, 2022. However, as of the reporting date, the judgement had not been made.

(b) Administrative Appeal

The Applicants disagreed with the decision of dismiss on May 31, 2021 by the Committee and filed an administrative litigation with the Taipei High Administrative Court (the “High Court”). On December 3, 2021, the Court rendered a judgement that “the Project is suspended until the administrative litigation is finalised”. The Ministry of Economic Affairs and Shih Fong disagreed with the abovementioned judgement and filed an counterappeal with the Supreme Administrative Court (the “Supreme Court”). On March 31, 2022, the Supreme Court revoked the original verdict, excluding certain final judgements.

However, in order to conduct the construction smoothly in the future and respect the will of local peoples, Shih Fong sent a letter to the Zhuoxi Township Office on April 7, 2022, requesting it to consult and obtain consent from tribes. Shih Fong completed relevant tribal consultation and obtained a majority of consent in December 2022 and sent a letter to the Bureau of Energy to report the results of the tribal consultation. The Company had obtained the renewal Work Permit in 2021 and 2022 in December 2022 and the Work Permit in 2023 renewed by the Ministry of Economic Affairs in February 2023 which will be valid until December 31, 2023.

- C. Subsidiaries of the Group, Foxwell Energy Corporation Ltd.(the “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 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 February 24, 2023, 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.

(2) Commitments

- A. Information on endorsement/guarantee of the Company is provided in Note 13(2).
- B. As of December 31, 2022 and 2021, 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 \$1,626,602 and \$1,620,000, respectively, the endorsement and guarantee amount provided by the subsidiary, Shinfox Energy Co., Ltd. was \$3,780,000 and \$4,700,000, respectively, and the amounts pledged by the letter of guarantee assigned by subcontractors were both \$1,608,370, respectively.
- C. As of December 31, 2022 and 2021, the letters of guarantee to be issued by the bank, which are required for performance guarantee under the contracted photovoltaic electric systems, amounted to \$75,144 and \$100,699, respectively.
- D. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:
 - (a) As of December 31, 2022 and 2021, equipment purchases agreements contracted but not recognised and paid amounted to \$391,120 and \$162,902, respectively.
 - (b) The Company entered into a construction cooperation contract with non-related parties with a total consideration of \$38,700,551. As of December 31, 2022, the consideration of \$9,995,009 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, 2022, 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.

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

- A. The appropriation of 2022 earnings had been approved by the Board of Directors on March 13, 2023. Details are summarized below:

	2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 54,089	
Special reserve	69,906	
Cash dividends	369,363	\$ 1.50

- B. The cash payment from capital surplus amounting to \$123,121 (NT\$0.5 (in dollars) per share) had been approved by the Board of Directors on March 13, 2023.
- C. On February 24, 2023, Board of Directors of the subsidiary, Shinfox Energy Co., Ltd., resolved the issuance of overseas convertible bonds and the limit on the total issuance amount was temporarily set at US\$ 300 million.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 1,904,369</u>	<u>\$ 2,098,520</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 5,732,695	\$ 4,968,346
Financial assets at amortised cost	3,299,563	2,116,078
Notes receivable	34,952	4,259
Accounts receivable(including related parties)	1,216,207	1,197,414
Other receivables(including related parties)	42,464	54,757
Guarantee deposits paid	1,260,741	42,874
	<u>\$ 11,586,622</u>	<u>\$ 8,383,728</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 7,035,719	\$ 3,086,000
Short-term notes and bills payable	1,789,159	1,596,522
Notes payable	656	150
Accounts payable (including related parties)	1,417,018	2,738,183
Other payables(including related parties)	831,925	788,003
Long-term borrowings (including current portion)	5,397,714	3,077,867
Guarantee deposits received	24,668	19,901
	<u>\$ 16,496,859</u>	<u>\$ 11,306,626</u>
Lease liability	<u>\$ 292,328</u>	<u>\$ 316,525</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, 2022				
	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 61,896	30.7100	\$ 1,900,826	
RMB:NTD	85,787	4.4080	378,149	
JPY:NTD	468,592	0.2324	108,901	
HKD:NTD	984	3.9380	3,875	
EUR:NTD	168	32.7200	5,497	
HKD:RMB	8,240	0.8934	32,449	
USD:RMB	22,044	6.9574	676,971	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 28,022	30.7100	\$ 860,556	
RMB:NTD	84,699	4.4080	373,353	
JPY:NTD	7,140	0.2324	1,659	
USD:RMB	4,820	6.9574	148,022	
USD:HKD	3,992	7.7984	122,594	

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

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, 2022 and 2021, amounted to \$147,239 and (\$23,153), respectively.

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

Year ended December 31, 2022				
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%	\$ 19,008	\$	-
RMB:NTD	1%	3,781		-
JPY:NTD	1%	1,089		-
HKD:NTD	1%	39		-
EUR:NTD	1%	55		-
HKD:RMB	1%	324		-
USD:RMB	1%	6,770		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 8,606	\$	-
RMB:NTD	1%	3,734		-
JPY:NTD	1%	17		-
USD:RMB	1%	1,480		-
USD:HKD	1%	1,226		-

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		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by listed and unlisted companies at home and abroad. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2022 and 2021 would have increased/decreased by \$15,235 and \$16,788, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

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, 2022 and 2021, 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, 2022 and 2021 would have increased/decreased by \$11,378 and \$6,208, 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, 2022 and 2021, the provision matrix is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2022</u>			
Not past due	0.03%~3.57%	\$ 1,049,899	\$ 315
Up to 30 days past due	0.03%~5%	146,065	20,761
31~90 days past due	20%	525	105
91~180 days past due	100%	233	233
Over 181 days past due	100%	2,758	2,758
		<u>\$ 1,199,480</u>	<u>\$ 24,172</u>
	<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 181 days past due	100%	11,049	11,049
		<u>\$ 1,178,773</u>	<u>\$ 32,906</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:

	<u>2022</u>
	<u>Accounts receivable</u>
At January 1	\$ 32,906
Provision for impairment	1,886
Reversal of impairment write-offs	(10,622)
Effect of foreign exchange	2
At December 31	<u>\$ 24,172</u>
	<u>2021</u>
	<u>Accounts receivable</u>
At January 1	\$ 31,822
Provision for impairment	1,546
Effect of foreign exchange	(462)
At December 31	<u>\$ 32,906</u>

(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, 2022	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 7,064,899	\$ -	\$ -
Short-term notes and bills payable	1,789,159	-	-
Notes payable	656	-	-
Accounts payable (including related parties)	1,417,018	-	-
Other payables (including related parties)	831,925	-	-
Lease liability	60,649	126,378	213,836
Long-term borrowings (including current portion)	761,688	4,596,649	171,275

Non-derivative financial liabilities

December 31, 2021	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 (including related parties)	2,738,183	-	-
Other payables (including related parties)	788,003	-	-
Lease liability	70,063	137,947	242,783
Long-term borrowings (including current portion)	335,993	2,626,169	189,678

(3) Fair value information

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

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

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

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

- B. Fair value information of investment property at cost is provided in Note 6(11).
- C. The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable and other payables are approximate to their fair values.
- D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

December 31, 2022	<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>\$ 1,014,860</u>	<u>\$ -</u>	<u>\$ 889,509</u>	<u>\$ 1,904,369</u>
December 31, 2021	<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>\$ 1,087,743</u>	<u>\$ -</u>	<u>\$ 1,010,777</u>	<u>\$ 2,098,520</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:
- | | |
|---------------------|--|
| Market quoted price | <u>Listed shares</u>
<u>Closing price</u> |
|---------------------|--|
- (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, 2022 and 2021, 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, 2022 and 2021:

	2022	2021
At January 1	\$ 1,010,777	\$ 1,050,028
Transfer in	-	210,529
Loss recognised in other comprehensive income	(122,368)	(249,200)
Effect of exchange rate changes	1,100	(580)
At December 31	<u>\$ 889,509</u>	<u>\$ 1,010,777</u>

- H. For the years ended December 31, 2022 and 2021, information on transfers into Level 3 is provided in Note 6(7).
- I. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

		<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	426,908	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
		462,601	Net asset value	Not applicable	–	Not applicable

		<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
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

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, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 21,345	(\$ 21,345)

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

(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 in 2022.

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, 2022

	Systems and peripheral products department	3C product retail department	3C component department	Energy service management	Adjustment and elimination	Total
Revenue from external customer	\$ 5,306,253	\$ 2,214,276	\$ 255,153	\$ 4,293,567	\$ -	\$ 12,069,249
Inter-segment revenue	-	-	-	7,625	(7,625)	-
Segment Revenue	<u>\$ 5,306,253</u>	<u>\$ 2,214,276</u>	<u>\$ 255,153</u>	<u>\$ 4,301,192</u>	<u>(\$ 7,625)</u>	<u>\$ 12,069,249</u>
Segment income (loss)	<u>\$ 619,032</u>	<u>\$ 45,045</u>	<u>(\$ 332,582)</u>	<u>\$ 252,387</u>	<u>(\$ 29,909)</u>	<u>\$ 553,973</u>

Year ended December 31, 2021

	Systems and peripheral products department	3C product retail department	3C component department	Others	Adjustment and elimination	Total
Revenue from external customer	\$ 4,560,026	\$ 2,038,034	\$ 309,536	\$ 4,334,332	\$ -	\$ 11,241,928
Inter-segment revenue	-	-	-	81	(81)	-
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>

(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, 2022 and 2021 is provided as follows:

	Year ended December 31,	
	2022	2021
Reportable segments income	\$ 553,973	\$ 627,841
Unrealised financial instrument gains		
Non-operating income and expenses, net	292,548	221,759
Income before tax from continuing operations	<u>\$ 846,521</u>	<u>\$ 849,600</u>

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 4,400,353	\$ 5,307,168	\$ 4,407,090	\$ 3,497,030
Hong Kong	2,156,948	637,583	2,158,618	564,324
USA	1,550,918	-	1,363,783	-
China	1,505,847	1,298,705	1,249,200	1,400,358
Others	2,455,183	139,483	2,063,237	140,066
	<u>\$ 12,069,249</u>	<u>\$ 7,382,939</u>	<u>\$ 11,241,928</u>	<u>\$ 5,601,778</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31,			
	2022		2021	
	Revenue	Segment	Revenue	Segment
J Company	<u>\$ 2,099,298</u>	Energy service management	<u>\$ 1,504,282</u>	Energy service management
I Company	<u>1,593,294</u>	Energy service management	<u>2,445,998</u>	Energy service management
D Company	<u>1,450,745</u>	Systems and peripheral products department	<u>1,348,606</u>	Systems and peripheral products department
H Company	<u>1,218,002</u>	Systems and peripheral products department	<u>948,599</u>	Systems and peripheral products department

FIT HOLDING CO., LTD.
Loans to others
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted	Footnote
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	\$ 900,000	\$ 900,000	\$ 670,000	1.70%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,363,005	\$ 3,150,674	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Other receivables	Y	300,000	-	-	1.20%	2	-	Operations	-	-	-	1,136,714	1,136,714	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	478,720	264,480	176,320	1.5%-2.5%	2	-	Operations	-	-	-	1,136,714	1,136,714	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	500,000	400,000	-	1.65%	2	-	Operations	-	-	-	1,136,714	1,136,714	
2	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	28,838	28,211	-	3%	2	-	Operations	-	-	-	280,758	280,758	
2	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	225,300	220,400	158,688	3%	2	-	Operations	-	-	-	280,758	280,758	
3	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	600,000	600,000	600,000	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	4,141,477	4,141,477	
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	540,720	528,960	528,960	2.5%	2	-	Group capital movement	-	-	-	711,821	711,821	

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 single 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 subsidiaries, excluding the loans to others qualifying the above-mentioned condition, (c), the authorized limit on the Company's or the Company's subsidiaries' loans to a single party shall be lower than 10% of the company's net assets based on the company's latest financial statements.
- (e) Limit on total loans and individual limit on loans 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, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	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 1)											
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	2	\$ 47,260,116	\$ 1,636,103	\$ 1,635,869	\$ 765,869	\$ -	20.77	\$ 47,260,116	Y	N	N	
0	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	2	47,260,116	1,224,190	1,222,240	657,240	\$ -	15.52	47,260,116	Y	N	N	
0	FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	2	47,260,116	3,000,000	-	-	\$ -	-	47,260,116	Y	N	N	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	4	17,050,716	1,025,000	1,025,000	925,000	\$ -	13.01	17,050,716	N	N	N	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	4	17,050,716	300,000	300,000	300,000	\$ -	3.81	17,050,716	N	N	N	
2	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	2	62,122,164	25,950,000	25,950,000	16,542,997	\$ -	329.45	62,122,164	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 single party of the Company's and subsidiaries is calculated in accordance with the Company's "Procedures for Provision of Endorsements and Guarantees".

- (1) Limit on total endorsements is 600% of the Company's net asset.
- (2) Limit on endorsements to a single party is 600% of the Company's net asset.
- (3) Limit on total endorsements granted by the Company and its subsidiaries is 600% of the Company's net asset.
- (4) Total limit on the Company's and its subsidiaries endorsement/guarantee to a single party is 600% of the Company's net assets and to the subsidiaries that the Company owned more than 90% (included) voting shares is 600% 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 limit 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, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
				(in thousands)				
FIT Holding Co., Ltd.	LeadsunFox Greenergy Investment Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	21,147	\$ 210,529	12.00	\$ 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	213,454	0.80	213,454	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	177,555	4.00	177,555	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	1,014,860	5.37	1,014,860	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	-	15.56	-	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	213,454	0.80	213,454	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, 2022				
				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	-	74,517	12.90	74,517	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	-	-	-	-	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, 2022

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, 2022		Addition		Disposal			Gain (loss) on disposal	Balance as at December 31, 2022	
					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
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Investment accounted for using equity method	Note1	Subsidiary	73,518,610	1,880,146	20,073,340	1,766,454	-	-	-	-	102,951,145	3,646,600

Note1 : Department of 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, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions					
		Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)			Footnote
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Sales	\$ 138,846)	-23%	Flexible collection, depending on the capital requirement	Mutual agreement	None	\$ 45,977	21%		
ACCU-IMAGE TECHNOLOGY LIMITED	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	138,846	100%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(\$ 45,977)	-100%		
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Sales	(467,655)	-77%	Flexible collection, depending on the capital requirement	Mutual agreement	None	169,688	79%		
Foxlink Image Technology Co., Ltd.	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	467,655	11%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(169,688)	-21%		
Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	Affiliate	Sales	(118,476)	-46%	90 days after monthly billings	Mutual agreement	None	6,849	11%		
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	Purchases	118,476	35%	90 days after monthly billings	Mutual agreement	None	(6,849)	-11%		

FIT HOLDING CO., LTD.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Subsidiary	\$ 670,000	Note1				
Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	176,320	Note1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	350,909	0.03	-	-	-	-
Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	166,070	Note1	-	-	-	-
Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	259,800	Note1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	139,433	Note1	-	-	-	-
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	273,968	2.92	-	-	-	-
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	112,862	0.02	-	-	-	-
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	169,688	4.46	-	-	78,714	-
Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	528,960	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, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note2)	General ledger account	Amount	Transaction	
						Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	1	Other receivables	\$ 670,000	Based on the Company's policies	2%
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	176,320	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	259,800	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	350,909	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	139,433	Based on the Company's policies	0%
3	Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	3	Sales revenue	118,476	Based on the Company's policies	1%
4	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	166,070	Based on the Company's policies	1%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	273,968	Flexible collection, depending on the capital requirement	1%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	770,514	Flexible collection, depending on the capital requirement	6%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	112,862	Flexible collection, depending on the capital requirement	0%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	143,585	Flexible collection, depending on the capital requirement	1%
7	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	169,688	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.	Foxlink Image Technology Co., Ltd.	3	Sales revenue	467,655	Flexible collection, depending on the capital requirement	4%
7	Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Sales revenue	138,846	Flexible collection, depending on the capital	1%
8	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	528,960	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, 2022

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, 2022			Investment income (loss)			Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	recognized by the Company for the year ended December 31, 2022		
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sales of optical instruments	\$ 2,814,868	\$ 2,214,868	60,000,001	100.00	\$ 695,925	(\$ 288,663)	(\$ 288,663)	Subsidiary	
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	3,575,292	693,126	686,912	Subsidiary	
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture and sales of telecommunication electronic components	3,372,180	3,372,180	444,690,529	100.00	4,861,812	158,141	156,526	Subsidiary	
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	299,952	299,952	37,500,000	16.30	386,182	(2,742)	(447)	Subsidiary	
FIT Holding Co., Ltd.	Synergy Co., Ltd.	Taiwan	Optoelectronics Industry 、Renewable energy and Energy technical services	36,760	36,760	3,676,000	36.76	33,353	(6,780)	(2,492)	Investee	
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,325,962	1,110,992	20,241,034	100.00	2,065,845	292,660	-	Second-tier subsidiary	
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	957,600	957,600	79,800,000	34.70	953,276	(2,742)	-	Investee	
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	150,479	150,479	3,575	35.75	585,875	134,185	-	Investee	
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin Islands	General investments business	1,372,936	1,372,936	40,699,819	100.00	95,368	(274,877)	-	Second-tier subsidiary	
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments business	769,305	780,074	25,050,628	100.00	387,279	(147,276)	-	Third-tier subsidiary	
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	491,360	494,837	16,000,000	100.00	(301,971)	(126,543)	-	Third-tier subsidiary	
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	India	Trading and manufacturing	103,366	99,927	21,773,105	99.27	80,341	(1,076)	-	Third-tier subsidiary	
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,134	11,181	3,001,000	10.00	12,025	(5,177)	-	Investee	
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	417,822	417,822	106,100,000	100.00	712,265	11,317	-	Second-tier subsidiary	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022				Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
Power Quotient International Co., Ltd.	PQI JAPAN CO., LTD	Japan	Sales of electronic telecommunication components	23,129	23,129	24,300	100.00	(155,591)	-	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	SYSKOM DEVELOPMENT CO., LTD.	British Virgin Islands	Specialised investments holding	333,602	333,602	10,862,980	100.00	83,046	(881)	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	3,177,539	3,177,539	12,501	100.00	1,212,623	78,129	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	PQI Mobility Inc.	Samoa	Specialised investments holding	-	307,100	-	0.00	-	1,599	-	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	13,160	107	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	3,646,600	1,880,146	102,951,145	47.63	4,931,464	225,212	-	Second-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	6,100,000	3,000,000	610,000,000	100.00	6,289,095	186,554	-	Third-tier subsidiary	
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Taiwan	Energy service management	360,000	120,000	36,000,000	80.00	300,692	(36,892)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	672,600	99,000	48,140,000	80.23	733,053	25,883	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Junezhe Co., Ltd.	Taiwan	Dredging industry	-	134,000	-	-	-	30,576	-	Third-tier subsidiary (Note 2)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022					Investment income (loss) recognized by the Company for the year ended December		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	31, 2022			
Shinfox Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	1,100,000	30,000	110,000,000	100.00	1,092,329	(	7,660)	-	Third-tier subsidiary
Shinfox Co., Ltd.	CHUNG CHIA POWER Co., Ltd.	Taiwan	Combined Heat and Power	180,000	180,000	12,000,000	20.00	170,089	(	36,176)	-	Investee
Shinfox Co., Ltd.	Elegant Energy TECH Co., Ltd	Taiwan	Energy technical services	200,000	-	500,000	100.00	204,303		7,321	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Yuanshan Forest Natural Resources Co., Ltd.	Taiwan	Tree planting industry	10,000	-	1,000,000	100.00	9,946	(	54)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Changpin Wind Power Ltd.	Taiwan	Electricity Generating Enterprise	120,000	-	12,000,000	50.00	116,102	(	896)	-	Investee
Shinfox Co., Ltd.	Diwei Electric Power Co., Ltd	Taiwan	Electricity Generating Enterprise	30,000	-	3,000,000	100.00	29,950	(	50)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Guanwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	35,700	-	3,570,000	100.00	35,669	(	31)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Shinfox Far East Company Pte Ltd	Singapore	Maritime Engineering	981,545	-	981,545,000	98.46	981,545		-	-	Investee	
Foxwell Energy Corporation Ltd.	Liangwei Electric Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	40,000	-	4,000,000	100.00	39,961	(	39)	-	Fourth-tier subsidiary
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	India	Sales of electronic telecommunication components	103,277	103,277	21,790,000	99.27	80,419	(	897)	-	Third-tier subsidiary
Apix LIMITED	Sinocity Industries Co., Ltd.	Hong Kong	Sales of electronic product	2,658,150	2,658,150	6,000,000	100.00	953,004		61,273	-	Third-tier subsidiary	
Apix LIMITED	Perennial Ace Limited	British Virgin Islands	Specialised investments holding	654,123	654,123	-	100.00	259,477		16,855	-	Third-tier subsidiary	
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Sales of electronic product	382	382	100,000	100.00	(9,913)	(	8,811)	-	Fourth-tier subsidiary
Perennial Ace Limited	Studio A Technology Limited	Hong Kong	Sales of electronic product	4,998	4,998	1,225,000	24.50	122,882		68,796	-	Investee	
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,134	11,134	3,001,000	10.00	12,024	(	5,177)	-	Investee

Note 1: The company has completed the dissolution and liquidation on October 2022.

Note 2: Junezhe Co., Ltd. has been sold 33.5% equity to other related parties on December 27 ,2022.

FIT HOLDING CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	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	\$ 187,442	Note 2	\$ 187,442	\$ -	\$ -	\$ 187,442	\$ 27,462	100	\$ 27,462	\$ 302,566	\$ -	Note 7
Sharetronic Data Technology Co., Ltd.	Manufacture and sales of mobile phone, LCD TV Connector and electronic components	910,507	Note 2	131,746	-	-	131,746	653,194	7.13	47,971	459,495	-	Note 7
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Mould development and moulding tool manufacture	249,127	Note 2	183,200	-	-	183,200	(33,807)	100	(33,807)	184,226	-	Note 7
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	460,650	Note 2	153,550	214,970	-	368,520	115,027	100	115,027	593,014	-	Note 7
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sales of image scanners, multifunction and printers and its accessories	184,260	Note 2	163,019	-	-	163,019	119,158	100	119,158	486,751	-	Note 7
Glorytek (Suzhou) Co., Ltd.	Trading and manufacturing	429,940	Note 2	399,490	-	-	399,490	(94,443)	100	(94,443)	280,758	-	Note 7
Glorytek (Yancheng) Co., Ltd.	Trading and manufacturing	276,390	Note 2	256,815	-	-	256,815	(143,279)	100	(143,279)	(562,508)	-	Note 7
Yancheng Yao Wei Technology Co., Ltd	Trading and manufacturing	44,080	Note 3	-	-	-	-	(58,511)	100	(58,511)	85,597	-	Note 7
Glory Optics (Yancheng) Co., Ltd.	Trading and manufacturing	951,101	Note 4	326,960	-	-	326,960	(151,454)	100	(151,454)	318,187	-	Note 7
Power Quotient Technology (YANCHENG) Co., Ltd.	Manufacture and sales of electronic components	614,200	Note 2	Note5	-	-	-	7,496	100	7,496	711,821	-	Note 7
PQI (Xuzhou) New Energy Co., Ltd	Manufacture and sales of electronic components	44,080	Note 3	Note6	-	-	-	117	100	117	44,319	-	Note 7
Kunshan Jiawei Info Tech Co., Ltd.	Supply chain finance energy service management	1,536	Note 1	1,536	-	-	1,536	8,775	100	8,775	27,027	-	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 investee 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, 2022	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.	\$ 1,046,296	\$ 994,410	\$ 1,705,071
Glory Science Co., Ltd.	983,265	1,288,285	417,916
Power Quotient International Co., Ltd.	1,536	670,860	6,357,945

FIT HOLDING CO., LTD.
Major shareholders information
December 31, 2022

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, 2022 AND 2021

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 22004925

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, 2022 and 2021, 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, 2022 and 2021, 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 that came into effect 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 Accountant and Standards on Auditing of 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. 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 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\$9,552,564 thousand, constituting 91% of the Company's total assets as at December 31, 2022, and the investment profit (shown as operating revenue) amounted to NT\$551,836 thousand. Please refer to Note 4(9) for accounting policies on investments accounted for under the equity method and Note 6(3) 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(30) 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(23) for details of contract assets and contract liabilities, which amounted to NT\$2,716,125 thousand and NT\$7,785 thousand, respectively, as of December 31, 2022.

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(21) in the consolidated financial statements for accounting policies on impairment loss on non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(12) in the consolidated financial statements for details of intangible assets. The amount of goodwill was generated from the acquisition of subsidiaries, Power Quotient International Co., Ltd. and Foxlink Image Technology Co., Ltd.. The Company valued the impairment of goodwill through the discounted cash flow method which measures the cash generating unit's recoverable amount. As the assumptions of expected future cash flows involved subjective judgement and a high degree of uncertainty which would cause a material impact on the valuation result, the valuation of goodwill impairment was identified as a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding and assessed the reasonableness of valuation of goodwill impairment

policies and procedures.

- B. Obtained the external appraisal report on impairment valuation and examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
- C. Assessed that the valuation model used in the appraisal report was widely used and appropriate.
- D. 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(21) in the consolidated financial statements for accounting policies on impairment loss on non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied to property, plant and equipment impairment valuation, and Note 6(8) in the consolidated financial statements for details of property, plant and equipment.

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

How our audit addressed the matter

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

- A. Obtained an understanding and assessed the reasonableness of valuation of property, plant and equipment impairment policies and procedures.
- B. Examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
- C. Verified whether the list of properties for the external appraiser is correct.
- D. Assessed that the valuation method used in the appraisal report was appropriate.
- E. 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\$203,442 thousand and NT\$212,883 thousand, constituting 1.94% and 2.34% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the share of loss of associates and joint ventures accounted for under the equity method amounted to NT(\$9,441) thousand and NT(\$2,358) thousand, constituting (2.00%) and 2.38% of the total comprehensive income for the years then ended, respectively.

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 that came into effect 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 the 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 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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.

Chou, Hsiao-Tzu

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents		\$	7,224	-	\$	1,532	-
1136	Current financial assets at amortised cost	6(2)		27,330	-		227,626	3
1210	Other receivables - related parties	7		694,545	7		26,666	-
1410	Prepayments			-	-		78	-
1470	Other current assets			1,705	-		3,090	-
11XX	Current Assets			730,804	7		258,992	3
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(1)		210,529	2		210,529	2
1550	Investments accounted for under equity method	6(3)		9,552,564	91		8,643,898	95
15XX	Non-current assets			9,763,093	93		8,854,427	97
1XXX	Total assets		\$	10,493,897	100	\$	9,113,419	100
Liabilities and Equity								
Current liabilities								
2100	Short-term borrowings	6(5)	\$	1,128,000	11	\$	910,000	10
2200	Other payables			49,567	-		41,722	-
2230	Current income tax liabilities			9,581	-		54,515	1
2320	Long-term liabilities, current portion	6(6)		200,000	2		-	-
2399	Other current liabilities, others			63	-		38	-
21XX	Current Liabilities			1,387,211	13		1,006,275	11
Non-current liabilities								
2540	Long-term borrowings	6(6)		1,230,000	12		530,000	6
25XX	Non-current liabilities			1,230,000	12		530,000	6
2XXX	Total Liabilities			2,617,211	25		1,536,275	17
Equity								
Share capital								
3110	Share capital - common stock	6(7)		2,462,421	23		2,462,421	27
Capital surplus								
3200	Capital surplus	6(8)		4,841,997	47		4,890,319	53
Retained earnings								
3310	Legal reserve			51,068	-		8,985	-
3320	Special reserve			229,129	2		8,361	-
3350	Unappropriated retained earnings	6(9)		582,744	6		427,826	5
Other equity interest								
3400	Other equity interest		(	290,673)	(3)	(	220,768)	(2)
3XXX	Total equity			7,876,686	75		7,577,144	83
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		\$	10,493,897	100	\$	9,113,419	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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(3)	\$ 551,836	100	\$ 512,752	100
5000	Operating costs		-	-	-	-
5900	Net operating margin		551,836	100	512,752	100
	Operating expenses	6(11)				
6200	General and administrative expenses		(25,669)	(5)	(42,691)	(8)
6000	Total operating expenses		(25,669)	(5)	(42,691)	(8)
6900	Operating profit		526,167	95	470,061	92
	Non-operating income and expenses					
7100	Interest income	7	13,090	3	7,845	1
7010	Other income	6(10)	168	-	973	-
7020	Other gains and losses		4,728	1	(2,276)	-
7050	Finance costs		(31,891)	(6)	(14,563)	(3)
7900	Profit before income tax		512,262	93	462,040	90
7950	Income tax expense	6(12)	17,327	3	(28,028)	(5)
8200	Profitfor the year		<u>\$ 529,589</u>	<u>96</u>	<u>\$ 434,012</u>	<u>85</u>
	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		(\$ 183,950)	(34)	(\$ 469,153)	(92)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(183,950)	(34)	(469,153)	(92)
	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		125,346	23	(63,876)	(12)
8360	Components of other comprehensive income that will be reclassified to profit or loss		125,346	23	(63,876)	(12)
8300	Other comprehensive loss for the year		(\$ 58,604)	(11)	(\$ 533,029)	(104)
8500	Total comprehensive (loss) income for the year		<u>\$ 470,985</u>	<u>85</u>	<u>(\$ 99,017)</u>	<u>(19)</u>
9750	Total basic earnings per share (in dollars)	6(13)	<u>\$ 2.15</u>		<u>\$ 1.76</u>	
9850	Total diluted earnings per share (in dollars)		\$ 2.14		\$ 1.76	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Year 2021									
Balance at January 1, 2021		\$ 2,462,421	\$ 4,198,013	\$ -	\$ 8,361	\$ 89,848	(\$ 239,429)	\$ 539,385	\$ 7,058,599
Profit		-	-	-	-	434,012	-	-	434,012
Other comprehensive income (loss)		-	-	-	-	4,795	(63,876)	(473,948)	(533,029)
Total comprehensive income (loss)		-	-	-	-	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)
Appropriation and distribution of retained earnings:	6(9)								
Legal reserve appropriated		-	-	8,985	-	(8,985)	-	-	-
Cash dividends to shareholders		-	-	-	-	(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
Year 2022									
Balance at January 1, 2022		\$ 2,462,421	\$ 4,890,319	\$ 8,985	\$ 8,361	\$ 427,826	(\$ 303,305)	\$ 82,537	\$ 7,577,144
Profit		-	-	-	-	529,589	-	-	529,589
Other comprehensive income (loss)		-	-	-	-	11,301	125,346	(195,251)	(58,604)
Total comprehensive income (loss)		-	-	-	-	540,890	125,346	(195,251)	470,985
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	2,127	-	-	-	-	-	2,127
Cash dividends paid by additional paid-in capital	6(8)	-	(246,242)	-	-	-	-	-	(246,242)
Appropriation and distribution of retained earnings	6(9)								
Legal reserve appropriated		-	-	42,083	-	(42,083)	-	-	-
Special reserve appropriated		-	-	-	220,768	(220,768)	-	-	-
Cash dividends to shareholders		-	-	-	-	(123,121)	-	-	(123,121)
Changes in investees' capital increase not recognized by shareholding percentage		-	194,140	-	-	-	-	-	194,140
Compensation costs		-	1,653	-	-	-	-	-	1,653
Balance at December 31, 2022		\$ 2,462,421	\$ 4,841,997	\$ 51,068	\$ 229,129	\$ 582,744	(\$ 177,959)	(\$ 112,714)	\$ 7,876,686

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 512,262	\$ 462,040
Adjustments			
Adjustments to reconcile profit (loss)			
Share of profit (loss) of associates accounted for using the equity method	6(3)	(551,836)	(512,752)
Interest expense		31,891	14,563
Interest income		(13,090)	(7,845)
Changes in operating assets and liabilities			
Changes in operating assets			
Other current assets		24	(1,430)
Changes in operating liabilities			
Other payables		(23,331)	28,716
Prepayments		78	11
Other liability		25	8
Cash outflow generated from operations		(43,977)	(16,689)
Interest received		14,452	6,476
Income taxes paid		(63,324)	(468)
Dividend received		412,485	412,485
Interest paid		(30,715)	(14,357)
Net cash flows from operating activities		<u>288,921</u>	<u>387,447</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost		200,296	(227,626)
Acquisition of investments accounted for under the equity method		(600,000)	(1,236,760)
Increase in other receivables from related parties		(632,162)	350,364
Net cash flows used in investing activities		<u>(1,031,866)</u>	<u>(1,114,022)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		218,000	152,200
Increase in long-term borrowings		2,910,000	1,760,000
Decrease in long-term borrowings		(2,010,000)	(1,630,000)
Cash dividends paid		(123,121)	(73,873)
Cash dividends paid by additional paid-in capital		(246,242)	(172,370)
Proceeds from disposal of subsidiaries		-	690,000
Net cash flows from financing activities		<u>748,637</u>	<u>725,957</u>
Net increase (decrease) in cash and cash equivalents		5,692	(618)
Cash and cash equivalents at beginning of year		1,532	2,150
Cash and cash equivalents at end of year		<u>\$ 7,224</u>	<u>\$ 1,532</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, 2022 AND 2021
(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 13, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became 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.

(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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

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 that came into effect 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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Unlisted stocks	<u>\$ 210,529</u>	<u>\$ 210,529</u>

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits maturing in excess of three months	<u>\$ 27,330</u>	<u>\$ 227,626</u>

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

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 3,077</u>	<u>\$ 4,255</u>

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

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Foxlink Image Technology Co., Ltd.	\$ 3,575,292	\$ 3,426,039
Power Quotient International Co., Ltd.	4,861,812	4,414,241
Shih Fong Power Co., Ltd.	386,182	386,629
Glory Science Co., Ltd.	695,925	381,144
Synergy Co., Ltd.	33,353	35,845
LeadsunFox Greenergy Investment Co., Ltd.	-	-
	<u>\$ 9,552,564</u>	<u>\$ 8,643,898</u>

- A. The company resigned from the directorship of LeadsunFox Greenergy Investment 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.
- B. The investment profit of \$551,836 and \$512,752 recognised for the investments accounted for using equity method for the years ended December 31, 2022 and 2021, 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 2022 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, 2022 and 2021, were \$196 and \$136, respectively.

(5) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 1,128,000	1.75%~2.50%	None
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 910,000	0.85%~0.96%	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, 2022</u>
Long-term bank borrowings				
-including covenants				
Unsecured borrowings	Borrowing period is from February 2022 to February 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.51%	-	\$ 300,000
Unsecured borrowings	Borrowing period is from June 2022 to June 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	2%	70,000	130,000
Unsecured borrowings	Borrowing period is from September 2022 to September 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.8%~2.05%	-	200,000
-without covenants				
Unsecured borrowings	Borrowing period is from July 2021 to May 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.63%	-	200,000

<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, 2022</u>
Unsecured borrowings	Borrowing period is from August 2022 to August 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.825%	-	300,000
Unsecured borrowings	Borrowing period is from May 2022 to May 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.875%	-	300,000
				<u>1,430,000</u>
Less : Current portion (shown as other current liabilities)				<u>(200,000)</u>
				<u>\$ 1,230,000</u>

\$ 530,000

(d) Tangible net equity of at least NT\$5,000,000 thousand to NT\$ 8,000,000 thousand; and

(e) Net equity of at least NT\$1,800,000 thousand.

2. As of December 31, 2022, the borrowings that have been used amounted to as follows:

Company	Bank	Credit line	Amount of borrowings used
FIT Holding	Jih Sun Bank(Note)	\$ 200,000	\$ 200,000
FIT Holding	SCSB	300,000	300,000
FIT Holding	Mega Bank	300,000	300,000

NOTE : The credit line was shared by short-term and long-term borrowings.

(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, 2022, 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, 2022 amounted to 246,242 thousand shares.

(8) Capital surplus

	2022				
	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	\$ 3,783,055	\$ 204,782	\$ 837,883	\$ 64,599	\$ 4,890,319
Capital surplus used to issue cash to shareholders	(246,242)	-	-	-	(246,242)
Transactions with non-controlling interest	-	-	194,140	-	194,140
Compensation cost of employee share options	-	-	1,653	-	1,653
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	522	1,605	2,127
At December 31	<u>\$ 3,536,813</u>	<u>\$ 204,782</u>	<u>\$ 1,034,198</u>	<u>\$ 66,204</u>	<u>\$ 4,841,997</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	\$ 3,955,425	\$ 57,400	\$ 125,447	\$ 59,741	\$ 4,198,013
Capital surplus used to cover accumulated deficits	(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>

- 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 \$246,242 (NT\$ 1 (in dollars) per share) and \$172,370 (NT\$ 0.7 (in dollars) per share) on March 24, 2022 and March 26, 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.

- D. 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	\$ 0.3

- E. The appropriation of 2021 earnings as proposed and resolved by the shareholders on June 17, 2022 are as follows:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 42,083	
Special reserve	220,768	
Cash dividends	123,121	\$ 0.50

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.

(10) Other income

	Year ended December 31	
	2022	2021
Revenue from directors' and supervisors' remuneration of the subsidiaries	\$ -	\$ 800
Others	168	173
	<u>\$ 168</u>	<u>\$ 973</u>

(11) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense		
Wages and salaries	\$ 11,218	\$ 30,996
Directors' remuneration	6,780	4,980
Labour and health insurance fees	521	343
Pension costs	196	136
Other personnel expenses	240	148
	<u>\$ 18,955</u>	<u>\$ 36,603</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, 2022, employees' compensation was accrued at \$34,000; while directors' and supervisors' remuneration was accrued at \$5,000. 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 13, 2023 were \$34,000 and \$5,000, respectively, and will be distributed in the form of cash.
- D. The amount of employees' compensation of \$30,000 and directors' remuneration of \$4,880 in 2021 as resolved by the Board of Directors were the same as the estimated amount recognized in the 2021 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	
		2022	2021
Current tax:			
Current tax on profits for the year	\$	2,520	\$ 28,028
Tax on undistributed surplus earnings		1,743	-
Prior year income tax (over) underestimation	(	21,590)	-
Income tax expense	(\$	17,327)	\$ 28,028

B. Reconciliation between income tax expense and accounting profit

		Year ended December 31	
		2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$	102,452	\$ 92,408
Tax on undistributed earnings		1,743	-
Tax exempt income by tax regulation	(	99,932)	(90,062)
Prior year income tax overestimation	(	21,590)	-
Taxable loss not recognised as deferred tax assets		-	(2,346)
Effect from alternative minimum tax		-	28,028
Income tax expense	(\$	17,327)	\$ 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, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ -	\$ -	2028

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ -	\$ -	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, 2022		
	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>\$ 529,589</u>	<u>246,242</u>	<u>\$ 2.15</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 529,589	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>1,435</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 529,589</u>	<u>247,677</u>	<u>\$ 2.14</u>

	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	-	956	
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>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Cheng Uei Precision Industry Co., Ltd. (Cheng Uei)	Ultimate parent
Foxlink International Investment (FII)	Subsidiary of the ultimate parent
Fu Uei International Investment Ltd. (FUII)	Subsidiary of the ultimate parent
Foxlink Image Technology Co., Ltd. (Foxlink Image)	Subsidiary of the Company
Power Quotient International Co., Ltd. (PQI)	Subsidiary of the Company
Glory Science Co., Ltd. (Glory Science)	Subsidiary of the Company
Shih Fong Power Co., Ltd. (Shih Fong)	Subsidiary of the Company
Shinfox Energy Co. Ltd. (Shinfox)	Subsidiary of the Company
Foxwell Energy Corporation Ltd. (Foxwell Energy)	Subsidiary of the Company
Glory Optics (Yancheng) Co., Ltd. (GOYC)	Subsidiary of the Company
Glorytek (Yancheng) Co., Ltd. (Glorytek Yancheng)	Subsidiary of the Company

(2) Significant related party transactions

A. Receivables from related parties:

	December 31, 2022	December 31, 2021
Other receivables		
PQI	19,688	19,689
Foxlink Image	4,857	6,977
	<u>\$ 24,545</u>	<u>\$ 26,666</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:

	December 31, 2022	December 31, 2021
PQI	\$ 670,000	\$ -
	<u>\$ 670,000</u>	<u>\$ -</u>

(ii) Interest income

	December 31, 2022	December 31, 2021
GOYC	\$ -	\$ 1,072
Glorytek Yancheng	-	708
PQI	9,483	-
	<u>\$ 9,483</u>	<u>\$ 1,780</u>

The loans to subsidiaries are repayable based on the agreement and carry interest at 1.7% per annum.

(3) Key management compensation

None.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None

(2) Commitments

A. Information on endorsements/guarantees of the Company is provided in Note 13(1)B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. The appropriation of 2022 earnings had been approved by the Board of Directors on March 13, 2023.

Details are summarized below:

	2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 54,089	
Special reserve	69,906	
Cash dividends	369,363	\$ 1.50

B. The cash payment from capital surplus of \$123,121(NT \$0.5 (in dollars) per share) had been approved by the Board of Directors on March 13, 2023.

C. On February 24, 2023, Shinfox Energy Co. Ltd. which was the subsidiary company of Company issued the overseas convertible bonds by the Board of Directors. The upper limit of total issuance amount was tentatively set at US\$300 million.

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, 2022</u>	<u>December 31, 2021</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>\$ 210,529</u>
Financial assets at amortised cost		
Cash and cash equivalents	7,224	1,532
Financial assets at amortised cost	<u>27,330</u>	<u>227,626</u>
	<u>\$ 34,554</u>	<u>\$ 229,158</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Short-term borrowings	\$ 1,128,000	\$ 910,000
Other accounts payable	49,567	41,722
Long-term borrowings	<u>1,430,000</u>	<u>530,000</u>
	<u>\$ 2,607,567</u>	<u>\$ 1,481,722</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, 2022				
	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	\$	342	\$	1,508

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	\$	1,985

- iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$4,727 and (\$2,276), respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022			
	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%	\$	-

	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	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, is the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by \$1,684 and \$1,684, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If interest rate of had increased/decreased by 0.1% or with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,046 and \$1,152, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(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

December 31, 2022	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,138,836	\$ -	\$ -
Other payables	49,567	-	-
Long-term borrowings	223,334	1,235,181	-
	<u>\$ 1,411,737</u>	<u>\$ 1,235,181</u>	<u>\$ -</u>

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 2 and 5 years	Over 5 years
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>

(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. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in 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 Company's investment in is included in Level 3.

- B. Except for those listed in the table below, the carrying amounts of cash and cash equivalents, other receivables, short-term borrowings, other payables are approximate to their fair values.
- C. 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, 2022 and 2021 is as follows:

<u>December 31, 2022</u>	<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>-</u>	<u>-</u>	<u>210,529</u>	<u>210,529</u>
<u>December 31, 2021</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ 210,529</u>	<u>\$ 210,529</u>

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Total</u>	<u>Total</u>
At January 1	\$ 210,529	\$ -
Transfers in	<u>-</u>	<u>210,529</u>
At December 31	<u>\$ 210,529</u>	<u>\$ 210,529</u>

F. For the years ended December 31, 2022 and 2021, information on transfers into Level 3 is provided in Note 6(3).

G. 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.

(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 in 2022.

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, 2022: 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, 2022: 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, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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	\$ 3,426,039	-	\$ 149,253	-	\$ -	164,993,974	100%	\$ 3,575,292	17.22	\$ 2,841,786	None
Power Quotient International Co., Ltd.	444,690,529	4,414,241	-	447,571	-	-	444,690,529	100%	4,861,812	11.13	4,950,955	None
Glory Science Co., Ltd.	95,970,371	381,144	60,000,000	600,000	(95,970,370)	(285,219)	60,000,001	100%	695,925	11.60	695,925	None
Shih Fong Power Co., Ltd.	37,500,000	386,629	-	-	-	(447)	37,500,000	16.30%	386,182	10.61	397,861	None
Synergy Co., Ltd.	3,676,000	35,845	-	-	-	(2,492)	3,676,000	37%	33,353	9.07	33,353	None
		<u>\$ 8,643,898</u>		<u>\$ 1,196,824</u>		<u>(\$ 288,158)</u>			<u>\$ 9,552,564</u>		<u>\$ 8,919,880</u>	

Note 1: Changes in current year included acquisition of investments accounted for using equity method, share of profit or loss or other comprehensive income in investees accounted for using the equity method, capital increase and reduction to write off accumulated losses.

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

FIT HOLDING CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 2

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Unsecured borrowings	Taishin Bank	\$ 250,000	111/11/11~112/2/9	1.75%	250,000	None	
Unsecured borrowings	KGI Bank	100,000	111/11/11~112/3/10	1.969%	100,000	None	
Unsecured borrowings	Cathay United Bank	100,000	111/12/28~112/1/19	1.78%	200,000	None	
Unsecured borrowings	CTBC Bank	200,000	111/11/28~112/2/24	1.85%	100,000	None	
Unsecured borrowings	Bank SinoPac	348,000	111/12/30~112/1/19	2.50%	1,000,000	None	The credit line was shared by short-term and long-term borrowings.
Unsecured borrowings	Hua Nan Bank	<u>130,000</u>	111/12/19~112/1/19	1.91%	200,000	None	
		<u>\$ 1,128,000</u>					

FIT HOLDING CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
STATEMENT 3						
Yuanta Bank	Borrowing period is from February 2022 to February 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	\$ 300,000	111/2/7~113/2/7	1.51%	None	
Entie Commercial Bank	Borrowing period is from September 2022 to September 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	200,000	111/9/25~113/9/25	1.80%~ 2.05%	None	
Jih Sun Bank	Borrowing period is from July 2021 to May 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	200,000	110/7/27~112/5/27	1.63%	None	
Mega Bank	Borrowing period is from August 2022 to August 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	300,000	111/8/10~112/8/10	1.825%	None	

FIT HOLDING CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
STATEMENT 3						
SCSB	Borrowing period is from May 2022 to May 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	300,000	111/5/12~113/5/12	1.875%	None	
Far Eastern International Bank	Borrowing period is from June 2022 to June 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	130,000	111/6/22~113/6/22	2.00%	None	
Less : Current portion (shown as current liability)		(200,000)				
		<u>\$ 1,230,000</u>				

FIT HOLDING CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating	Total	Classified as Operating Costs	Classified as Operating	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 11,218	\$ 11,218	\$ -	\$ 30,996	\$ 30,996
Labour and health insurance fees	-	521	521	-	343	343
Pension costs	-	196	196	-	136	136
Directors' remuneration	-	6,780	6,780	-	4,980	4,980
Other personnel expenses	-	240	240	-	148	148

Note:

1. As at December 31, 2022 and 2021, the Company had 20 and 20 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 \$1,107 ((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 \$2,875 ((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 \$1,020 (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 \$2,818 (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, 2022
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

- (3) Adjustments of average employee salaries was (64%) ((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, 2022
(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, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				Maximum outstanding balance during the year ended							Amount of transactions with the borrower			Allowance for doubtful accounts	Limit on loans granted to a single party		Ceiling on total loans granted	Footnote
No.	Creditor	Borrower	General ledger account	Is a related party	December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Reason for short-term financing		Collateral Item	Value	(Note 2)				
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	\$ 900,000	\$ 900,000	\$ 670,000	1.70%	2	\$ -	Operations	\$ -	-	\$ -	2,363,005	\$ 3,150,674		
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Other receivables	Y	300,000	-	-	1.20%	2	-	Operations	-	-	-	1,136,714	1,136,714		
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	478,720	264,480	176,320	1.5%-2.5%	2	-	Operations	-	-	-	1,136,714	1,136,714		
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	500,000	400,000	-	1.65%	2	-	Operations	-	-	-	1,136,714	1,136,714		
2	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	28,838	28,211	-	3%	2	-	Operations	-	-	-	280,758	280,758		
2	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	225,300	220,400	158,688	3%	2	-	Operations	-	-	-	280,758	280,758		
3	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Y	600,000	600,000	600,000	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	4,141,477	4,141,477		
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	540,720	528,960	528,960	2.5%	2	-	Group capital movement	-	-	-	711,821	711,821		

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 single 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 subsidiaries, excluding the loans to others qualifying the above-mentioned condition, (c), the authorized limit on the Company's or the Company's subsidiaries' loans to a single party shall be lower than 10% of the company's net assets based on the company's latest financial statements.
- (e) Limit on total loans and individual limit on loans 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, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	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 1)											
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	2	\$ 47,260,116	\$ 1,636,103	\$ 1,635,869	\$ 765,869	\$ -	20.77	\$ 47,260,116	Y	N	N	
0	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	2	47,260,116	1,224,190	1,222,240	657,240	\$ -	15.52	47,260,116	Y	N	N	
0	FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	2	47,260,116	3,000,000	-	-	\$ -	-	47,260,116	Y	N	N	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	4	17,050,716	1,025,000	1,025,000	925,000	\$ -	13.01	17,050,716	N	N	N	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	4	17,050,716	300,000	300,000	300,000	\$ -	3.81	17,050,716	N	N	N	
2	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	2	62,122,164	25,950,000	25,950,000	16,542,997	\$ -	329.45	62,122,164	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 single party of the Company's and subsidiaries is calculated in accordance with the Company's "Procedures for Provision of Endorsements and Guarantees".

- (1) Limit on total endorsements is 600% of the Company's net asset.
- (2) Limit on endorsements to a single party is 600% of the Company's net asset.
- (3) Limit on total endorsements granted by the Company and its subsidiaries is 600% of the Company's net asset.
- (4) Total limit on the Company's and its subsidiaries endorsement/guarantee to a single party is 600% of the Company's net assets and to the subsidiaries that the Company owned more than 90% (included) voting shares is 600% 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 limit 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, 2022

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	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	21,147	\$ 210,529	12.00	\$ 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	213,454	0.80	213,454	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	177,555	4.00	177,555	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	1,014,860	5.37	1,014,860	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	-	15.56	-	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	213,454	0.80	213,454	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, 2022				
				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	-	74,517	12.90	74,517	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	-	-	-	-	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, 2022

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, 2022		Addition		Disposal			Gain (loss) on disposal	Balance as at December 31, 2022	
					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
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Investment accounted for using equity method	Note1	Subsidiary	73,518,610	1,880,146	20,073,340	1,766,454	-	-	-	-	102,951,145	3,646,600

Note1 : Department of 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, 2022

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				Unit price	Credit term	Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term			Balance	Percentage of total notes/accounts receivable (payable)		
Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	Affiliate	Sales	(\$ 138,846)	-23%	Flexible collection, depending on the capital requirement	Mutual agreement	None	\$ 45,977	21%		
ACCU-IMAGE TECHNOLOGY LIMITED	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	138,846	100%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(\$ 45,977)	-100%		
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Sales	(467,655)	-77%	Flexible collection, depending on the capital requirement	Mutual agreement	None	169,688	79%		
Foxlink Image Technology Co., Ltd.	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	467,655	11%	Flexible collection, depending on the capital requirement	Mutual agreement	None	(169,688)	-21%		
Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	Affiliate	Sales	(118,476)	-46%	90 days after monthly billings	Mutual agreement	None	6,849	11%		
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	Purchases	118,476	35%	90 days after monthly billings	Mutual agreement	None	(6,849)	-11%		

FIT HOLDING CO., LTD.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Subsidiary	\$ 670,000	Note1				
Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	176,320	Note1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	350,909	0.03	-	-	-	-
Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	166,070	Note1	-	-	-	-
Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	259,800	Note1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	139,433	Note1	-	-	-	-
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	273,968	2.92	-	-	-	-
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	112,862	0.02	-	-	-	-
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	169,688	4.46	-	-	78,714	-
Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	528,960	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, 2022

Table 7 Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note2)	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	1	Other receivables	\$ 670,000	Based on the Company's policies	2%
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	176,320	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	259,800	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	350,909	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	139,433	Based on the Company's policies	0%
3	Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	3	Sales revenue	118,476	Based on the Company's policies	1%
4	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	166,070	Based on the Company's policies	1%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	273,968	Flexible collection, depending on the capital requirement	1%
5	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	770,514	Flexible collection, depending on the capital requirement	6%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	112,862	Flexible collection, depending on the capital requirement	0%
6	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	143,585	Flexible collection, depending on the capital requirement	1%
7	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	169,688	Flexible collection, depending on the capital requirement	1%
7	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales revenue	467,655	Flexible collection, depending on the capital requirement	4%
7	Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Sales revenue	138,846	Flexible collection, depending on the capital requirement	1%

Number (Note 1)	Company name	Counterparty	Relationship (Note2)	General ledger account	Amount	Transaction	
						Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
8	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	528,960	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, 2022

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, 2022							Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022			
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sales of optical instruments	\$ 2,814,868	\$ 2,214,868	60,000,001	100.00	\$ 695,925	(\$ 288,663)	(\$ 288,663)	Subsidiary		
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	3,575,292		693,126	686,912	Subsidiary	
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture and sales of telecommunication electronic components	3,372,180	3,372,180	444,690,529	100.00	4,861,812		158,141	156,526	Subsidiary	
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	299,952	299,952	37,500,000	16.30	386,182	(2,742)	(447)	Subsidiary		
FIT Holding Co., Ltd.	Synergy Co., Ltd.	Taiwan	Optoelectronics Industry 、Renewable energy and Energy technical services	36,760	36,760	3,676,000	36.76	33,353	(6,780)	(2,492)	Investee		
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,325,962	1,110,992	20,241,034	100.00	2,065,845		292,660	-	Second-tier subsidiary	
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	957,600	957,600	79,800,000	34.70	953,276	(2,742)	-	Investee		
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	150,479	150,479	3,575	35.75	585,875		134,185	-	Investee	
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin Islands	General investments business	1,372,936	1,372,936	40,699,819	100.00	95,368	(274,877)	-	Second-tier subsidiary		
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments business	769,305	780,074	25,050,628	100.00	387,279	(147,276)	-	Third-tier subsidiary		
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	491,360	494,837	16,000,000	100.00	(301,971)	(126,543)	-	Third-tier subsidiary		
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	India	Trading and manufacturing	103,366	99,927	21,773,105	99.27	80,341	(1,076)	-	Third-tier subsidiary		
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,134	11,181	3,001,000	10.00	12,025	(5,177)	-	Investee		
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	417,822	417,822	106,100,000	100.00	712,265		11,317	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	PQI JAPAN CO., LTD	Japan	Sales of electronic telecommunication components	23,129	23,129	24,300	100.00	(155,591)	-	-	-	Second-tier subsidiary	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022					Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022			
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD.	British Virgin Islands	Specialised investments holding	333,602	333,602	10,862,980	100.00	83,046	(	881)	-	Second-tier subsidiary
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	3,177,539	3,177,539	12,501	100.00	1,212,623		78,129	-	Second-tier subsidiary
Power Quotient International Co., Ltd.	PQI Mobility Inc.	Samoa	Specialised investments holding	-	307,100	-	0.00	-		1,599	-	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	13,160		107	-	Second-tier subsidiary
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	3,646,600	1,880,146	102,951,145	47.63	4,931,464		225,212	-	Second-tier subsidiary
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	6,100,000	3,000,000	610,000,000	100.00	6,289,095		186,554	-	Third-tier subsidiary
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Taiwan	Energy service management	360,000	120,000	36,000,000	80.00	300,692	(	36,892)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	672,600	99,000	48,140,000	80.23	733,053		25,883	-	Third-tier subsidiary
Shinfox Co., Ltd.	Junezhe Co., Ltd.	Taiwan	Dredging industry	-	134,000	-	-	-		30,576	-	Third-tier subsidiary (Note 2)
Shinfox Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	1,100,000	30,000	110,000,000	100.00	1,092,329	(	7,660)	-	Third-tier subsidiary
Shinfox Co., Ltd.	CHUNG CHIA POWER Co., Ltd.	Taiwan	Combined Heat and Power	180,000	180,000	12,000,000	20.00	170,089	(	36,176)	-	Investee
Shinfox Co., Ltd.	Elegant Energy TECH Co., Ltd	Taiwan	Energy technical services	200,000	-	500,000	100.00	204,303		7,321	-	Third-tier subsidiary
Shinfox Co., Ltd.	Yuanshan Forest Natural Resources Co., Ltd.	Taiwan	Tree planting industry	10,000	-	1,000,000	100.00	9,946	(	54)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Changpin Wind Power Ltd.	Taiwan	Electricity Generating Enterprise	120,000	-	12,000,000	50.00	116,102	(	896)	-	Investee

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022					Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote	
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022				
Shinfox Co., Ltd.	Diwei Electric Power Co., Ltd	Taiwan	Electricity Generating Enterprise	30,000	-	3,000,000	100.00	29,950	(	50)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Guanwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	35,700	-	3,570,000	100.00	35,669	(	31)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Shinfox Far East Company Pte Ltd	Singapore	Maritime Engineering	981,545	-	981,545,000	98.46	981,545		-	-	Investee	
Foxwell Energy Corporation Ltd.	Liangwei Electric Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	40,000	-	4,000,000	100.00	39,961	(	39)	-	Fourth-tier subsidiary
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	India	Sales of electronic telecommunication components	103,277	103,277	21,790,000	99.27	80,419	(	897)	-	Third-tier subsidiary
Apix LIMITED	Sinocity Industries Co., Ltd.	Hong Kong	Sales of electronic product	2,658,150	2,658,150	6,000,000	100.00	953,004		61,273	-	Third-tier subsidiary	
Apix LIMITED	Perennial Ace Limited	British Virgin Islands	Specialised investments holding	654,123	654,123	-	100.00	259,477		16,855	-	Third-tier subsidiary	
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Sales of electronic product	382	382	100,000	100.00	(9,913)	(8,811)	-	Fourth-tier subsidiary
Perennial Ace Limited	Studio A Technology Limited	Hong Kong	Sales of electronic product	4,998	4,998	1,225,000	24.50	122,882		68,796	-	Investee	
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,134	11,134	3,001,000	10.00	12,024	(	5,177)	-	Investee

Note 1: The company has completed the dissolution and liquidation on October 2022.

Note 2: Junezhe Co., Ltd. has been sold 33.5% equity to other related parties on December 27 ,2022.

FIT HOLDING CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	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	\$ 187,442	Note 2	\$ 187,442	\$ -	\$ -	\$ 187,442	\$ 27,462	100	\$ 27,462	\$ 302,566	\$ -	Note 7
Sharetronic Data Technology Co., Ltd.	Manufacture and sales of mobile phone, LCD TV Connector and electronic components	910,507	Note 2	131,746	-	-	131,746	653,194	7.13	47,971	459,495	-	Note 7
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Mould development and moulding tool manufacture	249,127	Note 2	183,200	-	-	183,200	(33,807)	100	(33,807)	184,226	-	Note 7
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	460,650	Note 2	153,550	214,970	-	368,520	115,027	100	115,027	593,014	-	Note 7
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sales of image scanners, multifunction and printers and its accessories	184,260	Note 2	163,019	-	-	163,019	119,158	100	119,158	486,751	-	Note 7
Glorytek (Suzhou) Co., Ltd.	Trading and manufacturing	429,940	Note 2	399,490	-	-	399,490	(94,443)	100	(94,443)	280,758	-	Note 7
Glorytek (Yancheng) Co., Ltd.	Trading and manufacturing	276,390	Note 2	256,815	-	-	256,815	(143,279)	100	(143,279)	(562,508)	-	Note 7
Yancheng Yao Wei Technology Co., Ltd.	Trading and manufacturing	44,080	Note 3	-	-	-	-	(58,511)	100	(58,511)	85,597	-	Note 7
Glory Optics (Yancheng) Co., Ltd.	Trading and manufacturing	951,101	Note 4	326,960	-	-	326,960	(151,454)	100	(151,454)	318,187	-	Note 7
Power Quotient Technology (YANCHENG) Co., Ltd.	Manufacture and sales of electronic components	614,200	Note 2	Note5	-	-	-	7,496	100	7,496	711,821	-	Note 7
PQI (Xuzhou) New Energy Co., Ltd.	Manufacture and sales of electronic components	44,080	Note 3	Note6	-	-	-	117	100	117	44,319	-	Note 7
Kunshan Jiawei Info Tech Co., Ltd.	Supply chain finance energy service management	1,536	Note 1	1,536	-	-	1,536	8,775	100	8,775	27,027	-	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, 2022	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.	\$ 1,046,296	\$ 994,410	\$ 1,705,071
Glory Science Co., Ltd.	983,265	1,288,285	417,916
Power Quotient International Co., Ltd.	1,536	670,860	6,357,945

FIT HOLDING CO., LTD.
Major shareholders information
December 31, 2022

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%

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

I. Review and analysis of financial status

Unit: NT\$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	20,092,218	15,569,224	4,522,994	29.05
Property, plant and equipment	3,651,644	3,469,151	182,493	5.26
Intangible assets	1,258,124	966,092	292,032	30.23
Other assets	7,387,016	4,539,369	2,847,647	62.73
Total assets	32,389,002	24,543,836	7,845,166	31.96
Current liabilities	12,407,153	9,293,411	3,113,742	33.50
Non-current	5,276,432	3,259,907	2,016,525	61.86
Total liabilities	17,683,585	12,553,318	5,130,267	40.87
Equity attributable to shareholders of the parent company	7,876,686	7,577,144	299,542	3.95
Share capital	2,462,421	2,462,421	-	-
Additional paid-in capital	4,841,997	4,890,319	(48,322)	(0.99)
Retained earnings	862,941	445,172	417,769	93.84
Other equity	(290,673)	(220,768)	(69,905)	(31.66)
Non-controlling interests	6,828,731	4,413,374	2,415,357	54.73
Total equity	14,705,417	11,990,518	2,714,899	22.64

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

1. Increase in current assets: Mainly due to the increase of construction project prepayment and performance bond in 2022.
2. Increase in intangible assets: Mainly due to the increase in identifiable assets resulting from the acquisition of energy shares by Shinfox Energy, a subsidiary.
3. Increase in other assets and increase in total assets: Mainly due to the increase in equity-method investment in Shinfox Energy, a subsidiary, and the increase in prepayment for equipment.
4. Increase in current and non-current liabilities and total liabilities: Mainly due to the significant increase in bank loans.
5. Increase in retained earnings: Mainly due to the increase in net profit in 2022.
6. Decrease in other equity: Mainly due to the significant decrease in the valuation of financial assets.
7. Increase in non-controlling interests: Mainly due to the increase in shareholdings of non-controlling interests as a result of the increase in cash capital of Shinfox Energy.

II. Review and Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2022	2021	Increase (decrease) amount	Change ratio %
Operating income	12,069,249	11,241,928	827,321	7.36
Operating cost	10,259,716	9,418,926	840,790	8.93
Operating margin	1,809,533	1,823,002	(13,469)	(0.74)
Operating expenses	1,255,560	1,195,161	60,399	5.05
Operating profit	553,973	627,841	(73,868)	(11.77)
Non-operating income and expenditure	292,548	221,759	70,789	31.92
Net profit before tax	846,521	849,600	(3,079)	(0.36)
Income tax expense	186,130	223,369	(37,239)	(16.67)
Net profit for the period	660,391	626,231	34,160	5.45
Reasons for the increase or decrease in the amount in the last two years:				
1. Operating income and expenses: Due to the significant increase in foreign currency exchange gains and losses.				

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	Remaining Cash (Insufficient) Amount	Remedies for cash shortage	
					Investment plan	Financial plan
4,968,346	(2,351,013)	3,036,540	78,822	5,732,695	-	-
Analysis of cash flow changes in recent years:						
(1) Business activities: NT\$(2,351,013) thousand						
(2) Investment activities: NT\$(5,578,178) thousand						
(3) Financing activities: NT\$8,614,718 thousand						
2. Remedial measures for cash shortage and liquidity analysis: None						
3. Analysis of cash liquidity in the next year: The cash balance is about NT\$5.733 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
2022	Acquisition of property, plant and equipment	Self-own funds and bank financing	536,604	We purchased new production equipment and energy storage 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, 2022

Explanation Item	Investment amount (note)	Policy	Main reasons for gains or losses	Improvement plan
Glory Science Co.,Ltd.	NT2,814,868 thousand	Restructuring of organization under joint control	Loss of NT288,663 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 NT158,141 thousand	-
Foxlink Image Technology Co., Ltd.	NT\$3,011,140 thousand	Restructuring of organization under joint control	Profit of NT693,126 thousand	-
Shih Fong Power Co., Ltd.	NT299,952 thousand	Invest in other companies	Loss of NT2,742 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 will focus on "clean energy" and "energy saving and carbon reduction", and thus has invested in 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\$68,260 thousand in 2022, and the interest expense was NT\$135,701 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:

1. The Company and its subsidiaries are committed to their main business and have not engaged in high-risk and highly leveraged investments.
2. When the Company and its subsidiaries engage in loans to other parties, endorsements and guarantees for others, or engage in derivative transactions, they follow the Company's "Procedures for Loans to Other Parties", "Procedures for Endorsements and Guarantees", and "Procedures for the Acquisition or Disposal of Assets".

(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 has shifted from OEM to ODM, and will develop optical machine design, mold flow analysis, optical inspection, optical coating, and new optical material 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.

2. The combined R&D expenses of the company and its subsidiaries in 2022 were NT\$369,415 thousand, which accounted for approximately 3.06% of the consolidated operating income for the year. As of March 31, 2023, the actual consolidated R&D expenses were NT\$55,132 (The data has not been reviewed by the CPAs) thousand, which is approximately 1.96% of the operating income. It is estimated that the total R&D expenditure invested in this year will be 2 to 5% 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:

With respect to technological changes (including information security risks) and changes in the industry, the Company regularly convenes all relevant departments to discuss ways to address these changes. To date, technological changes (including information and security risks) and industry changes have not had a significant impact on the Company's finance or 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: Purchases of the Company's significant subsidiaries are not overly concentrated. The main reason is that the subsidiaries of the Company have at least two or more raw material suppliers, and negotiate 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	Subject Amount	Jurisdiction for Disputes
Shih Fong Power Co., Ltd.	Shanli Tribe, Taiping Tribe, and the indigenous people	2020	<p>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.</p> <p>On April 13, 2022, a decision was received from the Supreme Court (as attached), which found that the interlocutory appeal was justified and that the ruling was to the effect that the extension of the sanction in this</p>	NA	Supreme Administrative Court

			case would expire on December 31, 2021 and that there was no need to suspend its execution. - This part of the procedure is ended.		
Shih Fong Power Co., Ltd.	Shanli Tribe, Taiping Tribe, and the indigenous people	2020	<p>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 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.</p> <p>On March 3, 2022, the Administrative Appeals Committee issued a decision (Yuan Tai Su No. 1110166224), in which the Ministry of Economic Affairs revoked the part regarding the appellant Taiping Tribe by letter Ching Shou Neng No. 10900223510 dated December 31, 2020, and the Ministry of Economic Affairs will impose another applicable disciplinary action within two months.</p> <p>On April 29, 2022, Shih Fong filed an administrative lawsuit against the afore-mentioned decision. As of November 09, 2022, the case was still in the preliminary proceeding court. The case is still under trial and the verdict is not yet available.</p>	NA	Taipei High Administrative Court
Shih Fong Power Co., Ltd.	Citizen of the Earth, Taiwan	2021	Summary: For environmental impact assessment, Citizen of the Earth submitted a citizen notification letter to the Environmental Protection Agency (EPA), requesting that the EPA order the Company to submit an analysis of the current	NA	Taipei High Administrative Court

			<p>environmental conditions and a review of countermeasures to the EPA for review. According to the letter dated June 9, 2021 from the Environmental Protection Administration, the development plan has passed the EIA and the environmental impact assessment, and there is no basis for a second environmental impact assessment according to the law. Citizen of the Earth filed an administrative lawsuit on August 6, 2021 for administrative inaction against the EPA.</p> <p>On March 23, 2022, the Company filed a Statement of Defense to the lawsuit. As of October 12, 2022, the case was still in the preliminary proceeding court. The case is still under trial and the verdict is not yet available.</p>		
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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
Chairman of the board	T.C. Gou	2022.08.10	2022.08.10	Taiwan Corporate Governance Association	Business Administration and Management Practice: New Knowledge of Digital Transformation	3
Chairman of the board	T.C. Gou	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Multinational Administration and Sustainable Management	3
Director	Kufn Lin	2022.01.24	2022.01.24	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
Director	Kufn Lin	2022.01.25	2022.01.25	Accounting Research and Development Foundation of the Republic of China	Analysis for common internal control management deficiencies and practical cases	6
Director	Kufn Lin	2022.03.25	2022.03.25	Accounting Research and Development Foundation of the Republic of China	TCFD Climate Related Financial Disclosure and Model of New Low Carbon Green Value	3
Director	Kufn Lin	2022.08.10	2022.08.10	Taiwan Corporate Governance Association	Business Administration and Management Practice: New Knowledge of Digital Transformation	3

Job title	Name	Date		Host by	Course title	Training hours
Director	Jeffrey Cheng	2022.08.10	2022.08.10	Taiwan Corporate Governance Association	Business Administration and Management Practice: New Knowledge of Digital Transformation	3
Director	Jeffrey Cheng	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Multinational Administration and Sustainable Management	3
Director	Hwee Kian Lim	2022.08.10	2022.08.10	Taiwan Corporate Governance Association	Business Administration and Management Practice: New Knowledge of Digital Transformation	3
Director	Hwee Kian Lim	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Multinational Administration and Sustainable Management	3
Director	Wilson Hu	2022.08.05	2022.08.05	Taiwan Corporate Governance Association	Introduction to Legal Due Diligence and Commercial Contracts for Corporate Mergers and Acquisitions	3
Director	Wilson Hu	2022.08.05	2022.08.05	Taiwan Corporate Governance Association	Strategic Thinking on Group Corporate Restructuring (including IPO in China)	3
Director	Wilson Hu	2022.08.10	2022.08.10	Taiwan Corporate Governance Association	Business Administration and Management Practice: New Knowledge of Digital Transformation	3

Job title	Name	Date		Host by	Course title	Training hours
Director	Wilson Hu	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Multinational Administration and Sustainable Management	3
Director	Semi Wang	2022.01.11	2022.01.11	Securities and Futures Institute	Advanced Seminar for Directors and Supervisors and Corporate Governance Executives - Corporate Mergers and Acquisitions - On Hostile Mergers and Acquisitions	3
Director	Semi Wang	2022.04.22	2022.04.22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainability and Net Zero Summit - Dedication to Net Zero for a Sustainable 2030	3
Independent Director	Ralph Chen	2022.06.14	2022.06.14	Taiwan Corporate Governance Association	How Should the Audit Committee Implement Financial Statement Review	3
Independent Director	Ralph Chen	2022.09.20	2022.09.20	Taiwan Corporate Governance Association	Ten Lessons in Corporate Governance	3
Independent Director	Cheng-Rong Chiang	2022.03.22	2022.03.22	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions - Sustainability Challenges and Opportunities for Global Business	3
Independent Director	Cheng-Rong Chiang	2022.04.22	2022.04.22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainability and Net Zero Summit - Dedication to Net Zero for a Sustainable 2030	3

Job title	Name	Date	Host by	Course title	Training hours	Job title
Independent Director	Wei-Lin Wang	2022.11.10	2022.11.10	Taiwan Corporate Governance Association	Multinational Administration and Sustainable Management	3
Independent Director	Wei-Lin Wang	2022.11.14	2022.11.14	Accounting Research and Development Foundation of the Republic of China	Analysis of the Latest Corporate Governance Policies and Corporate Governance Assessment Practices	3

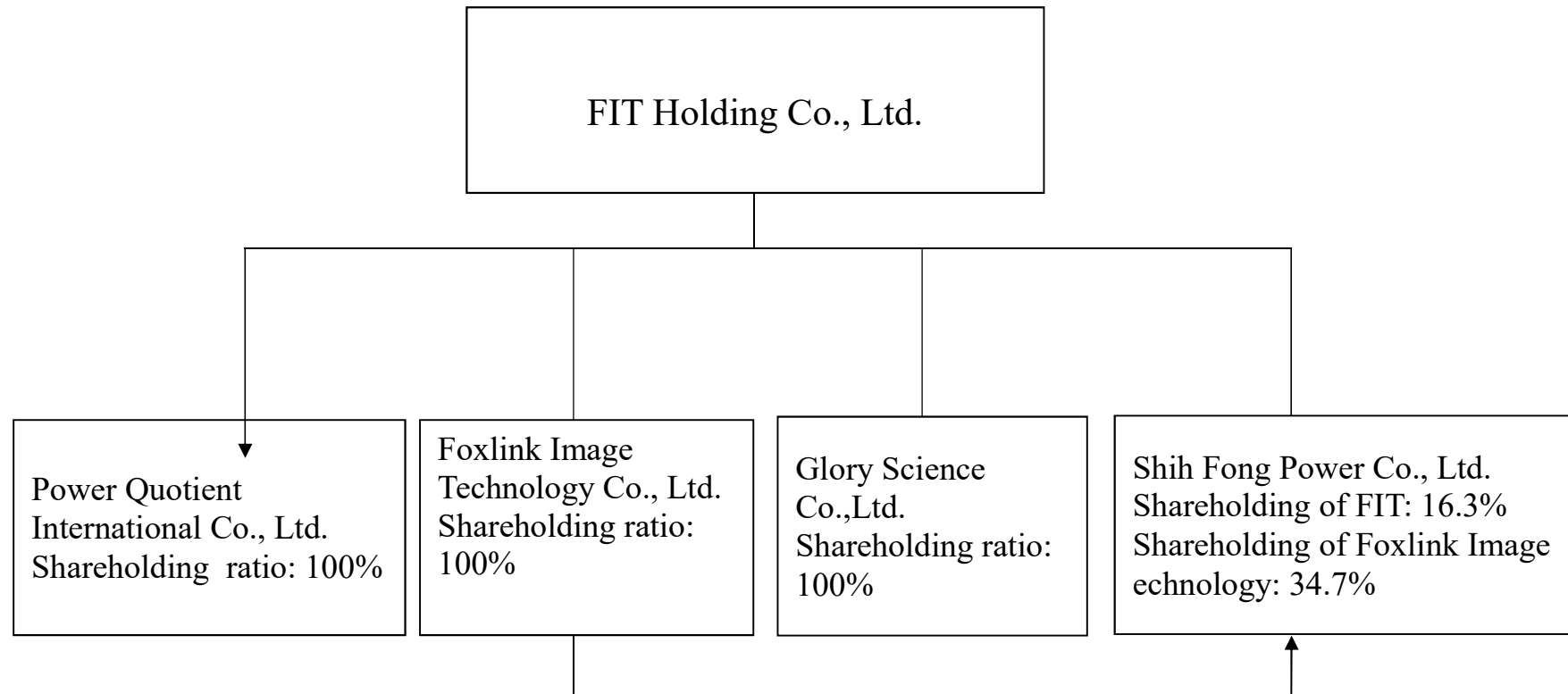
(II) Training participation by personnel related to financial information transparency:

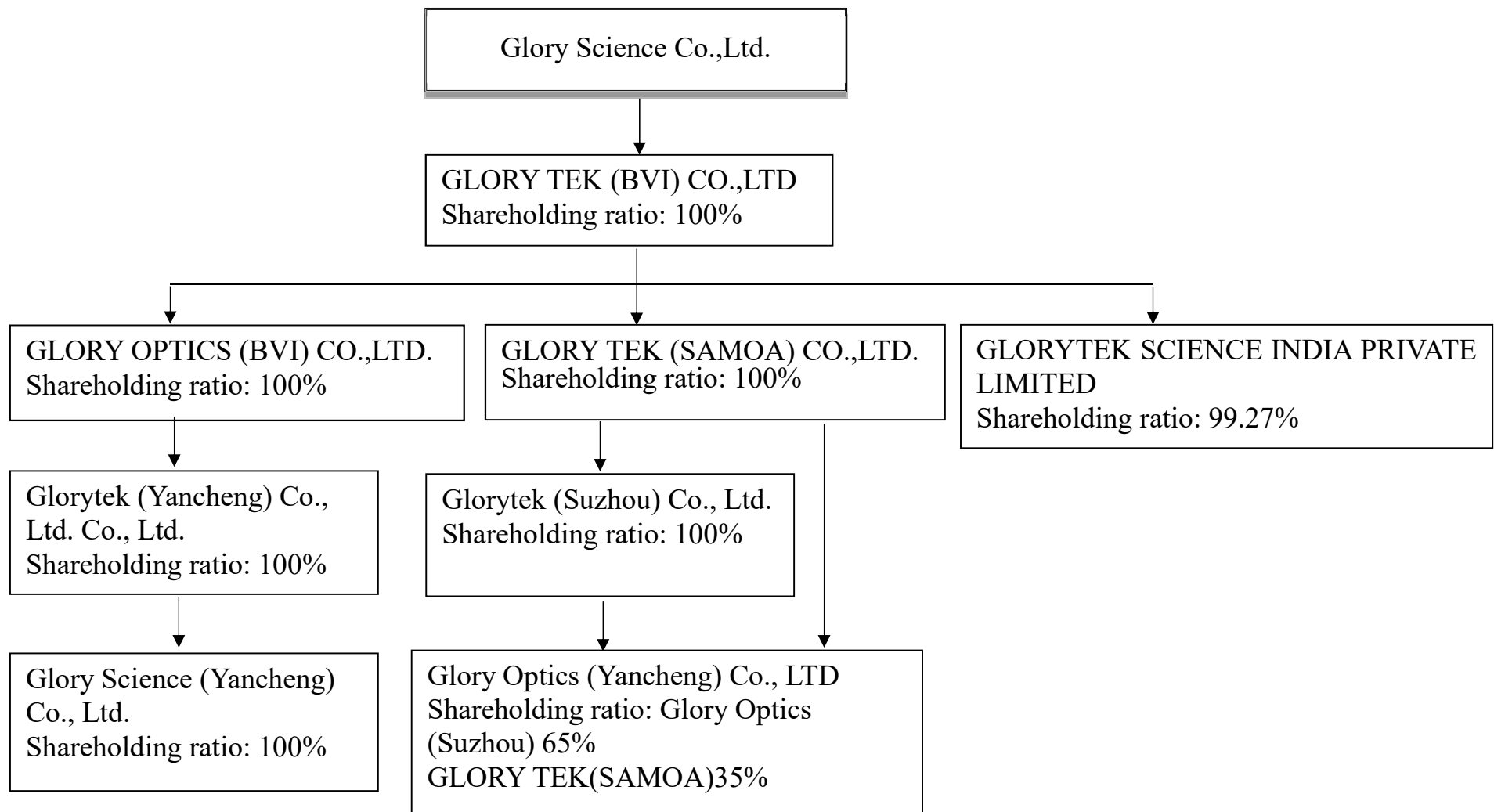
Year	Host by	Course title	Course hours	Number of company participants
2022	Accounting Research and Development Foundation of the Republic of China	Continuous Education Program for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	6	1
2022	Accounting Research and Development Foundation of the Republic of China	Continuous Education Program for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	6	1
2022	Institute of Internal Auditors - Chinese Taiwan	"Functions and Tasks of Corporate Governance Officers under the Corporate Governance Blueprint" and "Recent Practical Developments in Insider Trading in Taiwan"	6	1
2022	Institute of Internal Auditors - Chinese Taiwan	Board of Directors and Functional Committees (Audit, Remuneration) Regulatory Analysis and Audit Focus	6	1

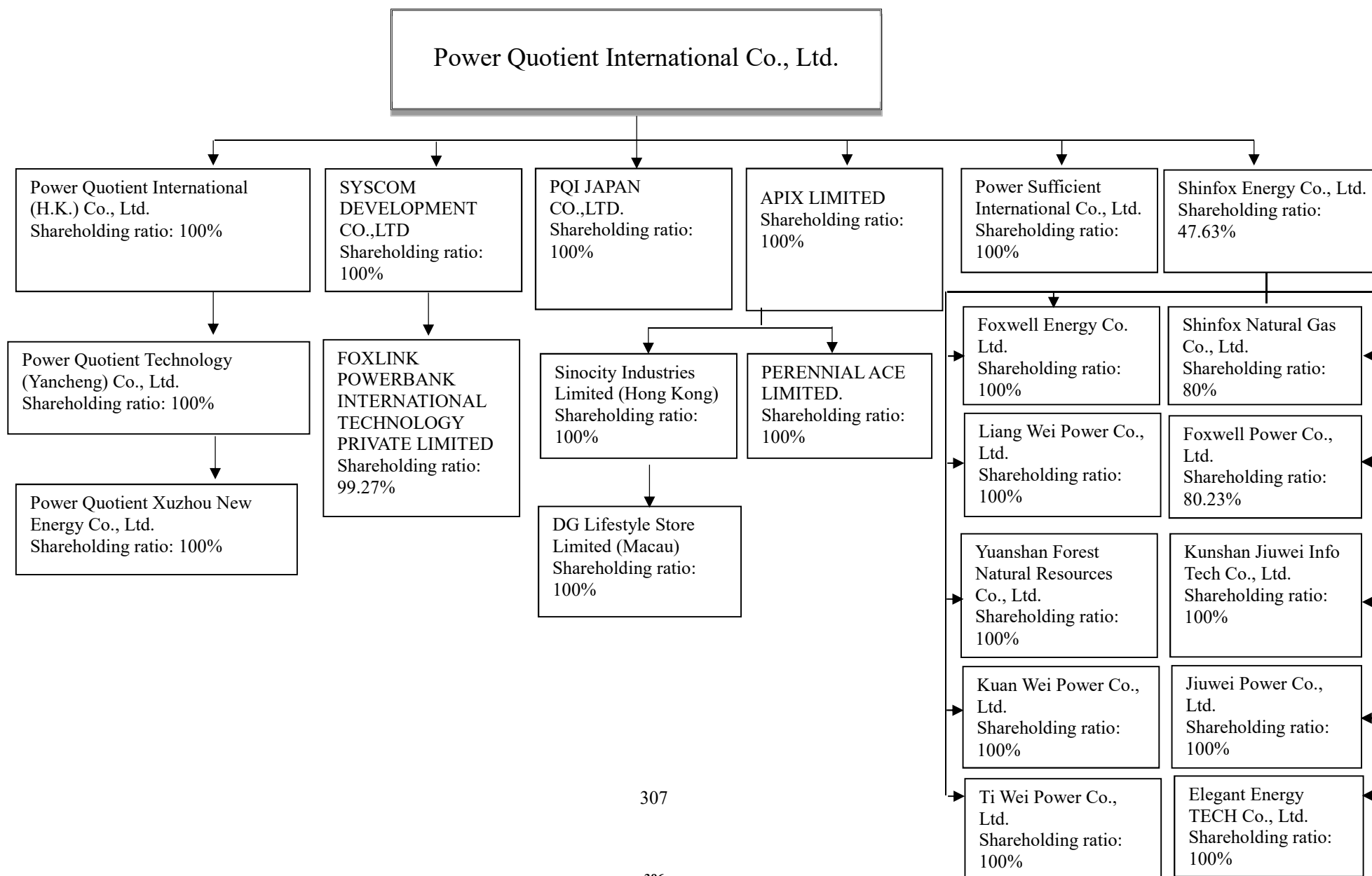
VIII. Special Items To Be Included

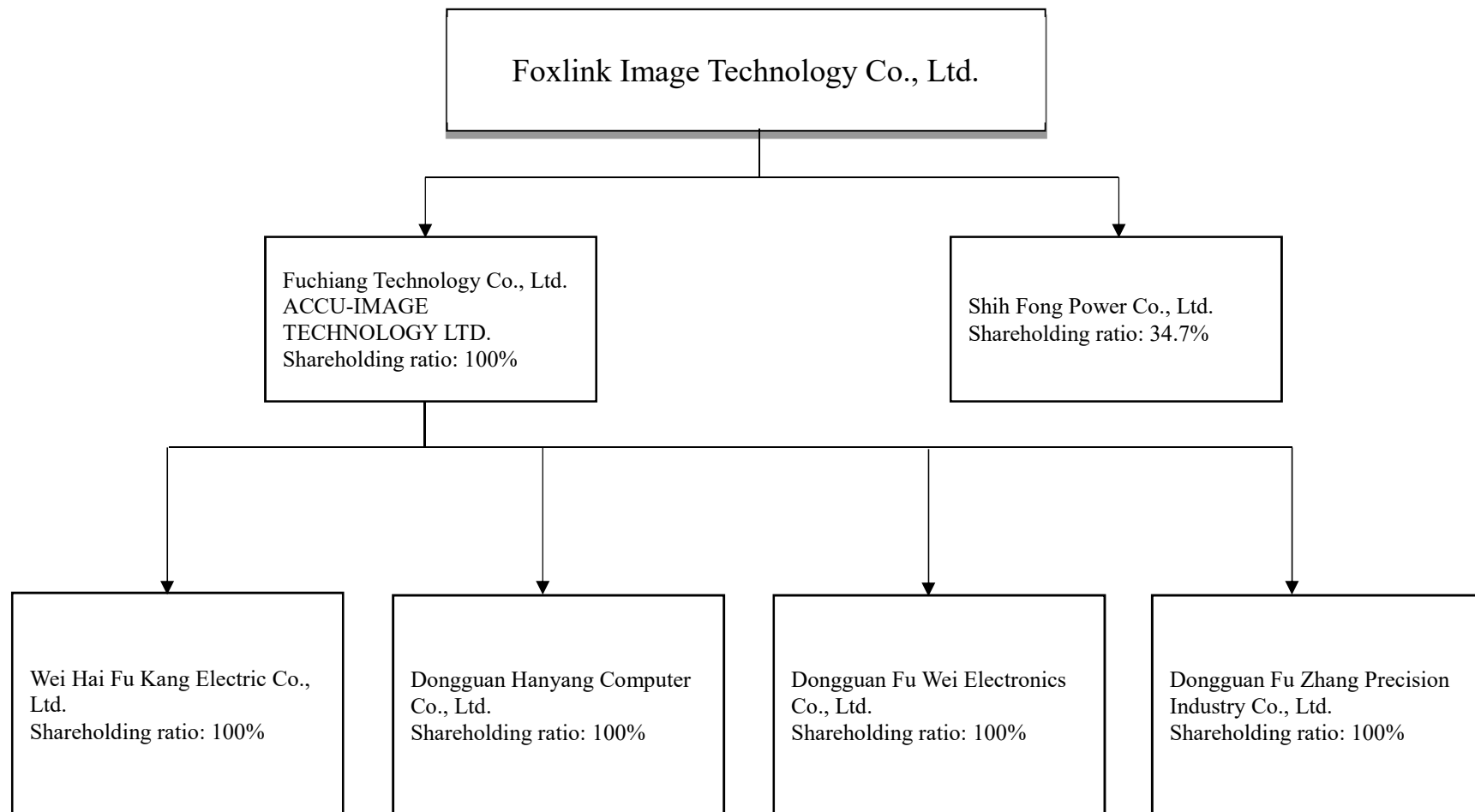
I. Information of Affiliated Enterprises

(1) Organization Chart of Affiliated Enterprises (December 31, 2022)









(II) Basic information of affiliated enterprises

December 31, 2022 Unit: NT\$ Thousand

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Optivision Technology Inc.	2000.06.29	No. 22, Houke South Road, Houli District, Taichung City	600,000	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.
Shifeng Electric 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, RoadTown, Tortola, VG1110, British Virgin Islands	1,372,936	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	491,360	Trading business.
GLORY TEK (SAMOA) CO.,LTD.	2003.10.31	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	769,305	Holding and reinvestment business.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Yaowei Optoelectronics (Yancheng) Co., Ltd.	2011.11.11	No. 1 Standard Factory Building in Yancheng Comprehensive Bonded Zone, Jiangsu Province	276,390	Production, processing and sales of optical lens components.
Optivision Optoelectronics (Suzhou) Co., Ltd.	2004.01.09	Building 2, No. 2, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province	429,940	Production, processing and sales of optical lens components.
Yancheng Yaowei Technology Co., Ltd.	2015.11.05	No. 50, Jiuhuashan Road, Yancheng Technology Development Zone, Jiangsu Province	44,080	Production, processing and sales of optical lens components.
Optivision Optics (Yancheng) Co., Ltd.	2017.05.23	Room 919, No. 18, Hope Avenue South Road, Yancheng Technology Development Zone, Jiangsu Province	951,101	Production, processing and sales of optical lens components.
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	104,126	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.	417,822	Electronic components trading.
SYSCOM DEVELOPMENT CO.,LTD	2000.11.09	OFFICE OF INSINGER CORPORAE SERVICES LIMITED,ROAD TOWN,TORTOLA,BRITISH VIRGIN ISLAND.	333,602	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.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
APIX LIMITED	2012.12.13	Portcullis TrustNet Chambers,P.O Box 3444 Road Town,Tortola,British Virgin Islands	3,177,539	Holding and reinvestment business.
Jinfu 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 Co., Ltd.	2007.04.27	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	2,161,500	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	614,200	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	44,080	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	104,053	Manufacturing and sales of communication and consumer electronics components.
Sinocity Industries Limited (Hong Kong)	1991.12.10	Room 3906, Cable Building, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	2,658,150	Electronic product trading.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Zhongxuan Co., Ltd. (Macau)	2007.09.13	Shop 2109&2111, 3rd Floor, Shoppes at Venetian, Coloane Road, Macau	382	Electronic product trading.
PERENNIAL ACE LIMITED.	2012.01.17	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	654,123	Holding and reinvestment business.
Fuwei Energy Co., Ltd.	2013.02.08	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	6,100,000	Energy service management
Xinxin Natural Gas Co., Ltd.	2014.04.11	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	450,000	Petroleum product wholesale and retail and natural gas import.
Fuwei Power Co., Ltd.	2019.06.28	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	600,000	Electricity sales, energy-saving service, energy technology service, self-use power generation equipment for renewable energy.
Kunshan Jiuwei Information Technology 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	1,100,000	Combined Heat and Power

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Elegant Energy TECH Co., Ltd.	2020.04.07	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	5,000	Energy Technical Services
Yuanshan Forest Natural Resources Co., Ltd.	2022.03.18	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	10,000	Afforestation/Silviculture
Kuan Wei Power Co., Ltd.	2022.06.21	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	35,700	Electric Power Generation
Ti Wei Power Co., Ltd.	2022.06.27	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	30,000	Electric Power Generation
Liang Wei Power Co., Ltd.	2022.06.27	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	40,000	Electric Power Generation
ACCU-IMAGE TECHNOLOGY LIMITED	2000.07.18	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	591,928	Manufacturing of image scanners and multi-function printers.
Dongguan Fuwei Electronics Co., Ltd.	2014.01.10	Yinhe Industrial Zone, Qingxi Town, Dongguan	184,260	Manufacturing of image scanners and multi-function printers.
Weihai Fukang Electronics Co., Ltd.	2011.07.12	No. 373, Shuangdao Road, Shuangdao Bay, Weihai High District	460,650	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	249,127	Mold development and plastic parts business.
Dongguan Hanyang Computer Co., Ltd.	2000.11.24	Yinhe Industrial Zone, Qingxi Town, Dongguan	187,442	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, 2022

Unit: share

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Glory Science Co.,Ltd.	Chairman of the board	T. C. Gou (Note 1)	60,000,001	100%
Power Quotient International Co., Ltd.	Chairman of the board	T. C. Gou (Note 1)	444,690,529	100%
Foxlink Image Technology Co., Ltd.	Chairman of the board	T. C. Gou (Note 1)	164,993,974	100%
Shih Fong Power Co., Ltd.	Chairman of the board	T. C. Gou (Note 1)	37,500,000	16.30%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	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 Pu (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	-	-
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	Jacob Lin	-	-
	Director	SWAPNA LATHA SATYANARAYANA KATTA	-	-
Power Quotient International (H.K.) Co., Ltd.	Director	Vivien Liu (Note 5)	106,100,000	100%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
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 of the board	Vivien Liu (Note 5)	1,000,000	100%
Shinfox Energy Co., Ltd.	Chairman of the board	T.C. Gou (Note 5)	102,951,145	47.63%
	Director	Wilson Hu (Note 5)	102,951,145	47.63%
	Director	Kufn Lin (Note 5)	102,951,145	47.63%
	Director	Tsi-Jun Tu	-	-
	Independent	Shu-Fen Wang	-	-
	Director			
	Independent	Chong-Hsiung Wen	-	-
	Director			
	Independent	Wen-Shuai Liu	-	-
	Director			
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%
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	Director	Vivien Liu (Note 8)	217,900,000	99.27%
	Director	Hsiang-Chin Wu	-	-

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Sinocity Industries Limited (Hong Kong)	Director	Vivien Liu (Note 9)	6,000,000	100%
	Director	Jeffrey Cheng	-	-
DG Lifestyle Store Limited (Macau)	Director	Jeffrey 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 of the board	Wilson Hu (Note 11)	610,000,000	100%
	Director	Vivien Liu (Note 11)	610,000,000	100%
	Director	Kufn Lin (Note 11)	610,000,000	100%
	Supervisor	Chen-Phan Pu (Note 11)	610,000,000	100%
Shinfox Natural Gas Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	36,000,000	80%
	Director	Mei-Chih Tsai (Note 11)	36,000,000	80%
	Director	Kuei-Lung Liao (Note 11)	36,000,000	80%
	Director	Kufn Lin (Note 11)	36,000,000	80%
	Director	Yi-Chiu Chemical & Technical Co., Ltd.	9,000,000	20%
	Supervisor	Chen-Phan Pu	-	-
Foxwell Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	48,140,000	99%
	Chairman of the board	Kufn Lin (Note 11)	48,140,000	99%
	Director	Hsia-Peng Hao (Note 11)	48,140,000	99%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Supervisor	Chen-Phan Pu	-	-
Kunshan Jiuwei Info Tech Co., Ltd.	Legal representative	Wilson Hu	-	-
Jiuwei Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	110,000,000	100%
Elegant Energy TECH Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	500,000	100%
Yuanshan Forest Natural Resources Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	1,000,000	100%
Kuan Wei Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	3,570,000	100%
Ti Wei Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	3,000,000	100%
Liang Wei Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 12)	4,000,000	100%
ACCU-IMAGE TECHNOLOGY LIMITED	Director	Kufn Lin (Note 4)	20,241,034	100%
Dongguan Fu Wei Electronics Co., Ltd.	Legal representative	Kufn Lin (Note 13)	USD 6,000,000 元	100%
Wei Hai Fu Kang Electric Co., Ltd.	Legal representative	Kufn Lin (Note 13)	USD 15,000,000 元	100%
Dongguan Fu Zhang Precision Industry Co., Ltd.	Legal representative	Kufn Lin (Note 13)	USD 8,112,257 元	100%
Dongguan Hanyang Computer Co., Ltd.	Legal representative	Kufn Lin (Note 13)	HKD 47,598,184 元	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 Power Quotient International (H.K.) Co., Ltd.
Note 7: Representative of Power Quotient Technology (Yancheng) Co., Ltd.
Note 8: Representative of Syscom Development Co., Ltd.
Note 9: Representative of Apix Limited
Note 10: Representative of Sinocity Industries Limited (Hong Kong)
Note 11: Representative of Shinfox Energy Co., Ltd.
Note 12: Representative of Foxwell Energy Co. Ltd.
Note 13: Representative of Accu-Image Technology Limited

(VI) Operation overview of affiliated enterprises

Financial status and operating results of affiliated enterprises in 2022:

Unit: NT\$ thousand

Company name	Capital	Asset Total	liabilities liabilities	Net worth	Operating income	Operating profit	Current profit and loss (after tax)	Basic earnings per share (NT\$) (after tax)
Glory Science Co.,Ltd.	600,000	1,904,288	1,208,363	695,925	190,487	(117,012)	(288,663)	(4.00)
Power Quotient International Co., Ltd.	4,446,905	7,569,923	2,618,968	4,950,955	79,188	(23,824)	158,141	0.36
Foxlink Image Technology Co., Ltd.	1,649,940	7,208,896	4,367,110	2,841,786	5,088,442	451,873	693,126	4.20
Shih Fong Power Co., Ltd.	2,300,000	2,446,736	6,523	2,440,213	-	(10,085)	(2,742)	(0.01)
Glory Tek (BVI) Co., Ltd.	1,372,936	165,740	-	165,740	-	-	(274,877)	(6.75)
Glory Optics (BVI) Co., Ltd.	491,360	(301,971)	-	(301,971)	-	-	(126,543)	(7.91)
GLORY TEK (SAMOA) CO., LTD.	769,305	387,279	-	387,279	-	-	(147,276)	(5.88)
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	276,390	411,681	974,191	(562,510)	192,951	(81,390)	(143,282)	Not applicable
Glorytek (Suzhou) Co., Ltd.	429,940	375,814	95,056	280,758	-	(78)	(94,444)	Not applicable
Glory Science (Yancheng) Co., Ltd.	44,080	85,597	-	85,597	-	(23,395)	(58,511)	Not applicable
Glory Optics (Yancheng) Co., LTD	951,101	1,246,925	928,739	318,186	13,987	(145,615)	(151,455)	Not applicable
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	104,126	81,829	887	80,942	-	(378)	(1,076)	(0.05)
Power Quotient International (H.K.) Co., Ltd.	417,822	712,395	130	712,265	-	(150)	11,317	0.11
SYSKOM DEVELOPMENT CO.,LTD	333,602	83,046	-	83,046	-	-	(881)	(0.12)
PQI JAPAN CO.,LTD.	23,129	2,838	158,429	(155,591)	-	-	-	0.00
APIX LIMITED	3,177,539	1,212,623	-	1,212,623	-	-	78,129	6,250.28

Power Sufficient International Co., Ltd.	10,000	13,160	-	13,160	-	-	107	0.11
Shinfox Energy Co., Ltd.	2,161,500	11,842,119	1,488,425	10,353,694	1,719,357	18,796	225,212	1.14
Power Quotient Technology (Yancheng) Co., Ltd.	614,200	715,179	3,390	711,789	-	(937)	7,496	Not applicable
Power Quotient Xuzhou New Energy Co., Ltd.	44,080	44,320	3	44,317	-	(9)	117	Not applicable
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	104,053	81,828	818	81,010	-	(379)	(897)	Not applicable
Sinocity Industries Limited (Hong Kong)	2,658,150	659,216	175,555	483,661	2,129,944	76,967	61,273	Not applicable
DG Lifestyle Store Limited (Macau)	382	18,027	27,940	(9,913)	60,679	(11,381)	(8,811)	(88.11)
PERENNIAL ACE LTD.	654,123	174,946	-	174,946	-	-	16,855	Not applicable
Foxwell Energy Co. Ltd.	6,100,000	12,102,276	5,780,654	6,321,622	2,073,539	184,567	186,554	0.31
Shinfox Natural Gas Co., Ltd.	450,000	410,646	34,782	375,864	13,858	(41,283)	(36,892)	(2.45)
Foxwell Power Co., Ltd.	600,000	2,094,393	1,213,711	880,682	362,250	34,071	25,833	0.64
Kunshan Jiuwei Info Tech Co., Ltd.	1,536	32,443	5,416	27,027	17,265	7,987	8,775	Not applicable
Jiuwei Power Co., Ltd.	1,100,000	1,095,484	3,155	1,092,329	-	(7,825)	(7,660)	(0.07)
Elegant Energy TECH Co., Ltd.	5,000	11,316	3,053	8,263	10,390	5,314	3,106	6.21
Yuanshan Forest Natural Resources Co., Ltd.	10,000	9,996	50	9,946	-	(67)	(53)	(0.05)
Kuan Wei Power Co., Ltd.	35,700	35,719	50	35,669	-	(74)	(31)	(0.01)
Ti Wei Power Co., Ltd.	30,000	122,537	92,586	29,951	-	(73)	(50)	(0.17)
Liang Wei Power Co., Ltd.	40,000	146,203	106,242	39,961	-	(72)	(39)	(0.01)
ACCU-IMAGE TECHNOLOGY LIMITED	591,928	2,164,227	98,381	2,065,846	206,519	15,523	292,660	Not applicable
Dongguan Fu Wei Electronics Co.,	184,260	580,598	93,846	486,752	856,976	122,683	119,158	Not applicable

Ltd.								
Wei Hai Fu Kang Electric Co., Ltd.	460,650	735,769	142,755	593,014	607,038	108,619	115,027	Not applicable
Dongguan Fu Zhang Precision Industry Co., Ltd.	249,127	244,637	60,411	184,226	153,593	(59,738)	(33,807)	Not applicable
Dongguan Hanyang Computer Co., Ltd.	187,442	304,260	1,694	302,566	-	(15,866)	27,462	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, 2022, 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 13, 2023

(VIII) Report on the Relationship:

FIT Holding Co., Ltd.

Declaration of Report on the Relationship

The Company's report on relationships as of and for the year ended December 31, 2022 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 13, 2023

FIT Holding Co., Ltd.
CPA's Review on the Relationship Report

Tzu Hui Tsung No. 22010215

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, 2022 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, 2022 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.

Hsiao-Zi, Zhou

Liang, Yi-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

FIT Holding Co., Ltd.

2022 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	Shareholding and Pledge Status of the Controlling Company			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.	The single largest shareholder of the Company	94,049(Note)	38.19%(Note)	-	Chairman of the board	T.C. Gou
					Director	Kufn Lin

Note: Holding indirectly through Foxlink International Investment Co., Ltd., Chi-De Investment Co., Ltd. and Fuwei International Investment Co., 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, 2022 were as follows:

(1) Purchase (sale) of goods:

Unit: Thousand NTD; %

Name of the Controlling Company	Business transactions with the Controlling Company				Transaction terms and conditions		Ordinary transaction terms and conditions		Difference Reasons	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	Handling	Allowance for doubtful accounts
Cheng Uei Precision Industry Co., Ltd.	Sales	\$131,194	1.09%	\$13,567	Note 1	Credit on 90 - 120 days	Note 1	Note 1	Note 1	\$26,614	2.19%	-	-	-
	Purchase	\$18,581	0.21%	-	Note 2	Credit on 90 - 120 days	Note 2	Note 2	Note 2	\$2,518	0.18%	-	-	-

Note 1: The sales price is mutually agreed upon, and the product has not been sold to other customers.

Note 2: The purchase price is subject to mutual agreement.

(2) Property transactions: None.

(3) Financing:

Unit: Thousand

NTD; %

Type of transaction	Highest Balance	Ending Balance	Interest Rate Range	Total Interest for the Period	Financing Term	Reason for Financing	Guarantees Obtained (Provided)		Transaction Decision Method	Allowance for Doubtful Accounts
							Name	Amount		
Borrowed	\$3,000,000	\$-	1.50%-1.60%	\$7,890	One Year	Financing for operations	-	-	Approved by the Board of Directors	Not applicable

(4) Asset leasing:

Unit: Thousand

NTD

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	\$23,636	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	\$20,867	Good	None

Note: Right-of-use assets and lease liabilities have been recognized in accordance with IFRS 16 Leases.

(5) Other significant transactions: None.

3. The endorsement and guarantee between the subordinate company and the controlling company: N/A.

4. 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