

Stock code: 3712

FIT Holding Co., Ltd.

2023

Annual Report

Printed on April 15, 2024

Annual report inquiry URL: Market Observation Post System

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

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

- I. Company spokesperson and acting spokesperson
Spokesperson: Fanny Lo
Job Title: Manager
Acting spokesperson: Kufn Lin
Job Title: Chief Financial Officer
Telephone: (02)2269-9866
E-mail: stakeholders@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

Table of Contents

I. Report to Shareholders.....	1
II. Company Profile.....	6
I. Date of Establishment.....	6
II. Company History	6
III. Corporate Governance Report.....	7
I. Organizational System.....	7
II. Information of Directors, Supervisors, President, Vice Presidents, Senior Managers and Heads of Various Departments and Branches	8
III. Remuneration paid to Directors, President and Vice Presidents in the Last Year	18
IV. Corporate Governance Status.....	25
V. Certified Public Accountant Fee Information.....	69
VI. Change of Independent Auditor.....	69
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.	69
VIII. Equity transfer and equity pledge by directors, managers, and shareholders with a shareholding ratio of more than 10%	70
X. The number of shares held by the company, its directors, managers, and the company's indirectly controlled enterprises in the same reinvested enterprise, and the consolidated shareholding ratio	72
IV. Fund Raising Status.....	73
I. Capital and shares.....	73
II. Corporate bonds.	76
III. Preferred shares.....	76
IV. Handling of overseas depositary receipts.....	76
V. Handling of employee stock option certificates	76
VI. Handling of M&A or receiving shares of other companies for issuing new shares	77
VII. Implementation status of fund utilization plan.....	77
V. Operation Overview	78
I. Business Content	78
II. Overview of Market, Production and Sales	92
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.....	107
IV. Environmental Protection Expenditure Information	107
V. Labor-management Relationship.....	108
VI. Information Security Management.....	109
VII. Important Contracts.....	111
VI. Financial Overview	115

I. Condensed Balance Sheet and Comprehensive Income Statement for the Last Five Years	115
II. Financial Analysis for the Last Five Years.....	119
III. Audit Committee’s Review Report of the Latest Annual Financial Report	123
IV. Latest Annual Financial Report.....	124
V. Latest Individual Financial Report Audited and Certified by the Independent Auditor:	248
VII. Review and Analysis of Financial Status and Performance and Risk Issues	315
I. Review and analysis of financial status.....	315
II. Review and Analysis of Financial Performance	316
III. Review and Analysis of Cash Flow	316
IV. Impact of Major Capital Expenditures on Financial Operations in the Last Year	316
V. Reinvestment policy in the most recent year, main reason for its profit or loss, improvement plan and investment plan for the next year	317
VI. Risks	317
VII. Other Important Matters:	326
VIII. Special Items To Be Included.....	329
I. Information of Affiliated Enterprises	329
II. Handling of private placement securities in the last year and as of the date of publication of the annual report	353
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.....	353
IV. Other necessary supplementary explanations	353
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.	353

I. Report to Shareholders

The consolidated operating income of the Company in 2023 was NT\$17,423,002 thousand, an increase of 44.36% compared with NT\$12,069,249 thousand in 2022. The net profit after tax attributable to the parent company in 2023 was NT\$ 567,916 thousand, with earnings per share after tax of NT\$2.31, an increase of 7.24% from the \$2.15 earnings per share and NT\$529,589 thousand net profit after tax attributable to the parent company in 2022. Foxwell Energy Co., Ltd has recognized the progress-based revenue of offshore construction projects, resulting in a significant increase in revenue. Due to the impact of the global economy, the destocking speed of Foxlink Image Technology Co., Ltd and Glory Science Co., Ltd was not as fast as expected, resulting in a decrease in orders, and the group's profit increased only slightly.

The descriptions of the business development of each important subsidiary of the Group 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 increase profitability. Glory Science will transform to develop optical communication products and other special applications, which is expected to get them out of the red. Power Quotient's own brand will promote green energy and environmental protection, using product replacement to reduce carbon emissions and lighten the earth's load.

The important strategic growth 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 its import permit for 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 were 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 systems) to form a comprehensive energy service platform through e-commerce. Jiuwei Power Co., Ltd was established in November 2021, and its 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 efforts toward advanced planning in response to climate change. In April 2023, Foxwell Certification Co., Ltd was established to provide professional carbon footprint verification and inspection services, completing the green energy platform service 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. 2023 Business Results

(I) Business Plan Implementation Results

Unit: NT\$ thousand

Item	2023	2022	Growth rate
Operating income	17,423,002	12,069,249	44.36%
Operating cost	15,145,984	10,259,716	47.63%
Operating margin	2,277,018	1,809,533	25.83%
Operating expenses	1,378,220	1,255,560	9.77%
Net other income (expenses)	118,111	0	-
Operating profit	1,016,909	553,973	83.57%
Non-operating income and expenses	85,102	292,548	(70.91%)
Net profit before tax	1,102,011	846,521	30.18%
Net profit for the period	893,879	660,391	35.36%
Net profit attributable to the parent company	567,916	529,589	7.24%

(II) Budget Implementation Status

The company did not prepare the 2023 financial forecast, so this is not applicable.

(III) Profitability Analysis

Year		2023	2022
Return on assets (%)		2.75	2.69
Return on shareholders' equity (%)		5.69	4.95
Percentage of paid-in capital (%)	Operating profit	41.30	22.50
	Net profit before tax	44.75	34.38
Net profit rate (%)		5.13	5.47
Basic earnings per share (NT\$) (Note)		2.31	2.15

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 2024 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

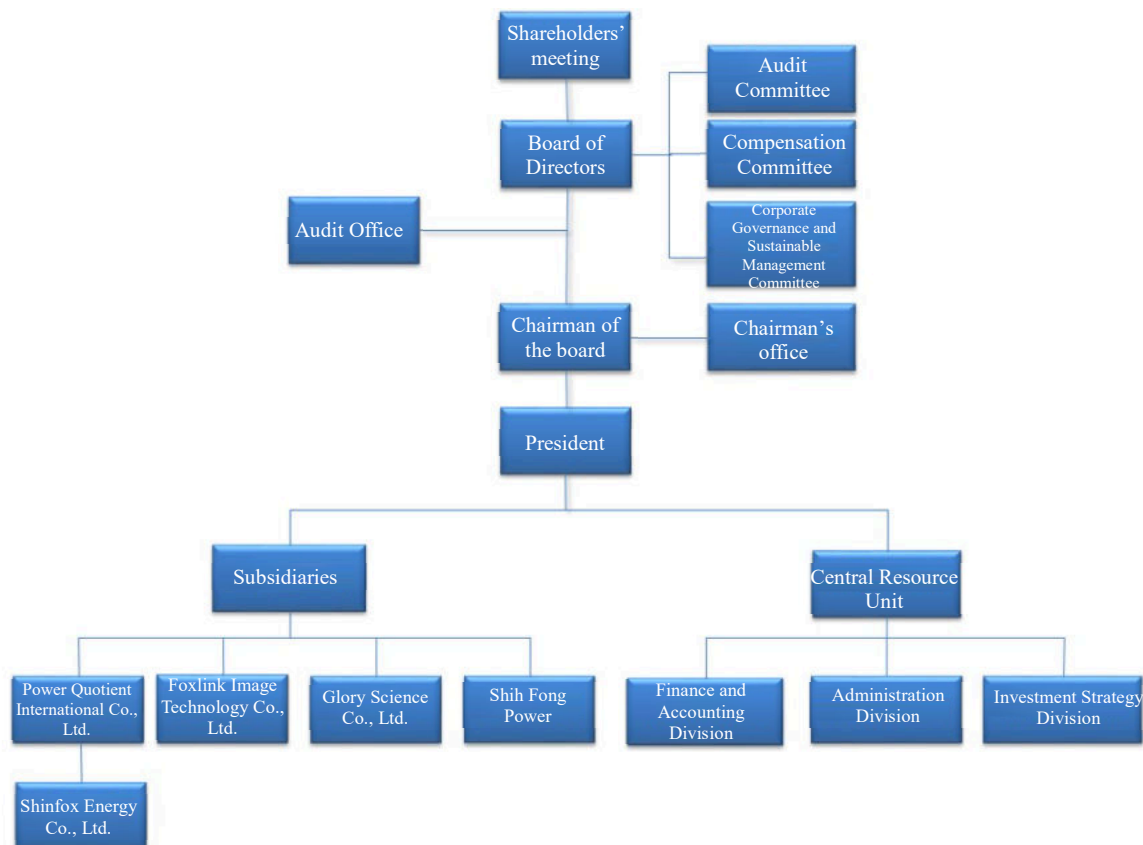
II. Company History:

- | | |
|------|---|
| 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. |
| 2023 | <ul style="list-style-type: none">• Verified through third-party verification in the 2022 Sustainability Report.• Passed third-party verification of ISO 14064-1:2018.• The subsidiary Foxwell Power Co., Ltd made its initial public offering on August 12, 2023. It was listed on the Taipei Exchange on December 21, 2023. |

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)															March 29, 2024	Unit: Share				
Job title	Nationality or Place of registration	Name	Gender Age	Appointme nt (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.	Note5	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 5	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 5	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	Hwee Kian Lim (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 5	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 5	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, 2020	0	0%	0	0%	0	0.00%	0	0.00%	MBA, University of Leicester, UK President and Vice Chairman of NexPower Optoelectronics Co., Ltd.	Note 5	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 Shangjin Certified Public Accountants	Note 5	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%	Master's of Business Administration, National Chengchi University 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. Independent Director, Sampo Corporation	Note 5	None	None	None	None

Independent Director	Republic of China	Wei-Lin Wang (Note 4)	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 5	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: Independent Director Wei-Lin Wang resigned on August 2, 2023.

Note 5:

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 Corp Director of Central Motion Picture USA Corporation ,Luminys Systems Corp,WELL BENEFIT LIMITED, PILOT TIME LIMITED and REMARKABLE FIRST 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, Taifu International Investment, Fulian International Investment,Shinfox Natural Gas, Straight A, Jing Jing Technology,Shih Fong Power, Fu Uei Power, Fushineng Electronics (Kunshan), Foxlink Automotive Technology (Kunshan),Ashop Co., Ltd., Sharetronic Data Technology Co., Ltd., and Fu Gang Electronic (Nan Chang), Changpin wind power Ltd., SHINFOX FAR EAST COMPANY PTE LTD., ACCU-IMAGE TECHNOLOGY LIMITED, Benefit Right, Studio A Hong Kong,CULINK International, New Start Industries, 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., Fujshishiang (Kunshan), Glory Optics (Yancheng) Co., Ltd., Yancheng Yaowei,CU INTERNATIONAL LTD., Dahua Technology USA Inc., FOXLINK DA NANG ELECTRONICS CO., LTD., FUGANG ELECTRIC (KUNSHAN) CO.,LTD.,Suzhou Keyu Rui Automobile Technology Co., Ltd., FU QIANG ELECTRIC (MAANSHAN) CO.,LTD., FU QIANG ELECTRIC (YANCHENG) CO.,LTD.,Foxlink Taiwan Industry International Co., Ltd., FUGANG ELECTRIC (YANCHENG) CO.,LTD. and Eastern Rainbow Green Energy Environmental Technology Co., Ltd. Chairman of VA Product, CMPC Management Consulting, Dachuan HsuanHsiu,Music, Fresh Air, Fu Uei International Investment, Glorytek (Suzhou) Co., Ltd., Glorytek (Yancheng) Co., Ltd., and Shanghai Fugang Electric Special Assistant to the Chairman's Office of Cheng Uei Precision Industry Co., Ltd. President of DONG GANG FU QIANG ELECTRONICS LTD., FUSHINENG ELECTRONICS (KUN SHAN) CO., LTD., FU QIANG ELECTRIC (MAANSHAN) CO.,LTD. and FUGANG ELECTRIC (MAANSHAN) CO.,LTD. Vice Chairman of Fugang Electronic (Dongguan) Supervisor of CYNCR Design Co., Ltd. and 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, Dong Guan Fu Zhang Precision Industry, Wei Hai Fu Kang Electric ,Dong Guan HanYang Computer,CULINK TIANJIN CO., LTD and FOXLINK ENERGY (TIANJIN) LTD.
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 Straight A Limited. Legal representative of 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 Shih Fong Power Co., Ltd.,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., Shinwei Power Co., Ltd., JuneWei Power Co., Ltd. and Eastern Rainbow Green Energy Environmental Technology Co., Ltd. Director of SFI ELECTRONICS TECHNOLOGY INC.,Unicon Optical Co., Ltd. and SHINFOX FAR EAST COMPANY PTE 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., 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 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	Independent Director of C.C.P. Contact Probes Co., LTD. and Genesis Technology,Inc., CEO of ITRI Technology Transfer and Legal Center, Chief Counsel of WANG AND PARTNERS ATTORNEY-AT-LAW.

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.(9.66%),Central Motion Picture Corporation(6.36%),Citibank as custodian of Norwegian Central Bank Investment Account(1.42%), T.C Gou(1.17%),Chase in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.09%), Chase in custody for Emerging Market Fund Investment Account of Vanguard Group Corporation(1.06%),Standard Chartered Trustee (Hong Kong) Limited, External Manager J.P. Morgan(0.82%),iShare Core MSCI Emerging Market ETF(0.80%),JP Morgan Investment Fund under the Custody of JP Morgan Chase Bank(0.66%)

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 4: None Compliance with the independence criteria	2
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 4: None Compliance with the independence criteria	2

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.

Implementation of the board diversity policy:

Diversity Policy Director's name	Nationality	Gender	Age		Term of office and seniority of independent directors	Professional Skill							
			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		✓	✓	✓	✓	✓		✓	✓		✓

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 8 directors, including 1 female director, 2 independent directors (account for 25%), all with a term of office of 3-6 years; 4 directors are 51-60 years old, and 4 are 61-70 years old; 2 have a professional background in finance and accounting, 1 has a professional background in law, 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.

(11) He/She does not fall into the circumstances in the provisions of Article 30 of the Company Act.

(12) No provision to be elected by a government or juristic person or their representative under Article 27 of the Company Act.

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

March 29, 2024 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, President and Vice Presidents in the Last Year

1. Remuneration paid to Directors, President and Vice Presidents in 2023

(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.		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	3,200	6,935	40	340	3,800 0.67%	7,835 1.38%	0	18,415	0	108	0	0	17,250	0	3,800 0.67%	43,608 7.68%	41,149
	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																					
Independent Director	Ralph Chen	960	960	0	0	880	880	100	100	1,940 0.34%	1,940 0.34%	0	0	0	0	0	0	0	1,940 0.34%	1,940 0.34%	0	
	Cheng-Rong Chiang																					
	Wei-Lin Wang(Note 3)																					

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.

2. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to all consolidated entities in the 2021 financial statements: None.

Note: (1) All the 2023 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 2023.

(3) Independent Director Wei-Lin Wang resigned on August 2, 2023.

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: 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: Jeffrey Cheng, Hwee Kian Lim, Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang	General directors: 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: Semi Wang Independent directors: Ralph Chen, Cheng-Rong Chiang, Wei-Lin Wang
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	General directors: Foxlink International Investment Ltd., Hsin Hung International Investment Co., Ltd., Taiwan Foxlink Investment Co., Ltd.	General directors: Foxlink International Investment Ltd., Hsin Hung International Investment Co., Ltd., Taiwan Foxlink Investment Co., Ltd., T.C. Gou, Kufn Lin., Wilson Hu	General directors: Foxlink International Investment Ltd., Hsin Hung International Investment Co., Ltd., Taiwan Foxlink Investment Co., Ltd.	General directors: Foxlink International Investment Ltd., Hsin Hung International Investment Co., Ltd., 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	12	12	12	12

(2) Remuneration paid to President and Vice Presidents

December 31, 2023 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 value)	Cash Amount	Stock Amount			
President	Wilson Hu	0	4,779	0	108	0	0	0	0	9,330	0	0 0%	14,217 2.50%	8,058
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)	-	Wilson Hu
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	2	2

Employees' Profit Sharing Paid to Management Team

December 31, 2023

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			
	2023		2022	
	FIT Holding Co., Ltd.	All companies in the financial statements	FIT Holding Co., Ltd.	All companies in the financial statements
Director	1.01%	1.72%	1.07%	1.51%
President and Vice Presidents	0%	2.50%	0%	3.52%

(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 2023 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 2023 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 (2023), the board of directors held 6 meetings (A) and the voting and non-voting attendance of directors is as follows:

Job title	Name	Number of actual (voting and non-voting) attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman of the board	T.C. Gou (Note 1)	6	0	100%	
Director	Kufn Lin (note 1)	6	0	100%	
Director	Jeffrey Cheng (Note 2)	6	0	100%	
Director	Hwee Kian Lim (Note 2)	6	0	100%	
Director	Wilson Hu (Note 3)	6	0	100%	
Director	Semi Wang (Note 3)	6	0	100%	
Independent Director	Ralph Chen	6	0	100%	
Independent Director	Cheng-Rong Chiang	6	0	100%	
Independent Director	Wei-Lin Wang	2	0	100%	Two meetings were held before resigning on August 2, 2023.

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 68 for all resolutions of the board meetings in 2023. 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 1, 2023, the board meeting made a resolution on the remuneration of the directors of the Company for 2022. Directors T.C. Gou, Kufn Lin, Jeffrey Cheng, Hwee Kian Lim, Wilson Hu, Semi Wang, Ralph Chen and Cheng-Rong Chiang 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 on cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation aspect
Carried out annually	January 1, 2023 to December 31, 2023	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>
--	--	--	--	--

The Company has completed the performance evaluation of the board of directors and functional committees for the year 2023. The evaluation results were submitted to the Board of Directors on March 7, 2024 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 4.95 out of 5, the average score of the Board members' individual performance self-evaluation is 4.78 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 2023 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 (2023), 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
Chair	Ralph Chen	5	0	100%	
Member	Cheng-Rong Chiang	5	0	100%	
Member	Wei-Lin Wang	2	0	100%	Two meetings were held before resigning on August 2, 2023.

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
2023.03.13 (4th session of the 2nd term)	<p>I. Proposal contents:</p> <ol style="list-style-type: none"> 1. The Company's 2023 financial statements and business report. 2. The independence and competency assessment report on the independent auditor. 3. The 2023 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". 4. The proposed endorsement and guarantee for the subsidiary.

	<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>
2023.05.11 (5th session of the 2nd term)	<p>I. Proposal contents:</p> <p>1. The Company's consolidated financial report for the third quarter of 2023.</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>
2023.08.11 (6th session of the 2nd term)	<p>I. Proposal contents:</p> <p>1. The Company's consolidated financial report for the second quarter of 2023.</p> <p>2. The proposed endorsement and guarantee for the subsidiary.</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>
2023.11.10 (7th session of the 2nd term)	<p>I. Proposal contents:</p> <p>1. The Company's consolidated financial report for the third quarter of 2023.</p> <p>2. The company's 2024 internal audit plan.</p> <p>3. The proposed endorsement and guarantee for the subsidiary Glorytek (Yancheng) Co., Ltd. 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>
2023.12.15 (1st special session of the 2nd term)	<p>I. Proposal contents:</p> <p>1. Reduction of shareholding accumulated over 10% in Foxwell Power 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>

(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 2023:

Meeting date	Communication with head of the internal audit
Audit Committee meeting on March 13, 2023	Implementation status for internal audit from November 2022 to January 2023 Statement of Internal Control System
Audit Committee meeting on May 11, 2023	Implementation status for internal audit from February 2023 to March 2023
Audit Committee meeting on August 11, 2023	Implementation status for internal audit from April to June 2023
Audit Committee meeting on November 10, 2023	Implementation status for internal audit from July to September 2023 2024 Audit Plan Report
Individual meeting on November 10, 2023	Internal audit report review

Meeting date	Communication with the independent auditor (CPA).
Audit Committee meeting on March 13, 2023	The important matters and the latest legal information for 2022 annual financial report audit.
Individual meeting on November 10, 2023	The important matters and the latest legal information for 2023 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 2023. 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 "Procedures for Handling Material Inside Information" and periodically educates internal personnel on the Securities and Exchange Act and related regulations every 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 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.	No difference.
III. Composition and Responsibilities of the Board of Directors				No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
(I) Has the Board of Directors established a diversity policy, set specific goals, and implemented them accordingly?	✓		(I) The Company, based on the Sample Template of “Procedures for Election of Directors” issued by the TWSE, integrates the concept of diversity into the measures for directors election and takes into consideration the overall configuration of the board of directors. The specific objective is that the board of directors is composed of directors of different genders, ages, nationalities, 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.	
(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?	✓		(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 management.	
(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?	✓		(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	

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
(IV) Does the Company regularly evaluate the independence of the independent auditor?	✓		<p>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)The Company's Audit Committee evaluates the independence and suitability of CPAs every year. In addition to requiring CPAs to provide the Statement of Independence and Audit Work and Audit Quality Indicators (AQIs), the evaluation is conducted based on the evaluation criteria specified in Note 1 and the five major components and 13 indicators specified in Note 2 on page 30. After the discussion and approval of the Audit Committee on March 7, 2024, the evaluation results of the most recent year were submitted to the Board of Directors on March 7, 2024 for the evaluation of the independence and suitability of the CPAs.</p>	
IV. For a listed or OTC company, is it equipped with a competent and appropriate number of corporate governance personnel, and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors in complying with laws and regulations, managing related matters of the board meeting and shareholders' meeting in accordance with laws, taking minutes of the board meeting and shareholders' meeting, etc.)?	✓		<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.</p> <p>The main responsibilities are to supervise the shareholder services unit to handle matters related to board meetings and shareholder' meetings in accordance with the law, preparing meeting minutes and information disclosure, providing directors with information required for business execution, assisting directors to comply with laws and regulations, to assist directors in onboarding and continuing education, and reporting to the board on the examination results of the qualifications of independent directors during nomination, appointment, and tenure in accordance with the relevant laws and regulations. Please refer to Note 3 on page 37 of this annual report</p>	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			for information on the training of corporate governance officers in 2023.	
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 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?		✓	(III) As the Company has a large number of subsidiaries, it is unable to announce and declare the annual financial report within two months after the end of the accounting year; however, the financial reports for the first, second and third quarters and the operation of each month are all announced and declared before the specified deadlines.	
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,	✓		(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	No difference.

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
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>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 326 and 327 of the annual report for more information on directors' training records.</p> <p>(VII)Implementation of risk management policies and risk measurement standards: The Company focuses on its core business, complies with relevant laws and regulations to implement and promote various policies, and establishes various standard operation standards to reduce</p>	

Evaluation items	Operation status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			<p>and avoid any possible risks. For details of the implementation of the company's risk management policies and risk measurement standards, please refer to page 317 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> <p>The indicators improved by the Company in 2023 are as follows:</p> <ol style="list-style-type: none"> (1) The Company's annual meeting of shareholders was held before the end of May. (2) The Company has established risk management policies and procedures approved by the Board of Directors. These policies and procedures disclose the scope of risk management, organizational structure, and operation status, and the company shall also report to the Board of Directors at least once a year. (3) The Sustainability Report prepared by the Company has been verified by a third party. (4) The Company has uploaded the English version of the Sustainability Report to the Market Observation Post System and the Company's website. (5) The Company has established policies for reducing greenhouse gas emissions, water usage, and other waste management, which include reduction targets, implementation measures, and achievement status. (6) The Company has followed the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose relative information on corporate governance, strategies, risk management, indicators, and goals for climate-related risks and opportunities. <p>In 2024, an English website is expected to be established and the performance evaluation of the Board of Directors will be conducted by an external professional independent institution or external experts and scholars every three years.</p>				

Note 1: Criteria for evaluating the independence of CPAs:

Evaluation items	Evaluation results	Compliant with the independence criteria
1. The tenure of the CPA does not exceed seven years.	Yes	Yes
2. The CPA and members of the audit service team have not served as directors, executives, or in positions significantly affecting audit matters of the Company currently or in the past two years.	Yes	Yes
3. The CPA and members of the audit service team are not related to the Company's directors, managers, or personnel who have a significant impact on the audit cases.	Yes	Yes
4. The CPAs have not served as directors, managers, or in positions that have a significant impact on the audit cases of the Company within one year after retirement.	Yes	Yes
5. No direct or indirect substantial financial interest between the CPAs and the Company.	Yes	Yes
6. No substantially close business relationship between the CPAs and the Company.	Yes	Yes
7. No potential employment relationship exists when the CPAs audit the Company's report.	Yes	Yes
8. The CPAs did not receive contingent fees related to the audit cases.	Yes	Yes
9. The non-audit services provided by the CPAs to the Company had no key items that directly affected the audit cases.	Yes	Yes
10. The CPAs did not act as counsels of the Company or represent the Company in coordinating matters relating to conflicts with a third party.	Yes	Yes
11. The CPAs do not promote or broker shares or other securities issued by the Company.	Yes	Yes
12. The CPAs did not receive gifts or special offers of significant value from the Company or its directors, managers, or major shareholders.	Yes	Yes

Note 2: The competency assessment report on the independent auditors:

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.

Note 3: The 2023 information on continuing training for the Corporate Governance Officer(s) is as follows:

Date	Host by	Course title	Hours
2023/5/24	Taiwan Corporate Governance Association	Preventing Insider Trading and the countermeasures	3
2023/8/8	Taiwan Corporate Governance Association	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3
2023/11/2	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
2023/11/30	Accounting Research and Development Foundation of the Republic of China	Practical Analysis of the Latest Sustainable Development Action Plan and the Impact of Net Zero Carbon Emissions on Financial Statements	6

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

1. Information of Compensation Committee members

Title	Criteria	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
	Name			
Chair	Ralph Chen	Please refer to page 13	Please refer to page 13	2
Member	Cheng-Rong Chiang	Please refer to page 13	Please refer to page 13	2
Member	Hong-Te Lu	Graduated from National Taiwan University with a doctorate in marketing, currently an adjunct professor of the Department of Business Administration of Chung Yuan Christian University and an independent director, a member of the remuneration committee and a member of the audit committee of Lanner Electronics Inc with over five years of experience teaching relevant subjects in business and corporate affairs at private institutions of higher education. He also possesses expertise in marketing management, strategic management, corporate competition, and growth strategy. Jeffrey Cheng has not been in or is under any circumstances stated in Article 30 of the Company Act.	The absence of the circumstances listed in Note 4 on page 16 conforms to the condition of independence	1

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
Chair	Ralph Chen	2	0	100	-
Member	Cheng-Rong Chiang	2	0	100	-
Member	Wei-Lin Wang	1	0	100	One meeting was held before resigning on August 2, 2023.
Member	Hong-Te Lu	0	0	0	Took office on September 1, 2024.

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
3rd term 2nd session 2023.03.13	1. Allocation of remuneration of employees, directors and supervisors of the company and its major subsidiaries for 2022. 2. Amendment to the Company's Organizational Rules of the Compensation Committee	Approved by all committee members present unanimously.	Submitted to the board meeting and approved by all the directors present.
3rd term 3rd session 2023.09.01	1. The Company's 2022 distribution of directors' remuneration 2. The Company's 2022 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 four directors, two 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	Remarks
Chair (Independent Director)	Cheng-Rong Chiang	2	0	100	Aerospace engineering Industry experience	
Member (Independent Director)	Wei-Lin Wang	1	0	100	Legal	One meeting was held before resigning on August 2, 2023.
Member (Independent Director)	Ralph Chen	2	0	100	Accounting review	
Member (Director)	Kufn Lin	2	0	100	Operational management Finance/Accounting	
Member (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
2nd term 2nd session 2023.02.21	1.The implementation status of the work plan for the Corporate Governance and Sustainable Operation Task Force in the second half of 2022 and the drafting of the work plan in 2023 2.Results of performance evaluation of the Company's Board of Directors and functional committees 3.Amendment to the Rules of Procedure for Shareholder Meetings 4.Amendment to the Company's Corporate Governance Best Practice Principles 5.Formulation of the Company's Procedures for the Preparation and Verification of Sustainability Reports 6.Establishment of the Company's Sustainable Development Best Practice Principles 7.Discussion of the consolidated subsidiary's GHG emissions inventories and verification schedule	Approved by all committee members present unanimously.	Submitted to the board meeting and approved by all the directors present.
2nd term 3rd session 2023.08.11	1.The Company's corporate governance and sustainability performance for the first half of 2023 2.Proposal for tracking the implementation progress of GHG emissions inventories of the Company and its subsidiaries	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 Sustainability Committee shall report to the Board of Directors on a semi-annual basis regarding the implementation results of sustainable development and future work plans. The Company held the meeting on February 22, 2024, and the motions included the drafting of the implementation plan in 2024: (1) Identifying issues that require attention and preparing an implementation plan for 2024 (2) Overseeing the implementation of sustainable management issues and evaluating the 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</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	
			adjustments when necessary.	
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 2023. 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> <p>Social→Occupational Safety: The management response is as follows</p> <p>1. In 2023, all the factories in China have been qualified by "ISO 45001 Occupational Health and Safety Management System" and have been certified on a regular basis.</p> <p>2. Fire drills and industrial safety education training are held annually to provide employees with the ability to respond to emergencies and to manage their own safety.</p> <p>Social→Product Safety: The management response is as</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>follows</p> <ol style="list-style-type: none"> 1. All products of the Company comply with the laws and regulations, meet the EU RoHS standards, and are free of hazardous substances. In order to ensure the quality of customer service, we have set up a customer service hotline and a communication website, and conduct customer service satisfaction surveys every year to ensure a better relationship with our customers. 2. In order to transfer the risk of commodity liability, minimize property loss and enhance product safety, the Company has taken out product liability insurance in the amount of US\$10 million. <p>Corporate Governance → Social Economic and Legal Compliance: The following are the countermeasures</p> <ol style="list-style-type: none"> 1. By establishing a governance organization and implementing internal control mechanisms, we ensure that all of our employees and operations comply with the relevant laws and regulations. 2. We apply for patent to protect the rights of the Company for the products we developed. <p>Corporate Governance→Strengthening Board of Directors' Functions: The management response is as follows</p> <ol style="list-style-type: none"> 1. We plan training for directors and update the latest regulations, institutional development and policies for directors every year. 2. The Company provides directors' liability insurance to prevent litigation or claims against directors. <p>Corporate Governance→Communicate with stakeholders: The management response is as follows</p> <ol style="list-style-type: none"> 1. The Company analyzes the major stakeholders and the important issues they are concerned about every year to avoid misunderstandings that may lead to operational or litigation risks if the stakeholders' opinions differ from those of the Company. 2. Establish various communication channels to actively communicate and reduce dispute and misunderstanding. 	No difference.

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Explanation	
			Set up a mailbox for investors, and the Company's spokesperson is in charge of handling and responding to the inquiries from investors.	
III. Environmental Issues				
(I) Has the Company established an appropriate environmental management system according to its industrial characteristics?	✓		(I) In 2023, all the factories in China have been qualified by "ISO 14001 Environmental Management System" and have been certified on a regular basis.	No difference.
(II) Is the Company committed to improving energy use efficiency and using renewable materials with low impact on the environment?	✓		(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. The raw materials used by the Company are all in compliance with the EU RoHS halogen-free specifications, we recycled the packaging materials and minimized the waste generated from the manufacturing process in order to reduce the impact on the environment. For green manufacturing, we reduce unnecessary resource consumption, seek waste reduction and develop reuse technology, to maximize 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.	
(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?	✓		(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,	

Item	Implementation Status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Explanation	
(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>energy saving and resource and energy recycling, and will continue to promote the energy saving policy.</p> <p>(IV) The Company will completed the ISO 14064:2018 scope I, II, III inventory and third party verification in 2023.</p> <p>In addition, in response to climate change and to promote the sustainability of the Company, the Company will continue to purchase renewable energy, install solar energy equipment and invest in energy-saving technology to adopt renewable energy gradually in the future.</p> <p>The Company has concerned about the issue of water conservation and environmental protection for years. In terms of water conservation plan, we have been replacing old pipelines and flushing valves, conducting spot checks and inspections on water switches, and strengthening the daily management in each factory, such as education and promotion, in order to reduce the water consumption in the infrastructure facilities, such as air conditioning, air pressure, and other circulating water, as well as employees' daily water consumption. 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 2023 is 10.5 metric tons, accounting for 0.02% of the total waste generated. The waste disposal providers at each factory had no environmental violations and fines in 2023 through legal disposal by suppliers, all waste management process was in compliance with the contract and legal obligations.</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	
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?	✓		<p>(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 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 2023, a total of 144.5 hours of human rights protection-related training was provided to employees, and 79 employees completed the training, accounting for 35.42% 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 2023, there were no violations and complaints related to child labor</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	
(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>and freedom of association at our factories.</p> <p>(2) Employees' remuneration: 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 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: 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</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	
(III) Does the Company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	✓		<p>illness, or a major accident that requires a longer leave of absence, employees can apply for leave without pay 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 64% to 36%; 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. 33% 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 2023, the average annual salary adjustment for both management and non-management positions in the Company's locations in China was 3%.</p> <p>(III) We are committed to avoiding major losses caused by occupational safety and fulfilling our corporate social responsibility. Based on the core concept of disaster prevention and disaster control, the Company uses appropriate management tools, mature technologies</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>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 2023, a total of RMB2,423,819 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 2023, 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 collisions, 2 falls, 1 sprain, and 5 traffic accidents (accounting for 0.36% of the total number of employees at the end of 2023). There were no major accidents and 0 fire incidents.</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 safety and health training for employees. The content is as follows:</p> <p>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</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>Measures" and "Building Access Control Management Measures..", etc. which clearly regulate the movement of personnel, vehicles, and articles entering and exiting the factory to maintain the safety of employees.</p> <p>2.Occupational safety and disaster prevention measures and response: (1) 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 were no occupational injury cases this year.</p> <p>3. Equipment maintenance: (1) According to the Fire Services Act, self-inspection of refuge facilities shall be conducted at least once a month. 12 self-inspection and maintenance operations were completed this year, and a contract was signed with the vendor for bi-monthly inspection and maintenance. (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</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>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 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</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>(IV) Has the Company established an effective career development training program for its employees?</p> <p>(V) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?</p> <p>(VI) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>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. 2 environmental disinfection and cleaning sessions have been completed this year.</p> <p>5. Insurance: The Company provides employee group insurance, which covers term life insurance, critical illness insurance, accident insurance, accidental medical insurance as well as hospitalization, cancer medical insurance and preferential family insurance.</p> <p>(IV) Our human resources are closely integrated with the future development strategies and goals of the Company. In addition, HR provides annual training for new employees, professional and functional education to strengthen their professional skills and encourage employee to seek for diversified development.</p> <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</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	
			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".	
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 2023 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 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.	The company has formulated the "Code of Practice for Sustainable Development", and the 2023 sustainability report will be uploaded before August 31, 2024.
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. In accordance with the requirements of relevant regulations and standards, the company has formulated the "Corporate Social Responsibility Handbook" and formulated appropriate management plans to ensure that the goals are achieved.				
VII. Any other important information that may help to understand the operation of sustainable development: 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. In addition, fundraising activities were launched to donate clothes, children's shoes, and daily necessities to local kindergartens and African children, providing care for disadvantaged groups at the end of the year and donating funds to help them through 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.				

Climate-related information of listed companies

1. Implementation status of climate-related information

Item	Implementation Status
<p>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.</p>	<ul style="list-style-type: none"> ● The Corporate Governance and Sustainability Committee is the highest body for the Company's climate change management. The President of the Company serves as the convener and assigns each functional unit to form a risk assessment team. The relevant person-in-charge of the subsidiaries shall identify risks and opportunities in accordance with the Company's Risk Management Policy and Procedures. The Sustainability Committee members shall assist in compiling relevant cross-company information and statistics. Conduct climate change-related risk and opportunity identification at least once a year, assess and manage their financial impact, develop response strategies and set goals based on relevant initiatives, manage actions on climate change risks and opportunities, and report the implementation results to the Board of Directors annually. ● The Board of Directors is responsible for guiding and reviewing climate change risk and opportunity projects, assessment results, response strategies and management performance, and continuously tracking the implementation and status of response measures for high-risk projects. The climate change risk management, strategy, and goal setting were approved by the Board of Directors on August 12, 2022. The Company's Board of Directors regularly evaluates the implementation plans and results proposed by the Sustainability Task Force, reviews the progress of emission reduction targets, monitors risk events, and urges the management to make adjustments when necessary.
<p>2. Describe how the identified climate risks and opportunities affect the Company's businesses, strategies, and finance (short-, medium-, and long-term).</p>	<ul style="list-style-type: none"> ● In 2021, the Company participated in the Cheng Uei Group's Science Based Target initiative (SBTi). Using the year 2021 as the base year and setting the year 2030 as the target year, Scope 1 & 2 absolute emissions are to be reduced by 42% compared to the base year. Referring to the carbon reduction target schedule, short-term risks are defined as less than 3 years, medium-term risks are defined as 3 to 5 years, and long-term risks are defined as more than 5 years. ● Short-, medium-, and long-term risks: <ol style="list-style-type: none"> 1. Short-term: The extreme weather events result in the increase of raw material costs, which increases the material costs. 2. Mid-term: Increased cost of renewable energy acquisition and transformation to a low-carbon economy. 3. Long-term: Increased operating costs due to carbon tariffs, carbon neutrality, and net zero carbon emissions. ● Short-, medium-, and long-term opportunities: <ol style="list-style-type: none"> 1. Short-term: Improve the factory's ability to resist risks and create a circular economy for raw

Item	Implementation Status
	<p>materials.</p> <p>2. Mid-term: Continue to develop low-carbon technologies, actively cooperate with customers, and improve the image and value of customers' products.</p> <p>3. Long-term: Invest in the clean energy industry, strive to achieve the goal of carbon reduction, fulfill our corporate environmental responsibility, and move towards sustainable development.</p>
<p>3. Describe the financial impact of extreme climate events and transformation actions.</p>	<ul style="list-style-type: none"> ● Review the Company's risk tolerance and asset risk pricing. Based on the analysis results, the Company establishes climate VaR indicators to monitor the loss of value caused by extreme climate risks. ● Properly manage extreme weather events and risks associated with the transformation to a low-carbon economy, incorporate climate change risks into operational decision-making, fully respond to the trend of energy conservation and carbon reduction, and carry out financial planning to solve climate risks and complete the transformation.
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<ul style="list-style-type: none"> ● The Board of Directors assigns the Sustainability Committee to manage climate issues. Based on the climate-related risk topics collected, the Committee adopts the Task Force on Climate-related Financial Disclosures risk framework to identify, analyze, and track the implementation status of climate change-related initiatives/actions, taking appropriate mitigation and adaptation measures based on the likelihood and impact severity of climate risks. ● Led by the Sustainability Task Force - Environmental Sustainability Group, the management process for prioritizing risks and opportunities related to climate change based on "impact severity" and "likelihood of occurrence" ensures that significant climate-related risks/opportunities are appropriately assessed and managed.
<p>5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.</p>	<p>The scenario analysis shows that the Company sets 2021 as the base year and adopts an emission scenario whose absolute carbon reduction must meet the 1.5°C target. The source of the scenario is IPCC AR5(2014), Absolute contraction, and the main financial impact comes from the installation of carbon reduction equipment. Procurement of renewable energy power certificates increases operating costs.</p>
<p>6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</p>	<p>The Company follows the low-carbon operation management indicators, and through the construction of solar energy equipment, the factories in mainland China use green energy. As of December 2023, the green energy consumption was 1,451,250 (kWh), resulting in an emission reduction of 765 tCO₂e.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for</p>	<p>As the Company sets 2022 as the base year, the number of years in operation is still short, and internal carbon pricing has not yet been implemented.</p>

Item	Implementation Status
setting the price shall be stated.	
8. If climate-related goals are set, information should be provided on the activities covered, greenhouse gas emission scopes, planning timelines, and progress achieved each year. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, details should be provided on the source and quantity of offset carbon emissions or the number of RECs exchanged.	The Company adheres to the Cheng Uei Group's greenhouse gas emissions reduction target (hereinafter referred to as the carbon reduction target), and commits to pass the STBi, aiming to reduce the absolute emissions of Scope 1 & 2 by 42% by 2030 compared to the base year of 2021. Scope 3: Reduce emissions by 25% from the base year, 2021, from the purchase of goods, services, and sales.
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately).	<ul style="list-style-type: none"> ● Reduce the absolute emissions of Scope 1 & 2 by 42% in 2030 compared to the base year of 2021 . ● The following energy-saving and carbon reduction strategies are implemented under the greenhouse gas reduction program: <ol style="list-style-type: none"> 1. Implement lighting control in the office during lunch breaks and overtime hours. 2. Plan for eco-friendly and energy-saving light tubes and motion sensor lights to reduce energy waste. 3. Promote energy conservation by turning off lights and computers when leaving work, and regularly shutting off unnecessary power sources. 4. Indoor air conditioning is set at 26 Celsius in summer and 28 Celsius in winter to reduce energy waste. 5. Regularly inspect office energy equipment and prioritize purchasing high-efficiency products with eco-friendly and energy-saving labels. 6. Encourage employees to take public transportation more often, or adopt ride-sharing, or set up video conferences to reduce transportation carbon emissions.

1-1 GHG inventory and assurance of the Company in the last 2 years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (tCO ₂ e), intensity (tCO ₂ e /NTD million), and data coverage for the most recent two years.
<ul style="list-style-type: none"> ● Coverage scope of greenhouse gas emissions for 2022: FIT Holding Co., Ltd, 4F, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City 236 1.Scope 1: The total emission amount is 0.0330 tCO₂e and the intensity is 0.000060. 2.Scope 2: The total emission amount is 5.9472 tCO₂e and the intensity is 0.010777.

3.Scope 3: The total emission amount is 2.1994 tCO₂e and the intensity is 0.003986.

Note: 2022 revenue: 551.8367 (NTD million)

- Coverage scope of greenhouse gas emissions for 2023: FIT Holding Co., Ltd, 4F, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City 236

1. Scope 1: The total emission amount is 2.0422 tCO₂e and the intensity is 0.003506.

2. Scope 2: The total emission amount is 7.0480 tCO₂e and the intensity is 0.012098.

3. Scope 3: The total emission amount is 3.7290 tCO₂e and the intensity is 0.006401.

Note: 2023 revenue: 582.57 (NTD million)

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the last two years, including the scope of assurance, institutions of assurance, standards of assurance, and assurance opinions.

- 2022

Coverage scope: FIT Holding Co., Ltd, 4F, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City 236

Assurance institution: AFNOR Asia Ltd

Assurance standards: ISO 14064-1: 2018

Assurance opinion: Unqualified opinion

- 2023

Coverage scope: FIT Holding Co., Ltd, 4F, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City 236

Assurance institution: AFNOR Asia Ltd

Assurance standards: ISO 14064-1: 2018

Assurance opinion: Expected to complete verification by May 2024.



Certificate

Certificat

Report no. : (TH23-004 / version 1)

Greenhouse Gas Verification Report Opinion

THGHG23004-00

Verification Scope: FIT Holding Co., Ltd.
4F., No. 49, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City 236040, Taiwan (R.O.C.)
(sublease office about 10 square meters)

Verification Criteria: ISO 14064-1 : 2018

Verification Objectives : According to ISO 14064-3:2019, AFNOR Asia Ltd. (AFNOR ASIA) confirms that the GHG statement (GHG inventory report) of the above-mentioned organization(s) is reported in accordance with the verification criteria agreed by both parties. AFNOR performs the verification with an objective and fair position and principle (relevant, complete, consistent, accurate, and transparent).

Data Period : 2022/01/01~2022/12/31 (The data being viewed is historical in nature)

Verification Data :	Direct GHG emissions (category 1):	0.0330 tons CO2e
	Energy indirect GHG emissions (category 2):	5.9472 tons CO2e
	Indirect GHG emissions (category 3~6):	2.1994 tons CO2e

Global Warming Potential (GWP) : refer to IPCC 2021 Year, the sixth assessment report

Statement Basis : This statement must be interpreted as a whole with the following.

GHG Inventory report (version :	1	; Date :	2023/05/09)
GHG Inventory (version :	1	; Date :	2023/05/09)

Materiality : 5% (category 1 and category 2)

Type of Opinion : ☒unqualified ☐qualified (see the subsequent page) ☐disclaim the issuance

Verification Conclusion: Confirm that the organization submits a GHG statement in accordance with the requirements of the verification criteria agreed by both parties, and fairly presents the GHG data and related information, which is consistent with the verification scope, objectives and criteria agreed by both parties.

Declares that the reasonable assurance level of the inventory data is category 1 and category 2.

Date of Issuance: 2023/6/21



Signature of the representative : _____ **Job position :** President

Report no. : (TH23-004 / version 1)

Emissions Data for Each Category :

Category	Description of content	GHG emissions (tons CO ₂ e)	Note
(Category 1) Direct GHG emissions	Stationary Combustion Source Mobile Combustion Source Process Emission Source Fugitive Emission Source	0.0330	
(Category 2) Indirect GHG emissions from imported energy	Purchased Electricity	5.9472	Location-based
(Category 3) Indirect GHG emissions from transportation	Downstream Transportation Employee Commuting Customer and Visitor Transportation Business Travel	1.1467	
(Category 4) Indirect GHG emissions from products used by organization	Upstream carbon emissions from energy, water, natural gas, and raw materials.	1.0527	
(Category 5) Indirect GHG emissions associated with the use of products from the organization	NA	NS	
(Category 6) Indirect GHG emissions from other sources	NA	NS	

Biomass burning emission : 0.0000 tons CO₂e

Report no. : (TH23-004 / version 1)

Other Related Verification Information

Organization boundaries :	operational control
GHG type :	Carbon dioxide (CO ₂), Methane (CH ₄), Nitrous oxide (N ₂ O), Hydrofluorocarbon (HFCs), Perfluorocarbon (PFCs), Sulfur hexafluoride (SF ₆), Nitrogen trifluoride (NF ₃)
Purpose of intended use:	Voluntarily understanding the status of greenhouse gas emissions as a basis for reduction strategies. (This statement of responsibility applies only to the purpose of intended use mentioned above and not to any other purpose.)
Criteria for significance of indirect emissions :	<ul style="list-style-type: none"> - Identified stakeholder requirements: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - Identified regulation requirements : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - Identified magnitude of emissions : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - Others :
Purchased power factor:	Refer to the 2021 annual power factor announced by the Bureau of Energy, Ministry of Economic Affairs on 07 22, 2022
Data sources :	<input checked="" type="checkbox"/> The primary data is collected from on-site operation activities. <input checked="" type="checkbox"/> Category 3~6 emissions are calculated with estimated data. The secondary data sources are: EPA Product Carbon Footprint Information Website <input type="checkbox"/> others :
Verification method:	<input checked="" type="checkbox"/> On-site
Qualified opinion :	NO
Others :	NO
Verification date :	2023/04/27, 2023/04/28 2023/05/09
Report date :	2023/05/10



Certificate

Certificat

Report no. : (TH23-004 / version 1)

Verification team and technical review

Lead Verifier : Hu-Mu Chen

Signature : *Chen, Hu-mu*

Independent review : Wen-Chin Tsai

Signature : *Wen-chin Tsai*

Verification processes

AFNOR is based on risk assessment methods and controls. Evidence collection procedures are including pre-trip assessment, on-site visits, interviews with site personnel, confirmation of documented evidence provided, sampling of emission data, evaluation of data management systems, confirming the collection and compilation of emission data, analysis between production and energy consumption, and confirmation of whether the terms of the agreement referred to are properly applied.

Roles and Responsibilities

The verified organization is responsible for preparing and submitting a GHG statement in accordance with the verification criteria. This responsibility includes the planning, implementation and maintenance of data management systems related to GHG declarations, GHG inventory and GHG inventory reports.

AFNOR provides independent third-party verification of the reported GHG emissions and issues verification opinions for the organizational GHG emissions. The verification team is independent and impartial, and there is no conflict of interest.

(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	
I. Establishment of ethical corporate management policy and plans				
(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?	✓		(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.	No difference.
(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"?	✓		(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.	
(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?	✓		(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.	
II. Implementation of ethical corporate management				
(I) Does the Company assess its counterparties' ethical corporate management records and specify the ethical corporate	✓		(I) The Company and its suppliers have signed the "Manufacturer's Integrity Commitment." When signing	

Evaluation items	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Explanation	
management terms in the contracts it enters into with them?		✓	the contract, the rights and obligations of both parties are specified in detail, and all suppliers are required to abide by them.	No difference.
(II) Has the Company set up a dedicated unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?	✓		(II) The Company's 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 1, 2023. See page 66 of this Annual Report for the status of the Company's ethical management in 2023.	
(III) Does the Company have a conflict of interest prevention policy to provide appropriate channels for explanation and implement it?	✓		(III) The Company's employees have signed the "Employee Integrity Commitment Letter," and complaint channels are available. For any violations and petitions, employees can report to their direct supervisors, Human Resources or the audit unit.	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the status of unethical behavior prevention accordingly, or entrusted an independent auditor to carry out the audit?	✓		(IV) The Company has established an effective accounting system and internal control system, and formulates an internal audit plan every year. According to the audit plan, the internal audit unit implements various audit operations; in case of special circumstances, special inspections will be arranged separately.	
(V) Does the Company regularly conduct internal and external ethical corporate management?	✓		(V) The Company 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	✓		(I)The Company has a dedicated line and mailbox for appeals and has dedicated personnel to handle related affairs.	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	
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?	✓ ✓		(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.	
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 2023 ethical management status is as follows:

Item	Content
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 2023, we held the "Ethical Corporate Management and Insider Trading Prevention" training for 27 people for a total of 41 hours, and "Insider Trading Prevention Awareness Seminar" for 18 people for a total of 54 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 7, 2024

Based on the results of the self-assessment of the Company's internal control system in 2023, the Company hereby states the following:

- I. The Company acknowledges that it is the responsibility of the board of directors and the managers of the Company to establish, implement and maintain the internal control system, which has already been established by the Company. Its purpose is to provide reasonable assurance in achieving the objectives of operation effectiveness and efficiency (including profitability, performance and asset safety), in order to assure reliability, timeliness and transparency of reports, and compliance with relevant norms and regulations.
- II. The internal control system has its inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and situation, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a shortcoming is identified, the Company will immediately take corrective action.
- III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the Regulations). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforesaid internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.
- V. Based on the assessment results, it is believed that the company's internal control system (including the supervision and management of subsidiaries) as of December 31, 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 7, 2024. Of the eight 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. Board resolutions in 2023 and through March 31, 2024

Date	Important resolutions
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.
2023.05.12	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the third quarter of 2023.
2023.08.11	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the second quarter of 2023. 2. Approved the proposed endorsement and guarantee for the subsidiary.
2023.09.01	<ol style="list-style-type: none"> 1. Approved the Company's 2022 distribution of directors' remuneration 2. Approved the Company's 2022 remuneration to managerial officers and employees
2023.11.10	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial report for the third quarter of 2023. 2. Approved the company's 2024 internal audit plan. 3. Approved the proposed endorsement and guarantee for the subsidiary Glorytek (Yancheng) Co., Ltd.
2023.12.15	<ol style="list-style-type: none"> 1. Approved the reduction of shareholding accumulated over 10% in Foxwell Power Co., Ltd.
2024.03.07	<ol style="list-style-type: none"> 1. Approved the Company's 2024 business plan. 2. Approved the Company's and its important subsidiaries' allocation of remuneration of employees, directors and supervisors for 2023. 3. Approved the Company's 2023 financial statements and business report. 4. Approved the Company's 2023 earnings distribution plan and cash distribution from capital reserve. 5. Approved the Company's proposed endorsement and guarantee for its subsidiaries. 6. Approved the contract signing with financial institutions for credit lines and the application for foreign exchange hedging credit with banks. 7. Approved the assessment of the independence and eligibility of the Company's certified public accountants 8. Approved the Company's 2023 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". 9. Approved the nomination list of independent director candidates. 10. Approved the release of non-competition restrictions for newly elected independent directors of the Company. 11. Approved the date of the Company's 2024 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
2023.05.30	Approved the Company's 2022 final business accounts and earnings distribution table for the year	The ex-dividend date of July 31, 2023 was set, and NT\$2 per share cash dividend was fully paid on August 18, 2023.

(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, 2023 - December 31, 2023	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, managers, and shareholders with a shareholding ratio of more than 10%:

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

Unit: share

Job title	Name	2023		2024 as of March 29	
		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 (Note)	0	0	0	0

Note : Independent Director Wei-Lin Wang resigned on August 2, 2023.

(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	0%	-	-	-	-			
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	0%	-	-	-	-			
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	
Chao Sung Investment Co., Ltd. Representative: Jianzhi Lin	4,055,000	1.65%	-	-	-	-	-	-	
	1,755,000	0.71%	-	-	-	-			
Yi-Ching Chuang	2,853,000	1.16%	-	-	-	-	-	-	

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	0%	-	-	-	-			
Cooperatieve Rabobank U.A.	2,377,000	0.97%	-	-	-	-	-	-	
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, managers, and the company's indirectly controlled enterprises in the same reinvested enterprise, and the consolidated shareholding ratio:

March 31, 2024
Unit: share; %

Reinvested enterprises	Investment of the company		Directors, 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%	60,000,001	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

March 29, 2024

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

March 29, 2024

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

March 29, 2024

Unit: thousand shares

Shareholders Structure Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	0	2	64	31,477	69	31,612
Number of shares held	0	917	117,502,314	119,090,266	9,648,649	246,242,146
Shareholding ratio	0.00%	0.00%	47.72%	48.36%	3.92%	100.00%

(III) Distribution of Shareholding

1. Diversified holdings of common shares

March 29, 2024

Unit: share

Shareholding range	Number of shareholders (persons)	Number of shares held (shares)	Shareholding ratio
1 to 999	12,673	3,129,364	1.27%
1,000 to 5,000	15,143	30,346,517	12.32%
5,001 to 10,000	1,989	15,426,781	6.27%
10,001 to 15,000	601	7,590,394	3.08%
15,001 to 20,000	371	6,847,074	2.78%
20,001 to 30,000	278	7,050,963	2.86%
30,001 to 40,000	148	5,276,231	2.14%
40,001 to 50,000	97	4,518,355	1.84%
50,001 to 100,000	174	12,646,960	5.14%
100,001 to 200,000	79	11,163,731	4.53%
200,001 to 400,000	28	7,986,105	3.24%
400,001 to 600,000	9	4,419,479	1.80%
600,001 to 800,000	4	2,648,288	1.08%
800,001 to 1,000,000	2	1,950,000	0.79%
1,000,001 or more	16	125,241,904	50.86%
Total	31,612	246,242,146	100.00%

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

(IV) List of major shareholders

March 29, 2024

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%
Hsin Hung International Investment Co., Ltd.	5,419,329	2.20%
Fulian International Investment Co., Ltd.	4,197,772	1.71%
Chao Sung Investment Co., Ltd.	4,055,000	1.65%
Yi-Ching Chuang	2,853,000	1.16%
Foxlink Taiwan Investment Co., Ltd.	2,771,276	1.13%
Cooperatieve Rabobank U.A.	2,377,000	0.97%
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			2022	2023	2024 as of March 31, 2024
Market value per share (NT\$)	Highest		37.2	45.15	50.5
	Lowest		22.1	27.15	36.75
	Average		28.9	34.71	44.32
Net value per share (NT\$)	Before distribution		31.99	34.60	-
	After distribution		29.99	32.60	-
Earnings per share	Weighted average number of shares (thousand shares)		246,242	246,242	-
	Earnings per share (NT\$)	Before retrospective adjustment	2.15	2.31	-
		After retrospective adjustment	2.15	2.31	-
Dividend per share (NT\$)	Cash dividend		2	2	-
	Free share allotment	Share allotment from earnings	-	-	-
		Share allotment from capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Return on investment analysis	P/E ratio		13.44	15.03	-
	Price-dividend ratio		14.45	17.36	-
	Cash dividend yield		6.92%	5.76%	-

Note1 : The 2023 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 2024 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 2023, 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\$33,920,000 for employees' compensation and NT\$4,080,000 for directors' 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 2022, the Company recognized NT\$34,000,000 for employee compensation and NT\$5,000,000 for director remuneration.

However, the actual amount of employee compensation and director compensation for the year was NT\$34,000,000 and NT\$3,860,000, respectively. The difference between the actual distribution and the amount recognized was recorded as profit or loss in the following year.

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

II. Corporate bonds: None.

III. Preferred shares: None.

IV. 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 2023 are as follows:

Product	Business turnover (NT\$ thousand)	Proportion
System and peripheral products	4,400,216	25.26%
3C retail and peripheral products	1,632,430	9.37%
3C components	142,868	0.82%
Energy Service	11,247,488	64.55%
Total	17,423,002	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 communication component Data center, local area network, high-speed optical communication transmission components Optical components Optical imaging lens, body motion sensing, intelligent AI optical recognition, secondary optical application components	Mainly used in data centers, local area network optical transmission centers, and high-capacity medium and long-distance optical transmission components. Mainly used in smartphones, tablet computers, NB computers, wearables, smart surveillance, 3D game consoles, PC AI product applications, etc.
3C retail and peripheral products: Apple products and mobile peripheral products	iPhone, iPad, iMac, MacBook, iPod, cables, PPS fast chargers, PPS power strips, PD power banks, magnetic wireless charging (including MagSafe), HUBs, storage devices, encrypted disk applications, TWS wireless Bluetooth earbuds series, etc.
System and peripheral products	Various wired and wireless cloud image scanners, image recognition devices and automatic paper feed scanning modules
Energy Service: Power plant investment and energy services	Power plant investment and development and clean energy services

Others	Mainly system assembly and processing, SMT templates, mold design and production income, etc.
--------	---

4. New products planned to be developed:

3C Components:

- (1) 5M, 8M, 13M (high resolution) NB lens, PC AI lens
- (2) Home/environment, smart living recognition and monitoring
- (3) Wearable AR/VR game platform, ultra-micro sensor/body sensor lens, optical components
- (4) High-speed optical components, multi-channel Tx/Rx optical communication components
- (5) Two-way multi-channel and composite parts, optical communication components.
- (6) Environmental/temperature resistant, used in optical communication/optical new material development

3C retail and peripheral products:

- (1) High wattage fast charger (PD3.1 protocol 140W)
- (2) High output power banks (PD 100WS) and PPS plug
- (3) Wireless MagSafe /Qi2 All-in-One Charger
- (4) iPhone/iPad/Macbook/Apple Watch peripheral products
- (5) TWS Bluetooth wireless earbuds

System and peripheral products:

- (1) Mid- and high-end 120/80/40 PPM A4 size duplex automatic document feeder modules
- (2) High-end 80 PPM A3 size duplex desktop scanner
- (3) Different from L & C type, the new U type Paper Path duplex desktop scanners

Energy Service Management:

- (1) Expand the Development of Small Hydropower Generation
- (2) Expand development in the offshore wind power sector
- (3) Layout of offshore wind power generation turnkey projects and long-term maintenance market.
- (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 lenses are the core components of optical imaging systems and have become essential technologies in modern information and network systems. The application of optical technology is extensive, ranging from traditional consumer electronics such as eyeglasses, cameras, smartphones, photocopiers, and computers to current technologies such as AR, VR, optical automotive components, smart healthcare, and smartphones. Optical lenses can present different characteristics under different optical conditions, which all require optical component technology.

Optical lenses are generally known as camera lenses (referred to as lenses), whose function is optical imaging and sensing. 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 lenses are an important segment in the optoelectronic industry and an indispensable part of all equipment and machine vision systems. This segment is

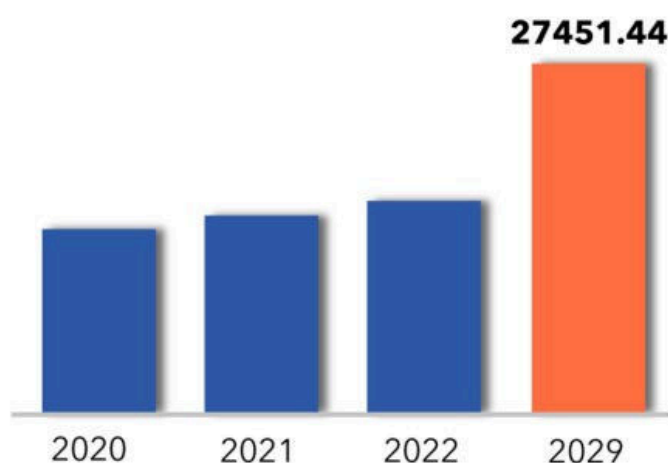
generally composed of precision hardware, plastic parts, lenses, apertures, drive motors, sensors, and other optoelectronic devices and lens barrels.

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 grow from USD 1.4438 billion in 2020 to USD 2.7451 billion in 2029 at a compound annual rate.

Global Optical Lens Market, 2020-2029, in USD Million



(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 2 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.

With the rapid increase in global data transmission volume, apart from building a data center and purchasing servers, it is also important to upgrade peripheral components, because only by increasing the transmission rate of peripherals can the overall data processing speed be truly accelerated. Therefore, optical communication is optimistic about the application of data centers. The compound growth rate from 2021 to 2027 is as high as 19%, which is significantly better than the 8% of the telecommunications market. The overall operating profit of Taiwanese manufacturers is positively affected by the increasing demand for optical communication, driven by the upgrade of data centers.

In the process of using optical fibers for wired signal transmission, the optical transceiver module, composed of components such as optical fibers, laser driver ICs, laser diodes, photodiodes, and receiver amplifier ICs, serves as a bridge between terminal equipment and optical fibers. It can be said to be the most important device for the conversion of photon and electronic signals.

It is an inevitable trend of future development to integrate various resources of optical communication 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, Huawei, 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) Diversification, rapidization, high-power output of charging products: PD fast

chargers and wireless charging. As mobile phones equipped with wireless fast charging function become more and more popular, wireless charging has become an important standard to measure the level of mobile phones. iPhone and Android cell phones have begun to fully support high-power charging in recent years. Additionally, top-tier mobile device brands no longer include chargers with their shipments in response to environmental protection requirements. This trend has subsequently driven the shipments of accessories related to high-power charging. The USB Implementers Forum (USBIF) has even launched a new generation of PD3.1 protocols that will push the maximum

power from 100W to 240W, providing more diverse charging applications for products. Laptops equipped with USB-C ports can also share high-wattage PD chargers with smartphones. According to research, the USB-C connector is poised to become the most prevalent charging connector, thereby driving the market demand for related chargers.

(3) Solving "low-battery anxiety": power banks

With advancements in mobile device manufacturing technology, devices are becoming thinner and lighter compared to the past. Although battery and power control technologies have also improved, the increasing usage hours by users still lead to instances of "low-battery anxiety" being a common scenario. In addition, the market will continue to introduce electronic devices with new requirements, and the power charging demand for the devices will also exist. Addressing the demand to avoid power shortages and ensure constant power supply will remain a niche for power banks

The market demand for mobile phones continues to exist. Whether it is a new phone or a used phone, as long as it is an electronic product, users will continue to have a demand for power banks. Therefore, features such as fast charging technology, large battery capacity, and stable charging quality will become significant niches for breakthrough growth in the market.

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.

Given that the world is currently at a critical juncture in energy transition, green energy will be the new engine driving economic development in the future. In order to enhance our country's energy independence and develop emerging green energy industries, we are gradually moving towards the goal of a nuclear-free homeland. The Ministry of Economic Affairs passed the 'Green Energy Technology Industry Innovation Plan', one of the '5+2' innovative industries, on October 27, 2016. Based on domestic green demand, it aims to attract large-scale domestic and international investments, increase high-quality employment, and drive the leapfrogging of our country's green energy technology and industry. It envisions 'Green Energy Promotion', 'Industrial Development', and 'Technological Innovation' as the three major objectives. Through comprehensive promotion, including energy conservation, innovation, energy storage, smart system integration, and power

industry reform, the goal is to achieve an early target of 8.7 GW for solar photovoltaic capacity by 2020, and to install smart meters for 3 million low-voltage households by 2024. To meet the target of renewable energy accounting for 20% of total generation by 2025, the long-term goal for renewable energy promotion is set at over 27 GW (2,700 MW) by 2025, including 20 GW of accumulated solar photovoltaic capacity (expected annual generation of 25 billion kWh), 1.2 GW of onshore wind power (expected annual generation of 2.76 billion kWh), 5.5 GW of offshore wind power (expected annual generation of 19.8 billion kWh), 2.15 GW of hydropower (expected annual generation of 6.6 billion kWh), marsh gas, etc. This aims to gradually reduce the proportion of nuclear power generation, with the aspiration to achieve the vision of a non-nuclear homeland by 2025.

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, Ricoh, 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, Ricoh 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, and 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 camera/automotive industry is mainly composed of lens manufacturers, with Chinese companies dominating the security camera market. The pervasive application of AI+5G is accelerating the diversification of the security and automotive industries, leading to continued growth in demand for optical security cameras and automotive lenses. The optical lens industry is a mid-stream manufacturer and module manufacturer in the industry, and the global automotive lens system industry is highly concentrated. With the high-speed growth of ADAS and AI+5G, the global shipment for automotive cameras continues to increase. The downstream of the industry is mostly end-use applications, as well as the security and surveillance industries. The automotive camera industry has a high market concentration, along with the development of 5G and intelligent 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, the Chinese market is relatively fragmented. With the application of AI+5G scenarios, the application of industrial robots will extend to service robots, and the service robotics market in China will grow rapidly.

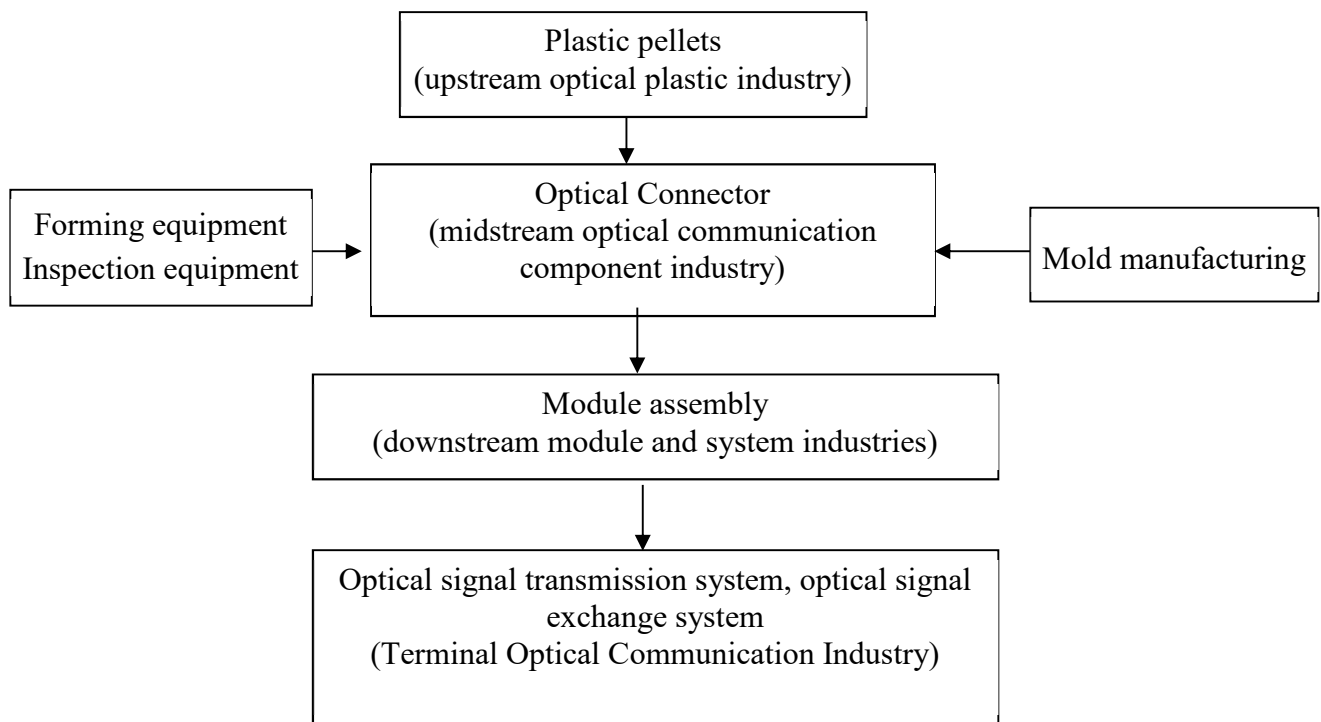
(2) Optical Communication Components (Optical Connector)

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.

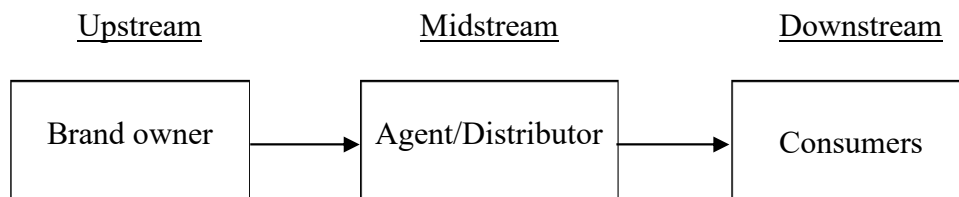
In the network architecture, each node, router, or switch will need an optical transceiver module. Originally, the mainstream transmission specification of optical transceiver modules was 25-100G. As the data center architecture progresses, it will be upgraded to 400G and then upgraded to 800G.

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.

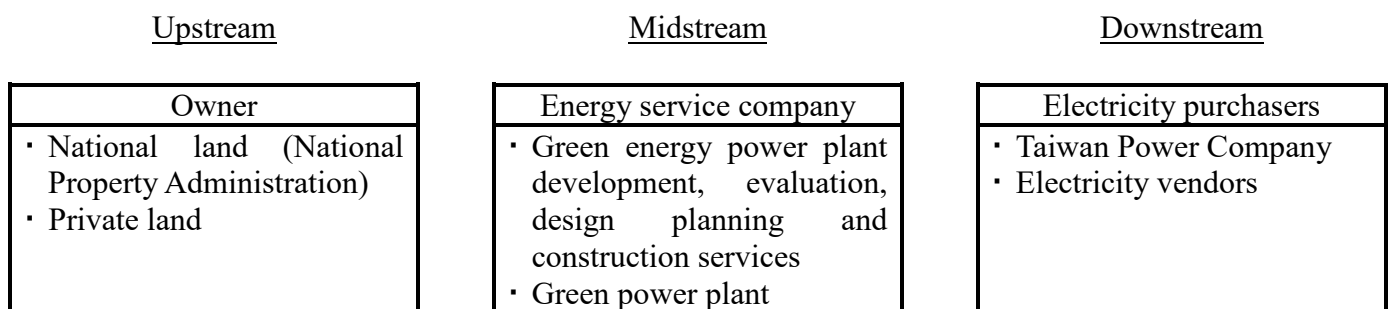
The downstream part of the Company's optical connector is the module industry or system industry, which assembles the modules to complete products. The upstream, midstream, and downstream of the optical connector industry are related to each other as illustrated below:



3C Retail and Peripheral Products:



Energy Service Management:



System and Peripheral Products:

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

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

3. Various Development Trends and Competitive Situation of Products

3C Components:

(1) Optical Components

The downstream applications for optical lenses are extensive. The influence of industrial policies on the development of optical lens industry is relatively strong. The internet of things is becoming a new trend. The Government has set up various policies and supply and demand are resonating in the smart security, smart driving, and machine vision industries, resulting in the continuous and 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/Smart Home 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 Coherent (Finisar)、Broadcom、Huawei、Lumentum、Source Photonics、Opnext、Sumitomo、Bookham 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)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.
- (3) 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 2023, the system had a installed capacity of 12.417685 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 2023, the system had a installed capacity of 26.74 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

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	2023	2024 (as of March 31, 2024)
Expenses	309,923	53,772(Note)
New products or new technologies successfully developed	3C Components: 1. Five NB mid-to-high-end lens products 2. Two VR application-oriented lens 3. One 3C sensing application 4. Two TOF applications 5. Seven optical communication components 6. One lens array fiber optical connector 7. Two High precision plastic parts 8. Three surveillance lenses	3C Components: 1. Five high-, mid-, and low-level NB products 2. One VR application-oriented lens 3. Three infrared sensing applications 4. Two TOF applications 5. Three surveillance lenses 6. Two wide-angle special application lenses 7. Six optical communication components 8. One lens array fiber optical connector 9. Two high-precision optical and plastic parts
	3C Retail and Peripheral Products: 1. Wireless charging deck 2. Fast Charger 3. Fast charging power bank 4. TWS Bluetooth wireless earbuds	3C Retail and Peripheral Products: 1. All-in-one wireless charging deck 2. Fast charging power bank 3. TWS Bluetooth wireless earbuds
	System and Peripheral Products: 1. High-end 80 PPM A3 size duplex desktop scanner 2. Intermediate 40 PPM A4 size U-shaped duplex desktop scanner 3. Intermediate 30 PPM A4 size duplex desktop scanner	System and Peripheral Products: 1. High-end 80 PPM A3 size duplex desktop scanner 2. Intermediate 40 PPM A4 size U-shaped duplex desktop scanner 3. Intermediate 30 PPM A4 size duplex desktop scanner
	Energy Service Management: 1. Green power sharing cloud service 2. Cloud platform	Energy Service Management: 1. Green power sharing cloud service 2. Cloud platform

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 1, 2023.

List of intellectual property acquisition and results in 2023:

1. Patents: The Group filed a total of 28 applications, including 14 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	64	127	6	55

(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	2023		2022	
	Amount	Percentage	Amount	Percentage
Taiwan	11,347,647	65.13%	4,400,353	36.46%
Hong Kong	1,779,215	10.21%	2,156,948	17.87%
China	1,291,362	7.41%	1,505,847	12.48%
United States	646,499	3.71%	1,550,918	12.85%
Others	2,358,279	13.54%	2,455,183	20.34%
Total	17,423,002	100.00%	12,069,249	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 2024 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	1.15 billion units	3%	The global smartphone market size was 1.12 billion units in 2023. Looking ahead to 2024, brands continue to cautiously observe market demand, resulting in a conservative estimate of global smartphone shipments at around 1.15 billion units, with a year-on-year growth of 3%. Future observations are needed to monitor demand recovery and market revival. Further observation of 5G mobile phones shows that the penetration rate will grow from 59% in 2023 to 68% in 2024. In terms of shipments, it is estimated that the global shipments of 5G mobile phones in 2023 will be 660 million units, with an annual growth rate of 4.5%. Looking forward to 2024, it is estimated that the global shipment of 5G mobile phones will reach 780 million units, with an annual growth rate of 18.7%.
NB	172 million units	3.2%	As the inventory pressure eases, the global NB market is expected to return to a healthy supply-demand cycle in 2024. The main growth momentum will come from (1) the gradual release of replacement demand in the terminal enterprise market (2) certain niche markets such as Chromebooks, and (3) the continuous expansion of e-sports NB. The updated estimate for global NB

Product name	Estimated shipment volume (production volume)	Annual growth rate	Explanation
			shipments in 2024 is expected to reach 172 million units, with an annual growth rate of 3.2%.

③Supply and Demand Status and Growth of Special Applications

a. In-car lens:

In 2023, global auto sales are expected to reach 85.5 million units, up by 7.3% year-on-year. In the same year, the global market demand for automotive cameras is expected to exceed 300 million units, with a year-on-year growth of nearly 40%. In addition, the global shipments of in-vehicle CMOS image sensors (CIS) will reach 350 million units in 2023, a year-on-year growth of 9%. It is expected that the global shipments of automotive CIS will exceed 400 million units by 2024.

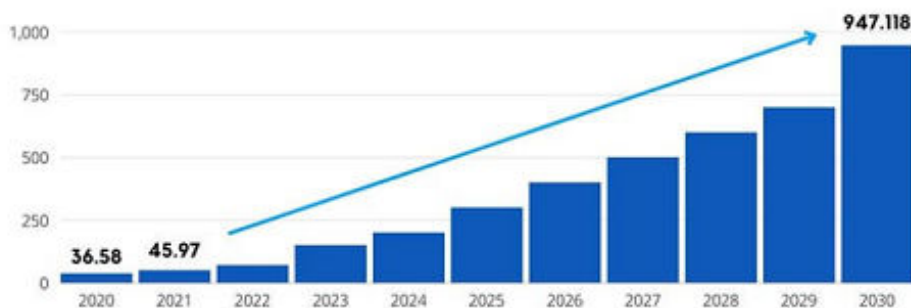
b. Security surveillance lens:

The global security lens market accounts for 53% of the overall video surveillance software and hardware revenue, and is expected to grow to about US\$204 billion by 2027. At the same time, the global security surveillance camera market continues to develop towards higher resolution. By 2022, 50% of the world's IP cameras will have a resolution higher than 4 million pixels. With the increasing demand for high-definition image quality and the popularity of multi-sensor cameras, it is expected that the proportion of high-resolution lens will exceed 70% by 2027.

c. 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.

GLOBAL METAVERSE MARKET SIZE ESTIMATE FROM 2020 TO 2030

in billion US dollars



#AJ
MARKETING



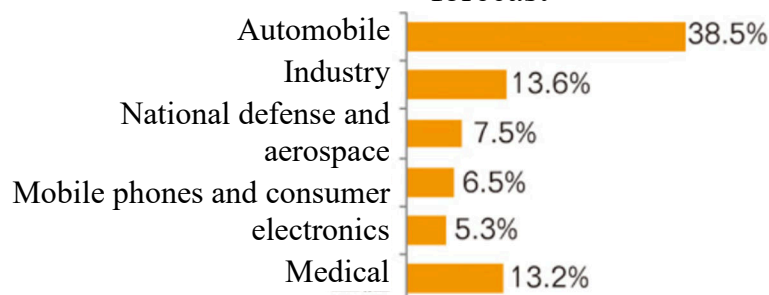
The development of the metaverse can be traced back to 2013 and has been influenced by four key emerging technologies - augmented reality (AR), virtual

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.

d. Due to the diversified development of 3D imaging and sensing applications, the global 3D imaging and sensing market is expected to reach USD 17.2 billion in 2028 from USD 8.2 billion in 2022, achieving an average annual growth rate of 13.2%. Research from Yole Intelligence indicates that in the coming years, the application of 3D imaging and sensing will increase in markets such as smart homes, drones, augmented reality (XR) headsets, robotic vacuum cleaners, smart locks, home appliances, and others. At the same time, driven by autonomous driving and new energy vehicles, applications such as LiDAR for advanced driver assistance systems (ADAS) and in-vehicle sensing will show significant growth. Yole Intelligence pointed out that the development of 3D imaging and sensing market is driven by the technologies of sensors, transmitters, optical components, and modules. The competition is gradually shifting to smaller pixels, which is expected to bring new market opportunities and increase the application penetration rate of these technologies. In addition, technological development and commercialization include in-pixel hybrid stacking, LiDAR light sources from near-infrared (NIR) to short-wave infrared (SWIR), and even frequency modulation continuous wave (FMCW), quantum dot sensors, and Metasurface, among others, are highly anticipated by the industry and are expected to reduce the cost and size of camera modules while introducing new functions.

2022 – 2028 Global 3D imaging and sensing application market scale compound annual growth rate (CAGR) forecast



Source: Yole Intelligence, Compiled by DIGITIMES, April 2023

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

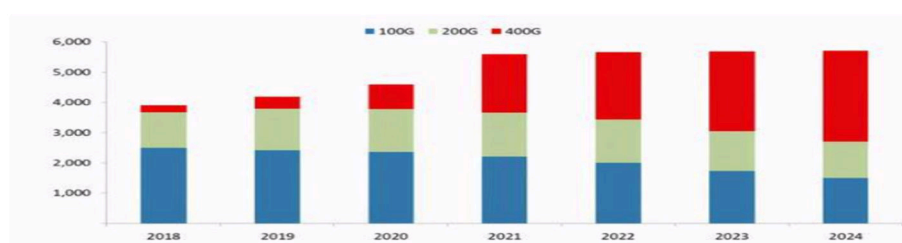
Since the market for the optical communications industry is still in the hands of major international manufacturers, after mergers and acquisitions, bankruptcies and the addition of new competitors in the past few years, the optical communications industry is still under constant restructuring. Large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

Optical modules are widely used in data centers, wireless backhaul, telecommunication transmission, and other application scenarios. The global optical module market has grown from US\$4.6 billion in 2015 to US\$9.7 billion in 2022, with a compound annual growth rate (CAGR) of 10.5%, indicating strong growth momentum. As the demand for large-scale data centers continues to increase, the data center architecture requires transmission carriers such as optical modules and fiber patch cords to realize the connection between servers, the connection between switches, and the connection between servers and switches to achieve data interoperability. With the rapid development of cloud computing, big data, artificial intelligence, and 5G industry applications, the frequency of network access and means of access continues to increase, and the rapid growth of network data traffic has put forward higher requirements for data center interconnection. At present, 100G optical modules have become the mainstream application solution for large data centers, followed by 200/400G optical modules. ICP's data center solutions have changed from 10/40G optical modules to 100G optical modules.

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

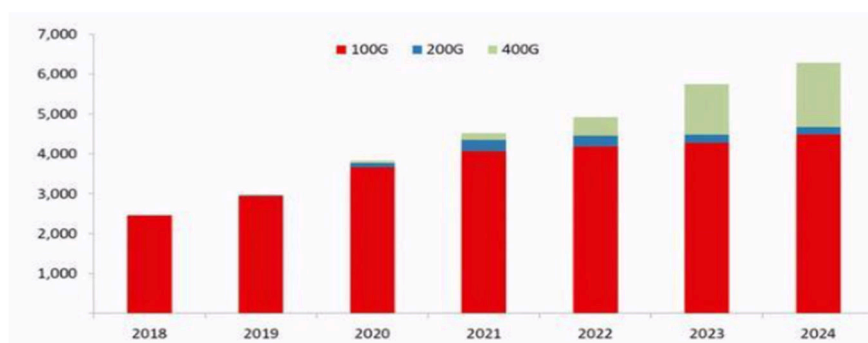
network. OVUM estimates that the market for high-speed optical modules for telecom networks will grow from US\$4 billion to US\$5.5 billion from 2018 to 2021. 400G optical modules will account for more than 50% of the market share by 2024. Global 5G construction will bring a substantial demand for optical 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:

3C peripherals are a product category with a rapid product life cycle and are also ancillary products of electronic products. The Company's products are now available for sale through the mainstream sales channels, so that users of electronic products across all levels can find the Company's products through appropriate channels. The sales of 3C peripherals include physical distribution channels and trading services, so it is not easy to estimate the 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.

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. Completed construction of 12.417685 GW by the end of 2023, 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 2023, the Company has completed the construction of two 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, Ricoh 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 and above.

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 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.

③ 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.

③ Low 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 2023, the estimated benefits of energy power plants (including power generation and construction) are: green energy power generation: 400 million kWh; carbon emission reduction: 198,000 metric tons.

(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.

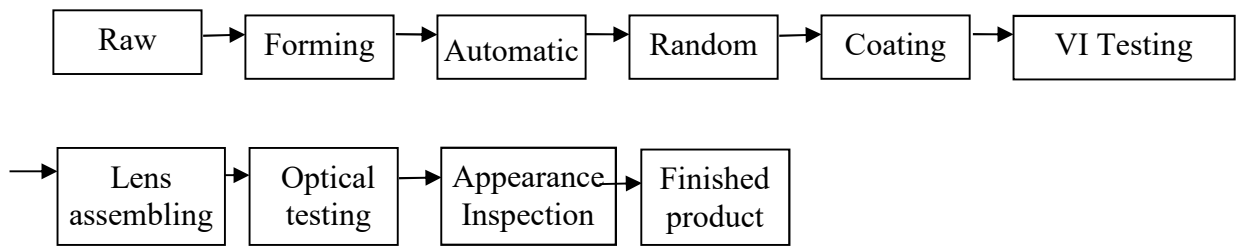
(II) Important Applications and Production Process of Main Products

1. Important Applications of Main Products

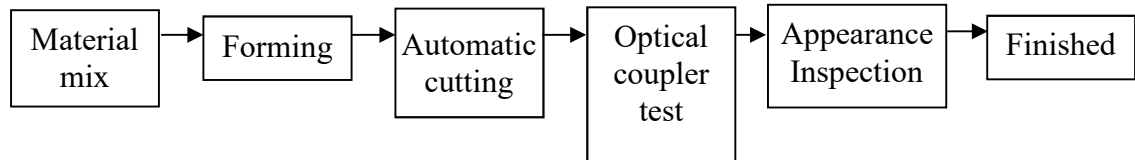
Main Products	Important Applications
Optical Components	Can be used for photography and videography, and on products such as smartphones, tablets, laptops, gaming consoles, wearable devices, VR/AR wearables, home environment monitors, security sensors, robot vacuums, and logistics robots.
Optical Communication Components	Provides standard optical fiber cables for use in optical transmission devices, data center storage devices, and local area network transmission applications. Supports optical transmission efficiency applications ranging from 25G, 50G, 100G, 400G, to 800G to work with communication fiber transmission applications lens and other products.
Apple products	Consumer communication products and entertainment or data processing equipment used by individuals or businesses.
Mobile peripheral products	Caters to various consumer entertainment products, communication products, data processing devices, and outdoor or indoor use.
Memory Products	Used in personal computers, printers and other information products and as data access or transmission equipment.
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

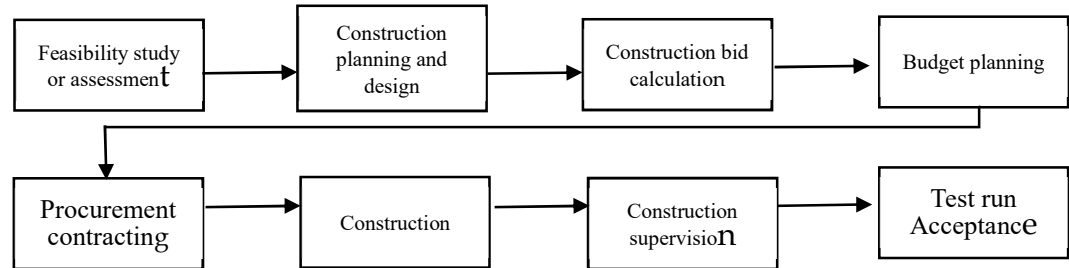
A. Optical Components



B. Optical Communication Components



C.(1) Construction



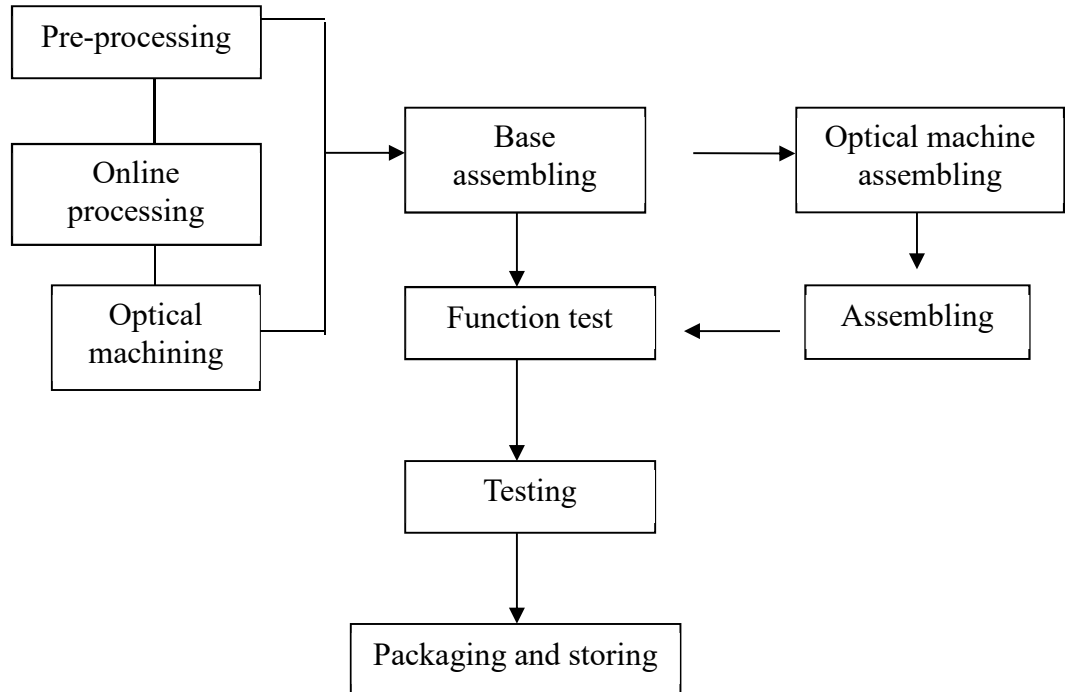
(2) Technical services

Evaluate and plan the use of energy-saving lamps, inverter technology, network monitoring, and contracted power consumption to provide technical services for energy-saving and emissions-reduction for large shopping malls and department stores. Conduct regular maintenance and repairs for various power plants, substations, and telecommunications equipment rooms, provide rigorous testing of all electromechanical equipment, and help power plants, substations, and telecommunications equipment rooms maintain optimal safety and performance.

(3) Sale of electricity

The installation of solar and wind power systems is primarily developed by personnel from the Power Plant Division or recommended by system integrators for suitable installation sites. After undergoing financial department calculations and assessments for approval, system integrators are commissioned to carry out construction and installation. Upon completion of construction, applications are submitted to the relevant authorities for meter installation, after which the system can commence operation. The Company's power plants are equipped with a monitoring system that can monitor the power generation status of the power plant at any time. In case of abnormal power generation, the power plant will send personnel to investigate, and depending on the power generation status of each power plant, module cleaning and maintenance are carried out to ensure good power generation performance.

D. 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	2022				2023			
	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	1,900,382	23%	None	Company I	4,188,958	31%	None
2	Company H	1,418,142	17%	None	Company J	2,068,358	15%	None
					Company E	1,618,985	12%	None
	Others	5,113,624	60%		Others	5,550,919	42%	
	Purchase Net amount	8,432,148	100%		Purchase Net amount	13,427,220	100%	

Reason for changes: Companies I and J are energy service construction contractors. In addition to raw material

procurement, the construction costs also involve subcontracting specific projects to partner companies. The selection of suppliers varies depending on the nature of each project, client requirements, construction location, contractor construction quality, and cooperation. Therefore, changes in suppliers are considered reasonable.

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

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer
1	Customer H	2,099,298	17%	None	Customer H	9,908,573	57%	None
2	Customer G	1,593,294	13%	None				
3	Customer C	1,429,689	12%	None				
	Others	6,946,968	58%	-	Others	7,514,429	43%	-
	Sales Net amount	12,069,249	100%		Sales Net amount	17,423,002	100%	

Reason for the increase or decrease: Customers G and H are energy service customers. The energy service business is mainly based on the provision of mechanical and electrical system integration engineering services and technical services. The relationship between engineering services and project owners is handled on a project basis, with no fixed clients compared to general manufacturing industries. And the construction periods are specified in the contracts for the projects undertaken by the Company. Unless there are special factors, the construction will proceed according to the progress of the projects. Therefore, when projects with higher total contract prices enter a peak period of construction, the engineering service revenue during that period may be more concentrated on certain clients. Furthermore, it is reasonable for the sales targets to change after the completion of a project.

(V) Production Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Production Value Volume Major Product	Year	2022			2023		
		Production Capacity	Production Volume	Output Value	Production Capacity	Production Volume	Output Value
Optical and optical communication components		180,000	25,921	96,911	180,000	12,562	59,179
System and peripheral products		3,400	3,322	4,015,949	3,400	1,595	3,306,882
Energy service management		22,866	87,451	3,753,199	29,185	157,473	10,082,064
Others		100	99	43,367	165	162	49,285
Total		206,366	116,794	7,909,426	212,750	171,792	13,497,410

(VI) Sales Volume Value of the Last Two Years

Unit: 1000 units/NT\$ thousand

Value Volume of Sales Major Product	Year		2022				2023			
			Domestic sales		Export		Domestic sales		Export	
			Volume	Value	Volume	Value	Volume	Value	Volume	Value
Optical and optical communication components			3,931	50,518	27,319	204,635	1,749	22,859	12,138	120,010
System and peripheral products			-	-	3,746	5,306,253	-	-	1,737	4,400,216
Energy service management			88,007	4,276,302	-	17,265	159,149	11,222,876	-	24,612
Others			265	67,810	251	2,146,466	246	84,806	256	1,547,624
Total			92,203	4,394,630	31,316	7,674,619	161,144	11,330,541	14,131	6,092,462

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		2022	2023	The current year as of March 31, 2024
Number of employees	Clerical staff	1,130	1,122	1,137
	Operators	1,716	1,449	1,747
	Total	2,846	2,571	2,884
Average age		33.21	29.38	23.79
Average years of service		3.81	4.29	3.00
Distribution of education level	PhD	0.21%	0.23%	0.21%
	Master	5.13%	5.95%	5.41%
	College	23.96%	26.02%	23.75%
	High school	14.05%	16.30%	14.53%
	Under high school	56.65%	51.50%	56.10%

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 established the "Information Security Division" as instructed by the Chair as the highest unit for information security risk control. The Group's Chief Legal Officer and CIO jointly convene the regular Trade Secrets Review Committee meetings to implement and formulate the Group's information security control measures. They shall also review the relevant information security procedures to effectively promote the Group's information security management policy and ensure the effective operation of the Group's information security management. The implementation status of the current year is reported to the Board of Directors on an annual and regular basis.

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
- (4) In 2023, the management measures for generative AI will be formulated to enable employees to legally and compliantly use generative AI, improve work efficiency, and enable enterprises to improve productivity and maintain competitiveness.
- (5) Introduce Network Access Control (NAC) in 2023 to prevent unauthorized network

devices from accessing the network.

(6) Continue to join the information security and defense organization TWCERT.

(7) Pass the information security audit for key customers in 2023.

(II) Please specify the losses and potential impacts caused by material information security incidents and countermeasures in the last year and up to the publication date of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be specified: None.

VII. Important Contracts

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
Sales contract	Company CA	November 20, 2019, Automatic renewal for a period of one year	Sales contract	The Company shall be responsible for confidentiality.
Sales contract	Company IA	January 1, 2024~December 31, 2033	Electricity sales contract	The Company shall be responsible for confidentiality.
Sales contract	Company BH	Starting from January 13, 2024	Sales contract	The Company shall be responsible for confidentiality.
Sales contract	Company IC	March 8, 2023~March 7, 2031	Liquefied natural gas sales contract	The Company shall be responsible for confidentiality.
Development contract	Company BC	Starting from November 22, 2010	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Development contract	Company BF	Starting from May 18, 2017	Development contract	The Company shall bear the responsibility of confidentiality of technical information.
Development contract	Jiuwei Power	From June 14, 2022, to contract	Development commissioning contract	Confidentiality clauses, breach clauses
Purchase contract	Company IL	From December 29, 2021 to expiration of the warranty period	Offshore wind turbine procurement	Non-transferability, confidentiality clauses, breach clauses
Purchase contract	Company IG	August 11, 2023~October 31, 2025	Wind turbine procurement contract	None
License contract	Company BA	February 6, 2023~March 31, 2024	License contract	1. Confidentiality clauses 2. Intellectual property right guarantee clause
License contract	Company BE	Starting from March 15, 2019	License contract	1. Confidentiality clauses 2. Intellectual property right guarantee clause
Service contract	Company IH	August 19, 2020~December 31, 2025	Engineering consulting service contract	Non-transferability, confidentiality clauses, breach clauses

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
Investment contract	Company ZA	Starting from September 29, 2023	Power plant investment	None
Investment contract	Company ZB	October 13, 2023~December 15, 2023	Investment contract	None
OEM contract	Company BA	December 1, 2023~November 30, 2024	OEM production	OEM of the Company
OEM contract	Company BB	December 10, 2013 until termination upon written notice from either party	OEM production	OEM of the Company
OEM contract	Company BC	Starting from November 1, 2013	OEM production	OEM of the Company
OEM contract	Company BD	Starting from January 20, 2017	OEM production	OEM of the Company
Construction contract & procurement	Company IJ	From June 3, 2021 to expiration of the warranty period	Engineering and equipment procurement of the offshore wind power generation phase 2 project	Non-transferability, confidentiality clauses, breach clauses
Construction contract	Taiwan Power Company	June 15, 2020 - December 31, 2030	Offshore wind power generation phase 2 project	Non-transferability, confidentiality clauses, breach clauses
Construction contract	Hsingwei Co., Ltd	From December 17, 2020 to expiration of the warranty period	Solar photovoltaic power generation system turnkey project	Non-transferability, confidentiality clauses, breach clauses
Construction contract	Company IK	From December 30, 2020 to expiration of the warranty period	Solar photovoltaic power generation system installation project	Non-transferability, confidentiality clauses, breach clauses
Construction contract	Company IM	From August 18, 2021 to expiration of the warranty period	Offshore wind power generation phase 2 project engineering contract	Non-transferability, confidentiality clauses, breach clauses
Construction contract	Shinfox Far East Company Pte Ltd	Starting from January 13, 2023	Construction contract	None
Construction contract	Company IF	March 15, 2023~March 1, 2025	Offshore wind power construction contract	None

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
Construction contract	Changpin wind power Ltd	Starting from March 23, 2023	Wind turbine and booster station construction contract	None
Construction contract	Company IE	June 30, 2023~December 31, 2025	Construction contract	None
Construction contract	Company ID	August 21, 2023~December 31, 2025	Wind turbine installation contract	None
Construction contract	Company IB	December 15, 2023~July 31, 2024	Offshore wind power construction contract	None
Credit contract	Taipei Fubon Bank	May 31, 2023~May 31, 2024	The credit amount is US\$18.25 million.	None
Credit contract	Taiwan Cooperative Bank	September 27, 2023~September 27, 2025	The credit amount is NT\$500 million.	None
Credit contract	6 banks including Bank of Taiwan	September 12, 2023~September 15, 2023	In 2023, the first domestic secured convertible bond amounted to NT\$3 billion.	1. The current ratio shall not be less than 100% (inclusive). 2. The debt ratio shall not be higher than 300% (inclusive). 3. Tangible net worth shall not be less than NT\$9.5 billion (inclusive).
Credit contract	Bank SinoPac	April 10, 2023~April 17, 2023	The credit amount is NT\$2.9 billion.	Provided collateral (pledge of Changpin's shares)
Credit contract	King's Town Bank	October 3, 2023~April 3, 2024	The credit amount is NT\$1.5 billion.	None
Credit contract	KGI Bank	December 21, 2023~June 23, 2024	The credit amount is NT\$1.5 billion.	None
Credit contract	Mega International Commercial Bank	August 4, 2023~August 4, 2024	The credit amount is NT\$800 million.	None
Credit contract	Export-Import Bank	August 1, 2023~August 1, 2024	The credit amount is NT\$800 million.	None
Credit contract	CTBC Bank	December 7, 2020~March 31, 2026	The credit amount is NT\$5.4 billion.	None
Credit contract	O-Bank	October 3, 2022~October 3, 2025	The credit amount is NT\$1.75 billion.	Financial ratio limit, reserve account limit

Nature of contract	Parties concerned	Contract start and end date	Main content	Restricted clauses
Credit contract	China Bills Finance Corporation	June 13, 2023~June 13, 2024	The credit amount is NT\$600 million.	None

VI. Financial Overview

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

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

Unit: NT\$ thousand

Year Item		Financial Information for the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		6,740,195	13,443,029	15,569,224	20,092,218	29,137,952
Property, plant and equipment		5,279,784	3,411,488	3,469,151	3,651,644	7,457,444
Intangible assets		1,027,695	985,094	966,092	1,258,124	1,254,685
Other assets		5,160,244	4,967,398	4,539,369	7,387,016	6,438,313
Total assets		18,207,918	22,807,009	24,543,836	32,389,002	44,288,394
Current liabilities	Before distribution	5,813,251	10,542,565	9,293,411	12,407,153	17,784,604
	After distribution	6,428,856	10,788,807	9,662,774	12,899,637	18,277,088
Non-current		5,530,512	4,087,189	3,259,907	5,276,432	9,790,651
liabilities	Before distribution	11,343,763	14,629,754	12,553,318	17,683,585	27,575,255
	After distribution	11,959,368	14,875,996	12,922,681	18,176,069	28,067,739
Equity attributable to shareholders of the parent company		6,704,305	7,058,599	7,577,144	7,876,686	8,519,419
Share capital		2,462,421	2,462,421	2,462,421	2,462,421	2,462,421
Additional paid-in capital		4,237,390	4,198,013	4,890,319	4,841,997	5,004,042
Retained Earnings	Before distribution	(273,604)	98,209	445,172	862,941	643,623
	After distribution	(273,604)	24,336	322,051	493,578	274,260
Other equity		278,098	299,956	(220,768)	(290,673)	409,333
Non-controlling interests		159,850	1,118,656	4,413,374	6,828,731	8,193,720
Total equity	Before distribution	6,864,155	8,177,255	11,990,518	14,705,417	16,713,139
	After distribution	6,248,550	7,931,013	11,621,155	14,212,933	16,220,655

Note: 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				
	2019	2020	2021	2022	2023
Operating income	8,840,159	7,053,361	11,241,928	12,069,249	17,423,002
Operating margin	613,528	884,626	1,823,002	1,809,533	2,277,018
Operating profit and loss	(533,296)	(220,654)	627,841	553,973	1,016,909
Non-operating income and expenditure	305,166	512,107	221,759	292,548	85,102
Net profit before tax	(228,130)	291,453	849,600	846,521	1,102,011
Current net profit of continuing business units	(197,033)	179,775	626,231	660,391	893,879
Net profit for the period					
Interests in discontinued units	0	0	0	0	0
Net profit (loss) for the period	(197,033)	179,775	626,231	660,391	893,879
Other comprehensive income of the current period (net after tax)	413,575	25,590	(528,446)	(58,491)	209,144
Total comprehensive income for the current period	216,542	205,365	97,785	601,900	1,103,023
Net profit attributable to shareholders of the parent company	(189,059)	83,599	434,012	529,589	567,916
Net profit attributable to the equity of previous holders under joint control	(17,953)	0	0	0	0
Net profit attributable to non-controlling interests	9,979	96,176	192,219	130,802	325,963
Total comprehensive income attributable to owners of the parent company	234,752	111,706	(99,017)	470,985	850,051
Total comprehensive income attributable to the equity of previous holders under joint control	(18,250)	0	0	0	0
Total comprehensive income attributable to non-controlling interests	40	93,659	196,802	130,915	252,972
Earnings per share	(0.77)	0.34	1.76	2.15	2.31

Note: 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				
		2019	2020	2021	2022	2023
Current assets		665	352,603	258,992	730,804	43,164
Property, plant and equipment		0	0	0	0	0
Intangible assets		0	0	0	0	1,405
Other assets		7,623,551	7,876,626	8,854,427	9,763,093	10,444,978
Total assets		7,624,216	8,229,229	9,113,419	10,493,897	10,489,547
Current liabilities	Before distribution	619,911	770,630	1,006,275	1,387,211	870,128
	After distribution	619,911	1,016,872	1,375,638	1,879,695	1,362,612
Non-current		300,000	400,000	530,000	1,230,000	1,100,000
Total liabilities	Before distribution	919,911	1,170,630	1,536,275	2,617,211	1,970,128
	After distribution	1,535,516	1,416,872	1,905,638	3,109,695	2,462,612
Equity attributable to shareholders of the parent company		6,704,305	7,058,599	7,577,144	7,876,686	8,519,419
Share capital		2,462,421	2,462,421	2,462,421	2,462,421	2,462,421
Additional paid-in capital		4,237,390	4,198,013	4,890,319	4,841,997	5,004,042
Retained earnings	Before distribution	(273,604)	98,209	445,172	862,941	643,623
	After distribution	(273,604)	24,336	322,051	493,578	274,260
Other equity		278,098	299,956	(220,768)	(290,673)	409,333
Total equity	Before distribution	6,704,305	7,058,599	7,577,144	7,876,686	8,519,419
	After distribution	6,088,700	6,812,357	7,207,781	7,384,202	8,026,935

Note: 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				
	2019	2020	2021	2022	2023
Operating income	0	102,367	512,752	551,836	582,566
Operating margin	(281,228)	102,367	512,752	551,836	582,566
Operating profit and loss	(294,358)	77,450	470,061	526,167	555,608
Non-operating income and expenditure	87,346	6,149	(8,021)	(13,905)	(36,156)
Net profit before tax	(207,012)	83,599	462,040	512,262	519,452
Current net profit of continuing business units	(207,012)	83,599	434,012	529,589	567,916
Net profit for the period					
Interests (loss) of discontinued units	0	0	0	0	0
Net profit (loss) for the period	(207,012)	83,599	434,012	529,589	567,916
Other comprehensive income of the current period (net after tax)	423,514	28,107	(533,029)	(58,604)	282,135
Total comprehensive income	216,502	111,706	(99,017)	470,985	850,051
Net profit attributable to shareholders of the parent company	(189,059)	83,599	434,012	529,589	567,916
Net profit attributable to the equity of previous holders under joint control	(17,953)	0	0	0	0
Total comprehensive income attributable to owners of the parent company	234,752	111,706	(99,017)	470,985	850,051
Total comprehensive income attributable to the equity of previous holders under joint control	(18,250)	0	0	0	0
Earnings per share	(0.77)	0.34	1.76	2.15	2.31

Note : 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
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
2023	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		Financial Analysis for the Last Five Years				
Analysis item		2019	2020	2021	2022	2023
Capital Structure (%)	Debts ratio (%)	62.30	64.15	51.15	54.60	62.26
	Long-term fund to property, plant and equipment ratio (%)	234.76	359.50	439.60	547.20	355.40
Liquidity Analysis	Current ratio	115.95	127.51	167.53	161.94	163.84
	Quick ratio	85.45	115.48	124.74	110.49	121.95
	Times interest earned	(2.02)	3.71	8.04	7.24	6.52
Operating Performance Analysis	Average collection turnover (times)	5.95	4.95	3.82	2.86	2.37
	Days sales outstanding	61.34	73.74	95.55	127.62	154.01
	Average inventory turnover (times)	12.57	5.47	7.83	7.19	10.69
	Average payment turnover (times)	5.92	5.02	5.03	4.94	7.50
	Average inventory turnover days	29.04	66.73	46.62	50.76	34.14
	Property, plant and equipment turnover (times)	2.01	1.62	3.27	3.39	3.14
	Total assets turnover (times)	0.52	0.34	0.47	0.42	0.45
Profitability Analysis	Return on assets (%)	(0.80)	1.30	3.05	2.70	2.75
	Return on equity (%)	(2.79)	2.39	6.21	4.95	5.69
	Pre-tax income to paid-in capital ratio (%)	(9.26)	11.84	34.50	34.38	44.75
	Net Margin (%)	(2.23)	2.55	5.57	5.47	5.13
	Earnings per share (NT\$)	(0.77)	0.34	1.76	2.15	2.31
Cash flow (%)	Cash flow ratio (%)	5.27	11.97	(34.22)	(18.95)	(29.02)
	Cash flow adequacy ratio (%)	33.65	53.73	(12.11)	(51.74)	(117.82)

	Cash flow reinvestment ratio (%)	(1.93)	7.82	(17.78)	(11.28)	(18.31)
Leverage	Operating leverage	(1.45)	(4.29)	2.96	3.37	2.38
	Financial leverage	0.88	0.67	1.24	1.32	1.24

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

1. The ratio of long-term capital to property, plants, and equipment decreased by 35%, mainly due to the substantial increase in property, plants, and equipment in 2023.
2. Inventory turnover increased by 49%, average inventory turnover days decreased by 33%, and payables turnover increased by 52%, mainly due to the increase in cost of sales in 2023.
3. The ratios of operating income and net income before tax to paid-in capital increased by 84% and 30%, respectively, mainly due to the increase in operating profit and net profit before tax in 2023.
4. The cash flow ratio decreased by 53%, the cash flow adequacy ratio decreased by 128%, and the cash reinvestment ratio decreased by 62%, mainly due to the increase in cash outflow from operating activities and current liabilities in 2023.
5. The operating leverage decreased by 30%, mainly due to the increase in operating profit in 2023 compared to the previous year.

Note: 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		2019	2020	2021	2022	2022
Analysis item						
Financial structure (%)	Debts ratio (%)	12.07	14.23	16.86	24.94	18.78
	Long-term fund to property, plant and equipment ratio (%)	-	-	-	-	-
Liquidity Analysis (%)	Current ratio	0.11	45.76	25.74	52.68	4.96
	Quick ratio	0.11	45.74	25.73	52.68	4.96
	Times interest earned	(39.6)	9.84	32.73	17.06	13.85
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	0.06
Profitability Analysis	Return on assets (%)	(2.76)	1.15	5.14	5.66	5.72
	Return on equity (%)	(3.00)	1.21	5.93	6.85	6.93
	Pre-tax income to paid-in capital ratio (%)	(8.41)	3.39	18.76	20.80	21.10
	Net Margin (%)	-	81.67	84.64	95.97	97.49

	Earnings per share (NT\$)	(0.77)	0.34	1.76	2.15	2.31
Cash flow (%)	Cash flow ratio (%)	74.41	41.40	38.50	23.56	53.93
	Cash flow adequacy ratio (%)	33.53	49.21	38.06	37.01	43.35
	Cash flow reinvestment ratio (%)	(2.20)	4.28	1.74	(0.47)	(0.24)
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	0.98	1.14	1.03	1.06	1.08

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

1. Debt to assets ratio decreased by 25%, mainly due to the significant decrease in total liabilities in 2023.
2. The current ratio and the quick ratio decreased by 91%, mainly due to the substantial decrease in current assets in 2023.
3. The cash flow ratio increased by 129% and the cash reinvestment ratio increased by 48%, mainly due to the increase in net cash flow from operating activities and the decrease in current liabilities in 2023.

Note : 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 2023. 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 7, 2024

FIT HOLDING CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, 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 7, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23004859

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 Group's 2023 financial statements. 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 2023 consolidated financial statements are stated as follows:

Recognition of construction revenue - assessment on the stage of completion

Description

Please refer to Note 4(31) for accounting policy on construction contracts; Note 5(2) for the uncertainty of critical judgement, accounting estimates and assumptions applied to construction contracts and Note 6(24) for details of contract assets, contract liabilities and construction revenue, which amounted to NT\$ 8,675,960 thousand, NT\$43,541 thousand and NT\$10,285,643 thousand, respectively, as of December 31, 2023.

The Group's construction revenue and costs mainly arise from undertaking construction works. If the outcome of a construction contract can be estimated reliably, profit or loss 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 over time.

As the 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, and the complexity of aforementioned total cost usually involves subjective judgement and contains a high degree of uncertainty, which might affect the construction revenue recognition, we consider the assessment on the stage of completion which was applied on construction revenue recognition as one of the key audit matters.

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 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(13) for details of intangible assets.

The amount of goodwill was generated from the acquisition of subsidiaries, Power Quotient International Co., Ltd. and Foxlink Image Technology Co., Ltd.. As of December 31, 2023, the balance of goodwill amounted to NT\$ 320,570 thousand and NT\$ 611,760 thousand, respectively. 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 one of the key audit matters.

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(9) for details of property, plant and equipment.

As the 3C components' life cycles are relatively short and the market is highly competitive, there is a high risk of property, 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 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 one of the key audit matters.

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\$33,401 thousand and NT\$203,442 thousand, constituting 0.08% and 0.63% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the share of loss of associates and joint ventures accounted for under the equity method amounted to

NT\$48 thousand and NT\$(9,441) thousand, constituting 0% and (1.57%) 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 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, 2023 and 2022.

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 7, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 6,953,129	16	\$ 5,732,695	18
1110	Financial assets at fair value through profit or loss - current	6(2)	5,167	-	-	-
1136	Current financial assets at amortised cost	6(4) and 8	2,854,354	6	2,906,275	9
1140	Current contract assets	6(24)	8,675,960	20	2,716,125	8
1150	Notes receivable, net	6(5)	25,654	-	34,952	-
1170	Accounts receivable, net	6(5)	1,978,008	5	1,175,308	4
1180	Accounts receivable - related parties	7	33,703	-	40,899	-
1200	Other receivables	7	99,617	-	42,464	-
1220	Current tax assets		46,172	-	41,363	-
130X	Inventories	6(6)	1,348,972	3	1,305,042	4
1410	Prepayments	6(7)	6,100,798	14	5,078,416	16
1470	Other current assets	8	1,016,418	2	1,018,679	3
11XX	Current Assets		29,137,952	66	20,092,218	62
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	3,152,254	7	1,904,369	6
1535	Non-current financial assets at amortised cost	6(4) and 8	407,261	1	393,288	1
1550	Investments accounted for using equity method	6(8)	1,025,851	2	2,033,895	6
1600	Property, plant and equipment	6(9) and 8	7,457,444	17	3,651,644	11
1755	Right-of-use assets	6(10) and 7	634,067	1	520,496	2
1760	Investment property, net	6(12) and 8	383,190	1	392,454	1
1780	Intangible assets	6(13)	1,254,685	3	1,258,124	4
1840	Deferred income tax assets	6(31)	284,424	1	206,839	1
1915	Prepayments for business facilities		158,344	-	1,560,221	5
1990	Other non-current assets, others	6(14) and 8	392,922	1	375,454	1
15XX	Non-current assets		15,150,442	34	12,296,784	38
1XXX	Total assets		\$ 44,288,394	100	\$ 32,389,002	100

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(15)	\$ 9,180,124	21	\$ 7,035,719	22
2110	Short-term notes and bills payable	6(16)	4,005,614	9	1,789,159	6
2130	Current contract liabilities	6(24)	196,582	1	390,739	1
2150	Notes payable		32,677	-	656	-
2170	Accounts payable		2,581,229	6	1,414,445	4
2180	Accounts payable to related parties	7	9,910	-	2,573	-
2200	Other payables	6(17)	1,076,237	2	799,765	3
2220	Other payables to related parties	7	16,700	-	32,160	-
2230	Current income tax liabilities		194,596	-	66,500	-
2280	Current lease liabilities	7	94,184	-	57,848	-
2320	Long-term liabilities, current portion	6(19)	233,246	1	689,541	2
2399	Other current liabilities, others		163,505	-	128,048	1
21XX	Current Liabilities		17,784,604	40	12,407,153	39
Non-current liabilities						
2530	Bonds payable	6(18)	2,851,779	6	-	-
2540	Long-term borrowings	6(19)	6,265,211	14	4,708,173	14
2570	Deferred income tax liabilities	6(31)	289,288	1	282,365	1
2580	Non-current lease liabilities	7	321,670	1	234,480	1
2600	Other non-current liabilities		62,703	-	51,414	-
25XX	Non-current liabilities		9,790,651	22	5,276,432	16
2XXX	Total Liabilities		27,575,255	62	17,683,585	55
Equity						
	Share capital	6(21)				
3110	Share capital - common stock		2,462,421	6	2,462,421	7
	Capital surplus	6(22)				
3200	Capital surplus		5,004,042	11	4,841,997	15
	Retained earnings	6(23)				
3310	Legal reserve		105,157	-	51,068	-
3320	Special reserve		299,035	1	229,129	1
3350	Unappropriated retained earnings		239,431	1	582,744	2
	Other equity interest					
3400	Other equity interest		409,333	-	(290,673)	(1)
31XX	Equity attributable to owners of the parent		8,519,419	19	7,876,686	24
36XX	Non-controlling interest		8,193,720	19	6,828,731	21
3XXX	Total equity		16,713,139	38	14,705,417	45
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 44,288,394	100	\$ 32,389,002	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(24) and 7		\$ 17,423,002	100	\$ 12,069,249	100
5000 Operating costs	6(6)(30) and 7		(15,145,984)	(87)	(10,259,716)	(85)
5900 Gross profit			<u>2,277,018</u>	<u>13</u>	<u>1,809,533</u>	<u>15</u>
Operating expenses	6(30)					
6100 Selling expenses			(179,902)	(1)	(191,356)	(1)
6200 General and administrative expenses			(888,927)	(5)	(692,903)	(6)
6300 Research and development expenses			(309,923)	(2)	(369,415)	(3)
6450 Expected credit loss	12(2)		<u>532</u>	<u>-</u>	<u>1,886</u>	<u>-</u>
6000 Total operating expenses			(1,378,220)	(8)	(1,255,560)	(10)
6500 Net other income (expenses)	6(25)		<u>118,111</u>	<u>1</u>	<u>-</u>	<u>-</u>
6900 Operating profit			<u>1,016,909</u>	<u>6</u>	<u>553,973</u>	<u>5</u>
Non-operating income and expenses						
7100 Interest income	6(4)(26)		109,922	1	68,260	1
7010 Other income	6(12)(27) and 7		233,263	1	152,742	1
7020 Other gains and losses	6(2)(28)		(73,812)	(1)	156,976	1
7050 Finance costs	6(10)(29) and 7		(199,742)	(1)	(135,701)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	6(8)		<u>15,471</u>	<u>-</u>	<u>50,271</u>	<u>-</u>
7000 Total non-operating income and expenses			<u>85,102</u>	<u>-</u>	<u>292,548</u>	<u>2</u>
7900 Profit before income tax			<u>1,102,011</u>	<u>6</u>	<u>846,521</u>	<u>7</u>
7950 Income tax expense	6(31)		(208,132)	(1)	(186,130)	(2)
8200 Profit for the year			<u>\$ 893,879</u>	<u>5</u>	<u>\$ 660,391</u>	<u>5</u>
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(20)		\$ 515	-	\$ 14,127	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)		330,370	2	(195,251)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)		(103)	-	(2,826)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss			<u>330,782</u>	<u>2</u>	<u>(183,950)</u>	<u>(1)</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			(125,227)	(1)	156,765	1
8399 Income tax relating to the components of other comprehensive income	6(31)		<u>3,589</u>	<u>-</u>	<u>(31,306)</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss			(121,638)	(1)	125,459	1
8300 Other comprehensive income(loss) for the year			<u>\$ 209,144</u>	<u>1</u>	<u>(\$ 58,491)</u>	<u>-</u>
8500 Total comprehensive income for the year			<u>\$ 1,103,023</u>	<u>6</u>	<u>\$ 601,900</u>	<u>5</u>
Profit attributable to:						
8610 Owners of the parent			\$ 567,916	3	\$ 529,589	4
8620 Non-controlling interest			<u>325,963</u>	<u>2</u>	<u>130,802</u>	<u>1</u>
Total			<u>\$ 893,879</u>	<u>5</u>	<u>\$ 660,391</u>	<u>5</u>
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 850,051	5	\$ 470,985	4
8720 Non-controlling interest			<u>252,972</u>	<u>1</u>	<u>130,915</u>	<u>1</u>
Total			<u>\$ 1,103,023</u>	<u>6</u>	<u>\$ 601,900</u>	<u>5</u>
Earnings per share	6(32)					
9750 Basic earnings per share (in dollars)			<u>\$ 2.31</u>		<u>\$ 2.15</u>	
9850 Diluted earnings per share (in dollars)			<u>\$ 2.30</u>		<u>\$ 2.14</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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent						Total	Non-controlling interest	Total equity
		Share capital - common stock	Total capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	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		
<u>Year 2022</u>										
Balance at January 1, 2022		\$ 2,462,421	\$ 4,890,319	\$ 8,985	\$ 8,361	\$ 427,826	(\$ 303,305)	\$ 82,537	\$ 7,577,144	\$ 4,413,374
Profit		-	-	-	-	529,589	-	-	529,589	130,802
Other comprehensive income (loss)		-	-	-	-	11,301	125,346	(195,251)	(58,604)	113
Total comprehensive income (loss)		-	-	-	-	540,890	125,346	(195,251)	470,985	130,915
Cash dividends from capital surplus	6(22)	-	(246,242)	-	-	-	-	-	(246,242)	-
Appropriation and distribution of retained earnings	6(23)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated		-	-	42,083	-	(42,083)	-	-	-	-
Special reserve appropriated		-	-	-	220,768	(220,768)	-	-	-	-
Cash dividends to shareholders		-	-	-	-	(123,121)	-	-	(123,121)	(123,121)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	2,127	-	-	-	-	-	2,127	-
Changes in non-controlling interest		-	194,140	-	-	-	-	-	194,140	2,281,988
Compensation costs		-	1,653	-	-	-	-	-	1,653	2,454
Balance at December 31, 2022		\$ 2,462,421	\$ 4,841,997	\$ 51,068	\$ 229,129	\$ 582,744	(\$ 177,959)	(\$ 112,714)	\$ 7,876,686	\$ 6,828,731
<u>Year 2023</u>										
Balance at January 1, 2023		\$ 2,462,421	\$ 4,841,997	\$ 51,068	\$ 229,129	\$ 582,744	(\$ 177,959)	(\$ 112,714)	\$ 7,876,686	\$ 6,828,731
Profit		-	-	-	-	567,916	-	-	567,916	325,963
Other comprehensive income (loss)		-	-	-	-	412	(48,647)	330,370	282,135	(72,991)
Total comprehensive income (loss)		-	-	-	-	568,328	(48,647)	330,370	850,051	252,972
Cash dividends from capital surplus	6(22)	-	(123,121)	-	-	-	-	-	(123,121)	-
Appropriation and distribution of retained earnings	6(23)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated		-	-	54,089	-	(54,089)	-	-	-	-
Special reserve appropriated		-	-	-	69,906	(69,906)	-	-	-	-
Cash dividends to shareholders		-	-	-	-	(369,363)	-	-	(369,363)	(369,363)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method	6(8)	-	119,631	-	-	-	-	-	119,631	-
Changes in ownership interests in subsidiaries	6(33)	-	148,215	-	-	-	-	-	148,215	1,073,478
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(33)	-	17,320	-	-	-	-	-	17,320	60,838
Changes in non-controlling interest		-	-	-	-	-	-	-	-	(22,299)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	(418,283)	-	418,283	-	-
Balance at December 31, 2023		\$ 2,462,421	\$ 5,004,042	\$ 105,157	\$ 299,035	\$ 239,431	(\$ 226,606)	\$ 635,939	\$ 8,519,419	\$ 8,193,720

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,102,011	\$ 846,521
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(9)(10)(12)(28)(30)	400,169	393,728
Amortizations	6(13)(30)	77,336	16,826
(Gain on reversal of) expected credit loss	12(2)	(532)	1,886
Gains on disposals of property, plant and equipment	6(9)(28)	(2,650)	(2,293)
Financial assets at fair value through profit or loss	6(28)	(110)	-
Share of profit of associates and joint ventures accounted for using the equity method		(15,471)	(50,271)
Interest expense	6(29)	199,742	135,701
Interest income	6(26)	(109,922)	(68,260)
Dividend income	6(27)	(90,410)	(44,690)
Gains on disposals of investments	6(25)(28)	(173,194)	(12,866)
Compensation cost of employee share options		-	4,107
Deferred government grants revenue recognised	6(28)	(5,201)	(5,956)
Profit from lease modification	6(10)	(157)	(1,246)
Gain recognised in bargain purchase transaction	6(27)	(707)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(5,786,802)	500,328
Notes receivable, net		9,298	(30,693)
Accounts receivable		(751,000)	(48,117)
Accounts receivable - related parties		7,196	10,648
Other receivables		290,596	14,004
Inventories		(43,930)	54,007
Prepayments		(964,034)	(2,461,722)
Other current assets		4,205	15,118
Changes in operating liabilities			
Contract liabilities - current		(314,223)	6,857
Notes payable		32,021	506
Accounts payable		816,184	(1,314,408)
Accounts payable to related parties		7,337	(2,744)
Other payables		234,251	3,403
Other payables to related parties		(15,460)	2,291
Other current liabilities		35,457	(34,580)
Cash outflow generated from operations		(5,058,000)	(2,071,915)
Interest received		110,228	66,549
Interest paid		(188,966)	(130,902)
Dividends received		90,410	44,690
Income tax paid		(115,587)	(259,435)
Net cash flows used in operating activities		(5,161,915)	(2,351,013)

(Continued)

FIT HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ 180,000	\$ -
Decrease (increase) in financial assets at amortised cost		47,618	(1,183,485)
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(918,233)	-
Net cash flow from acquisition of subsidiaries	6(34)	(381,756)	(199,214)
Net cash flow from disposal of subsidiaries	6(35)	227,394	65,262
Acquisition of investments accounted for using the equity method	6(8)	(490)	(1,101,545)
Acquisition of property, plant and equipment	6(9)(35)	(880,252)	(536,604)
Proceeds from disposal of property, plant and equipment	6(9)	6,509	5,477
Acquisition of intangible assets	6(13)	(2,926)	(9,887)
Increase in prepayments for business facilities		(18,071)	(1,390,394)
Increase in refundable deposits		(8,624)	(1,214,898)
Increase in other non-current assets		(2,309)	(12,890)
Net cash flows used in investing activities		(1,751,140)	(5,578,178)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(36)	28,604,288	31,298,547
Decrease in short-term borrowings	6(36)	(26,488,053)	(27,348,828)
Increase in short-term notes payable	6(36)	2,387,532	192,637
Increase in long-term borrowings	6(36)	11,206,793	11,507,524
Decrease in long-term borrowings	6(36)	(10,137,954)	(9,187,677)
Repayment of lease liabilities	6(36)	(113,529)	(84,163)
Increase in guarantee deposits received		7,180	4,767
Increase in other non-current liabilities		304	486
Issuance of bonds by subsidiaries		3,153,604	-
Cash dividends paid	6(23)	(369,363)	(123,121)
Cash dividends from capital surplus	6(22)	(123,121)	(246,242)
Subsidiary's cash dividends paid to non-controlling interests		(56,599)	(102,908)
Changes in non-controlling interest	6(33)	95,138	2,703,696
Net cash flows from financing activities		8,166,220	8,614,718
Changes in foreign currency exchange		(32,731)	78,822
Net increase in cash and cash equivalents		1,220,434	764,349
Cash and cash equivalents at beginning of year		5,732,695	4,968,346
Cash and cash equivalents at end of year		\$ 6,953,129	\$ 5,732,695

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, 2023 AND 2022

(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 7, 2024.

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”) Accounting Standards 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 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
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are

all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
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 1
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	47	35	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
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	53	65	Note 2
Foxlink Image	ACCU-IMAGE TECHNOLOGY LIMITED (AITL)	Manufacture and sale of image scanners and multifunction printers	100	100	
Foxlink Image	Shih Fong Power Co., Ltd. (Shih Fong)	Energy service management	34.70	34.70	Note 1
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, 2023	December 31, 2022	
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	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)	Energy service management	47.63	47.63	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	77.57	80.23	Note8

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
Shinfox	Junezhe Co., Ltd.	Dredging industry	–	–	Notes 4
Shinfox	Jiuwei Power Co., Ltd. (Jiuwei Power)	Natural gas service management	100	100	
Shinfox	Elegant Energy TECH Co., Ltd.(Elegant Energy)	Energy service management	100	100	Note 5
Shinfox	Yuanshan Forest Natural Resources Co., Ltd. (Yuanshan Forest)	Afforestation	100	100	Note 5
Shinfox	Diwei Power Co., Ltd. (Diwei Power)	Electricity generating enterprise	–	100	Note 5 、 7
Shinfox	Guanwei Power Co., Ltd. (Guanwei Power)	Electricity generating enterprise	51	100	Note 5 、 9
Shinfox	Junwei Power Co., Ltd. (Junwei Power)	Electricity generating enterprise	100	–	Note 6
Shinfox	Shinfox Far East Company Pte. Ltd.(SFE)	Maritime Engineering	67	–	Note 10
Shinfox	Eastern Rainbow Green Energy Environmental Technology Co., Ltd. (Eastern Rainbow Green Energy)	Electricity generating enterprise	56.63	–	Note 6
Eastern Rainbow Green Energy Environmental Technology Co., Ltd. (Eastern Rainbow Green Energy)	Eastern Rainbow Green Energy Environmental Technology Co., Ltd. (Eastern Rainbow Green Energy)	Energy Technical Services	100	–	Note 6

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
Eastern Rainbow Green Energy	Kunshan Eastern Rainbow Environmental Equipment Co., Ltd. (Kunshan Eastern Rainbow)	Energy Technical Services	100	–	Note 6
Foxwell Energy	Liangwei Power Co., Ltd. (Liangwei Power)	Electricity generating enterprise	–	100	Note 5 、 7
Foxwell Energy	Xinwei Power Co., Ltd. (Xinwei Power)	Electricity generating enterprise	100	–	Note 6
Foxwell Power	Foxwell Certification Co., Ltd. (Foxwell Certification)	Energy Technical Services	100	–	Note 6
SYSCOM	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	
Sinocity	DG LIFESTYLE STORE LIMITED (DG)	Sales of electronic equipment	100	100	
PQI H.K.	Power Quotient Technology (YANCHENG) Co., Ltd. (PQI YANCHENG)	Manufacture of electronic telecommunication components	100	100	
PQI YANCHENG	PQI (Xuzhou) New Energy Co.,Ltd. (PQI Xuzhou)	Manufacture of electronic telecommunication components	100	100	

Note 1: The Company jointly held 51% of the share capital of Shih Fong with Foxlink Image.

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

Note 3: Shinfox Energy Co. Ltd. (the “Shinfox”) increased its capital for the year ended December 31, 2022. The Group’s subsidiary, PQI, did not acquire shares proportionally to its interest. As a result, PQI decreased its share interest to 47.63% and maintained control over Shinfox. Please refer to Note 6(33) for more details.

Note 4: 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(35) for more details.

Note 5: A subsidiary that was newly established or acquired through merger in 2022.

Note 6: A subsidiary that was established and invested or acquired through merger in 2023.

Note 7: In December 2023, the Group sold 100% of shares in Diwei Power and Liangwei Power, in the amount of \$240,472, and therefore lost control over the subsidiaries. The Group recognised gains on disposal of investments of \$118,111, which was recorded under ‘Other operating income and expenses, net’ in the statement of comprehensive income. For information on cash flows of the subsidiaries, please refer to Note 6 (35).

Note 8: For the year ended December 31, 2023, the Group disposed 1,601 thousand shares of Foxwell Power and the shareholding ratio was 77.57% after the disposal. Please refer to Note 6 (33).

Note 9: For the year ended December 31, 2023, because the Group did not participate in the capital increase of Guanwei Power Co., Ltd. proportionally to its interests, the Group decreased its share interests to 51%. Please refer to Note 6 (33).

Note 10: The Group prepaid investments to Shinfox Far East Company Pte Ltd. on December 27, 2022, acquired 40% equity interests in the entity under equity settlement and acquired another 27% equity interests in the entity on November 6, 2023, resulting in the shareholding ratio reaching to 67%.

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, 2023 and 2022, the non-controlling interest amounted to \$8,193,720 and \$6,828,731, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest		Non-controlling interest	
		December 31, 2023		December 31, 2022	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
SHINFOX Energy Co., Ltd.	Taiwan	7,004,540	52.37	5,645,030	52.37

Summarised financial information of the subsidiaries:

Balance sheets

	SHINFOX Energy Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 22,854,710	\$ 13,319,560
Non-current assets	6,433,007	4,897,758
Current liabilities	(12,106,378)	(6,090,718)
Non-current liabilities	(48,624,550)	(1,550,105)
Total net assets	<u>(\$ 31,443,211)</u>	<u>\$ 10,576,495</u>

Statements of comprehensive income

	SHINFOX Energy Co., Ltd.	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ 11,249,582	\$ 4,301,192
Profit before income tax	772,253	309,136
Income tax expense	(148,675)	(66,604)
Profit for the period	623,578	242,532
Other comprehensive (loss) income, net of tax	(107,265)	238
Total comprehensive income for the period	<u>\$ 516,313</u>	<u>\$ 242,770</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 48,077)</u>	<u>\$ 17,320</u>
Dividends paid to non-controlling interest	<u>\$ 56,599</u>	<u>\$ 102,908</u>

Statements of cash flows

	SHINFOX Energy Co., Ltd.	
	Year ended December 31, 2023	Year ended December 31, 2022
Net cash used in operating activities	(\$ 5,548,262)	(\$ 2,813,803)
Net cash used in investing activities	(276,744)	(5,538,314)
Net cash provided by financing activities	7,924,117	8,899,905
Effect of exchange rates on cash and cash equivalents	(18,160)	436
Increase in cash and cash equivalents	2,080,951	548,224
Cash and cash equivalents, beginning of period	1,831,512	1,283,288
Cash and cash equivalents, end of period	<u>\$ 3,912,463</u>	<u>\$ 1,831,512</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- 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:

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

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- C. The construction contracts contracted by the Group are generally longer than one year. The assets and liabilities of the construction projects are classified as current or non-current according to the business 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.
- I. When the Group disposed a subsidiary who is engaged in developing and constructing renewable power plant, related income and expenses arising from the disposal transaction are belong to operating activities, which will be recognised in other income and expenses, net based on the actual operating conditions.

(16) Investment accounted for using equity method – joint ventures

Investment of joint arrangements are classified as 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	1 ~ 50 years
Machinery and equipment	5 ~ 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) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares, but not by exchanging a fixed amount of cash for a fixed number of common shares) and put options. The Company classifies the bonds payable upon issuance as a financial asset, financial liability or equity in accordance with the contract terms. They are accounted for as follows:

- (a) The embedded put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- (b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- (c) The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(25) Derecognition of financial liabilities

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

(26) 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.

(27) 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.

(28) 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 and does not give rise to equal taxable and deductible temporary differences. 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.

(29) 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.

(30) 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.

(31) 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, energy storage system ancillary 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 (and Gas) sales revenue

The Group's electricity (and gas) 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.

(32) 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.

(33) 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.

(34) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

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

B. Impairment assessment of tangible assets

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

C. Construction revenue recognition

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

As the estimated total costs and contract items are assessed and determined by the management based on different nature of constructions and complying with fluctuations in market prices, estimated subcontract charges and material and labour expenses, etc., any changes in estimates might affect the calculation of profit or loss from construction contracts. The transaction prices of the unsatisfied performance obligations of the Group's construction contracts are provided in Note 6(24).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 13,444	\$ 10,504
Checking accounts and demand deposits	2,182,662	2,997,281
Cash equivalents		
Time deposits	<u>4,757,023</u>	<u>2,724,910</u>
	<u>\$ 6,953,129</u>	<u>\$ 5,732,695</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 profit or loss (For the year ended December 31, 2022 : None)

	<u>December 31, 2023</u>
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 927
Convertible bonds	<u>3,900</u>
	4,827
Valuation adjustment	<u>340</u>
	<u>\$ 5,167</u>

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

	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss	
Realized gains and losses on forward foreign exchange contracts	\$ 2,443
Listed stocks	<u>110</u>
Total	<u>\$ 2,553</u>

B. The Group entered into forward foreign exchange contracts to hedge exchange rate fluctuations of foreign currency denominated assets and liabilities. However, these forward foreign exchange contracts are not accounted for under hedge accounting. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	\$ 2,505,140	\$ 1,263,416
Unlisted stocks	<u>578,287</u>	<u>1,561,077</u>
	3,083,427	2,824,493
Valuation adjustment	<u>68,827</u>	<u>(920,124)</u>
	<u>\$ 3,152,254</u>	<u>\$ 1,904,369</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 \$3,152,254 and \$1,904,369 as at December 31, 2023 and 2022, respectively.
- B. As the investee company was dissolved, the Group derecognised the original investment cost and decreased retained earnings by \$744 which was adjusted from cumulative loss for the year ended December 31, 2023.
- C. The Group derecognised original investment costs at the effective date of merger as their investee, TAIWAN STAR TELECOM CORPORATION LIMITED, was dissolved by exchanging shares with TAIWAN MOBILE CO., LTD.. Accordingly, the Group wrote off accumulated loss by decreasing retained earnings based on shareholding ratio amounting to \$417,539.
- D. 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,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 330,370</u>	<u>(\$ 195,251)</u>
The accumulated loss on disposal reclassified to retained earnings	<u>(\$ 418,283)</u>	<u>\$ -</u>

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

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Pledged time deposits	\$ 1,689,866	\$ 1,716,729
Restricted bank deposits	385,825	1,131,507
Time deposits maturing in excess of three months	778,663	58,039
	<u>\$ 2,854,354</u>	<u>\$ 2,906,275</u>
Non-current items:		
Pledged time deposits	\$ 383,267	\$ 373,353
Restricted bank deposits	23,994	19,935
	<u>\$ 407,261</u>	<u>\$ 393,288</u>

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

	Year ended December 31,	
	2023	2022
Interest income	<u>\$ 34,533</u>	<u>\$ 15,481</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, 2023 and 2022, 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 \$3,261,615 and \$3,299,563, 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.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 25,654</u>	<u>\$ 34,952</u>
Accounts receivable	\$ 1,149,178	\$ 1,191,690
Construction payments receivable	852,465	7,790
Less: Allowance for uncollectible accounts	(23,635)	(24,172)
	<u>\$ 1,978,008</u>	<u>\$ 1,175,308</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,877,583	\$ 25,654	\$ 1,049,899	\$ 34,952
Up to 30 days	114,854	-	146,065	-
31 to 90 days	7,511	-	525	-
91 to 180 days	-	-	233	-
Over 181 days	1,695	-	2,758	-
	<u>\$ 2,001,643</u>	<u>\$ 25,654</u>	<u>\$ 1,199,480</u>	<u>\$ 34,952</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,183,032.
- 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, 2023 and 2022, 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 \$25,654 and \$34,952; \$1,978,008 and \$1,175,308, respectively.

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 631,097	(\$ 54,764)	\$ 576,333
Work in progress	107,377	(4,451)	102,926
Finished goods	310,532	(27,510)	283,022
Merchandise	387,562	(871)	386,691
	<u>\$ 1,436,568</u>	<u>(\$ 87,596)</u>	<u>\$ 1,348,972</u>

	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>

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2023	2022
Cost of engineering and electricity sales	\$ 10,054,709	\$ 3,736,667
Cost of goods sold	4,300,176	5,538,653
Cost of services	654,302	841,698
Unamortised manufacturing expenses	139,910	149,442
Loss on scrapping inventory	1,061	97
Gain on reversal of decline in market value	(4,146)	(6,749)
Gain on physical inventory	(28)	(92)
	<u>\$ 15,145,984</u>	<u>\$ 10,259,716</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 years ended December 31, 2023 and 2022.

(7) Prepayment

	December 31, 2023	December 31, 2022
Advance payment to construction	\$ 4,658,272	\$ 4,192,448
Excess business tax paid	549,363	420,680
Others	893,163	465,288
	<u>\$ 6,100,798</u>	<u>\$ 5,078,416</u>

(8) Investments accounted for using the equity method

Investee companies	December 31, 2023 Carrying amount	December 31, 2022 Carrying amount
Associates :		
Power Channel Limited	\$ 753,722	\$ 585,875
Studio A Technology Limited	105,982	122,882
Synergy Co., Ltd.	33,401	33,353
Tegna Electronics Private Limited	25,085	24,049
Cheng Shin Digital CO., LTD.	1,682	-
CHUNG CHIA POWER Co., Ltd.	-	170,089
Joint venture :		
Changpin Wind Power Ltd.	105,979	116,102
Add : prepayments for investments-Shinfox Far East Company Pte Ltd	-	981,545
	<u>\$ 1,025,851</u>	<u>\$ 2,033,895</u>

A. The Group's investments accounted for using the equity method for the years ended December 31, 2023 and 2022 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, 2023</u>	<u>December 31, 2022</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, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 28,970	\$ 19,662
Non-current assets	1,741,522	1,265,605
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 1,770,492</u>	<u>\$ 1,285,267</u>
Share in associate's net assets	632,951	459,483
Goodwill	120,771	126,392
Carrying amount of the associate	<u>\$ 753,722</u>	<u>\$ 585,875</u>

Statement of comprehensive income

	<u>Power Channel Limited</u>	
	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ -	\$ -
Profit for the period from continuing operations	\$ 165,112	\$ 134,185
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 165,112</u>	<u>\$ 134,185</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, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$166,150 and \$350,373, respectively.

	Year ended December 31,	
	2023	2022
(Loss) profit for the year from continuing operations	(\$ 35,941)	\$ 23,385
Other comprehensive loss, net of tax	-	-
Total comprehensive (loss) income	(\$ 35,941)	\$ 23,385

Note: Tegna Electronics Private Limited., Synergy Co., Ltd. , Studio A Technology Limited. and Cheng Shin Digital Co., Ltd.

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:

- (a) As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$105,979 and \$116,102, respectively.
- (b) For the years ended December 31, 2023 and 2022, the Group's interests in immaterial joint ventures and the Group's share of the operating results are summarised below:

	Year ended December 31,	
	2023	2022
Profit for the year from continuing operations	(\$ 10,123)	(\$ 896)
Total comprehensive loss	(\$ 10,123)	(\$ 896)

- D. On March 18, 2022, the Group jointly established Changpin Wind Power Ltd. with the consideration amounting to \$120,000.
- E. Chung Chia Power Co., Ltd. increased its capital by issuing new shares on January 29, 2023. The Group did not acquire shares proportionally to its interest and lost its significant influence, resulting in the decrease of equity interests in the entity from 20% to 8%, which was subsequently recorded as financial assets at fair value through other comprehensive income, and recognised gain on disposal of investment amounting to \$10,058.
- F. On October 17, 2023, the Group acquired 49% equity interests in Cheng Shin Digital Co., Ltd. in the amount of \$490. Gain recognised in bargain purchase transaction from the acquisition amounted to \$707.
- G. On December 27, 2022, the Group invested in Shinfox Far East Company Pte. Ltd. with the consideration amounting to \$981,545 (shown as prepayment for investment), and in January 2023, the Group acquired 40% equity interests in the entity under equity settlement. On September 25, 2023, the Board of Directors of the Group resolved to increase its shareholding in an overseas investee, Shinfox Far East Company Pte. Ltd. On November 6, 2023, the Group acquired 27% equity interests with the consideration amounting to \$675,778. As a result, the Group's shareholding ratio increased to 67%, which became the Group's subsidiary. The Group recognised gain on disposal of investment amounting to \$45,025 (shown as 'other gains and losses

- gains on disposal of investments') due to this transaction. The Group recognised share of (loss)/profit accounted for under equity method amounting to (\$33,302) before the Group increasing its shareholdings in the entity for the year ended December 31, 2023.
- H. On September 25, 2023, the Board of Directors of the Company resolved to invest in renewable power plants in Vietnam, GIO Thanh Energy Joint Stock Company, SECO Joint Stock Company, Vietnam Renewable Energy Joint Company Stock and SECO Joint Stock Company. The Group's shareholding ratio in each investee will be 35%. The contract was signed by both parties on September 29, 2023, with an investment amount of VND 853,248,000 thousand. However, the investment has not yet actually been completed as of March 7, 2024.
- I. For the year ended December 31, 2023, the investee under the equity method, POWER CHANNEL LIMITED, of the Group did not participate in the capital increase of Sharetronic Data Technology Co., Ltd. proportionally to ownership, and the shareholding ratio decreased to 16.89%. The Group recognised capital surplus according to shareholding ratio amounting to \$119,631.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Ship equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2023									
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>\$ -</u>	<u>\$ 1,046,988</u>	<u>\$ 1,551,921</u>	<u>\$ 18,503</u>	<u>\$ -</u>	<u>\$ 13,528</u>	<u>\$ 11,118</u>	<u>\$ 1,009,586</u>	<u>\$ 3,651,644</u>

2023

Opening net book amount as at January 1	\$ -	\$ 1,046,988	\$ 1,551,921	\$ 18,503	\$ -	\$ 13,528	\$ 11,118	\$ 1,009,586	\$ 3,651,644
Additions	54,772	36,891	30,400	7,534	-	117	3,277	854,341	987,332
Acquired from business combinations	27,786	7,369	1,061	4,833	314,947	7,629	343	1,712,627	2,076,595
Disposals	-	-	(2,718)	(1,141)	-	-	-	-	(3,859)
Disposal of subsidiaries	-	-	(226,964)	-	-	-	-	(36,189)	(263,153)
Reclassifications	-	-	(44,414)	-	-	10,435	61,289	1,359,738	1,387,048
Depreciation charge	-	(23,390)	(185,277)	(9,121)	(9,352)	(10,630)	(41,882)	-	(279,652)
Net exchange differences	-	(13,662)	(4,652)	(240)	(9,859)	(2,387)	1,514	(69,225)	(98,511)
Closing net book amount as at December 31	<u>\$ 82,558</u>	<u>\$ 1,054,196</u>	<u>\$ 1,119,357</u>	<u>\$ 20,368</u>	<u>\$ 295,736</u>	<u>\$ 18,692</u>	<u>\$ 35,659</u>	<u>\$ 4,830,878</u>	<u>\$ 7,457,444</u>

At December 31, 2023

Cost	\$ 82,558	\$ 1,237,696	\$ 4,339,041	\$ 126,672	\$ 303,319	\$ 348,524	\$ 563,226	\$ 4,830,878	\$ 11,831,914
Accumulated depreciation	-	(183,500)	(3,219,684)	(106,304)	(7,583)	(329,832)	(527,567)	-	(4,374,470)
	<u>\$ 82,558</u>	<u>\$ 1,054,196</u>	<u>\$ 1,119,357</u>	<u>\$ 20,368</u>	<u>\$ 295,736</u>	<u>\$ 18,692</u>	<u>\$ 35,659</u>	<u>\$ 4,830,878</u>	<u>\$ 7,457,444</u>

	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	<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>

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>

- 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,	
	2023	2022
Amount capitalised	\$ 47,797	\$ 4,343
Range of the interest rates for capitalisation	1.95%~2.689%	1.88%~2.863%

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

(10) Leasing arrangements - lessee

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Carrying amount	Carrying amount
Land	\$ 343,467	\$ 287,805
Buildings	286,972	229,914
Transportation equipment (Business vehicles)	3,431	2,765
Office equipment (Photocopiers)	197	12
	<u>\$ 634,067</u>	<u>\$ 520,496</u>
	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	Depreciation charge	Depreciation charge
Land	\$ 18,966	\$ 12,146
Buildings	95,948	77,043
Transportation equipment (Business vehicles)	3,713	2,659
Office equipment (Photocopiers)	26	70
Less: Capitalisation of depreciation	(7,400)	-
	<u>\$ 111,253</u>	<u>\$ 91,918</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$205,985 and \$47,083, respectively.

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

	Year ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,827	\$ 4,401
Expense on short-term lease contracts	10,442	13,140
Expense on leases of low-value assets	2,680	1,950
Expense on variable lease payments	10,308	6,453
Profit from lease modification	157	1,246

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases were \$142,786 and \$110,107, 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 3.73% ~ 44.12% 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 amount of sales of electricity with such variable lease contracts would increase total lease payments by approximately \$103.

(11) Leasing arrangements - lessor

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

B. For the years ended December 31, 2023 and 2022, the Group recognised rent income in the amounts of \$34,276 and \$33,679, 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, 2023	December 31, 2022
2023	-	34,195
2024	8,583	8,501
	<u>\$ 8,583</u>	<u>\$ 42,696</u>

(12) Investment property

	Land	Buildings and structures	Total
At January 1, 2023			
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>
<u>2023</u>			
Opening net book amount as at January 1	\$ 344,587	\$ 47,867	\$ 392,454
Depreciation charge	-	(9,264)	(9,264)
Closing net book amount as at December 31	<u>\$ 344,587</u>	<u>\$ 38,603</u>	<u>\$ 383,190</u>
At December 31, 2023			
Cost	\$ 344,587	\$ 71,458	\$ 416,045
Accumulated depreciation	-	(32,855)	(32,855)
	<u>\$ 344,587</u>	<u>\$ 38,603</u>	<u>\$ 383,190</u>
	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>

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

	Year ended December 31	
	2023	2022
Rental income from investment property	\$ 34,276	\$ 33,679
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 9,264	\$ 9,095

B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was \$548,707 and \$502,230, 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.

(13) Intangible assets

	Goodwill	Customer relationship	Trademarks	Others	Total
At January 1, 2023					
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>2023</u>					
Opening net book amount as at January 1	\$ 971,947	\$ 193,021	\$ 50,773	\$ 42,383	\$ 1,258,124
Additions-acquired separately	-	-	-	2,926	2,926
Additions-acquired through business combinations	59,397	-	-	716	60,113
Reclassifications	-	-	-	10,992	10,992
Amortisation charge	-	(64,340)	-	(12,996)	(77,336)
Net exchange differences	(89)	-	(8)	(37)	(134)
Closing net book amount as at December 31	<u>\$ 1,031,255</u>	<u>\$ 128,681</u>	<u>\$ 50,765</u>	<u>\$ 43,984</u>	<u>\$ 1,254,685</u>
At December 31, 2023					
Cost	\$ 1,031,255	\$ 197,637	\$ 50,765	\$ 113,296	\$ 1,392,953
Accumulated amortisation and impairment	-	(68,956)	-	(69,312)	(138,268)
	<u>\$ 1,031,255</u>	<u>\$ 128,681</u>	<u>\$ 50,765</u>	<u>\$ 43,984</u>	<u>\$ 1,254,685</u>

	<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>

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, 2023</u>		<u>December 31, 2022</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	320,570	50,765	320,659	50,773
Energy service management	<u>98,925</u>	<u>-</u>	<u>39,528</u>	<u>-</u>
	<u>\$ 1,031,255</u>	<u>\$ 50,765</u>	<u>\$ 971,947</u>	<u>\$ 50,773</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 (12.34 %~ 19.33%) 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 (34).

(14) Other non-current assets, others

	December 31, 2023	December 31, 2022
Guarantee deposits paid (Note)	\$ 276,191	\$ 261,031
Net defined benefit asset	99,011	96,737
Other non-current assets	17,720	17,686
	<u>\$ 392,922</u>	<u>\$ 375,454</u>

Note: Please refer to Note 8.

(15) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 8,374,000	1.70%~3.17%	None
Secured borrowings	806,124	2.93%	Please refer to Note 8
	<u>\$ 9,180,124</u>		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 6,179,595	1.29%~2.86%	None
Secured borrowings	856,124	2.00%~2.50%	Please refer to Note 8
	<u>\$ 7,035,719</u>		

(16) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Commercial papers	\$ 4,013,200	\$ 1,792,400
Discount amortisation	(7,586)	(3,241)
	<u>\$ 4,005,614</u>	<u>\$ 1,789,159</u>
Interest rate range	<u>1.79%~2.68%</u>	<u>2.04%~2.51%</u>

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

(17) Other accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable on salary and bonus	\$ 455,577	\$ 339,944
Payable on employees' compensation and directors' and supervisors' remuneration	192,013	167,196
Payable on equipment	142,156	90,341
Others	286,491	202,284
	<u>\$ 1,076,237</u>	<u>\$ 799,765</u>

(18) Bonds payable (As of December 31, 2022: None)

	<u>December 31, 2023</u>
Payable on secured convertible bonds	\$ 3,000,000
Less: Discount on bonds payable	(148,221)
	<u>\$ 2,851,779</u>

A. The terms of the first domestic secured convertible bonds issued by the subsidiary, Shinfox Energy Co., Ltd., of the Group are as follows:

- (a) Shinfox Energy Co., Ltd. issued \$3,000,000, 0% first domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date (November 22, 2023 ~ November 22, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 22, 2023.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of Shinfox Energy Co., Ltd. during the period from the date after three months of the bonds issue before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds. The conversion price on the date of the bonds issue amounted to NT\$114.
- (d) Shinfox Energy Co., Ltd. may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of Shinfox Energy Co., Ltd. common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to

\$311,227 were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in \$3,900 of ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation ranged at 1.7688%

(19) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2023
Long-term bank borrowings				
Bank unsecured borrowings				
FIT Holding				
- including covenants	Borrowing period is from September 2023 to October 2025; pay entire amount of principal when due, interest is repayable monthly.	1.90%~2.06%	\$ 979,000	\$ 500,000
- without covenants	Borrowing period is from May 2023 to December 2027; pay entire amount of principal when due, interest is repayable monthly.	2.00%	-	600,000
Foxlink Image				
- including covenants	Borrowing period is from September 2023 to December 2025; pay entire amount of principal when due, interest is repayable monthly.	1.90%~1.95%	1,844,000	356,000
- without covenants	Borrowing period is from March 2023 to December 2025; pay entire amount of principal when due, interest is repayable monthly.	1.80%~1.90%	600,000	2,050,000
PQI				
- including covenants	Borrowing period is from August 2023 to October 2025; pay principal based on each bank's regulations, interest is repayable monthly.	2.11%~2.21%	75,000	425,000
- without covenants	Borrowing period is from June 2022 to June 2026; pay principal based on each bank's regulations, interest is repayable monthly.	2.00%~2.10%	-	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.	1.86%~2.32%	-	85,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2023
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.	2.23%~2.28%	277,448	32,576
Foxwell Power - including covenants	Borrowing period is from October 2022 to September 2028; pay entire amount in installments.	2.55%	-	6,250
Bank secured borrowings				
Glory Science	Borrowing period is from December 2019 to December 2024; pay principal in installments quarterly, interest is calculated monthly.	1.86%	-	25,000
Foxwell Energy	Borrowing period is from May 2018 to February 2036; pay entire amount in installments.	2.23%~2.65%	220,646	246,323
Foxwell Power	Borrowing period is from October 2022 to September 2028; pay entire amount in installments.	2.55%	-	93,750
Syndicated borrowings				
Foxwell Power	Borrowing period is from October 2022 to October 2025; pay entire amount of principal when due.	2.58%~2.69%	255,600	1,494,400
				6,514,299
Less: Current portion (shown as other current liabilities)			(233,246)
Less: Syndicated expense			(15,313)
Less: Amortization of long-term notes and bill payable discount			(529)
			\$	<u>6,265,211</u>

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%~1.88%	-	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.	1.41% ~1.97%	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.	1.88%	-	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%~1.88%	-	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.	1.44% ~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% ~1.97%	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.	2.32% ~2.41%	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>

- 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 \$2,900,000. As of December 31, 2023, the borrowings that have been used amounted to \$1,281,000. 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 500%;
 - (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. On March 7, 2022, the long-term borrowing agreement between the Group's second-tier 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 more than 200% and a net asset value not less than \$800,000 before July 31 during the facility period each year. Additionally, the Group is required to review the shareholding ratio of the ultimate parent company and the parent company on a semi-annual basis. As of December 31, 2022, the Group had not violated the terms of the contracts with the abovementioned banks; as of December 31, 2023, the Group had reclassified the unpaid portion as current portion of long-term borrowings in accordance with the terms of the contracts.
- C. The Group's second-tier 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. The credit line is divided into item A and item B. As of December 31, 2023 and 2022, the drawn credit line were all item A. The purpose of item B is to repay the outstanding balance of item A for the Company, and thus when the preconditions for the first drawdown of credit item B are met, the credit line of item A will be converted into the borrowing of item B. The financial commitments related to item B are 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) The Group committed to review the DSCR (Debt Service Coverage Ratio) semi-annually based on the revenue from ancillary services and the principal and interest amount for the

last twelve months 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. The Group should repay the principal in advance within three months or by other appropriate means as agreed by the management bank, so that the DSCR will not be lower than 1.1 times.

D. On March 10, 2023, the Group's second-tier subsidiary, Foxwell Power Co., Ltd., entered into a loan agreement with 11 banks including CTBC bank for a credit line of \$6,720,000. During the contract period, the company is required to have net tangible assets in the consolidated financial statements not lower than \$6,000,000 and maintain shareholding ratio of the parent company on a semi-annual basis.

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

F. As of December 31, 2023, the borrowings that have been used amounted to as follows:

Company	Bank	Credit line	Amount of borrowings used
Foxlink Image 、PQI	Mega Bank(Note)	\$ 300,000	\$ 300,000
FIT Holding	Mega Bank	300,000	300,000
FIT Holding	SCSB	300,000	300,000
Foxlink Image	KGI Bank	400,000	400,000
Foxlink Image	E.SUN Bank(Note)	400,000	300,000
Foxlink Image	Bank of Taiwan	300,000	300,000
Foxlink Image	Hua Nan Bank	200,000	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	SCSB	300,000	300,000
Glory Science	Hua Nan Bank	70,000	70,000
Glory Science	Chang Hwa Bank	40,000	40,000
Foxwell Energy	Bank SinoPac	310,024	32,576

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

(20) Pensions

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

under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 28,603)	(\$ 29,122)
Fair value of plan assets	<u>127,614</u>	<u>125,859</u>
Net defined benefit asset (shown as other non- current assets)	<u>\$ 99,011</u>	<u>\$ 96,737</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>2023</u>			
At January 1	(\$ 29,122)	\$ 125,859	\$ 96,737
Interest (expense) income	(431)	<u>2,048</u>	<u>1,617</u>
	<u>(29,553)</u>	<u>127,907</u>	<u>98,354</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	335	335
Change in financial assumptions	(447)	-	(447)
Experience adjustments	<u>627</u>	<u>-</u>	<u>627</u>
	<u>180</u>	<u>335</u>	<u>515</u>
Pension fund contribution	-	142	142
Paid pension	<u>770</u>	<u>(770)</u>	<u>-</u>
At December 31	<u>(\$ 28,603)</u>	<u>\$ 127,614</u>	<u>\$ 99,011</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liability)
<u>2022</u>			
At January 1	(\$ 34,348)	\$ 116,222	\$ 81,874
Interest (expense) income	(244)	838	594
	(34,592)	117,060	82,468
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	3,142	-	3,142
	5,256	8,871	14,127
Pension fund contribution	-	142	142
Paid pension	214	(214)	-
At December 31	(\$ 29,122)	\$ 125,859	\$ 96,737

(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, 2023 and 2022 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	
	2023	2022
Discount rate	1.20%~1.875%	1.25%~2%
Future salary increases	2%~5%	2%~5%

Assumptions regarding future mortality experience are set based on the 6th 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	Decrease	Increase	Decrease
	0.25%	0.25%	1%	1%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 799)	\$ 832	\$ 775	(\$ 724)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 880)	\$ 917	\$ 861	(\$ 803)

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, 2024 amount to \$142.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10~17.9 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, 2023 and 2022, were \$88,731 and \$56,448, respectively.

(21) Share capital

As described in Note 1, the Company acquired 100% of the shares of Glory Science, PQI and Foxlink Image through share swap by exchanging 1 common share of Glory Science into 1 common share of the Company, 1 common share of PQI converted to 0.194 common share of the Company and 1 common share of Foxlink Image converted to 0.529 common share of the Company. As of December 31, 2023, 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.

(22) Capital surplus

	2023				
	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	\$ 3,536,813	\$ 204,782	\$ 1,034,198	\$ 66,204	\$ 4,841,997
Capital surplus used to issue cash to shareholders	(123,121)	-	-	-	(123,121)
The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary	-	-	(22)	-	(22)
Convertible bonds issued by the subsidiary.	-	-	148,237	-	148,237
Transactions with non-controlling interest	-	17,320	-	-	17,320
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	119,631	119,631
At December 31	<u>\$ 3,413,692</u>	<u>\$ 222,102</u>	<u>\$ 1,182,413</u>	<u>\$ 185,835</u>	<u>\$ 5,004,042</u>

	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>

- 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 \$123,121 (NT\$0.5 (in dollars) per share) and \$246,242 (NT\$1 (in dollars) per share) on March 13, 2023 and March 24, 2022, respectively.

(23) Retained earnings

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

According to the Company's dividend policy, no more than 90% of the distributable retained

earnings shall be distributed as shareholders' bonus and cash dividend distributed in any calendar year shall be at least 20% of the total distributable earnings in that year based on future capital expenditures budget and capital requirements.

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

C. Special reserve

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

(b) 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. The appropriation of 2022 and 2021 earnings as proposed and resolved by the shareholders on May 30, 2023 and July 17, 2022 are as follows:

	2021		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 42,083		\$ 54,089	
Special reserve	220,768		69,906	
Cash dividends	123,121	\$ 0.50	369,363	\$ 1.50

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.

(24) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and service over time and at a point in time in the following major product lines and geographical regions:

Revenue from external customer contracts

<u>2023</u>	<u>China</u>	<u>Taiwan</u>	<u>Hong Kong</u>	<u>US</u>
System and peripheral products	\$ 1,209,591	\$ 7,022	\$ 237,696	\$ 640,339
3C retail and peripheral products	520	84,806	1,535,155	33
3C components	66,723	22,859	6,364	6,127
Energy service management	14,528	11,232,960	-	-
	<u>\$ 1,291,362</u>	<u>\$ 11,347,647</u>	<u>\$ 1,779,215</u>	<u>\$ 646,499</u>
<u>2023</u>	<u>Europe</u>	<u>Others</u>		<u>Total</u>
System and peripheral products	\$ 685,287	\$ 1,620,281		\$ 4,400,216
3C retail and peripheral products	-	11,916		1,632,430
3C components	954	39,841		142,868
Energy service management	-	-		11,247,488
	<u>\$ 686,241</u>	<u>\$ 1,672,038</u>		<u>\$ 17,423,002</u>
<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
Energy service management	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
Energy service management	-	-		4,293,567
	<u>\$ 694,176</u>	<u>\$ 1,761,007</u>		<u>\$ 12,069,249</u>

B. Transaction price of performance obligations of unfulfilled construction contracts.

Revenue from significant construction contracts contracted as of December 31, 2023, was recognised according to the completion of offshore and energy saving construction. Aggregate contracted amount and the year expected to recognise revenue for the unsatisfied performance obligations of such construction are as follows:

<u>Year</u>	<u>Year expected to recognise revenue</u>	<u>Contracted amount</u>
December 31, 2023	Year 2023~2025	\$ 41,439,682
December 31, 2022	Year 2023~2025	50,750,368

C. Contract assets and contract liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract assets:		
Contract assets – construction contracts	<u>\$ 8,675,960</u>	<u>\$ 2,716,125</u>
Contract liabilities:		
Contract liabilities – advance sales receipts	153,805	387,568
Contract liabilities – construction contracts	<u>42,777</u>	<u>3,171</u>
	<u>\$ 196,582</u>	<u>\$ 390,739</u>

(b) The aforementioned revenue-related contract assets and contract liabilities as at December 31, 2023 and 2022 are as follows:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Total costs incurred and revenue recognised	\$ 20,545,655	\$ 8,411,401
Less: Progress billings	(11,912,472)	(5,698,447)
Net balance sheet position for Construction in progress	<u>\$ 8,633,183</u>	<u>\$ 2,712,954</u>
Presented as:		
Contract assets- current	\$ 8,675,960	\$ 2,716,125
Contract liabilities- current	(42,777)	(3,171)
	<u>\$ 8,633,183</u>	<u>\$ 2,712,954</u>

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

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Unearned revenue	<u>\$ 247,836</u>	<u>\$ 53,295</u>

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

(25) Other income and expenses– net

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Gains on disposal of investments	<u>\$ 118,111</u>	<u>\$ -</u>

(26) Interest income

	Year ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 75,389	\$ 52,779
Interest income from financial assets measured at amortised cost	34,533	15,481
	<u>\$ 109,922</u>	<u>\$ 68,260</u>

(27) Other income

	Year ended December 31,	
	2023	2022
Dividend income	\$ 90,410	\$ 44,690
Rent income	82,809	70,218
Compensation income	15,351	35,167
Gains recognised in bargain purchase transaction	707	
Others	43,986	2,667
	<u>\$ 233,263</u>	<u>\$ 152,742</u>

Details of gain recognised in bargain purchase transaction, please refer to Note 6(8) F.

(28) Other gains and losses

	Year ended December 31,	
	2023	2022
Gains on disposals of investments	\$ 55,083	\$ 12,866
Government grants revenue	5,201	5,956
Gains on disposals of property, plant and equipment	2,650	2,293
Gains on financial assets at fair value through profit or loss	2,553	-
Foreign exchange (losses) gains	(78,574)	147,239
Depreciation charge on investment property	(9,264)	(9,095)
Others	(51,461)	(2,283)
	<u>(\$ 73,812)</u>	<u>\$ 156,976</u>

(29) Finance costs

	Year ended December 31,	
	2023	2022
Interest expense		
Bank loans	\$ 188,413	\$ 123,410
Lease liabilities	5,827	4,401
Bonds payable	5,502	-
Loans from related parties	-	7,890
	<u>\$ 199,742</u>	<u>\$ 135,701</u>

(30) Expenses by nature

Nature	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 585,787	\$ 794,634	\$ 1,380,421
Labour and health insurance fees	63,596	40,932	104,528
Pension costs	55,762	31,352	87,114
Other personnel expenses	31,883	33,039	64,922
	<u>\$ 737,028</u>	<u>\$ 899,957</u>	<u>\$ 1,636,985</u>
Depreciation charge	<u>\$ 256,356</u>	<u>\$ 134,549</u>	<u>\$ 390,905</u>
Amortisation charge	<u>\$ 158</u>	<u>\$ 77,178</u>	<u>\$ 77,336</u>

Nature	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 452,033	\$ 643,836	\$ 1,095,869
Labour and health insurance fees	29,406	38,060	67,466
Pension costs	29,063	26,791	55,854
Other personnel expenses	34,571	25,088	59,659
	<u>\$ 545,073</u>	<u>\$ 733,775</u>	<u>\$ 1,278,848</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>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$33,920 and \$34,000, respectively; while directors' and supervisors' remuneration was accrued at \$4,080 and \$5,000, respectively. The aforementioned amounts were recognised in salary expenses.
- C. For 2022, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to \$34,000 and \$3,860, respectively. The difference of \$1,140 between the amounts resolved by the Board of Directors and the amounts recognised in the 2022 financial statements had been adjusted in the profit or loss of 2023, and will be disbursed in the form of cash.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 234,761	\$ 102,012
Tax on undistributed surplus earnings	4,469	4,904
Prior year income tax underestimation	4,644	20,138
Total current tax	243,874	127,054
Deferred tax:		
Origination and reversal of temporary differences	(35,742)	59,076
Total deferred tax	(35,742)	59,076
Income tax expense	\$ 208,132	\$ 186,130

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

	Year ended December 31,	
	2023	2022
Currency translation differences for the year	\$ 3,589	(\$ 31,306)
Remeasurement of defined benefit obligations	(103)	(2,826)
	\$ 3,486	(\$ 34,132)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 511,210	\$ 201,738
Temporary difference not recognised as deferred tax assets	38,562	73,976
Prior year income tax underestimate	4,644	20,138
Tax on undistributed surplus earnings	4,469	4,904
Effects of Alternative Minimum Tax	3,851	-
Change in assessment of realisation of deferred tax assets	2,335	
Expenses disallowed by tax regulation	(319,942)	(41,461)
Tax effects of investment tax credits	(36,997)	(32,261)
Prior year loss carryforward income tax	-	(40,904)
Income tax expense	<u>\$ 208,132</u>	<u>\$ 186,130</u>

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

	2023				
	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	\$ 79,173	\$ 20,103	\$ -	\$ 34,144	\$ 133,420
Depreciation difference between tax and financial basis	51,991	(736)	-	-	51,255
Warranty cost of after-sale service	18,415	6,264	-	-	24,679
Unrealized loss on market price decline and obsolete and slow-moving inventory	14,063	1,572	-	-	15,635
Losses on doubtful debts	15,431	-	-	-	15,431
Unrealised gain on inter-affiliate accounts	14,442	(6,461)	-	-	7,981
Onerous contracts	-	5,557	-	-	5,557
Others	13,324	13,601	3,589	(48)	30,466
	<u>\$ 206,839</u>	<u>\$ 39,900</u>	<u>\$ 3,589</u>	<u>\$ 34,096</u>	<u>\$ 284,424</u>
— Deferred tax liabilities:					
Unrealised exchange gain	(\$ 173,126)	(\$ 22,868)	\$ -	(\$ 2,662)	(\$ 198,656)
Intangible assets-customer relationship	(38,605)	12,868	-	-	(25,737)
Others	(70,634)	5,842	(103)	-	(64,895)
	<u>(\$ 282,365)</u>	<u>(\$ 4,158)</u>	<u>(\$ 103)</u>	<u>(\$ 2,662)</u>	<u>(\$ 289,288)</u>
	<u>(\$ 75,526)</u>	<u>\$ 35,742</u>	<u>\$ 3,486</u>	<u>\$ 31,434</u>	<u>(\$ 4,864)</u>

	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>

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, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014~2023	\$ 2,855,266	\$ 2,326,811	\$ 1,482,845	2024~2033

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

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 2021 have been assessed and approved by the Tax Authority.

(32) Earnings per share

Year ended December 31, 2023			
	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 ordinary shareholders			
Profit attributable to the parent	<u>\$ 567,916</u>	<u>246,242</u>	<u>\$ 2.31</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 567,916	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>583</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 567,916</u>	<u>246,825</u>	<u>\$ 2.30</u>
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 and diluted loss 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>

(33) Transactions with non-controlling interest

- A. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary.
- (a) 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.
- (b) Second-tier subsidiary, Guanwei Power Co., Ltd., of the Group increased its capital by issuing new shares on July 5, 2023. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 49%, and the transaction price amounted to \$34,300. This transaction resulted in an increase in the non-controlling interests by \$22, and a decrease in the equity attributable to owners of the parent by \$22.
- B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)
- In December 2023, second-tier subsidiary, Shinfox Energy Co., Ltd., of the Group disposed 2.67% of shares in Foxwell Power Co., Ltd. in the amount of \$60,838. The transaction increased non-controlling interest by \$43,518 and increased the equity attributable to owners of parent by \$17,320.
- C. For the year ended December 31, 2023, the Group's second-tier subsidiary, Shinfox Energy Co., Ltd., had changes in equity due to issuing convertible bonds. This transaction resulted in an increase in the non-controlling interests by \$162,990, and an increase in the equity attributable to owners of the parent by \$148,237.

(34) Business combinations

A. Elegant Energy

- (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-customer relationship acquired amounted to \$197,637.
- (d) The operating revenue included in the consolidated statement of comprehensive income since February 14, 2022 contributed by Elegant Energy was \$1,998. Elegant Energy also contributed profit before income tax of \$1,990 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.

B. Eastern Rainbow Engineering Co. Ltd.

- (a) On October 6, 2023, the Group acquired new ordinary shares issued by Eastern Rainbow Engineering Co. Ltd. amounting to \$218,020 in the form of cash. After the acquisition, the Group held 56.63% equity interests in Eastern Rainbow Engineering Co. Ltd. and obtained control over the entity.
- (b) The allocation of the acquisition price of Eastern Rainbow Engineering Co. Ltd. was completed in the fourth quarter of 2023, and the fair value of the identifiable intangible assets and goodwill acquired amounted to \$716 and \$9,519, respectively.
- (c) The operating revenue included in the consolidated statement of comprehensive income since October 6, 2023 contributed by Eastern Rainbow Engineering Co. Ltd. was \$67,503. Eastern Rainbow Engineering Co. Ltd. also contributed loss before income tax of (\$23,557) over the same period. Had Eastern Rainbow Engineering Co. Ltd. been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$241,902 and loss before income tax of (\$59,035).

C. Shinfox Far East Company Pte. Ltd. (SFE)

- (a) The Group originally held 40% equity interests in SFE before the combination and acquired another 27% equity interests with the consideration amounting to \$1,649,347 in the form of cash. After the acquisition, the Group held totaling 67% equity interests in SFE and obtained the control over SFE. The Company recognised gain on disposal of investment amounting to \$45,025 (shown as ‘other gains and losses -gains on disposal of investments’).

- (b) The allocation of the acquisition price of SFE was completed in the fourth quarter of 2023, and the fair value of goodwill acquired amounted to \$49,878.
- (c) The operating revenue included in the consolidated statement of comprehensive income since November 6, 2023 contributed by SFE was \$522,429. SFE also contributed loss before income tax of (\$92,246) over the same period. Had SFE been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$1,875,937 and loss before income tax of (\$491).
- D. The following table summarises the consideration paid for Eastern Rainbow Engineering Co. Ltd. and SFE and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Eastern Rainbow Engineering Co. Ltd.	SFE
Purchase consideration		
Cash paid	\$ 218,020	663,097
Fair value of equity interest held before the business combination	-	986,250
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	159,688	787,798
	<u>377,708</u>	<u>2,437,145</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	273,914	225,447
Other current assets	284,856	396,034
Property, plant and equipment	38,072	2,038,523
Intangible assets	716	-
Deferred tax assets	34,144	-
Other non-current assets	9,209	14,451
Other current liabilities	(237,750)	(278,405)
Deferred tax liabilities	(2,710)	-
Other non-current liabilities	(32,262)	(8,783)
Total identifiable net assets	<u>368,189</u>	<u>2,387,267</u>
Goodwill	<u>\$ 9,519</u>	<u>\$ 49,878</u>

(35) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2023
Purchase of property, plant and equipment	\$ 987,332
Add: Opening balance of payable on equipment	90,341
Less: Ending balance of payable on equipment	(142,156)
Capitalisation of depreciation	(7,400)
Capitalisation of interest expense	(47,865)
Cash paid during the year	<u>\$ 880,252</u>

- B. 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>

- C. The Group sold 100% of share in subsidiary Diwei Power Co., Ltd. and Liangwei Power Co., Ltd. on December 25, 2023 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 equivalents) and assets and liabilities relating to the subsidiary are as follows:

	Diwei Power Co., Ltd.	Liangwei Power Co., Ltd.
Consideration received		
Cash	\$ 77,297	\$ 163,175
Carrying amount of the assets and liabilities		
Cash	4,362	8,716
Other current assets	21,819	26,243
Property, plant and equipment	102,700	160,452
Short-term notes and bills payable	(76,587)	(94,490)
Other current liabilities	(16,353)	(14,501)
Total net assets	35,941	86,420

(36) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Bonds payable	Lease liability	Liabilities from financing activities-gross
January 1, 2023	\$ 7,035,719	\$ 1,789,159	\$ 5,397,714	\$ -	\$ 292,328	\$ 14,514,920
Changes in cash flow from financing activities	2,116,235	2,387,532	1,068,839	3,153,604	(113,529)	8,612,681
Discount on bonds and issuance cost	-	-	-	(307,327)	-	(307,327)
Changes in other non-cash items	28,170	(171,077)	31,904	5,502	236,267	130,766
Impact of changes in foreign exchange rate	-	-	-	-	788	788
December 31, 2023	<u>\$ 9,180,124</u>	<u>\$ 4,005,614</u>	<u>\$ 6,498,457</u>	<u>\$ 2,851,779</u>	<u>\$ 415,854</u>	<u>\$ 22,951,828</u>

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	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>\$ 292,328</u>	<u>\$ 14,514,920</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
Chern Feng Engineering Tech Co., Ltd.(Chern Feng)	Former other related party (Note 1)
Central Motion Picture Corporation (Central Motion Picture)	Other related party
Fugang Electric (Kunshan) Co., Ltd.	Other related party
Foxlink Technical India Private Ltd.(Foxlink India)	Other related party
Hon Hai Precision Industry Co., Ltd. (Hon Hai)	Other related party
Studio A Technology Limited (Studio A Hong Kong)	Associates
Synergy Co., Ltd. (Synergy)	Associates
Changpin Wind Power Ltd.(Changpin)	Joint Venture (Note 2)
Deepwaters Digital Support Inc. (Deepwaters)	Other related party
Far East Offshore Wind Power Company Pte Ltd. (FEO)	Other related party
Cheng Shin Digital Co., Ltd. (Cheng Shin Digital)	Associates

Note 1: 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 2: 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,	
	2023	2022
Joint venture	\$ 133,354	\$ 60,000
Associates	64,676	43,480
Other related parties	54,974	145,584
Cheng Uei	48,365	131,194
	<u>\$ 301,369</u>	<u>\$ 380,258</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 entered into contracted construction agreements with related parties and charged construction revenue, service revenue and electricity sales revenue from related parties. The transaction price and credit terms are the same with the market situation or the general customers.

B. Purchases

	Year ended December 31,	
	2023	2022
Purchases of goods:		
Cheng Uei	\$ 12,872	\$ 18,581
Associates	4,697	3,074
Other related parties	1,572	253
	<u>\$ 19,141</u>	<u>\$ 21,908</u>
Cost of engineering sales :		
Other related parties	\$ 1,225	\$ -
Former other related party	-	60,007
	<u>\$ 1,225</u>	<u>\$ 60,007</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, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Cheng Uei	\$ 17,784	\$ 26,614
Other related parties	6,598	14,285
Joint Venture	5,250	-
Associates	4,071	-
	<u>\$ 33,703</u>	<u>\$ 40,899</u>
Other receivables:		
Sharetronic	\$ 6,338	\$ 10,248
Associates	1,982	8
Other related parties	535	117
Cheng Uei	18	148
	<u>\$ 8,873</u>	<u>\$ 10,521</u>

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

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Cheng Uei	\$ 8,584	\$ 2,518
Other related parties	1,288	-
Associates	38	55
	<u>\$ 9,910</u>	<u>\$ 2,573</u>
Other payables:		
Cheng Uei	\$ 9,657	\$ 10,828
Other related parties	6,907	21,332
Associates	136	-
	<u>\$ 16,700</u>	<u>\$ 32,160</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. Property transactions

Acquisition of property, plant and equipment

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
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, 2023</u>	<u>Year ended December 31, 2022</u>
Cheng Uei	\$ 14,935	\$ 7,838

(c) Lease liability

i. Outstanding balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cheng Uei	\$ 111,104	\$ 122,374
Other related parties	-	4,894
	<u>\$ 111,104</u>	<u>\$ 127,268</u>

ii. Interest expense

	<u>Year ended December 31,</u> <u>2023</u>	<u>2022</u>
Cheng Uei	\$ 1,886	\$ 1,924
Other related parties	9	165
	<u>\$ 1,895</u>	<u>\$ 2,089</u>

G. Rental revenue

	<u>Year ended December 31,</u> <u>2023</u>	<u>2022</u>
Other related parties	\$ 48,273	\$ 30,781
Cheng Uei	20,471	19,874
	<u>\$ 68,744</u>	<u>\$ 50,655</u>

H. Loans from related parties:

Interest expense

	<u>Year ended December 31,</u> <u>2023</u>	<u>2022</u>
Cheng Uei	\$ -	\$ 7,890

The loans are settled at maturity. Interest rate for the year ended December 31, 2023 was 1.6% per annum.

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

(3) Key management compensation

	<u>Year ended December 31,</u> <u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 23,643	\$ 23,940
Post-employment benefits	913	859
	<u>\$ 24,556</u>	<u>\$ 24,799</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as financial assets at amortised cost- current)	\$ 65,776	\$ 228,732	Guarantee for fast Customs Clearance and issuance of material purchasing guarantee and security deposit
Restricted bank deposits and pledged time deposits (shown as financial assets at amortised cost- current)	2,009,915	2,619,504	Letters of guarantee for construction performance , short-term borrowings and guarantee notes, etc.
Guarantee deposits paid (shown as other current assets)	1,001,654	999,710	Guarantee for construction performance, performance bond
Guarantee deposits paid (shown as other non-current assets)	262,327	246,058	Guarantee for electric energy transfer, deposits, guarantee and customs deposit
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)	402,761	388,788	Impound, bond guarantee, performance guarantee and guarantee for development plan
Property, plant and equipment	1,004,783	1,028,412	Short-term notes and bills and long-term borrowings
Investment property	-	6,654	Short-term and long-term borrowings
	<u>\$ 4,751,716</u>	<u>\$ 5,522,358</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. The Group's subsidiary, Shih Fong Power Co., Ltd. ("Shih Fong"), carried out the "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, an 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 that ensued during the period of application for the renewal of the Work Permit were as follows:

(a) Administrative Appeal

The local indigenous peoples (the "Petitioners") filed a petition on May 14, 2021 with the Administrative Appeals Committee of the Executive Yuan (AAC), 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 from the AAC on May 31, 2021; and regarding the dispute with the latter, the decision of administrative appeal was rendered by the AAC on March 3, 2022 and the original administrative action was revoked. In accordance with the decision of the AAC, 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 litigation

The Petitioners disagreed with the decision of dismiss on May 31, 2021 by the AAC and filed an administrative litigation with the Taipei High Administrative Court (THAC). On December 3, 2021, the THAC 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 (SAC). On March 31, 2022, the SAC 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 the 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. Shih Fong had obtained the renewal Work Permit in 2021 and 2022 in December 2022 and the Work Permit in 2023 was renewed by the Ministry of Economic Affairs in February 2023. However, the Petitioners disagreed with the issuance of the Work Permit in 2023 by the Ministry of Economic Affairs and requested for a suspension until the administrative litigation is finalised. On September 28, 2023, the Supreme Court issued a ruling that “the execution shall be stayed until the administrative litigation is concluded and the certain litigation expenses shall all be abandoned.” Shih Fong had obtained the Work Permit for 2024 to 2026 was renewed by the Ministry of Economic Affairs in February 2024 which will be valid until December 31, 2026.

- B. The Group’s second-tier subsidiary, Foxwell Energy Corporation Ltd. (“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 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 reserves the right to claim compensation from the contractor. As of March 7, 2024, 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.
- C. The Group’s second-tier subsidiary, Elegant Energy TECH Co., Ltd., was commissioned by VAI Renewables Co., Ltd. to develop a wind farm. As there are objections over the development process of the wind farm, VAI Renewables Co., Ltd. has filed a claim for reimbursement to the second-tier subsidiary, Elegant Energy TECH Co., Ltd., for approximately \$33,593, which has not yet started trial proceedings, and it is not possible to predict the outcome of the court trial.

(2) Commitments

- A. Information on endorsement/guarantee of the Company is provided in Note 13(2).
- B. As of December 31, 2023 and 2022, 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 both \$1,620,000, the endorsement and guarantee amount provided by the second-tier subsidiary, Shinfox Energy Co., Ltd. was both \$3,780,000, and the amounts pledged by the letter of guarantee assigned by subcontractors were both \$1,608,370.
- C. Except as described in Note 9(2) B., the Group’s second-tier subsidiary, Shinfox Energy Co., Ltd., provided performance guarantee on the subcontracted construction and the credit line on the

guaranteed amount to the Group's second-tier subsidiary, Foxwell Energy Corporation Ltd., amounting to \$19,786,950 and \$12,762,997 as of December 31, 2023 and 2022, respectively.

D. As of December 31, 2023 and 2022, the letters of guarantee to be issued by the bank, which are required for performance guarantee under the contracted photovoltaic electric systems, amounted to \$150,519 and \$75,144, respectively.

E. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

(a) As of December 31, 2023 and 2022, equipment purchases agreements contracted but not recognised and paid amounted to \$495,306 and \$391,120, respectively.

(b) The Company entered into a construction cooperation contract with non-related parties with a total consideration of \$44,455,932. As of December 31, 2023, the consideration of \$16,380,673 was settled.

F. 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, 2023, the Group's construction projects were completed on schedule and there was no compensation loss incurred due to overdue projects.

G. The Group entered the operation and maintenance contract with Changyuan Wind Power Ltd., Bei yuan Wind Power Ltd. and Shinfox Power Co., Ltd. for WTGS and solar energy equipment. The contract specifies the terms such as the bonus and penalty of operation and maintenance as well as the relevant rights and obligations of both parties. The contract period is 20 years from the parallel connection date.

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

A. The appropriation of 2023 earnings had been approved by the Board of Directors on March 7, 2024. Details are summarized below:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 15,004	
Special reserve	(290,674)	
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 7, 2024.
- C. On February 27, 2024, the Board of Directors of the subsidiary, Shinfox Energy Co., Ltd., of the Group resolved to provide endorsements and guarantees for the investee company, Changpin Wind Power Ltd. by pledging the shares of Changpin Wind Power Ltd. to Bank SinoPac with the 50% shareholding ratio of which the value amounted to \$120,000 to apply for a project financing facility.
- D. On February 27, 2024, the Board of Directors of the second-tier subsidiary, Shinfox Energy Co., Ltd., of the Group resolved to provide an endorsement and guarantee for the subsidiary, SFE, with the credit line within the limit of US\$100 million (equivalent to approximately NT\$3.15 billion) to financial institutions.
- E. On February 27, 2024, to meet the needs of the Group's subsidiary, SFE, for purchasing heavy lifting vessels. The Board of Directors of the second-tier subsidiary, Shinfox Energy Co., Ltd., of the Group resolved to provide short-term financing facilities with a borrowing amount of \$1,500,000 and the interest is repayable monthly at an annual interest rate of 8%.

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, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,167	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 3,152,254	\$ 1,904,369
Financial assets at amortised cost		
Cash and cash equivalents	\$ 6,953,129	\$ 5,732,695
Financial assets at amortised cost	3,261,615	3,299,563
Notes receivable	25,654	34,952
Accounts receivable(including related parties)	2,011,711	1,216,207
Other receivables(including related parties)	99,617	42,464
Guarantee deposits paid	1,277,845	1,260,741
	<u>\$ 13,629,571</u>	<u>\$ 11,586,622</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 9,180,124	\$ 7,035,719
Short-term notes and bills payable	4,005,614	1,789,159
Notes payable	32,677	656
Accounts payable (including related parties)	2,591,139	1,417,018
Other payables(including related parties)	1,092,937	831,925
Long-term borrowings		
(including current portion)	6,498,457	5,397,714
Guarantee deposits received	40,328	24,668
	<u>\$ 23,441,276</u>	<u>\$ 16,496,859</u>
Lease liability	<u>\$ 415,854</u>	<u>\$ 292,328</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, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (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) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

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. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iiii. 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, 2023					
	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	\$	88,946	30.7050	\$	2,731,087
RMB:NTD		73,337	4.3270		317,329
JPY:NTD		1,020	0.2172		222
HKD:NTD		1,202	3.9290		4,723
EUR:NTD		168	33.9800		5,709
HKD:RMB		3,065	0.9080		12,042
USD:RMB		16,340	7.0961		501,720
Financial liabilities					
Monetary items					
USD:NTD	\$	21,551	30.7050	\$	661,723
RMB:NTD		56	4.3270		242
JPY:NTD		1,767	0.2172		384
USD:RMB		2,005	7.0961		61,564
USD:HKD		569	4.3270		17,471
December 31, 2022					
	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
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
Financial liabilities					
Monetary items					
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

D. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$78,574) and \$147,239, respectively.

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

Year ended December 31, 2023				
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%	\$	27,311	\$
RMB:NTD	1%		3,173	
JPY:NTD	1%		2	
HKD:NTD	1%		47	
EUR:NTD	1%		57	
HKD:RMB	1%		120	
USD:RMB	1%		5,017	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	6,617	\$
RMB:NTD	1%		2	
JPY:NTD	1%		4	
USD:RMB	1%		616	
USD:HKD	1%		175	

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)					
Financial assets					
Monetary items					
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		-
Financial liabilities					
Monetary items					
USD:NTD	1%	\$	8,606	\$	-
RMB:NTD	1%		3,734		-
JPY:NTD	1%		17		-
USD:RMB	1%		1,480		-
USD:HKD	1%		1,226		-

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, profit net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$41 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. And other components of equity would have increased/decreased by \$25,218 and \$15,235, 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, 2023 and 2022, 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, 2023 and 2022 would have increased/decreased by \$15,747 and \$11,378, 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, 2023 and 2022, the provision matrix is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2023</u>			
Not past due	0.03%~4.41%	\$ 1,877,583	\$ 9,563
Up to 30 days past due	0.65%~10.97%	114,854	10,875
31~90 days past due	0.65%~46.01%	7,511	1,502
91~180 days past due	100%	-	-
Over 181 days past due	100%	1,695	1,695
		<u>\$ 2,001,643</u>	<u>\$ 23,635</u>
	<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>

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>2023</u>
	<u>Accounts receivable</u>
At January 1	\$ 24,172
Reversal of impairment loss	(532)
Effect of foreign exchange	(5)
At December 31	<u>\$ 23,635</u>
	<u>2022</u>
	<u>Accounts receivable</u>
At January 1	\$ 32,906
Provision for impairment	1,886
Reversal of impairment loss	(10,622)
Effect of foreign exchange	2
At December 31	<u>\$ 24,172</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, 2023	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 9,356,138	\$ -	\$ -
Short-term notes and bills payable	4,013,200	-	-
Notes payable	32,677	-	-
Accounts payable (including related parties)	2,591,139	-	-
Other payables (including related parties)	1,092,937	-	-
Lease liability	98,355	206,990	161,050
Bonds payable	-	3,000,000	-
Long-term borrowings (including current portion)	284,609	6,294,106	58,909

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	1,792,400	-	-
Notes payable	656	-	-
Accounts payable (including related parties)	1,417,018	-	-
Other payables (including related parties)	831,925	-	-
Lease liability	58,412	117,429	123,970
Long-term borrowings (including current portion)	761,688	4,596,649	171,275

(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 3.

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

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	December 31, 2023			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	<u>\$ 2,851,779</u>	<u>\$ -</u>	<u>\$ 2,851,779</u>	<u>\$ -</u>

For the year ended December 31, 2022 : None

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable is measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

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, 2023 and 2022 are as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,267			\$ 1,267
Financial assets at fair value through other comprehensive income				
Equity securities	2,712,530		439,724	3,152,254
Embedded derivatives				
Put options of convertible bonds	-	3,900	-	3,900
	<u>\$2,713,797</u>	<u>\$ 3,900</u>	<u>\$ 439,724</u>	<u>\$3,157,421</u>

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>

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

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

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

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. Price information and parameters used in valuation was carefully assessed and was adjusted according to current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- F. For the years ended December 31, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
At January 1	\$ 889,509	\$ 1,010,777
Transfer in	170,604	-
Sold in the period	(493,433)	-
Loss recognised in other comprehensive income	(125,575)	(122,368)
Effect of exchange rate changes	(1,381)	1,100
At December 31	<u>\$ 439,724</u>	<u>\$ 889,509</u>

- H. For the year ended December 31, 2023, information on transfers into Level 3 is provided in Note 6(8). For the year ended December 31, 2022, there were no transfers into Level 3.
- I. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 649	Market comparable companies	Discount for lack of marketability	20%~50%	The higher the discount for lack of marketability, the lower the fair value
	439,075	Net asset value	Not applicable	–	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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

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, 2023			
			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%	\$ -	\$ -	\$ 32	(\$ 32)

			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)

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: Please refer to Note 6(2) and Note 12(2).
- 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 investors in Mainland China directly or indirectly through other companies in the third areas :
Significant transactions with Mainland China invested companies directly or indirectly through third-party territories and their prices, payment terms, and unrealized gains/losses: please refer to Note 13(1)G for details on significant transactions between the Company and its subsidiaries with Mainland China invested companies for the year ended December 31, 2023.

(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, 2023

	Systems and peripheral products department	3C product retail department	3C component department	Energy service management	Adjustment and elimination	Total
Revenue from external customer	\$ 4,400,216	\$ 1,632,430	\$ 142,868	\$ 11,247,488	\$ -	\$ 17,423,002
Inter-segment revenue	-	-	-	2,094	(2,094)	-
Segment Revenue	<u>\$ 4,400,216</u>	<u>\$ 1,632,430</u>	<u>\$ 142,868</u>	<u>\$ 11,249,582</u>	<u>(\$ 2,094)</u>	<u>\$ 17,423,002</u>
Segment income (loss)	<u>\$ 575,031</u>	<u>\$ 7,107</u>	<u>(\$ 323,016)</u>	<u>\$ 789,470</u>	<u>(\$ 31,683)</u>	<u>\$ 1,016,909</u>

Year ended December 31, 2022

	Systems and peripheral products department	3C product retail department	3C component department	Others	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>

(4) Reconciliation for segment income (loss)

The external revenue and segment net income 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 net income to the income before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31,	
	2023	2022
Reportable segments income	\$ 1,016,909	\$ 553,973
Unrealised financial instrument gains		
Non-operating income and expenses, net	85,102	292,548
Income before tax from continuing operations	<u>\$ 1,102,011</u>	<u>\$ 846,521</u>

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 11,347,647	\$ 7,887,269	\$ 4,400,353	\$ 5,307,168
Hong Kong	1,779,215	641,691	2,156,948	637,583
China	1,291,362	1,219,886	1,505,847	1,298,705
USA	646,499	-	1,550,918	-
Others	2,358,279	138,884	2,455,183	139,483
	<u>\$ 17,423,002</u>	<u>\$ 9,887,730</u>	<u>\$ 12,069,249</u>	<u>\$ 7,382,939</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,			
	2023		2022	
	Revenue	Segment	Revenue	Segment
J Company	<u>\$ 9,908,573</u>	Energy service management	<u>\$ 2,099,298</u>	Energy service management
D Company	<u>1,208,494</u>	Systems and peripheral products department	<u>1,450,745</u>	Systems and peripheral products department
H Company	<u>787,051</u>	Systems and peripheral products department	<u>1,218,002</u>	Systems and peripheral products department
I Company	<u>222,980</u>	Energy service management	<u>1,593,294</u>	Energy service management

FIT HOLDING CO., LTD.
Loans to others
Year ended December 31, 2023

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	Balance at December 31, 2023	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		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2023								Item	Value	(Note 2)		
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	\$ 900,000	\$ -	\$ -	1.93%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,555,825	\$ 3,407,767	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	266,700	173,080	118,992	2.50%	2	-	Operations	-	-	-	1,378,304	1,378,304	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	500,000	500,000	-	2.00%	2	-	Operations	-	-	-	1,378,304	1,378,304	
2	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables - related parties	Y	28,448	-	-	3%	2	-	Operations	-	-	-	284,865	284,865	
2	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables - related parties	Y	222,250	216,350	154,041	3%	2	-	Operations	-	-	-	284,865	284,865	
3	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables - related parties	Y	600,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	4,463,022	4,463,022	
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	533,400	333,179	333,179	2.50%	2	-	Group capital movement	-	-	-	703,240	703,240	
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	221,100	216,350	216,350	2.50%	2	-	Group capital movement	-	-	-	703,240	703,240	
5	Dong Guan HanYang Computer Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	88,660	86,540	-	3.65%	2	-	Operations	-	-	-	326,156	326,156	

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 abovementioned condition, (c), the authorised 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, 2023

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, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	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	FTT Holding Co., Ltd.	Power Quotient International Co., Ltd.	2	\$ 51,116,514	\$ 1,636,002	\$ 1,320,000	\$ 1,025,000	\$ -	15.49	\$ 51,116,514	Y	N	N	
0	FTT Holding Co., Ltd.	Glory Science Co., Ltd.	2	51,116,514	1,223,350	990,000	680,000	-	11.62	51,116,514	Y	N	N	
0	FTT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	2	51,116,514	131,340	129,810	129,810	-	1.52	51,116,514	Y	N	Y	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	4	20,674,572	1,925,000	1,365,000	1,225,000	-	16.02	20,674,572	N	N	N	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	4	20,674,572	440,000	440,000	350,000	-	5.16	20,674,572	N	N	N	
2	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	2	66,945,324	31,200,000	31,200,000	23,453,750	-	366.22	66,945,324	N	N	N	
2	Shinfox Energy Co. Ltd.	Shinfox Far East Company Pte. Ltd.	2	62,482,302	630,000	630,000	-	-	7.39	66,945,324	N	N	N	
3	Foxwell Energy Corporation Ltd.	Xinwei Power Co., Ltd.	2	14,227,534	113,200	113,200	113,200	-	1.33	14,227,534	N	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.
- (8) For subsidiaries whose shares are 90% or above held by Foxwell Energy, ceiling on total amount of endorsements and guarantees provided by the Company is 150% of the Company's net asset value; limit on endorsements and guarantees provided by the Company for a single party is 140% of the Company's net asset value.

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, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
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 Greenery Investment Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	22,500	\$ 210,529	12.00	\$ 210,529	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,631	160,767	0.04	160,767	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	155,396	4.00	155,396	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	49,503	2,390,996	9.66	2,390,996	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	-	14.09	-	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 Mobile Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,631	160,767	0.04	160,767	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, 2023				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	-	73,150	12.90	73,150	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
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
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	Not applicable	Financial assets at fair value through profit or loss-current	43	383	-	383	Not pledged as collateral
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	Not applicable	Financial assets at fair value through profit or loss-current	1	15	-	15	Not pledged as collateral
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Mildef Crete Inc.	Not applicable	Financial assets at fair value through profit or loss-current	10	869	0.02	869	Not pledged as collateral
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Wuxi EASTERN Rainbow Environmental Protection Engineering Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	-	649	10	649	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, 2023

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, 2023		Addition		Disposal			Balance as at December 31, 2023			Footnote
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	No. of shares (in thousands)	Amount	
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Investment accounted for using equity method	Foxwell Energy Corporation Ltd.	Note1	610,000,000	\$ 6,100,000	257,000,000	\$ 2,570,000	-	-	-	-	867,000,000	\$ 8,670,000	Note3
Shinfox Co., Ltd.	Shinfox Far East Company Pte.Ltd.	Investment accounted for using equity method	Far East Renewable Eneergy Company Pte. Ltd.	Note2	-	981,545	53,600,000	675,778	-	-	-	-	53,600,000	1,657,323	Note3 、 5
Foxlink Image Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Financial assets at fair value through other comprehensive income-non-current	Cheng Uei Precision Industry Co., Ltd.	Note4	27,503,000	1,263,416	22,000,000	918,233	-	-	-	-	49,503,000	2,181,649	

Note1 : The entity is the Company's subsidiary

Note2 : The general ledger account is 'Investments accounted for using equity method'.

Note3 : The abovementioned amount is investment cost, information relating to its carrying amount is provided Note 6 (8) and table 8.

Note4 : The entity is the Company's parent company.

Note5 : The Group prepaid investments to Shinfox Far East Company Pte Ltd. on December 27, 2022, and acquired 40% equity interests in the entity in January 2023, and acquired another 27% equity interests in the entity on November 6, 2023.

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, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
		Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Weï Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Sales	(\$ 667,701)	-90%	Flexible collection, depending on the capital	Mutual agreement	None	\$ 132,607	100%	
Foxlink Image Technology Co., Ltd.	Weï Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	667,701	19%	Flexible collection, depending on the capital	Mutual agreement	None	(132,607)	-17%	

FIT HOLDING CO., LTD.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	\$ 118,992	Note1	\$ -	-	\$ -	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	346,939	0.72	-	-	-	-
Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	165,545	Note1	-	-	-	-
Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	255,026	Note1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	138,511	Note1	-	-	-	-
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	342,797	1.95	-	-	55,231	-
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	132,607	4.42	-	-	56,523	-
Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	333,179	Note1	-	-	-	-
Power Quotient Technology (YANCHENG) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	216,350	Note1	-	-	-	-

Note 1: The turnover rate was not applicable as the receivables were recorded as other receivables.

FIT HOLDING CO., LTD.
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	\$ 118,992	Based on the Company's policies	0%
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	255,026	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	346,939	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	138,511	Based on the Company's policies	0%
3	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	165,545	Based on the Company's policies	0%
4	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	342,797	Flexible collection, depending on the capital requirement	1%
4	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	600,085	Flexible collection, depending on the capital requirement	3%
5	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	104,010	Flexible collection, depending on the capital requirement	0%
6	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	132,607	Flexible collection, depending on the capital requirement	0%

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)
6	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales revenue	667,701	Flexible collection, depending on the capital requirement	4%
7	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	333,179	Based on the Company's policies	1%
7	Power Quotient Technology (YANCHENG) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	216,350	Based on the Company's policies	0%
8	Foxwell Energy Corporation Ltd.	SHINFOX FAR EAST COMPANY PTE. LTD.	3	Construction cost	610,562	Sales prices are approximate to normal clients	1%

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Table 8

FIT HOLDING CO., LTD.
Information on investees
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023		Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value				
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sales of optical instruments	\$ 2,814,868	\$ 2,814,868	60,000,001	100.00	\$ 426,601	(\$ 279,500)	(\$ 279,500)		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	4,173,056	602,151	595,939		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	5,213,291	264,600	264,161		Subsidiary
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	299,952	299,952	37,500,000	16.30	388,100	11,763	1,918		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	33,401	130	48		Investee
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,325,746	1,325,746	20,241,034	100.00	2,274,747	130,291	-		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	957,357	11,763	-		Investee
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	131,724	131,724	3,575	35.75	753,722	165,112	-		Investee
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin Islands	General investments business	1,458,482	1,249,688	47,499,819	100.00	120,592	(227,607)	-		Second-tier subsidiary
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments business	977,974	769,180	31,850,628	100.00	471,929	(124,162)	-		Third-tier subsidiary

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	Investment income (loss)	Footnote	
				December 31, 2023	December 31, 2022				for the year ended December 31, 2023	recognized by the Company for the year ended December 31, 2023		
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	491,280	491,280	16,000,000	100.00	(393,565)	(103,618)	-	Third-tier subsidiary	
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	India	Trading and manufacturing	103,349	103,349	21,773,105	99.27	80,173	174	-	Third-tier subsidiary	
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,086	11,086	3,001,000	10.00	12,543	5,832	-	Investee	
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	416,867	416,867	106,100,000	100.00	703,509	4,361	-	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	2,330	132,257	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD.	British Virgin Islands	Specialised investments holding	333,548	333,548	10,862,980	100.00	82,893	198	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	3,177,022	3,177,022	12,501	100.00	1,157,709	20,723	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sales of medical equipment	10,000	10,000	1,000,000	100.00	13,044	(116)	-	Second-tier subsidiary Note2	
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	3,646,600	3,646,600	102,951,145	47.63	5,314,342	636,385	-	Second-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	8,670,000	6,100,000	867,000,000	100.00	9,454,493	763,402	-	Third-tier subsidiary	
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Taiwan	Energy service management	360,000	360,000	36,000,000	80.00	273,993	(33,373)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	656,590	672,600	46,539,000	77.57	753,148	53,170	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	1,100,000	1,100,000	110,000,000	100.00	1,086,475	(6,154)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	CHUNG CHIA POWER Co., Ltd.	Taiwan	Combined Heat and Power	-	180,000	-	0.00	-	(731)	-	Investee Note1	
Shinfox Co., Ltd.	Elegant Energy TECH Co., Ltd	Taiwan	Energy technical services	200,000	200,000	500,000	100.00	146,872	(1,068)	-	Third-tier subsidiary	

				Initial investment amount		Shares held as at December 31, 2023			Investment income (loss)		
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	Investment income (loss)	Footnote
				December 31, 2023	December 31, 2022				for the year ended December 31, 2023	recognized by the Company for the year ended December 31, 2023	
Shinfox Co., Ltd.	Yuanshan Forest Natural Resources Co., Ltd.	Taiwan	Tree planting industry	100,000	10,000	1,000,000	100.00	99,682	(264)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Changpin Wind Power Ltd.	Taiwan	Electricity Generating Enterprise	120,000	120,000	12,000,000	50.00	105,979	(1,033)	-	Joint Venture
Shinfox Co., Ltd.	Diwei Electric Power Co., Ltd	Taiwan	Electricity Generating Enterprise	-	30,000	-	0.00	-	5,990	-	Third-tier subsidiary
Shinfox Co., Ltd.	Guanwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	35,700	35,700	3,570,000	51.00	35,622	(122)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Shinfox Far East Company Pte Ltd	Singapore	Maritime Engineering	1,657,323	981,545	53,600,000	67.00	1,571,897	(261,606)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Junwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	12,000	-	1,200,000	100.00	11,955	(45)	-	Third-tier subsidiary
Shinfox Co., Ltd.	Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Taiwan	Energy technical services	218,020	-	19,820,000	56.63	211,405	(11,095)	-	Third-tier subsidiary
Foxwell Energy Corporation Ltd.	Liangwei Electric Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	-	40,000	-	0.00	-	6,459	-	Fourth-tier subsidiary
Foxwell Energy Corporation Ltd.	Xinwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	37,300	-	3,730,000	100.00	31,998	(201)	-	Fourth-tier subsidiary
Foxwell Power Corporation Ltd.	Foxwell Certification Co., Ltd.	Taiwan	Energy technical services	10,000	-	1,000,000	100.00	5,794	(4,206)	-	Fourth-tier subsidiary
Foxwell Power Corporation Ltd.	Cheng Shin Digital CO., Ltd.	Taiwan	Energy technical services	490	-	49,000	49.00	1,682	990	-	Fourth-tier subsidiary
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Eastern Rainbow Environmental Resource Co., Ltd.	Taiwan	Energy technical services	2,500	-	250,000	100.00	708	(1,035)	-	Fourth-tier subsidiary
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	India	Sales of electronic telecommunication components	103,260	103,260	21,790,000	99.27	80,232	163	-	Third-tier subsidiary
Apix LIMITED	Sinocity Industries Co., Ltd.	Hong Kong	Sales of electronic product	2,652,075	2,652,075	6,000,000	100.00	915,010	22,410	-	Third-tier subsidiary
Apix LIMITED	Perennial Ace Limited	British Virgin Islands	Specialised investments holding	654,017	654,017	Shares yet to be issued.	100.00	242,553	(1,688)	-	Third-tier subsidiary

				Initial investment amount		Shares held as at December 31, 2023					
				Balance as at December 31, 2023	Balance as at December 31, 2022		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
Investor	Investee	Location	Main business activities			Number of shares					
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Sales of electronic product	381	381	100,000	100.00	(11,985)	(2,122)	-	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	105,982	(181)	-	Investee
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,086	11,086	3,001,000	10.00	12,542	5,832	-	Investee

Note 1: CHUNG CHIA POWER Co., Ltd. carried out a cash capital increase on January 29,2023. The group did not subscribe to the new shares in proportion to our shareholding, resulting in a significant loss of control over the company from January 30,2023. Consequently, the investment has been reclassified as financial assets measured at fair value through other comprehensive income - non-current.

Note 2: Power Sufficient International Co., Ltd. completed the deregistration process in June 2023.

FIT HOLDING CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2023

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, 2023	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	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	\$ 187,013	Note 2	\$ 187,013	\$ -	\$ -	\$ 187,013	\$ 29,611	100	\$ 29,611	\$ 326,156	\$ -	Note 7
Sharetronic Data Technology Co., Ltd.	Manufacture and sales of mobile phone, LCD TV Connector and electronic components	1,054,927	Note 2	131,724	-	-	131,724	1,236,247	6.04	59,030	627,763	-	Note 7
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Mould development and moulding tool manufacture	249,087	Note 2	183,170	-	-	183,170	(58,629)	100	(58,629)	123,124	-	Note 7
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	460,575	Note 2	368,460	-	-	368,460	68,708	100	68,708	649,756	-	Note 7
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sales of image scanners, multifunction and printers and its accessories	184,230	Note 2	162,992	-	-	162,992	21,789	100	21,789	499,257	-	Note 7
Glorytek (Suzhou) Co., Ltd.	Trading and manufacturing	429,870	Note 2	399,490	-	-	399,490	(72,215)	100	(72,215)	284,865	-	Note 7
Glorytek (Yancheng) Co., Ltd.	Trading and manufacturing	276,345	Note 2	256,815	-	-	256,815	(108,452)	100	(108,452)	(658,937)	-	Note 7
Yancheng Yao Wei Technology Co., Ltd	Trading and manufacturing	43,270	Note 3	-	-	-	-	(419)	100	(419)	83,612	-	Note 7
Glory Optics (Yancheng) Co., Ltd.	Trading and manufacturing	1,143,258	Note 4	326,960	208,046	-	535,006	(124,375)	100	(124,375)	399,535	-	Note 7
Power Quotient Technology (YANCHENG) Co., Ltd.	Manufacture and sales of electronic components	614,100	Note 2	Note5	-	-	-	4,570	100	4,570	703,240	-	Note 7
PQI (Xuzhou) New Energy Co., Ltd	Manufacture and sales of electronic components	43,270	Note 3	Note6	-	-	-	86	100	86	43,590	-	Note 7
Kunshan Jiuwei Info Tech Co., Ltd.	Supply chain finance energy service management	1,536	Note 1	1,536	-	-	1,536	4,817	100	4,817	31,272	-	Note 7
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Energy technical services	21,635	Note 1	21,635	-	-	21,635	(1,081)	100	(1,081)	31,318	-	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 audited by the independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023		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.	\$	1,045,726	\$	1,208,785	\$	2,067,457
Glory Science Co., Ltd.		1,191,311		1,288,075		256,314
Power Quotient International Co., Ltd.		23,171		692,386		7,384,801

FIT HOLDING CO., LTD.
Major shareholders information
December 31, 2023

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%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23004813

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, 2023 and 2022, 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 material accounting policies

In our opinion, based on our audits and reports of other auditors (please refer to the *Other matter* section), 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants 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

Accountant 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 Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The balance of investments accounted for under the equity method recognized amounted to NT\$10,234,449 thousand, constituting 98% of the Company's total assets as at December 31, 2023, and the investment profit (shown as operating revenue) amounted to NT\$582,566 thousand. Please refer to Note 4(9) for accounting policies on investments accounted for under the equity method and Note 6(4) 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 the equity method - recognition of construction revenue - assessment on the stage of completion; investments accounted for under the equity method - valuation of goodwill impairment; and investments accounted for under the equity method - valuation of property, plant and equipment impairment were identified as key audit matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Recognition of construction revenue - assessment on the stage of completion

Description

Please refer to Note 4(31) for accounting policy on construction contracts; Note 5(2) for the uncertainty of critical judgement, accounting estimates and assumptions applied to construction contracts and Note 6(24) for details of contract assets, contract liabilities and construction revenue, which amounted to NT\$8,675,960 thousand, NT\$43,541 thousand and NT\$10,285,643 thousand, respectively, as of December 31, 2023.

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 over time. 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, and the complexity of aforementioned total cost usually involves subjective judgement and contains a high degree of uncertainty, which might affect the construction revenue recognition, we consider the assessment on the stage of completion which was applied on construction revenue recognition as one of the key audit matters.

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 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 the 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(13) in the consolidated financial statements for details of intangible assets. The amount of goodwill was generated from the acquisition of subsidiaries, Power Quotient International Co., Ltd. and Foxlink Image Technology Co., Ltd., As of December 31, 2023, the balance of goodwill amounted to NT\$ 320,570 thousand and NT\$ 611,761 thousand, respectively. 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 one of the key audit matters.

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(9) in the consolidated financial statements for details of property, plant and equipment.

As the 3C components' life cycles are relatively short and the market is highly competitive, there is a high risk of property, 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 one of the key audit matters.

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\$33,401 thousand and NT\$203,442 thousand, constituting 0.32% and 1.94% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the share of loss of associates and joint ventures accounted for under the equity method amounted to NT\$48 thousand and NT(\$9,441) thousand, constituting 0.01% and (2.00%) 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 for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. 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.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those

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

Chou, Hsiao-Tzu

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022				
			AMOUNT	%	AMOUNT	%			
Current assets									
1100	Cash and cash equivalents	6(1)	\$	35,387	-	\$	7,224	-	
1136	Current financial assets at amortised cost	6(3)		-	-		27,330	-	
1210	Other receivables - related parties	7		-	-		694,545	7	
1410	Prepayments			36	-		-	-	
1470	Other current assets			7,741	-		1,705	-	
11XX	Current Assets			43,164	-		730,804	7	
Non-current assets									
1517	Non-current financial assets at fair value through other comprehensive income	6(2)		210,529	2		210,529	2	
1550	Investments accounted for under equity method	6(4)		10,234,449	98		9,552,564	91	
1780	Intangible assets	6(5)		1,405	-		-	-	
15XX	Non-current assets			10,446,383	100		9,763,093	93	
1XXX	Total assets		\$	10,489,547	100	\$	10,493,897	100	
Liabilities and Equity									
Current liabilities									
2100	Short-term borrowings	6(7)	\$	514,000	5	\$	1,128,000	11	
2110	Short-term notes and bills payable	6(8)		299,867	3		-	-	
2200	Other payables			56,225	-		49,567	-	
2230	Current income tax liabilities			-	-		9,581	-	
2320	Long-term liabilities, current portion	6(9)		-	-		200,000	2	
2399	Other current liabilities, others			36	-		63	-	
21XX	Current Liabilities			870,128	8		1,387,211	13	
Non-current liabilities									
2540	Long-term borrowings	6(9)		1,100,000	11		1,230,000	12	
25XX	Non-current liabilities			1,100,000	11		1,230,000	12	
2XXX	Total Liabilities			1,970,128	19		2,617,211	25	
Equity									
Share capital									
3110	Share capital - common stock	6(10)		2,462,421	23		2,462,421	23	
Capital surplus									
3200	Capital surplus	6(11)		5,004,042	48		4,841,997	47	
Retained earnings									
3310	Legal reserve			105,157	1		51,068	-	
3320	Special reserve			299,035	3		229,129	2	
3350	Unappropriated retained earnings	6(12)		239,431	2		582,744	6	
Other equity interest									
3400	Other equity interest			409,333	4	(290,673)	(3)
3XXX	Total equity			8,519,419	81		7,876,686	75	
Significant contingent liabilities and unrecognised contract commitments									
Significant events after the balance sheet date									
3X2X	Total liabilities and equity		\$	10,489,547	100	\$	10,493,897	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(4)	\$ 582,566	100	\$ 551,836	100
5000	Operating costs		-	-	-	-
5900	Net operating margin		582,566	100	551,836	100
	Operating expenses	6(13)				
6200	General and administrative expenses		(26,958)	(5)	(25,669)	(5)
6000	Total operating expenses		(26,958)	(5)	(25,669)	(5)
6900	Operating profit		555,608	95	526,167	95
	Non-operating income and expenses					
7100	Interest income	6(3) and 7	4,637	1	13,090	3
7010	Other income		170	-	168	-
7020	Other gains and losses		(543)	-	4,728	1
7050	Finance costs		(40,420)	(7)	(31,891)	(6)
7900	Profit before income tax		519,452	89	512,262	93
7950	Income tax benefit	6(14)	48,464	9	17,327	3
8200	Profit for the year		<u>\$ 567,916</u>	<u>98</u>	<u>\$ 529,589</u>	<u>96</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		\$ 330,782	57	(\$ 183,950)	(34)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		330,782	57	(183,950)	(34)
	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		(48,647)	(9)	125,346	23
8360	Components of other comprehensive income that will be reclassified to profit or loss		(48,647)	(9)	125,346	23
8300	Other comprehensive (loss) income for the year		<u>\$ 282,135</u>	<u>48</u>	<u>(\$ 58,604)</u>	<u>(11)</u>
8500	Total comprehensive income for the year		<u>\$ 850,051</u>	<u>146</u>	<u>\$ 470,985</u>	<u>85</u>
9750	Total basic earnings per share (in dollars)	6(15)	\$ 2.31		\$ 2.15	
9850	Total diluted earnings per share (in dollars)		\$ 2.30		\$ 2.14	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Retained earnings				Other equity interest			
		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 equity
	Notes								
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
Cash dividends paid from additional paid-in capital	6(11)	-	(246,242)	-	-	-	-	-	(246,242)
Appropriation and distribution of retained earnings	6(12)								
Legal reserve appropriated		-	-	42,083	-	(42,083)	-	-	-
Special reserve appropriated		-	-	-	220,768	(220,768)	-	-	-
Cash dividends to shareholders		-	-	-	-	(123,121)	-	-	(123,121)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	2,127	-	-	-	-	-	2,127
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
Year 2023									
Balance at January 1, 2023		\$ 2,462,421	\$ 4,841,997	\$ 51,068	\$ 229,129	\$ 582,744	(\$ 177,959)	(\$ 112,714)	\$ 7,876,686
Profit		-	-	-	-	567,916	-	-	567,916
Other comprehensive income (loss)		-	-	-	-	412	(48,647)	330,370	282,135
Total comprehensive income (loss)		-	-	-	-	568,328	(48,647)	330,370	850,051
Cash dividends paid from additional paid-in capital	6(11)	-	(123,121)	-	-	-	-	-	(123,121)
Appropriation and distribution of retained earnings	6(12)								
Legal reserve appropriated		-	-	54,089	-	(54,089)	-	-	-
Special reserve appropriated		-	-	-	69,906	(69,906)	-	-	-
Cash dividends to shareholders		-	-	-	-	(369,363)	-	-	(369,363)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method	6(4)	-	119,631	-	-	-	-	-	119,631
Changes in ownership interests in subsidiaries	6(4)	-	148,215	-	-	-	-	-	148,215
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(4)	-	17,320	-	-	-	-	-	17,320
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(418,283)	-	418,283	-
Balance at December 31, 2023		\$ 2,462,421	\$ 5,004,042	\$ 105,157	\$ 299,035	\$ 239,431	(\$ 226,606)	\$ 635,939	\$ 8,519,419

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 519,452	\$ 512,262
Adjustments			
Adjustments to reconcile profit (loss)			
Share of profit of associates accounted for using the equity method	6(4)	(582,566)	(551,836)
Amortisations	6(5)	401	-
Interest expense		40,420	31,891
Interest income		(4,637)	(13,090)
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables due from related parties		64,363	37,838
Other current assets		(6,035)	24
Changes in operating liabilities			
Prepaid expenses		(36)	78
Other payables		(20,287)	(23,331)
Other current liabilities-others		(27)	25
Cash inflow (outflow) generated from operations		11,048	(6,139)
Interest received		4,636	14,452
Dividend received		494,982	412,485
Interest paid		(40,952)	(30,715)
Income taxes paid		(458)	(63,324)
Net cash flows from operating activities		<u>469,256</u>	<u>326,759</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		27,330	200,296
Other receivables due from related parties		670,000	(670,000)
Acquisition of investments accounted for under the equity method		-	(600,000)
Acquisition of intangible assets	6(5)	(1,806)	-
Net cash flows from (used in) investing activities		<u>695,524</u>	<u>(1,069,704)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(614,000)	218,000
Increase in short-term notes and bills payable		299,867	-
Proceeds from long-term debt		2,000,000	2,910,000
Repayments of long-term debt		(2,330,000)	(2,010,000)
Cash dividends paid	6(12)	(369,363)	(123,121)
Cash dividends paid from additional paid-in capital	6(11)	(123,121)	(246,242)
Net cash flows (used in) from financing activities		<u>(1,136,617)</u>	<u>748,637</u>
Net increase in cash and cash equivalents		28,163	5,692
Cash and cash equivalents at beginning of year		<u>7,224</u>	<u>1,532</u>
Cash and cash equivalents at end of year		<u>\$ 35,387</u>	<u>\$ 7,224</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, 2023 AND 2022
(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 7, 2024.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by 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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

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

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company 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 Company'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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company 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 Company'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 Company 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 Company'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 Company 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) Intangible assets

Intangible assets other than goodwill, mainly software and customer relationship, are amortised on a straight-line basis over their estimated useful life of 3 years.

(11) 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.

(12) 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.

(13) 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.

(14) 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 and does not give rise to equal taxable and deductible temporary differences. 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.

(15) 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) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 2	\$ 28
Checking accounts and demand deposits	8,125	7,196
Time deposits	27,260	-
Total	<u>\$ 35,387</u>	<u>\$ 7,224</u>

A. The Company 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 Company has no cash and cash equivalents pledged to others as collateral.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</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).

(3) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits maturing in excess of three months	<u>\$ -</u>	<u>\$ 27,330</u>

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

	2023	2022
Interest income	\$ 467	\$ 3,077

- B. The Company has no financial assets at amortised cost pledged to others as collateral.
- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the of the Company's investment in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Power Quotient International Co., Ltd.	\$ 5,213,291	\$ 4,861,812
Foxlink Image Technology Co., Ltd.	4,173,056	3,575,292
Shih Fong Power Co., Ltd.	388,100	386,182
Glory Science Co., Ltd.	426,601	695,925
Synergy Co., Ltd.	33,401	33,353
	\$ 10,234,449	\$ 9,552,564

- A. The investment profit of \$582,566 and \$551,836 recognised for the investments accounted for using equity method for the years ended December 31, 2023 and 2022, respectively, was based on each investee's audited financial statements for the corresponding period.
- B. The Company and its subsidiary Foxlink Image Technology Co., Ltd. hold 16.3% and 34.7% of the equity of Shih Fong Power Co., Ltd. respectively, and jointly hold 51% of the equity of Shih Fong Power Co., Ltd., therefore the investee is recognized as an investment accounted for under the equity method.
- C. For the year ended December 31, 2023, because the investee under the equity method, POWER CHANNEL LIMITED, of the Company did not participate in the capital increase of Sharetronic Data Technology Co., Ltd. proportionally to its interests, the Company decreased its share interests to 16.89% and recognised capital surplus accounting to \$119,631 proportionally to its interests.
- D. For the year ended December 31, 2023, because the Company's second-tier Shinfox Energy Co., Ltd. subsidiary did not participate in the capital increase of Guanwei Power Co., Ltd. proportionally to its interests, the Company decreased its share interests to 51% and the company recognized capital reserve of (US\$22) based on the shareholding ratio.
- E. For the year ended December 31, 2023, the Company's second-tier Shinfox Energy Co., Ltd. disposed 1,601 thousand shares in Foxwell Power Co., Ltd. in the amount of \$60,838 and the company recognized capital reserve of \$17,320 based on the shareholding ratio.
- F. For the year ended December 31, 2023, due to changes in equity of the Company's second-tier Shinfox Energy Co., Ltd. through the issuance of stock options of convertible bonds, the company recognized capital reserve of \$148,237 based on the shareholding ratio.

G. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2023 consolidated financial statements.

(5) Intangible assets

	2023 Software	2022 Software
At January 1		
Cost	\$ -	\$ -
Accumulated amortisation and impairment	-	-
	<u>\$ -</u>	<u>\$ -</u>
Opening net book amount as at January 1	\$ -	\$ -
Additions — acquired separately	1,806	-
Amortisation charge	(401)	-
At December 31	<u>\$ 1,405</u>	<u>\$ -</u>
At December 31		
Cost	\$ 1,806	\$ -
Accumulated amortisation and impairment	(401)	-
	<u>\$ 1,405</u>	<u>\$ -</u>

Details of amortisation on intangible assets are as follows:

	2023	2022
General and administrative expenses	\$ 401	\$ -
	<u>\$ 401</u>	<u>\$ -</u>

(6) 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, 2023 and 2022, were \$187 and \$196, respectively.

(7) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 514,000</u>	1.85%~1.95%	None

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 1,128,000</u>	1.75%~2.50%	None

(8) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial papers	\$ 300,000	\$ -
Discount amortisation	(133)	-
	<u>\$ 299,867</u>	<u>\$ -</u>
Annual interest rate range	<u>1.788%~1.828%</u>	<u>\$ -</u>

(9) 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, 2023</u>
Long-term bank borrowings				
-including covenants				
Unsecured borrowings	Borrowing period is from October 2023 to October 2025; principal is repayable in full amount at the maturity date; interest is repayable monthlv.	2.06%	-	\$ 300,000
Unsecured borrowings	Borrowing period is from September 2023 to September 2025; principal is repayable in full amount at the maturity date; interest is repayable	1.90%	-	200,000
-without covenants				
Unsecured borrowings	Borrowing period is from September 2023 to September 2026; principal is repayable in full amount at the maturity date; interest is repayable	2.00%		300,000
Unsecured borrowings	Borrowing period is from May 2023 to May 2027; principal is repayable in full amount at the maturity date; interest is repayable monthly.	2.01%		300,000
				<u>\$ 1,100,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Undrawn borrowing facilities</u>	<u>December 31, 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 August 2022 to August 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.63%	-	200,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Undrawn borrowing facilities	December 31, 2022
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.	1.825%	-	300,000
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.	1.875%	-	300,000
				<u>1,430,000</u>
Less : Current portion (shown as other current liabilities)				<u>(200,000)</u>
				<u>\$ 1,230,000</u>

A. The Company entered into the borrowing contracts with Bank SinoPac, Entie Commercial Bank, Ltd. , Yuanta Commercial Bank Co., Ltd. ,and Far Eastern International Bank,and the total credit line is \$1,800,000. As of December 31, 2023, the borrowings that have been used amounted to \$500,000. 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 0.8:1;
- (b) Liabilities not exceeding 200% of tangible net equity;
- (c) Interest coverage of at least 300% to 500%;
- (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.

B. As of December 31, 2023, the borrowings that have been used amounted to as follows:

Company	Bank	Credit line	Amount of borrowings used
FIT Holding	Mega Bank	\$ 300,000	\$ 300,000
FIT Holding	SCSB	300,000	300,000

(10) 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, 2023, 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, 2023 amounted to 246,242 thousand shares.

(11) Capital surplus

	2023				
	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	\$ 3,536,813	\$ 204,782	\$ 1,034,198	\$ 66,204	\$ 4,841,997
Capital surplus used to issue cash to shareholders	(123,121)	-	-	-	(123,121)
The Company did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary	-	-	(22)	-	(22)
Subsidiary issued convertible bonds	-	-	148,237	-	148,237
Transactions with non-controlling interest	-	17,320	-	-	17,320
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	119,631	119,631
At December 31	<u>\$ 3,413,692</u>	<u>\$ 222,102</u>	<u>\$ 1,182,413</u>	<u>\$ 185,835</u>	<u>\$ 5,004,042</u>

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>

- 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 \$123,121 (NT\$ 0.5 (in dollars) per share) and \$246,242 (NT\$ 1 (in dollars) per share) on March 13, 2023 and March 24, 2022, respectively.
- D. Details of the Company's changes in capital surplus in 2023 are shown in Note 6(4).

(12) 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 Company. The increase in special reserve as a result of retained earnings arising from the adoption of IFRS amounted to \$8,361 thousand.

D. The appropriation of 2021 earnings as proposed and resolved by the shareholders on July 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

E. The appropriation of 2022 earnings as proposed and resolved by the shareholders on May 30, 2023 are as follows:

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

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.

(13) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense		
Wages and salaries	\$ 14,237	\$ 11,218
Directors' remuneration	2,810	6,780
Labour and health insurance fees	501	521
Pension costs	187	196
Other personnel expenses	169	240
	<u>\$ 17,904</u>	<u>\$ 18,955</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, 2023, employees' compensation was accrued at \$33,920; while directors' and supervisors' remuneration was accrued at \$4,080. The aforementioned amounts were recognised in salary expenses.
- C. In accordance with the resolution of the board of directors, the employees' remuneration and directors' remuneration for the 2022 amounted to \$34,000 and \$3,860, respectively. There was a difference of \$1,140 compared to the employees' remuneration of \$34,000 and directors' remuneration of \$5,000 recognized in the financial report for 2022. This difference has been adjusted in the income statement for 2023 and will be disbursed in cash.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(14) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ -	\$ 2,520
Tax on undistributed surplus earnings	2,377	1,743
Prior year income tax overestimation	(50,841)	(21,590)
Income tax benefit	<u>(\$ 48,464)</u>	<u>(\$ 17,327)</u>

B. Reconciliation between income tax benefit and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 103,890	\$ 102,452
Tax on undistributed earnings	2,377	1,743
Tax exempt income by tax regulation	(103,947)	(99,932)
Prior year income tax overestimation	(50,841)	(21,590)
Taxable loss not recognised as deferred tax assets	57	-
Income tax benefit	(\$ 48,464)	(\$ 17,327)

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, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ -	\$ -	2028

December 31, 2022				
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.

(15) Earnings per share

	Year ended December 31, 2023		
	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>\$ 567,916</u>	<u>246,242</u>	<u>\$ 2.31</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 567,916	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>583</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 567,916</u>	<u>246,825</u>	<u>\$ 2.30</u>
	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>

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, 2023	December 31, 2022
Other receivables		
PQI	\$ -	\$ 19,688
Foxlink Image	-	4,857
	<u>\$ -</u>	<u>\$ 24,545</u>

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

B. Loans to /from related parties:

(a) Outstanding balance:

	December 31, 2023	December 31, 2022
PQI	\$ -	\$ 670,000
	<u>\$ -</u>	<u>\$ 670,000</u>

(b) Interest income

	December 31, 2023	December 31, 2022
PQI	\$ 3,830	\$ 9,483
	<u>\$ 3,830</u>	<u>\$ 9,483</u>

The loans to subsidiaries are repayable based on the agreement and carry interest at 1.93% per annum.

(3) Key management compensation

None.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Information on endorsement/guarantee of the Company is provided in Note 13(1).2.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. The appropriation of 2023 earnings had been approved by the Board of Directors on March 7, 2024.

Details are summarized below:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 15,004	
Special reserve	(290,674)	
Cash dividends	369,363	\$ 1.50

B. The cash payment from capital surplus of \$123,121(NT \$0.5 per share) had been approved by the Board of Directors on March 7, 2024.

C. On February 27, 2024, the Board of Directors of the Company's second-tier subsidiary Shinfox Energy Co., Ltd. resolved to provide endorsements and guarantees for the investee company, Changpin Wind Power Ltd. by pledging the shares of Changpin Wind Power Ltd. to Bank SinoPac with a 50% shareholding ratio of which the value amounted to \$120,000 to apply for a project financing facility.

D. On February 27, 2024, the Board of Directors of the Company's second-tier subsidiary Shinfox Energy Co., Ltd. resolved to provide an endorsement and guarantee for the second-tier subsidiary, SFE, with a credit line within the limit of US\$100 million (equivalent to approximately NT\$3.15 billion) to financial institutions.

E. On February 27, 2024, to meet the needs of the Company's second-tier subsidiary, SFE, for purchasing heavy lifting vessels, the Board of Directors of the Company's second-tier subsidiary Shinfox Energy Co., Ltd. resolved to provide short-term financing facilities with a borrowing amount of \$1,500,000 and the interest is repayable monthly at an annual interest rate of 8%.

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, 2023</u>	<u>December 31, 2022</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	\$ 210,529	\$ 210,529
Financial assets at amortised cost		
Cash and cash equivalents	35,387	7,224
Financial assets at amortised cost	-	27,330
	<u>\$ 35,387</u>	<u>\$ 34,554</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Short-term borrowings	\$ 514,000	\$ 1,128,000
Short-term notes and bills payable	299,867	-
Other accounts payable	56,225	49,567
Long-term borrowings	1,100,000	1,430,000
	<u>\$ 1,970,092</u>	<u>\$ 2,607,567</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, 2023						
	Foreign currency amount		Book value			
	(In thousands)		Exchange rate	(NTD)		
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
RMB:NTD	\$	6,697	\$	4.3270	\$	28,978

December 31, 2022				
	Foreign currency amount		Book value	
	(In thousands)		Exchange rate	(NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
RMB:NTD	\$	342	\$	4.4080
			\$	1,508

- iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to (\$543) and \$4,727, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
	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%	\$ 290	-

	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%	\$ 15	-

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 2023 and 2022, 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, 2023 and 2022 would have increased/decreased by \$1,531 and \$2,046, 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, 2023	Less than 1 year	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 523,235	\$ -	\$ -
Short-term notes and bills payable	300,000	-	-
Other payables	56,225	-	-
Long-term borrowings	21,980	1,132,181	-
	<u>\$ 901,440</u>	<u>\$ 1,132,181</u>	<u>\$ -</u>

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>

(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, 2023 and 2022 is as follows:

<u>December 31, 2023</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	-	-	210,529	210,529
<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	-	-	210,529	210,529

- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. 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.
- F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 210,529	Net asset value	Not applicable	-	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 210,529	Net asset value	Not applicable	-	Not applicable

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: Please refer to Consolidated Financial Statement Note 6(2) and Note 12(2).
- 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.
Loans to others
Year ended December 31, 2023

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	Balance at December 31, 2023	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		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2023								Item	Value	(Note 2)		
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	\$ 900,000	\$ -	\$ -	1.93%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,555,825	\$ 3,407,767	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	266,700	173,080	118,992	2.50%	2	-	Operations	-	-	-	1,378,304	1,378,304	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	500,000	500,000	-	2.00%	2	-	Operations	-	-	-	1,378,304	1,378,304	
2	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables - related parties	Y	28,448	-	-	3%	2	-	Operations	-	-	-	284,865	284,865	
2	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables - related parties	Y	222,250	216,350	154,041	3%	2	-	Operations	-	-	-	284,865	284,865	
3	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables - related parties	Y	600,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	4,463,022	4,463,022	
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	533,400	333,179	333,179	2.50%	2	-	Group capital movement	-	-	-	703,240	703,240	
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	221,100	216,350	216,350	2.50%	2	-	Group capital movement	-	-	-	703,240	703,240	
5	Dong Guan HanYang Computer Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	88,660	86,540	-	3.65%	2	-	Operations	-	-	-	326,156	326,156	

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 abovementioned condition, (c), the authorised 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, 2023

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, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	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	FTT Holding Co., Ltd.	Power Quotient International Co., Ltd.	2	\$ 51,116,514	\$ 1,636,002	\$ 1,320,000	\$ 1,025,000	\$ -	15.49	\$ 51,116,514	Y	N	N	
0	FTT Holding Co., Ltd.	Glory Science Co., Ltd.	2	51,116,514	1,223,350	990,000	680,000	-	11.62	51,116,514	Y	N	N	
0	FTT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	2	51,116,514	131,340	129,810	129,810	-	1.52	51,116,514	Y	N	Y	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	4	20,674,572	1,925,000	1,365,000	1,225,000	-	16.02	20,674,572	N	N	N	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	4	20,674,572	440,000	440,000	350,000	-	5.16	20,674,572	N	N	N	
2	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	2	66,945,324	31,200,000	31,200,000	23,453,750	-	366.22	66,945,324	N	N	N	
2	Shinfox Energy Co. Ltd.	Shinfox Far East Company Pte. Ltd.	2	62,482,302	630,000	630,000	-	-	7.39	66,945,324	N	N	N	
3	Foxwell Energy Corporation Ltd.	Xinwei Power Co., Ltd.	2	14,227,534	113,200	113,200	113,200	-	1.33	14,227,534	N	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.
- (8) For subsidiaries whose shares are 90% or above held by Foxwell Energy, ceiling on total amount of endorsements and guarantees provided by the Company is 150% of the Company's net asset value; limit on endorsements and guarantees provided by the Company for a single party is 140% of the Company's net asset value.

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, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
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 Greenery Investment Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	22,500	\$ 210,529	12.00	\$ 210,529	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,631	160,767	0.04	160,767	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	155,396	4.00	155,396	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	49,503	2,390,996	9.66	2,390,996	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	-	14.09	-	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 Mobile Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,631	160,767	0.04	160,767	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, 2023				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	-	73,150	12.90	73,150	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
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
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	Not applicable	Financial assets at fair value through profit or loss-current	43	383	-	383	Not pledged as collateral
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	Not applicable	Financial assets at fair value through profit or loss-current	1	15	-	15	Not pledged as collateral
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Mildef Crete Inc.	Not applicable	Financial assets at fair value through profit or loss-current	10	869	0.02	869	Not pledged as collateral
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Wuxi EASTERN Rainbow Environmental Protection Engineering Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	-	649	10	649	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, 2023

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, 2023		Addition		Disposal			Balance as at December 31, 2023			Footnote
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	No. of shares (in thousands)	Amount	
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Investment accounted for using equity method	Foxwell Energy Corporation Ltd.	Note1	610,000,000	\$ 6,100,000	257,000,000	\$ 2,570,000	-	-	-	-	867,000,000	\$ 8,670,000	Note3
Shinfox Co., Ltd.	Shinfox Far East Company Pte.Ltd.	Investment accounted for using equity method	Far East Renewable Eneergy Company Pte. Ltd.	Note2	-	981,545	53,600,000	675,778	-	-	-	-	53,600,000	1,657,323	Note3、5
Foxlink Image Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Financial assets at fair value through other comprehensive income-non-current	Cheng Uei Precision Industry Co., Ltd.	Note4	27,503,000	1,263,416	22,000,000	918,233	-	-	-	-	49,503,000	2,181,649	

Note1 : The entity is the Company's subsidiary

Note2 : The general ledger account is 'Investments accounted for using equity method'.

Note3 : The abovementioned amount is investment cost, information relating to its carrying amount is provided Note 6 (8) and table 8.

Note4 : The entity is the Company's parent company.

Note5 : The Group prepaid investments to Shinfox Far East Company Pte Ltd. on December 27, 2022, and acquired 40% equity interests in the entity in January 2023, and acquired another 27% equity interests in the entity on November 6, 2023.

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, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
		Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	Sales	(\$ 667,701)	-90%	Flexible collection, depending on the capital	Mutual agreement	None	\$ 132,607	100%	
Foxlink Image Technology Co., Ltd.	Wei Hai Fu Kang Electric Co., Ltd.	Affiliate	Purchases	667,701	19%	Flexible collection, depending on the capital	Mutual agreement	None	(132,607)	-17%	

FIT HOLDING CO., LTD.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	\$ 118,992	Note1	\$ -	-	\$ -	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	346,939	0.72	-	-	-	-
Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	165,545	Note1	-	-	-	-
Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	255,026	Note1	-	-	-	-
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	138,511	Note1	-	-	-	-
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	342,797	1.95	-	-	55,231	-
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	Affiliate	132,607	4.42	-	-	56,523	-
Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Affiliate	333,179	Note1	-	-	-	-
Power Quotient Technology (YANCHENG) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Affiliate	216,350	Note1	-	-	-	-

Note 1: The turnover rate was not applicable as the receivables were recorded as other receivables.

FIT HOLDING CO., LTD.
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

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	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	\$ 118,992	Based on the Company's policies	0%
2	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	255,026	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	346,939	Based on the Company's policies	1%
2	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	138,511	Based on the Company's policies	0%
3	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	165,545	Based on the Company's policies	0%
4	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	342,797	Flexible collection, depending on the capital requirement	1%
4	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	600,085	Flexible collection, depending on the capital requirement	3%
5	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Processing fees revenue	104,010	Flexible collection, depending on the capital requirement	0%
6	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	132,607	Flexible collection, depending on the capital requirement	0%

Number (Note 1)	Company name	Counterparty	Relationship (Note2)	General ledger account	Amount	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
						Transaction terms		
6	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales revenue	667,701	Flexible collection, depending on the capital requirement		4%
7	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	333,179	Based on the Company's policies		1%
7	Power Quotient Technology (YANCHENG) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	216,350	Based on the Company's policies		0%
8	Foxwell Energy Corporation Ltd.	SHINFOX FAR EAST COMPANY PTE. LTD.	3	Construction cost	610,562	Sales prices are approximate to normal clients		1%

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Table 8

FIT HOLDING CO., LTD.
Information on investees
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Investment income (loss) recognized by the Company		Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	for the year ended December 31, 2023	
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sales of optical instruments	\$ 2,814,868	\$ 2,814,868	60,000,001	100.00	\$ 426,601	(\$ 279,500)	(\$ 279,500)	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	4,173,056	602,151	595,939	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	5,213,291	264,600	264,161	Subsidiary
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	299,952	299,952	37,500,000	16.30	388,100	11,763	1,918	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	33,401	130	48	Investee
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,325,746	1,325,746	20,241,034	100.00	2,274,747	130,291	-	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	957,357	11,763	-	Investee
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	131,724	131,724	3,575	35.75	753,722	165,112	-	Investee
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin Islands	General investments business	1,458,482	1,249,688	47,499,819	100.00	120,592	(227,607)	-	Second-tier subsidiary
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments business	977,974	769,180	31,850,628	100.00	471,929	(124,162)	-	Third-tier subsidiary

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Investment income (loss) recognized by the Company		Footnote	
									Net profit (loss) of the investee for the year ended December 31, 2023	for the year ended December 31, 2023		
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	491,280	491,280	16,000,000	100.00	(393,565)	(103,618)	-	Third-tier subsidiary	
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	India	Trading and manufacturing	103,349	103,349	21,773,105	99.27	80,173	174	-	Third-tier subsidiary	
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,086	11,086	3,001,000	10.00	12,543	5,832	-	Investee	
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	416,867	416,867	106,100,000	100.00	703,509	4,361	-	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	2,330	132,257	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD.	British Virgin Islands	Specialised investments holding	333,548	333,548	10,862,980	100.00	82,893	198	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	3,177,022	3,177,022	12,501	100.00	1,157,709	20,723	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sales of medical equipment	10,000	10,000	1,000,000	100.00	13,044	(116)	-	Second-tier subsidiary Note2	
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	3,646,600	3,646,600	102,951,145	47.63	5,314,342	636,385	-	Second-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	8,670,000	6,100,000	867,000,000	100.00	9,454,493	763,402	-	Third-tier subsidiary	
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Taiwan	Energy service management	360,000	360,000	36,000,000	80.00	273,993	(33,373)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	656,590	672,600	46,539,000	77.57	753,148	53,170	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	1,100,000	1,100,000	110,000,000	100.00	1,086,475	(6,154)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	CHUNG CHIA POWER Co., Ltd.	Taiwan	Combined Heat and Power	-	180,000	-	0.00	-	(731)	-	Investee Note1	
Shinfox Co., Ltd.	Elegant Energy TECH Co., Ltd	Taiwan	Energy technical services	200,000	200,000	500,000	100.00	146,872	(1,068)	-	Third-tier subsidiary	

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company	Footnote	
										for the year ended December 31, 2023		
Shinfox Co., Ltd.	Yuanshan Forest Natural Resources Co., Ltd.	Taiwan	Tree planting industry	100,000	10,000	1,000,000	100.00	99,682	(264)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Changpin Wind Power Ltd.	Taiwan	Electricity Generating Enterprise	120,000	120,000	12,000,000	50.00	105,979	(1,033)	-	Joint Venture	
Shinfox Co., Ltd.	Diwei Electric Power Co., Ltd	Taiwan	Electricity Generating Enterprise	-	30,000	-	0.00	-	5,990	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Guanwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	35,700	35,700	3,570,000	51.00	35,622	(122)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Shinfox Far East Company Pte Ltd	Singapore	Maritime Engineering	1,657,323	981,545	53,600,000	67.00	1,571,897	(261,606)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Junwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	12,000	-	1,200,000	100.00	11,955	(45)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Taiwan	Energy technical services	218,020	-	19,820,000	56.63	211,405	(11,095)	-	Third-tier subsidiary	
Foxwell Energy Corporation Ltd.	Liangwei Electric Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	-	40,000	-	0.00	-	6,459	-	Fourth-tier subsidiary	
Foxwell Energy Corporation Ltd.	Xinwei Power Co., Ltd.	Taiwan	Electricity Generating Enterprise	37,300	-	3,730,000	100.00	31,998	(201)	-	Fourth-tier subsidiary	
Foxwell Power Corporation Ltd.	Foxwell Certification Co., Ltd.	Taiwan	Energy technical services	10,000	-	1,000,000	100.00	5,794	(4,206)	-	Fourth-tier subsidiary	
Foxwell Power Corporation Ltd.	Cheng Shin Digital CO., Ltd.	Taiwan	Energy technical services	490	-	49,000	49.00	1,682	990	-	Fourth-tier subsidiary	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Eastern Rainbow Environmental Resource Co., Ltd.	Taiwan	Energy technical services	2,500	-	250,000	100.00	708	(1,035)	-	Fourth-tier subsidiary	
SYSKOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	India	Sales of electronic telecommunication components	103,260	103,260	21,790,000	99.27	80,232	163	-	Third-tier subsidiary	
Apix LIMITED	Sinocity Industries Co., Ltd.	Hong Kong	Sales of electronic product	2,652,075	2,652,075	6,000,000	100.00	915,010	22,410	-	Third-tier subsidiary	
Apix LIMITED	Perennial Ace Limited	British Virgin Islands	Specialised investments holding	654,017	654,017	Shares yet to be issued.	100.00	242,553	(1,688)	-	Third-tier subsidiary	

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	Investment income (loss)	Footnote
				December 31, 2023	December 31, 2022				for the year ended December 31, 2023	recognized by the Company for the year ended December 31, 2023	
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Sales of electronic product	381	381	100,000	100.00	(11,985)	(2,122)	-	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	105,982	(181)	-	Investee
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,086	11,086	3,001,000	10.00	12,542	5,832	-	Investee

Note 1: CHUNG CHIA POWER Co., Ltd. carried out a cash capital increase on January 29,2023. The group did not subscribe to the new shares in proportion to our shareholding, resulting in a significant loss of control over the company from January 30,2023. Consequently, the investment has been reclassified as financial assets measured at fair value through other comprehensive income - non-current.

Note 2: Power Sufficient International Co., Ltd. completed the deregistration process in June 2023.

FIT HOLDING CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2023

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, 2023	Amount remitted from		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	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	\$ 187,013	Note 2	\$ 187,013	\$ -	\$ -	\$ 187,013	\$ 29,611	100	\$ 29,611	\$ 326,156	\$ -	Note 7
Sharetronic Data Technology Co., Ltd.	Manufacture and sales of mobile phone, LCD TV Connector and electronic components	1,054,927	Note 2	131,724	-	-	131,724	1,236,247	6.04	59,030	627,763	-	Note 7
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Mould development and moulding tool manufacture	249,087	Note 2	183,170	-	-	183,170	(58,629)	100	(58,629)	123,124	-	Note 7
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	460,575	Note 2	368,460	-	-	368,460	68,708	100	68,708	649,756	-	Note 7
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sales of image scanners, multifunction and printers and its accessories	184,230	Note 2	162,992	-	-	162,992	21,789	100	21,789	499,257	-	Note 7
Glorytek (Suzhou) Co., Ltd.	Trading and manufacturing	429,870	Note 2	399,490	-	-	399,490	(72,215)	100	(72,215)	284,865	-	Note 7
Glorytek (Yancheng) Co., Ltd.	Trading and manufacturing	276,345	Note 2	256,815	-	-	256,815	(108,452)	100	(108,452)	(658,937)	-	Note 7
Yancheng Yao Wei Technology Co., Ltd	Trading and manufacturing	43,270	Note 3	-	-	-	-	(419)	100	(419)	83,612	-	Note 7
Glory Optics (Yancheng) Co., Ltd.	Trading and manufacturing	1,143,258	Note 4	326,960	208,046	-	535,006	(124,375)	100	(124,375)	399,535	-	Note 7
Power Quotient Technology (YANCHENG) Co., Ltd.	Manufacture and sales of electronic components	614,100	Note 2	Note5	-	-	-	4,570	100	4,570	703,240	-	Note 7
PQI (Xuzhou) New Energy Co., Ltd	Manufacture and sales of electronic components	43,270	Note 3	Note6	-	-	-	86	100	86	43,590	-	Note 7
Kunshan Jiuwei Info Tech Co., Ltd.	Supply chain finance energy service management	1,536	Note 1	1,536	-	-	1,536	4,817	100	4,817	31,272	-	Note 7
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Energy technical services	21,635	Note 1	21,635	-	-	21,635	(1,081)	100	(1,081)	31,318	-	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 audited by the independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023		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.	\$	1,045,726	\$	1,208,785	\$	2,067,457
Glory Science Co., Ltd.		1,191,311		1,288,075		256,314
Power Quotient International Co., Ltd.		23,171		692,386		7,384,801

FIT HOLDING CO., LTD.
Major shareholders information
December 31, 2023

Table 10

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

FIT HOLDING CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(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
Power Quotient International Co., Ltd.	444,690,529	\$ 4,861,812	-	\$ 351,479	-	\$ -	444,690,529	100%	\$ 5,213,291	11.92	\$ 5,302,873	None
Foxlink Image Technology Co., Ltd.	164,993,974	3,575,292	-	597,764	-	-	164,993,974	100%	4,173,056	20.88	3,445,762	None
Glory Science Co., Ltd.	60,000,001	695,925	-	-	-	(269,324)	60,000,001	100%	426,601	7.11	426,601	None
Shih Fong Power Co., Ltd.	37,500,000	386,182	-	1,918	-	-	37,500,000	16.30%	388,100	10.66	399,779	None
Synergy Co., Ltd.	3,676,000	<u>33,353</u>	-	<u>48</u>	-	<u>-</u>	3,676,000	37%	<u>33,401</u>	9.09	<u>33,401</u>	None
		<u>\$ 9,552,564</u>		<u>\$ 951,209</u>		<u>(\$ 269,324)</u>			<u>\$ 10,234,449</u>		<u>\$ 9,608,416</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 a 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, 2023
(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	Bank SinoPac	\$ 321,000	2023/12/28~2024/01/11	1.95%	1,000,000	None	The credit line was shared by short-term and longterm borrowings.
Unsecured	Hua Nan Commercial	130,000	2023/11/10~2024/01/10	1.85%	200,000	None	
Unsecured borrowings	KGI Commercial Bank Co., Ltd.	63,000	2023/12/04~2024/03/04	1.88%	100,000	None	
		<u>\$ 514,000</u>					

FIT HOLDING CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
Yuanta Bank	Unsecured borrowings	\$ 300,000	2023/10/23~2025/10/23	2.06%	None	
Mega Bank	Unsecured borrowings	300,000	2023/9/19~2026/9/18	2.00%	None	
The Shanghai Commercial & Savings Bank, Ltd.	Unsecured borrowings	300,000	2023/5/12~2027/5/12	2.01%	None	
Far Eastern International	Unsecured borrowings	200,000	2023/9/15~2025/9/15	1.90%	None	
Less : Current portion (shown as current liability)		-				
Total		<u>\$ 1,100,000</u>				

FIT HOLDING CO., LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 14,237	\$ 14,237	\$ -	\$ 11,218	\$ 11,218
Labour and health insurance fees	-	501	501	-	521	521
Pension costs	-	187	187	-	196	196
Directors' remuneration	-	2,810	2,810	-	6,780	6,780
Other personnel expenses	-	169	169	-	240	240

Note:

1. As at December 31, 2023 and 2022, the Company had 17 and 20 employees, including 8 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 \$1,677 ((Total employee benefit expense in current year–Total Directors' remuneration)/(Number of employees in current year–Number of non-employee directors in current year)).
 Average employee benefit expense in previous year was \$1,107 ((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 \$1,582 (Total employee salaries in current year/(Number of employees in current year–Number of non-employee directors in current year)).
 Average employee salaries in previous year was \$1,020 (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, 2023
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

- (3) Adjustments of average employee salaries was 55% ((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, 2023
(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.

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

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

I. Review and analysis of financial status

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	29,137,952	20,092,218	9,045,734	45.02%
Property, plant and equipment	7,457,444	3,651,644	3,805,800	104.22%
Intangible assets	1,254,685	1,258,124	(3,439)	(0.27%)
Other assets	6,438,313	7,387,016	(948,703)	(12.84%)
Total assets	44,288,394	32,389,002	11,899,392	36.74%
Current liabilities	17,784,604	12,407,153	5,377,451	43.34%
Non-current	9,790,651	5,276,432	4,514,219	85.55%
Total liabilities	27,575,255	17,683,585	9,891,670	55.94%
Equity attributable to shareholders of the parent company	8,519,419	7,876,686	642,733	8.16%
Share capital	2,462,421	2,462,421	0	0.00%
Additional paid-in capital	5,004,042	4,841,997	162,045	3.35%
Retained earnings	643,623	862,941	(219,318)	(25.42%)
Other equity	409,333	(290,673)	700,006	240.82%
Non-controlling interests	8,193,720	6,828,731	1,364,989	19.99%
Total equity	16,713,139	14,705,417	2,007,722	13.65%
Reasons for the increase or decrease in the amount in the last two years:				
1. Increase in current assets: Mainly due to the increase in contract assets of the 2023 construction contract and prepayments for construction in 2023.				
2. Increase in property, plants, and equipment: Mainly due to the increase in purchase of energy storage equipment.				
3. Increase in total assets: Mainly due to the increase in the above-mentioned current assets and property, plants, and equipment.				
4. Increase in current and non-current liabilities and total liabilities: Mainly due to the increase in bank loans and the issuance of corporate bonds.				
5. Decrease in retained earnings: Mainly due to the fact that the investee Taiwan Star Telecom Co., Ltd was eliminated in 2023 due to the share exchange with Taiwan Mobile Co., Ltd, so the original investment cost was derecognized on the merger base date, and the accumulated loss was reduced to retained earnings.				
6. Increase in other equity: Mainly due to the significant increase in the valuation of financial assets and the decrease in the above-mentioned retained earnings.				

II. Review and Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	Change ratio %
Operating income	17,423,002	12,069,249	5,353,753	44.36%
Operating cost	15,145,984	10,259,716	4,886,268	47.63%
Operating margin	2,277,018	1,809,533	467,485	25.83%
Operating expenses	1,378,220	1,255,560	122,660	9.77%
Operating profit	1,016,909	553,973	462,936	83.57%
Non-operating income and expenditure	85,102	292,548	(207,446)	(70.91%)
Net profit before tax	1,102,011	846,521	255,490	30.18%
Income tax expense	208,132	186,130	22,002	11.82%
Net profit for the period	893,879	660,391	233,488	35.36%
Reasons for the increase or decrease in the amount in the last two years:				
1. Operating income, cost, gross profit and profit: mainly due to the increase in energy service management revenue in 2023.				
2. Non-operating income and expenses: Due to the net difference of international currency exchange loss in 2023 and international currency exchange gain in 2022.				

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
5,732,695	(5,161,915)	6,415,080	(32,731)	6,953,129	-	-
Analysis of cash flow changes in recent years:						
(1) Business activities: NT\$(5,161,915) thousand						
(2) Investment activities: NT\$(1,751,140) thousand						
(3) Financing activities: NT\$8,166,220 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\$6.953 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
2023	Acquisition of property, plant and equipment	Self-own funds and bank financing	880,252	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, 2023

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 NT279,500 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 NT264,600 thousand	-
Foxlink Image Technology Co., Ltd.	NT\$3,011,140 thousand	Restructuring of organization under joint control	Profit of NT602,151 thousand	-
Shih Fong Power Co., Ltd.	NT299,952 thousand	Invest in other companies	Profit of NT11,763 thousand	-

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\$109,922 thousand in 2023, and the interest expense was NT\$199,742 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", which is applied in various 3C products (laptops, PCs, VR, AR, gaming consoles). 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 (materials, coatings, precision machining technology, etc). 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 design, 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 2023 were NT\$309,923 thousand, which accounted for approximately 1.78% of the consolidated operating income for the year. As of March 31, 2024, the actual consolidated R&D expenses were NT\$53,772 (The data has not been reviewed by the CPAs) thousand, which is approximately 1.40% of the operating income. It is estimated that the total R&D expenditure invested in this year will be 1 to 3% 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>Proposal: 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:</p> <p>Case progress: (1) 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>(2) On April 13, 2022, a</p>	NA	Supreme Administrative Court

			decision was received from the Supreme Court, which found that the interlocutory appeal was justified and that the ruling was to the effect that the extension of the sanction in this 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>Proposal: 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>Case progress: (1) This appeal is currently under review by the Executive Yuan's Appeals and Petitions Committee, and no decision has been made yet. Shifeng Co., Ltd has applied to attend the meeting to present its opinions. (2) 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.</p>	NA	Taipei High Administrative Court

			<p>10900223510 dated December 31, 2020, and the Ministry of Economic Affairs will impose another applicable disciplinary action within two months.</p> <p>(3) On April 29, 2022, Shih Fong filed an administrative lawsuit against the aforementioned 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. (Concurrently processed with 'Environmental Impact Assessment' case)</p> <p>(4) On October 17, 2023, the Taipei High Administrative Court ruled to allow the applicant to participate in the litigation. As of December 20, 2023, the preliminary proceedings (II) were conducted and the preliminary proceedings (III) were conducted on February 22, 2024.</p>		
Shih Fong Power Co., Ltd.	Citizen of the Earth, Taiwan	2021	<p>Proposal: 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 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</p>	NA	Taipei High Administrative Court

			<p>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>Referred to as the "Environmental Impact Assessment Case".</p> <p>Case progress:</p> <p>(1) 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> <p>(2) As of July 12, 2023, the case was still in the preliminary proceedings (IV). The case is still under trial and the verdict is not yet available.</p> <p>(3) As of November 22, 2023, the preliminary proceedings (V) were conducted and the preliminary proceedings (VI) were conducted on January 17, 2024. The case is still under trial and the verdict is not yet available.</p>		
Shih Fong Power Co., Ltd.	Shanli Tribe, Taiping Tribe, and the indigenous people	2023	<p>Proposal:</p> <p>The Shanli Tribe, Taiping Tribe, and the indigenous people filed a petition to revoke the "2023" work permit granted to Shifeng Power Plant by the Bureau of Energy, Ministry of Economic Affairs.</p>	NA	Supreme Administrative Court

			<p>Case progress:</p> <p>(1) On April 11, 2023, a petition was filed, applying for the suspension and revocation of the 2023 work permit.</p> <p>(2) On May 5, 2023, the Executive Yuan overruled the suspension of execution. The revocation of the 2023 work permit is "pending the court proceedings".</p> <p style="padding-left: 40px;">*On February 6, 2024, the letter from the Secretary-General of the Executive Yuan stated that it would not be processed (indigenous individuals cannot file lawsuits)</p> <p>(3) On July 7, 2023, a petition was filed, applying for the suspension and revocation of the 2023 work permit.</p> <p>(4) On August 11, 2023, the Taipei High Administrative Court ruled to "suspend the execution of the 2023 work permit". Shi Feng expects to file a protest to the Supreme Administrative Court in August.</p> <p style="padding-left: 40px;">*On September 28, 2023, the Supreme Administrative Court ruled to reject the application for suspension of execution (abandoning the original ruling of the Taipei High Administrative Court).</p>		
--	--	--	---	--	--

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	2023.05.24	2023.05.24	Taiwan Corporate Governance Association	Insider trading cases and preventive measures	3
Chairman of the board	T.C. Gou	2023.08.08	2023.08.08	Taiwan Corporate Governance Association	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3
Director	Kufn Lin	2023.05.24	2023.05.24	Taiwan Corporate Governance Association	Insider trading cases and preventive measures	3
Director	Kufn Lin	2023.08.08	2023.08.08	Taiwan Corporate Governance Association	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3
Director	Kufn Lin	2023.11.02	2023.11.02	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Director	Kufn Lin	2023.11.30	2023.11.30	Accounting Research and Development Foundation of the Republic of China	Practical Analysis of the Latest Sustainable Development Action Plan and the Impact of Net Zero Carbon Emissions on Financial Statements	6
Director	Jeffrey Cheng	2023.05.24	2023.05.24	Taiwan Corporate Governance Association	Insider trading cases and preventive measures	3
Director	Jeffrey Cheng	2023.08.08	2023.08.08	Taiwan Corporate Governance Association	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3
Director	Hwee Kian Lim	2023.05.24	2023.05.24	Taiwan Corporate Governance Association	Insider trading cases and preventive measures	3
Director	Hwee Kian Lim	2023.08.08	2023.08.08	Taiwan Corporate Governance Association	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3

Director	Wilson Hu	2023.05.24	2023.05.24	Taiwan Corporate Governance Association	Insider trading cases and preventive measures	3
Director	Wilson Hu	2023.06.02	2023.06.01	Chinese National Association of Industry and Commerce, Taiwan	2023 Taishin Net Zero Summit	3
Director	Wilson Hu	2023.08.08	2023.08.08	Taiwan Corporate Governance Association	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3
Director	Wilson Hu	2023.11.02	2023.11.02	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Director	Semi Wang	2023.05.24	2023.05.24	Taiwan Corporate Governance Association	Insider trading cases and preventive measures	3
Director	Semi Wang	2023.08.08	2023.08.08	Taiwan Institute for Sustainable Energy	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3
Independent Director	Ralph Chen	2023.05.24	2023.05.24	Taiwan Corporate Governance Association	Insider trading cases and preventive measures	3
Independent Director	Ralph Chen	2023.06.16	2023.06.16	Taiwan Corporate Governance Association	The latest corporate mergers and acquisitions regulations and case studies	3
Independent Director	Cheng-Rong Chiang	2023.01.12	2023.01.12	Taiwan Corporate Governance Association	Corporate Ethics and ESG International Forum	6
Independent Director	Cheng-Rong Chiang	2023.05.04	2023.05.04	Taiwan Corporate Governance Association	Smart manufacturing trends and the application of digital technology in management	3
Independent Director	Cheng-Rong Chiang	2023.08.08	2023.08.08	Taiwan Institute for Sustainable Energy	The legal matters that the Board of Directors should supervise the Company to understand: Beware of mistakenly crossing the red line of joint action	3

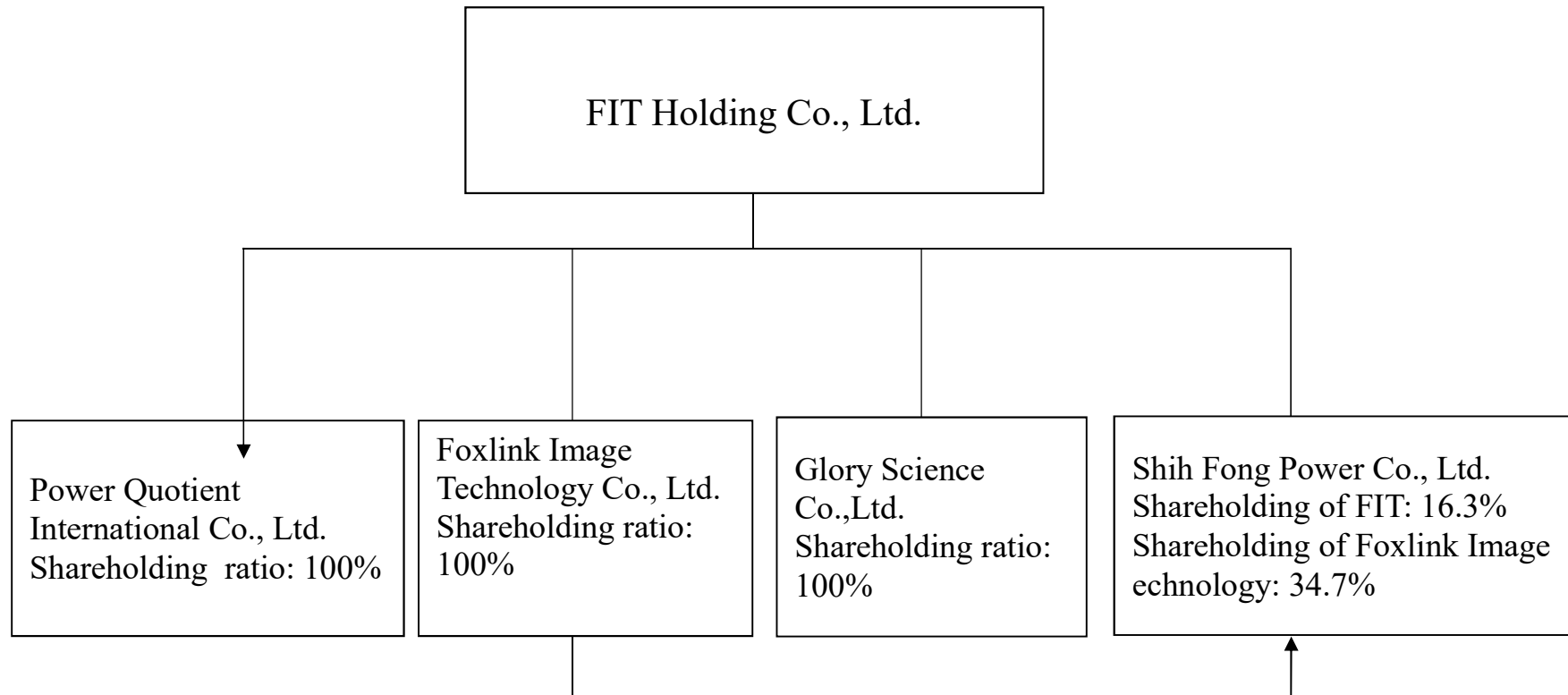
(II) Training participation by personnel related to financial information transparency:

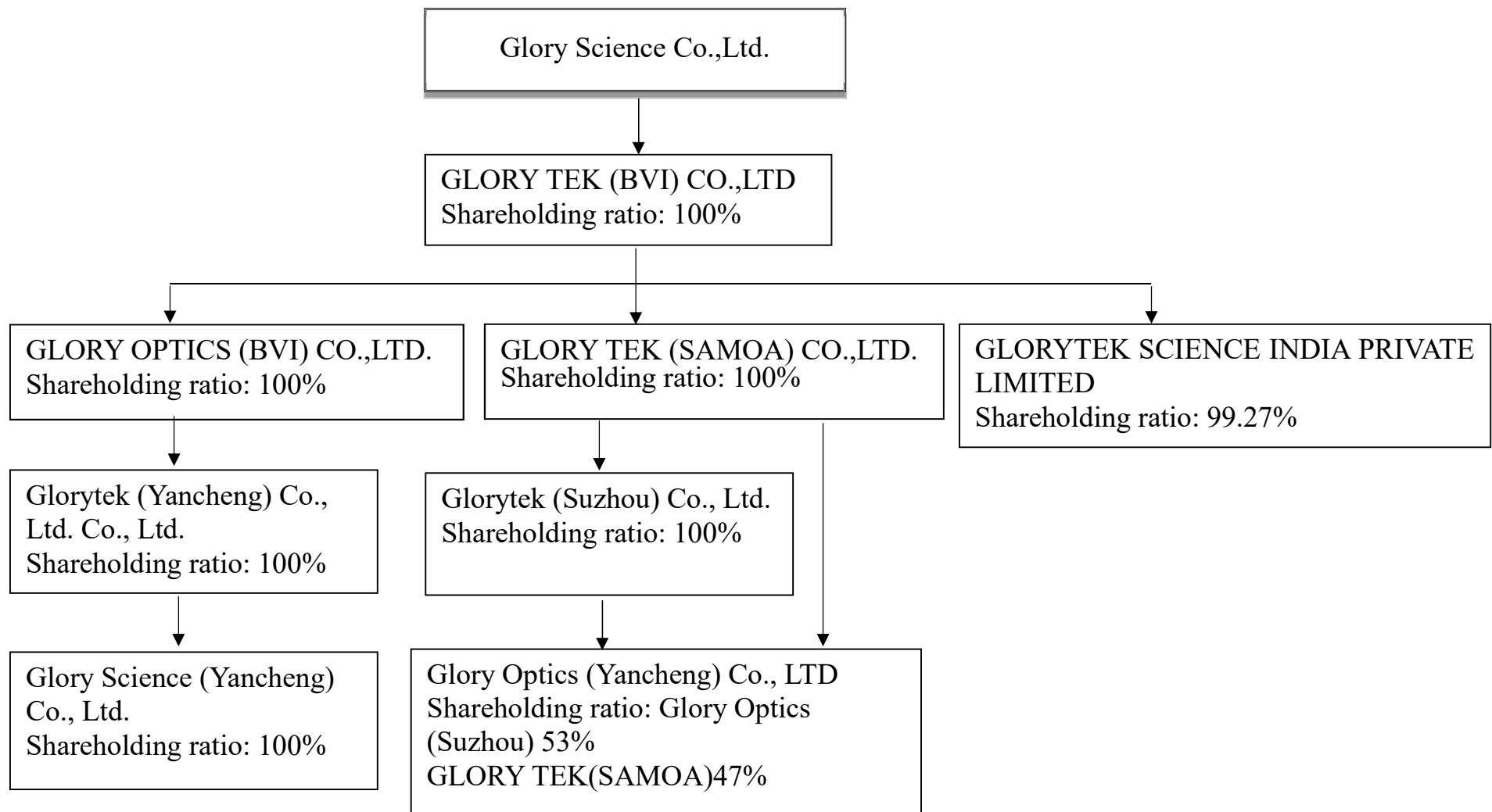
Year	Host by	Course title	Course hours	Number of company participants
2023	Accounting Research and Development Foundation of the Republic of China	Continuous Education Program for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	6	1
2023	Accounting Research and Development Foundation of the Republic of China	Common deficiencies in the preparation of financial reports and compliance with internal audit and internal control laws	6	1
2023	Accounting Research and Development Foundation of the Republic of China	Promoting corporate sustainability through "risk management"	6	1
2023	Institute of Internal Auditors - Chinese Taiwan	Power BI - data integration and analysis	6	1
2023	Institute of Internal Auditors - Chinese Taiwan	Matters needing attention and practical analysis of "Shareholders' Meeting" and the "Company Act"	6	1
2023	Institute of Internal Auditors - Chinese Taiwan	Subsidiary Audit Practice	6	1

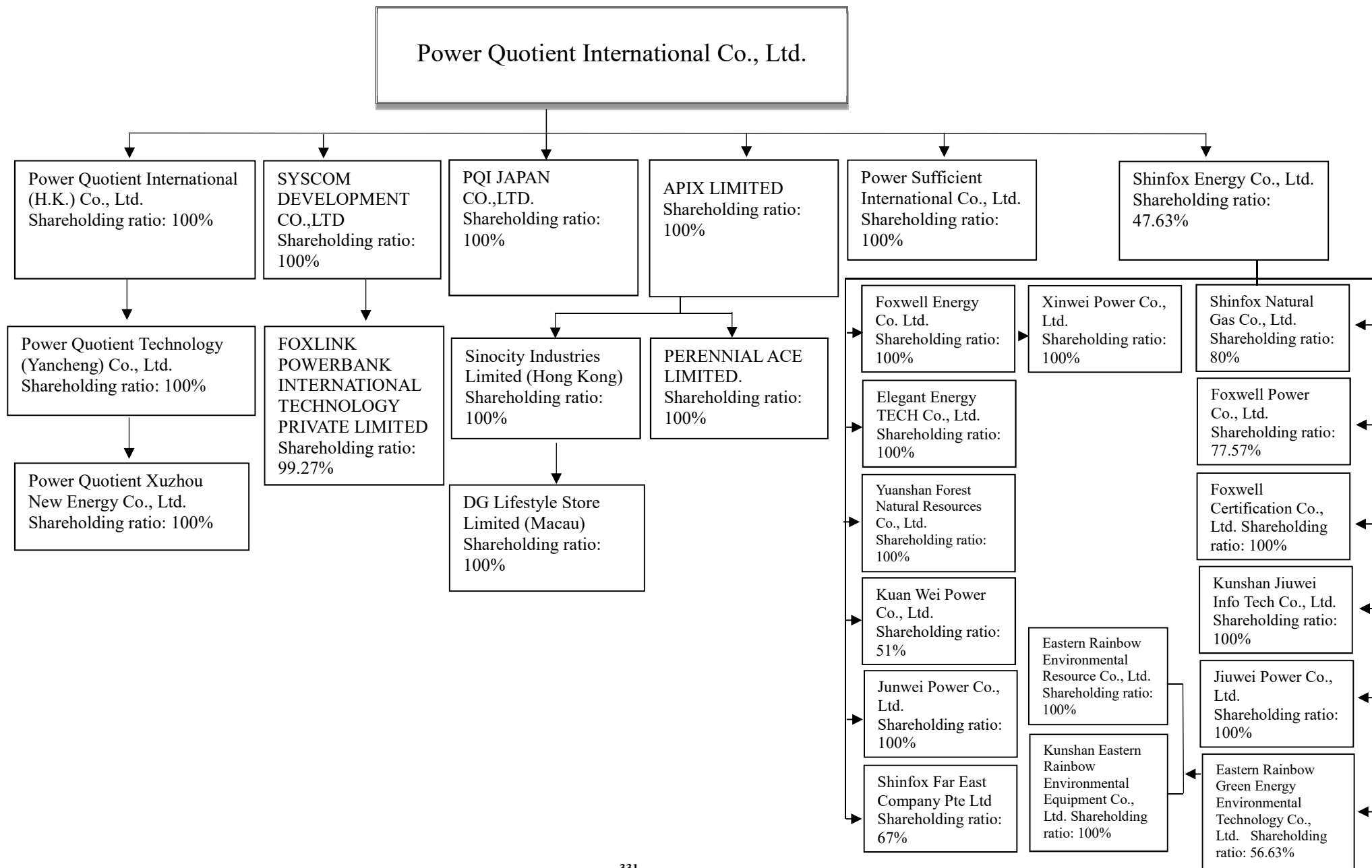
VIII. Special Items To Be Included

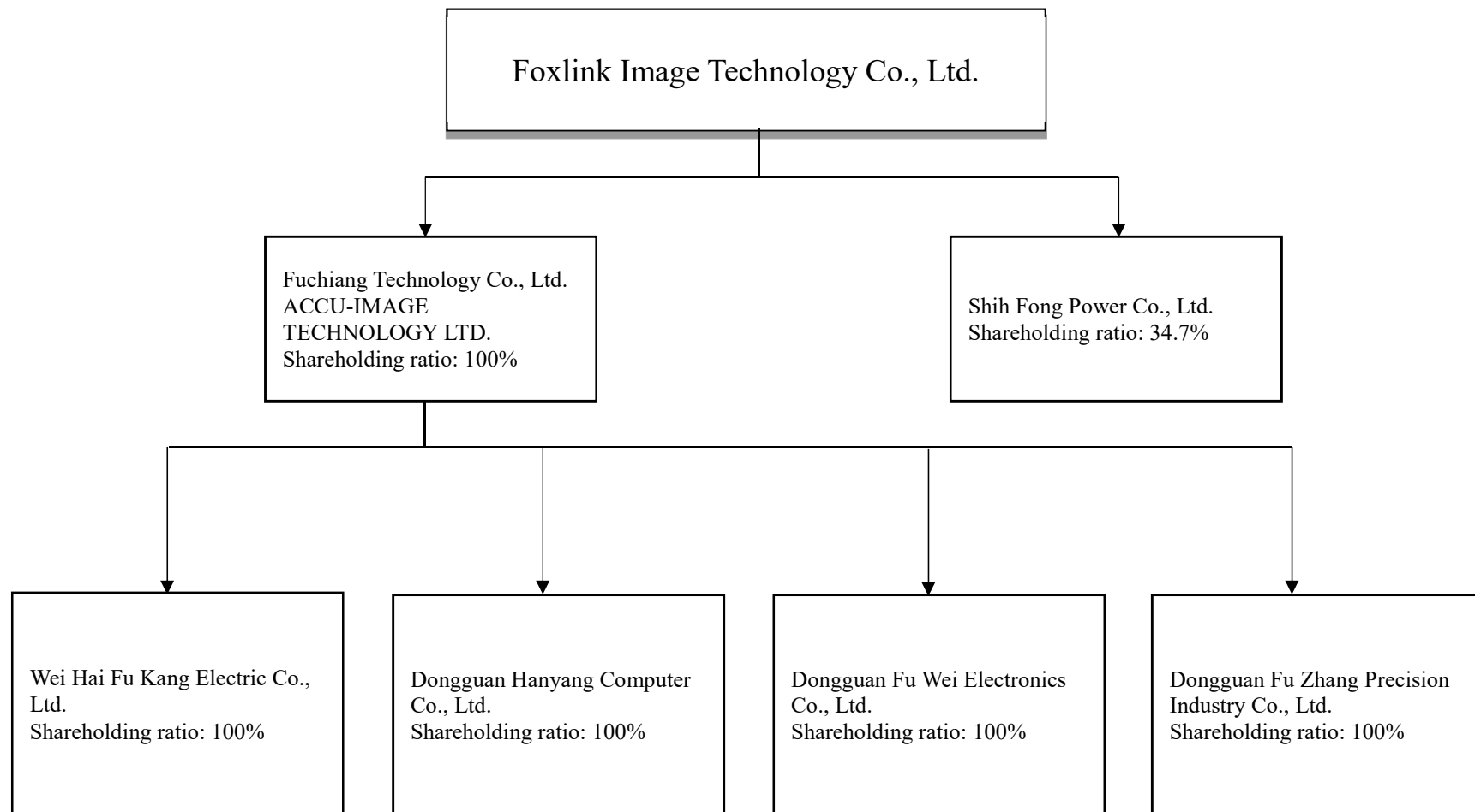
I. Information of Affiliated Enterprises

(1) Organization Chart of Affiliated Enterprises (December 31, 2023)









(II) Basic information of affiliated enterprises

December 31, 2023 Unit: NT\$ Thousand

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Glory Science Co.,Ltd.	2000.06.29	No. 22, Houke South Road, Houli District, Taichung City	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	1,262,422	Holding and reinvestment business.
GLORY OPTICS (BVI) CO.,LTD.	2003.12.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	494,837	Trading business.
GLORY TEK (SAMOA) CO.,LTD.	2003.10.31	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road,Apia,Samoa	780,074	Holding and reinvestment business.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Glorytek (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.
Glorytek (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.
Glorytek (Suzhou) 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.
Glory 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	99,927	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.	416,867	Electronic components trading.
SYSCOM DEVELOPMENT CO.,LTD	2000.11.09	OFFICE OF INSINGER CORPORAE SERVICES LIMITED,ROAD TOWN,TORTOLA,BRITISH VIRGIN ISLAND.	333,548	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	3,177,022	Holding and reinvestment business.
Power Sufficient International Co., Ltd.	2014.11.21	8th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	10,000	Medical equipment trading.
Shinfox 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	614,100	Manufacturing and trading of electronic components.
Power Quotient Xuzhou New Energy Co., Ltd.	2020.6.18	North side of Shenda Road, Xuzhou Economic and Technological Development Zone	43,270	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	103,260	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	2,652,075	Electronic product trading.

Company name	Date of establishment	Address	Paid-in capital	Main businesses
DG Lifestyle Store Limited (Macau)	2007.09.13	Shop 2109&2111, 3rd Floor, Shoppes at Venetian, Coloane Road, Macau	381	Electronic product trading.
PERENNIAL ACE LIMITED.	2012.01.17	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	654,017	Holding and reinvestment business.
Foxwell Energy Co. Ltd.	2013.02.08	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	8,670,000	Energy service management
Shinfox Natural Gas Co., Ltd.	2014.04.11	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	450,000	Petroleum product wholesale and retail and natural gas import.
Foxwell Power Co., Ltd..	2019.06.28	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	600,000	Electricity sales, energy-saving service, energy technology service, self-use power generation equipment for renewable energy.
Kunshan Jiuwei Info Tech Co., Ltd.	2017.06.01	Room 9606, Room 3, No. 28, Jinchang Road, Jinxi Town, Kunshan City, Jiangsu Province	1,536	Software development and sales; technology development, technical service, business management consulting and contract energy management.
Jiuwei Power Co., Ltd.	2021.11.10	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	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	70,000	Electric Power Generation
Xinwei Power Co., Ltd.	2023.03.01	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	37,300	Electric Power Generation
Foxwell Certification Co., Ltd.	2023.04.19	6th Floor, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	10,000	Electric Power Generation
Junwei Power Co., Ltd.	2023.08.23	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	12,000	Combined Heat and Power
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	2005.05.20	11th Floor, No. 1, Guangfu North Road, Songshan District, Taipei City	350,000	Electric Power Generation
Eastern Rainbow Environmental Resource Co., Ltd.	2003.07.11	11th Floor, No. 1, Guangfu North Road, Songshan District, Taipei City	2,500	Electric Power Generation

Company name	Date of establishment	Address	Paid-in capital	Main businesses
Kunshan Eastern Rainbow Environmental Equipment Co., Ltd.	2008.05.15	Room 1604, Building 6, Huamin Shijia, No. 13, Qianjin Middle Road, Kunshan City, Jiangsu Province	21,635	Import and export of environmental protection equipment trading
Shinfox Far East Company Pte Ltd	2022.09.05	3 INTERNATIONAL BUSINESS PARK #04-08 NORDIC EUROPEAN CENTRE SINGAPORE (609927)	2,453,864	Maritime engineering related business
ACCU-IMAGE TECHNOLOGY LIMITED	2000.07.18	Vistra Corporate Services Centre, Wickhams Cay II, RoadTown, Tortola, VG1110, British Virgin Islands	621,501	Manufacturing of image scanners and multi-function printers.
Dongguan Fuwei Electronics Co., Ltd.	2014.01.10	Yinhe Industrial Zone, Qingxi Town, Dongguan	184,230	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	460,575	Manufacturing and sales of parts and molds of photocopiers and scanners.
Dongguan Fu Zhang Precision Industry Co., Ltd.	2011.06.01	Yinhe Industrial Zone, Qingxi Town, Dongguan	249,087	Mold development and plastic parts business.
Dongguan Hanyang Computer Co., Ltd.	2000.11.24	Yinhe Industrial Zone, Qingxi Town, Dongguan	187,013	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, 2023

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	Wilson Hu (Note 1)	37,500,000	16.30%
		Kufn Lin (Note 1)	37,500,000	16.30%
	Director	Jacob Lin(Note1)	37,500,000	16.30%
	Director	SYUICHIRO MURAKAMI (Note 2)	57,500,000	25.00%
	Director Supervisor	Shao-Bo Peng (Note 3) Ching-Fan Pu (Note 4)	46,000,000 79,800,000	20.00% 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	Director	Kufn Lin	-	-

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
PRIVATE LIMITED	Director Director	WU HSIANG CHIN BENSON CHO F	- -	- -
Power Quotient International (H.K.) Co., Ltd.	Director	Vivien Liu (Note 5)	106,100,000	100%
SYSCOM DEVELOPMENT CO.,LTD	Director	Vivien Liu (Note 5)	10,862,980	100%
PQI JAPAN CO.,LTD.	Director	Vivien Liu (Note 5)	24,300	100%
APIX LIMITED	Director	Vivien Liu (Note 5)	12,501	100%
Power Sufficient International Co., Ltd.	Chairman 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	Kufn Lin (Note 5)	102,951,145	47.63%
	Director	Wilson Hu	1,436,446	0.67%
	Director	Jia-Ruey Ou	-	-
	Independent Director	Shu-Fen Wang	-	-
	Independent Director	Chong-Hsiung Wen	-	-
	Independent Director	Wen-Shuai Liu	-	-
Power Quotient Technology (Yancheng) Co., Ltd.	Director	Vivien Liu (Note 6)	(Capital contribution USD20,000 thousand, unissued shares)	100%
Power Quotient Xuzhou New Energy Co., Ltd.	Director	Chi-Hong Yeh (Note 7)	(Capital contribution CNY10,000 thousand, unissued shares)	100%
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	Director Director	Vivien Liu (Note 8) Hsiang-Chin Wu	217,900,000 -	99.27% -

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)	867,000,000	100%
	Director	Vivien Liu (Note 11)	867,000,000	100%
	Director	Kufn Lin (Note 11)	867,000,000	100%
	Independent Director	Shu-Fen Wang(Note 11)	867,000,000	100%
	Independent Director	Wen-Shuai Liu(Note 11)	867,000,000	100%
	Supervisor	Chen-Phan Pu (Note 11)	867,000,000	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)	46,539,000	78%
	Director	Kufn Lin (Note 11)	46,539,000	78%
	Director	Chen-Phan Pu (Note 11)	46,539,000	78%
	Supervisor	Hsia-Peng Hao	1,096,500	2%
	Independent	Jui Chu Chen	-	-

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Director	Minghuei Hsieh	-	-
	Independent Director	Joe Cheng	-	-
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)	10,000,000	100%
Kuan Wei Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	3,570,000	100%
Xinwei Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	3,730,000	100%
Foxwell Certification Co., Ltd.	Chairman of the board	Hsia-Peng Hao (Note 12)	1,000,000	100%
Junwei Power Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	1,200,000	100%
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Chairman of the board	Wilson Hu (Note 11)	19,820,000	56.63%
	Director	Kufn Lin (Note 11)	19,820,000	56.63%
	Director	Mei-Chih Tsai (Note 11)	19,820,000	56.63%
	Director	賴正昕	4,546,956	12.99%
	Director	陳龍吉	163,902	0.47%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
	Supervisor Supervisor	富喬工業股份有限公司 李心美	2,420,584 -	6.92% -
Eastern Rainbow Environmental Resource Co., Ltd.	Chairman of the board Supervisor	賴正昕(註十三)	250,000	100%
		任蓓瑜(註十三)	250,000	100%
Kunshan Eastern Rainbow Environmental Equipment Co., Ltd.	Legal representative	賴正昕(註十三)	(Capital contribution CNY5,000 thousand, unissued shares)	100%
Shinfox Far East Company Pte Ltd.	Chairman of the board	Wilson Hu (Note 11)	53,600,000	67%
	Director	Mei-Chih Tsai (Note 11)	53,600,000	67%
	Director	Kufn Lin (Note 11)	53,600,000	67%
	Director	李心美(註十一)	53,600,000	67%
	Director	古勝偉(註十一)	53,600,000	67%
	Director	CHEN TAO	26,400,000	33%
	Director	ZHU YANPING WILLIAM(Note 14)	26,400,000	33%
ACCU-IMAGE TECHNOLOGY LIMITED	Director	Kufn Lin (Note 4)	20,241,034	100%
Dongguan Fu Wei Electronics Co., Ltd.	Legal representative	Kufn Lin (Note 15)	USD 6,000,000 元	100%
Wei Hai Fu Kang Electric Co., Ltd.	Legal representative	Kufn Lin (Note 15)	USD 15,000,000 元	100%
Dongguan Fu Zhang Precision Industry Co., Ltd.	Legal representative	Kufn Lin (Note 15)	USD 8,112,257 元	100%
Dongguan Hanyang Computer Co., Ltd.	Legal representative	Kufn Lin (Note 15)	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 Eastern Rainbow Green Energy Environmental Technology Co., Ltd.
Note 14: Representative of FAR EAST RENEWABLE ENERGY COMPANY PTE. LTD.
Note 15: Representative of Accu-Image Technology Limited

(VI) Operation overview of affiliated enterprises

Financial status and operating results of affiliated enterprises in 2023:

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	1,729,194	1,302,593	426,601	84,681	(145,876)	(279,500)	(4.66)
Power Quotient International Co., Ltd.	4,446,905	7,814,350	2,511,479	5,302,871	101,507	(143,627)	264,600	0.60
Foxlink Image Technology Co., Ltd.	1,649,940	8,455,606	5,009,845	3,445,761	4,339,818	528,542	602,151	3.65
Shih Fong Power Co., Ltd.	2,300,000	2,464,760	12,784	2,451,976	-	(4,208)	11,763	0.05
Glory Tek (BVI) Co., Ltd.	1,470,468	158,629	-	158,629	-	-	(227,607)	(1.55)
Glory Optics (BVI) Co., Ltd.	494,837	(393,565)	-	(393,565)	-	(10)	(103,618)	(2.09)
GLORY TEK (SAMOA) CO., LTD.	988,120	471,929	-	471,929	-	(1)	(124,162)	(1.26)
Glorytek (Yancheng) Co., Ltd. Co., Ltd.	276,345	411,635	1,070,572	(658,937)	117,996	(90,898)	(108,452)	Not applicable
Glorytek (Suzhou) Co., Ltd.	429,870	379,531	94,666	284,865	-	(1,357)	(72,215)	Not applicable
Glory Science (Yancheng) Co., Ltd.	43,270	83,612	-	83,612	-	(329)	(419)	Not applicable
Glory Optics (Yancheng) Co., LTD	1,143,258	1,113,282	713,747	399,535	17,186	(118,236)	(124,375)	Not applicable
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	81,021	82,067	1,304	80,763	-	(410)	174	0.02
Power Quotient International (H.K.) Co., Ltd.	416,867	703,669	160	703,509	-	(210)	4,361	0.10

SYSCOM DEVELOPMENT CO.,LTD	333,548	82,893	-	82,893	-	-	198	0.01
PQI JAPAN CO.,LTD.	2,172	2,652	322	2,330	-	-	132,257	608.92
APIX LIMITED	3,177,022	1,157,709	-	1,157,709	-	-	20,723	0.07
Power Sufficient International Co., Ltd.	10,000	13,044	-	13,044	-	-	(116)	(0.12)
Shinfox Energy Co., Ltd.	2,161,500	16,744,929	5,587,375	11,157,554	392,152	(78,937)	636,385	2.94
Power Quotient Technology (Yancheng) Co., Ltd.	614,100	709,538	6,298	703,240	-	(1,098)	4,570	Not applicable
Power Quotient Xuzhou New Energy Co., Ltd.	43,270	43,590	-	43,590	-	(9)	86	Not applicable
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	81,083	82,070	1,245	80,825	-	(420)	163	Not applicable
Sinocity Industries Limited (Hong Kong)	23,574	519,212	73,467	445,745	1,519,604	23,587	22,407	Not applicable
DG Lifestyle Store Limited (Macau)	381	23,009	34,994	(11,985)	125,675	(3,933)	(2,122)	(55.70)
PERENNIAL ACE LTD.	654,017	242,553	-	242,553	-	-	(1,688)	Not applicable
Foxwell Energy Co. Ltd.	8,670,000	18,758,324	9,273,300	9,485,024	9,813,150	935,512	763,402	0.88
Shinfox Natural Gas Co., Ltd.	450,000	361,003	18,511	342,492	39,360	(35,674)	(33,373)	(0.74)
Foxwell Power Co., Ltd.	600,000	3,204,461	2,267,578	936,883	876,905	51,647	56,201	0.94
Kunshan Jiuwei Info Tech Co., Ltd.	1,536	34,622	3,350	31,272	12,499	3,625	4,817	Not applicable
Jiuwei Power Co., Ltd.	1,100,000	1,089,090	2,915	1,086,175	-	(7,098)	(6,154)	(0.06)

Elegant Energy TECH Co., Ltd.	5,000	4,452	52	4,400	-	(352)	(1,068)	(2.14)
Yuanshan Forest Natural Resources Co., Ltd.	100,000	99,877	195	99,682	-	(368)	(264)	(0.03)
Kuan Wei Power Co., Ltd.	70,000	99,869	30,022	69,847	-	(73)	(122)	(0.02)
Xinwei Power Co., Ltd.	37,300	197,833	159,076	38,757	8,192	3,136	(201)	(0.05)
Foxwell Certification Co., Ltd.	10,000	7,027	1,233	5,794	3,924	(6,016)	(4,206)	(4.21)
Junwei Power Co., Ltd.	12,000	12,005	50	11,955	-	(69)	(45)	(0.04)
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	350,000	516,177	159,671	356,506	65,801	(24,172)	(11,095)	(0.32)
Eastern Rainbow Environmental Resource Co., Ltd.	2,500	2,044	1,337	707	213	(147)	(1,035)	(4.14)
Kunshan Eastern Rainbow Environmental Equipment Co., Ltd.	21,635	64,003	32,684	31,319	2,029	(1,106)	(1,081)	(0.50)
Shinfox Far East Company Pte Ltd.	2,453,864	3,479,008	1,280,295	2,198,713	522,429	78,652	(261,606)	Not applicable
ACCU-IMAGE TECHNOLOGY LIMITED	581,051	2,274,747	-	2,274,747	111,027	8,297	130,291	Not applicable
Dongguan Fu Wei Electronics Co., Ltd.	184,230	623,440	124,183	499,257	614,221	27,304	21,789	Not applicable
Wei Hai Fu Kang Electric Co., Ltd.	460,575	803,256	153,500	649,756	744,340	88,330	68,708	Not applicable
Dongguan Fu Zhang Precision Industry Co., Ltd.	249,087	178,163	55,039	123,124	119,465	(60,501)	(58,629)	Not applicable
Dongguan Hanyang Computer Co., Ltd.	187,013	333,516	7,360	326,156	-	(12,873)	29,611	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, 2023, 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 7, 2024

(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, 2023 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 7, 2024

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

Tzu Hui Tsung No. 23010472

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, 2023 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, 2023 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 7, 2024

FIT Holding Co., Ltd.

2023 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, 2023 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	\$48,365	0.28%	\$1,866	Note 1	Credit on 90 - 120 days	Note 1	Note 1	Note 1	\$17,784	0.89%	-	-	-
	Purchase	\$12,872	0.1%	-	Note 2	Credit on 90 - 120 days	Note 2	Note 2	Note 2	\$8,584	0.33%	-	-	-

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: None.

(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	\$26,661	Good	None
		Bao Shan Village, Hsinchu County	2013 - 2023	Capitalization (Note)	At the market rate	Monthly payment	No material difference	\$241	Good	None
Lease	Office	Houli District, Taichung City	2021 - 2023	Business leasing	At the market rate	Monthly receivable	No material difference	\$21,495	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