CHENG UEI PRECISION INDUSTRY CO., LTD.

2022 Annual General Shareholders' Meeting Minutes

Time: 9:00 a.m., June 21, 2022 (Tuesday)
Venue: No.49, Sec.4, Zhongyang Rd., Tu Cheng Dist., New Taipei City ,Taiwan
Total shares represented by shareholders presented in person or by proxy: 264,565,632 shares, accounting for 51.64 % of the Company's total outstanding shares
Chair: Tai-Chiang Gou, Chairman of the Board of Directors
Recorder: Te-Pin Liu
Directors present:
Chairman Tai-Chiang Gou
Director Chen-Phan Pu
Director James Lee
Director Eric Huang
Director T.C. Wang (Presented by visual communication network)
Director Jui-Hsia Wan (Presented by visual communication network)
Independent Director Randy Lee (Presented by visual communication network)
Independent Director Chien-Chung Fu (Presented by visual communication network)
Independent Director Jing-Min Tang (Presented by visual communication network)
Attendees:
Accountant Se-Kai Lin(Presented by visual communication network)
Lawyer Curtis Hsieh(Presented by visual communication network)

Meeting Commencement Announced: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairman's Address: (Omitted)

I. Matters to be Reported

1. 2021 business report of the Company. (Attachment 1)
2. Audit Committee's review report on the 2021 financial statements. (Attachment 2)
3. Report on the distribution of 2021 earnings and cash dividends of the Company.
   Explanation:(1) In accordance with the Company Act and the Articles of Incorporation of the Company, the Company's Board of

Directors resolved to distribute a cash dividend of NTD 1.5 per share for the earnings of 2021 (calculated to the nearest NT Dollar, with the difference paid by the Company as expenses).

(2) In this proposal, the chairperson is authorized to set the ex-dividend record date, distribution date, and other related matters. In the future, if the Company's number of common shares in circulation changes and this leads to a change in the dividend rate, then the chairperson is also authorized to make adjustments in full.

4. Report on the 2021 distribution of remuneration for directors and employees of the Company.

Explanation: In 2021, the Company distributed directors' remuneration of NTD 6,000,000 and employee remuneration of NTD 130,000,000 in accordance with the Company Act and the Company's Articles of Incorporation. Employee remuneration and directors' remuneration are to be paid in cash, and there is no difference between the numbers given by resolution above and the expenses recognized at the end of 2021.

II. Acknowledgments and Matters for Discussion

Proposal 1 Proposed by the Board of Directors

Proposal: The 2021 business final account statement and profit distribution statement of the Company.

Explanation:

1.The Company's 2021 financial statements have been reviewed by PWC Taiwan. Together with the business report, it has also been reviewed by the Audit Committee and a written audit report was issued.

2.The 2021 profit distribution table was approved by the Board of Directors and sent to the Audit Committee for review.

3. Please refer to Attachments for associated schedules .

Resolution : The above proposal is and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 264,565,632 (Including 224,574,860 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	259,597,970 (219,607,198)	98.12%

Votes against (electronic votes)	169,361 (169,361)	0.06%
Invalid Votes (electronic votes)	0 (0)	0.00%
Votes abstained / Not Voted (electronic votes)	4,798,301 (4,798,301)	1.81%

Proposal 2 Proposed by the Board of Directors

Proposal: Amendments to the Company's Articles of Incorporation, submitted for approval.

Explanation: In accordance with the amended Company Act, the shareholders' meeting may be held by video conference. Therefore, it is proposed to amend some provisions of the Articles of Incorporation of the Company. Please refer to Attachment for the comparison table of the amended Articles of Incorporation.

Resolution : The above proposal is and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 264,565,632 (Including 224,574,860 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	258,196,178 (218,205,406)	97.59%
Votes against (electronic votes)	161,616 (161,616)	0.06%
Invalid Votes (electronic votes)	0 (0)	0.00%
Votes abstained / Not Voted (electronic votes)	6,207,838 (6,207,838)	2.34%

Proposal 3 Proposed by the Board of Directors

Proposal: Amendments to the Company's Procedures for Acquiring or Disposing of Assets, submitted for approval.

Explanation: In accordance with the stipulations of the Financial Supervisory Commission letter Jinguan Zhengfazi No. 1110380465 dated January 28, 2022, it is proposed to amend the Company's "Procedures for Acquiring or Disposing of Assets." Please refer to Attachment for the comparison table of the revised provisions.

Resolution : The above proposal is and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 264,565,632 (Including 224,574,860 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	258,207,976 (218,217,204)	97.59%
Votes against (electronic votes)	154,975 (154,975)	0.05%
Invalid Votes (electronic votes)	0 (0)	0.00%
Votes abstained / Not Voted (electronic votes)	6,202,681 (6,202,681)	2.34%

Proposal 4　Proposed by the Board of Directors

Proposal: Amendments to the Company's Implementation Measures for Endorsements and Guarantees, submitted for approval.

Explanation:1.To address the business development needs of the Company, it is proposed to increase the limit of the overall external endorsement and guarantee amounts of the Company and its subsidiaries. Amendment has therefore been made to the Company's Implementation Measures for Endorsements and Guarantees. Please refer to Attachment for the comparison table of the revised provisions.

2.Article 4, Paragraph 1 of the amended Operational Procedures for Endorsements/Guarantees stipulates that “the overall external endorsement and guarantee amounts of the Company and its subsidiaries shall not exceed 300% of current net value. The amount of endorsements and guarantees for a single enterprise shall not exceed 150% of the current net value, and for subsidiaries holding 90% or more of equity, it shall not exceed 150% of the Company's net value." The necessity and rationality of this provision lie in the facts that the Company's reinvestment business continues to expand its operating scale, funding requirements are increasing, and the greatest portion of working capital insufficiency arises from borrowings from financial institutions. In order to obtain optimal lending conditions, banks will require the parent company to provide endorsements and guarantees for loans. Therefore, the Company has set a higher limit on the total amount of endorsements and guarantees to prepare for expanded operations of the reinvestment business. In fact, this represents a strategy to pursue maximum investment efficiency. The Company will also strictly control overall financial risks with a steady and pragmatic management policy so as to maximize the interests of shareholders.

Resolution : The above proposal is and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 264,565,632 (Including 224,574,860 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	237,189,749 (197,198,977)	89.65%
Votes against (electronic votes)	21,170,812 (21,170,812)	8.00%
Invalid Votes (electronic votes)	0 (0)	0.00%
Votes abstained / Not Voted (electronic votes)	6,205,071 (6,205,071)	2.34%

III.Extraordinary Motions:None

IV.Adjournment: The meeting was adjourned at a.m. 09:13

Attachment 1

Cheng Uei Precision Industry Co., Ltd.
Business Report

Here, a report on the business status of the Company in 2021 is given as follows:

The Company's consolidated net operating revenues for 2021 came to NTD 86,800,735 thousand; compared with consolidated net operating revenue of NTD 89,552,100 thousand in 2020, this marked a decrease of 3%. Net profit after tax in 2021 was NTD 921,042 thousand and after-tax earnings per share came to NTD 1.90. This represented a reduction of 53% from the net profit after tax of NTD 1,967,432 thousand or NTD 4.06 per share seen in 2020. Last year, the Company's revenues and profits decreased compared with the previous year due to the impact of the pandemic along with rising raw material prices and shortages. This shows that the external environment is treacherous and volatile, and responding with extreme caution is warranted at all times.

Since the outbreak of COVID-19, global economies have faced major challenges and instability has arisen in supply chains. Supply chain instability has caused raw material prices and transportation costs to keep soaring while at the same time deepening inflationary pressures. Meanwhile, with the Russian-Ukrainian war breaking out this year, we can see that there is now increasing risk of geopolitical tensions and military conflict. A prolonged and expanded war could block the supply of important raw materials, and this in turn would affect production and consumption activities across the global economy. We therefore could see an amplification of global chip shortages and worsening supply chain bottlenecks, thereby impacting global economic activity even further. Therefore, the global economy will encounter multiple challenges in the process of recovery in 2022, and economic growth among the world's major economies is likely to face even greater pressure and constraints.

The world has been affected by the pandemic, climate change, and geopolitics in recent years, and this has encouraged companies to accelerate their focus on intelligent digital transformation and to achieve their environmental, social, and corporate governance (ESG) goals. In the face of the ESG trend, companies should evaluate the potential risks of future sustainable markets while establishing the core essence of business operations in advance so as to strengthen their competitiveness and confront this era of digital transformation. In order to achieve our ESG goals, Cheng Uei Co. last year established a Corporate Governance and Sustainable Management Committee. In doing so, we aim to strengthen our management functions and commit ourselves to the implementation of corporate social responsibility and sustainable management. In addition, given the current international consensus over issues such as energy conservation and carbon reduction, we recognize that green energy has now emerged as an industry that must be developed across nations and its industry prospects are promising. Therefore, and aside from investing in Shinfox Energy Co. in Taiwan to engage in professional and comprehensive green energy services, the Company will expand our green energy-related business to the US market this year and establish a production base in Phoenix, Arizona, to produce green energy-related products. Subsequently, the Company also plans to set up charging stations and energy storage facilities for electric vehicles and campus electric buses in California to expand our investment in the green energy industry and strengthen our future growth momentum.

In order for the Company to grow and thrive on a continuous and stable basis, and create greater profits for shareholders, we must be prepared to face challenges and solve problems. We have absolute confidence to move toward the set goals, create best business performance for the Company, and go after maximum profits for shareholders. I also hope that all shareholders can continue to provide support and encouragement to the company. Finally, I wish all shareholders all the best and that all your hopes be fulfilled.

1. 2021 business results

(I) Business plan implementation results

Unit: NTD Thousand

Item	2021	2020	Growth rate
Operating revenue	58,674,859	69,135,238	-15.13%
Operating costs	56,728,576	65,741,027	-13.71%
Operating profit	1,946,283	3,394,211	-42.66%
Operating Expenses	1,640,362	1,545,972	6.11%
Operating profit	305,921	1,848,239	-83.45%
Non-operating income and expenses	812,538	512,593	58.52%
Net profit before tax	1,118,459	2,360,832	-52.62%
Net profit for the period	921,042	1,967,432	-53.19%

Note: The above figures are from the parent company only financial statements

(II) Budget implementation

The Company did not prepare 2021 financial forecasts, so this is not applicable.

(III) Financial income and expenditure status

Unit: NTD Thousand

Item	2021	2020	Amount of change
Net cash inflow (outflow) from operating activities	(2,050,191)	2,963,744	(5,013,935)
Net cash inflow (outflow) from investing activities	2,394,619	(4,635,366)	7,029,985
Net cash inflow (outflow) from financing activities	(581,186)	1,891,234	(2,472,420)

Note: The above figures are from the parent company only financial statements

(IV) Profitability analysis

Year		2021	2020
Return on assets (%)		1.83	3.67
Return on shareholders' equity (%)		3.92	8.52
Contribution to paid-in capital Percentage (%)	Operating profit	5.97	36.08
	Net profit before tax	21.83	46.08
Net profit margin (%)		1.57	2.85
Earnings per share for the period (NTD) (Note)		1.90	4.06

Note: The above ratios are based on parent company only financial statements. Earnings per share is calculated based on the number of shares after retrospective adjustment.

(V) Research and development status of the Company

The main research and development directions and strategies of the Company are:

1. Closely integrate technology into products to generate differentiated competitive advantages.
2. Integrate the technical fields of materials, machinery, electronics, optics, electroacoustics, etc.; e.g., through: optical inspection automation, engineering analysis capabilities, secondary processing electroplating technology, antenna design, and wire nano coating development.
3. Build professional laboratories for high frequency technology, electroacoustic technology, surface technology, and so on.
4. Lead and continue to develop various halogen-free, lead-free materials and application products that meet future environmental protection requirements.
5. Participate in the development process of customers' new products to provide them with various solutions and technical support.
6. Strengthen the ability to integrate existing technologies and evaluate and introduce new product development technologies.
7. Integrate the technology platform of electro-optic sound to expand products and market share.

II. Business plan summary for 2022

(I) Business strategy

1. Business purpose:

With core capabilities in molds, forms, stamping, secondary processing, and automation, integrate materials, machinery, electronics, optics, electroacoustics, energy, assembly, and R&D technology. Establish a global marketing and supply chain management network to provide customers with high-quality products in a timely manner, oriented by consumer electronics, information, communications, and automotive market demand; and create value for customers by combining digital content, environmental protection, and energy saving. Constantly seek to surpass ourselves based on concepts of sincerity, a holistic view, and conscientiousness, using our team spirit to create an optimal business performance for the enterprise.

2. Business philosophy:

(1) Sincerity: Simplicity and pragmatism, and being as good as one’s word

Keeping promises is an important value to establish long-term cooperative relations with customers and suppliers, so as to take creation of long-term benefits for all three parties as a direction for our thinking.

(2) Holistic view: Great things can only be achieved with tolerance, and small beginnings yield major trends

By applying technological innovation, accumulating practical experience, and constantly pursuing self-transcendence and accumulated achievements, only then can the Company become a representative of the high-tech industry.

(3) Conscientiousness: Making an all-out effort, with a unity of knowledge and action

From the capital, technology, and human resources used to coordinate our plans and from execution to assessment, there is a complete and consistent operational system that demonstrates its performance in a wide range of work functions; and the results of these joint efforts have created the Company's core competitiveness.

(II) Expected sales volume and its basis

The Company’s products are mainly components of communications and consumer electronics. With the active expansion of customers and the development of new products this year, it is expected that the sales volume of each product will reach a trend of steady growth.

(III) Important production and sales policies

Continuously improve internal management capabilities to reduce various production costs and provide customers with the best service and technical resources, establishing a good cooperative relationship with customers to achieve a win-win goal.

III. Future development strategy for the Company

1. The Company will position itself under the OEM, ODM, and JDM models as it commits to consumer electronics, computers, communications, automotive electronics, digital content, and other product markets.
2. We will utilize the Company's core capabilities: Development will center around molds, forms, stamping, secondary processing, and automation, and thereupon integrate technical fields encompassing materials, machinery, electronics, optics, electroacoustics, energy saving, and environmental protection. In this way, we can develop differentiated competitive advantages over our competitors.
3. We will use our customer orientation, closeness to market leaders, and joint development of new products to create value for the Company.
4. We will deeply cultivate existing customers, expand different product lines for current customers, and provide customers with diversified products and services.
5. From materials, parts, components to system products, we will leverage and strengthen the company's vertically-integrated manufacturing advantages to reduce manufacturing costs and enhance competitiveness.
6. We will establish development and mass production manufacturing capabilities for key components in order to obtain an irreplaceable competitive advantage.
7. We will develop the retail channel market, be close to consumers and grasp market demand and trends, and then combine the advantages of production and sales to develop a new niche for the Company. This will also establish an irreplaceable competitive advantage.

IV. Effects of the external competitive environment, regulatory environment, and overall business environment

Due to the instantaneous changes in the external environment and industry, the competition faced by the Company is no longer limited to Taiwan, but in all parts of the world. The targets of the Company’s services are world-class customers, so it must be able to meet the global competitive environment and survival requirements. "Cost reduction" and "value creation" will be the most important issues for the Company's sustainability. The Company needs to be able to reduce costs in order to gain a competitive advantage, attracting new customers and expanding into new markets. At the same time, we must be able to create product value, service value and differentiated value from this in order to retain customers and meet their various needs.

At the same time, in the retail channel market, it is necessary to be able to grasp the acceptance and preference of consumers for all kinds of new 3C products at any time. We must understand the consumption habits and tendencies of target consumers in various regions, so as to propose different sales strategies to respond. In addition, we should offer different services and product content from competitors to strengthen our competitive advantage.

Responsible person: T.C. Gou Manager: T.C. Gou Accountant in charge: Chen-Phan Pu

Audit Committee’s Audit Report

The Company's Board of Directors has made a 2020 annual business report, financial statements, and profit distribution proposal. Among them, PWC Taiwan has audited the financial statements and issued an audit report. The above-mentioned business report, financial statements, and profit distribution proposal have been checked by the Audit Committee, and it believes there is no discrepancy. The reports are submitted for review in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Cheng Uei Precision Industry Co., Ltd.

Convener of the Audit Committee: Randy Lee

March 24, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000543

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, based on our audits and the report(s) 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Emphasis of matter-significant unresolved litigation involving investments accounted for using equity method

As described in Note 9(1) to the consolidated financial statements, Fugang Electric (Maanshan) Co., Ltd., a subsidiary of the Group, has a lawsuit with Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. On November 19, 2021, Ma'anshan Intermediate People's Court in Anhui Province rendered a first-instance decision, affirming that Fugang Electric (Maanshan) Co., Ltd. shall pay principal amounting to RMB 274,450 thousand and interest amounting to RMB 139,488.9 thousand, based on the amount agreed in the court's judgement and interest calculated until the date when the principal is fully repaid, to Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. within 30 days from the effective date of this judgement. On December 7, 2021, Fugang Electric (Maanshan) Co., Ltd. filed a second instance appeal with the Higher People's Court of Anhui Province to request to modify or remand the decision in accordance with the laws. On March 17, 2022, Fugang Electric (Maanshan) Co., Ltd. filed an administrative litigation with the Ma'anshan Intermediate People's Court in Anhui Province against the People's Government of Ma'anshan Municipality, the Administrative Committee of Ma'anshan Economic and Technological Development Zone and Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. pursuant to Article 12 of the "Administrative Procedure Law of the People's Republic of China". As of the financial reporting date, the possible result of this litigation cannot be determined, therefore our opinion is not modified in respect of this matter.

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 2021 consolidated 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 2021 consolidated financial statements are stated as follows:

Valuation of Goodwill impairment

<u>Description</u>

Please refer to Note 4(19) for accounting policies on impairment loss on non-financial assets, Note 5(1) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(13) for details of goodwill impairment valuation.

The amount of goodwill (including indefinite useful life trademarks) was derived from the acquisition of Power Quotient International Co., Ltd., Foxlink Image Technology Co., Ltd. and DG Lifestyle Store Limited by the Company's subsidiary, FIT Holding Co., Ltd. The Group valued the impairment of goodwill (including indefinite useful life trademarks) through the discounted cash flow method, using the higher of value in use or fair value less costs to sell to measure the cash generating unit's recoverable amount. As the assumptions of expected future cash flows contained subjective judgement and involved a high degree of uncertainty which would cause a material impact on the valuation result, the valuation of goodwill impairment (including indefinite useful life trademarks) was identified as a key audit matter.

How our audit addressed the matter

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

A. Obtained an understanding and assessed the reasonableness of valuation of goodwill impairment policies and procedures, including collection of internal and external data, operating forecast and industry changes.

B. Obtained the external appraisal report on impairment valuation and performed the following procedures:

   (a) We examined the external appraiser's qualification and assessed the independence, objectiveness and competence.

   (b) We assessed that the valuation method used in the appraisal report was widely used and appropriate.

   (c) We assessed the reasonableness of significant assumptions (including expected growth rate and discount rate) applied in the appraisal report.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to inventory valuation, and Note 6(7) for details of inventory.

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

The industry technology is rapidly changing, and the net realisable value involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. Given that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

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

A. Assessed the reasonableness of policies and procedures on allowance for inventory valuation losses based on our understanding of the Group's operation and industry.

B. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the effectiveness of the management of inventory.

C. Verified whether the systematic logic used in the Group's inventory aging report is appropriate and in line with its policies.

D. Inspected inventory valuation basis adequacy and verified the selected samples' information, for instance, purchase price and sale price. Also recalculated and evaluated the reasonableness of inventory allowance basis in order to verify that the inventory was measured at the lower of cost and net realisable value.

Other matter - Reference to the reports of other auditors

We did not audit the financial statements of certain subsidiaries and 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 subsidiaries and the information disclosed in Note 13, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT$341,479 thousand and NT$430,857 thousand, constituting 0.41% and 0.52% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and operating revenue amounted to NT$2,093,888 thousand and NT$1,919,272 thousand, constituting 2.41% and 2.14% of the consolidated total operating revenue for the years then ended, respectively. Total the balances of these investments accounted for under the equity method amounted to NT$212,883 thousand, constituting 0.26% of the consolidated total assets as at December 31, 2021, and share of loss of associates and joint ventures accounted for under the equity method amounted to NT$(2,358) thousand, constituting (0.41%) of the consolidated total comprehensive income for the year then ended.

Other matter-Parent company only financial reports

We have audited and expressed an unqualified opinion with an *Other matters* section on the parent company only financial statements of Cheng Uei Precision Industry Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

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

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

A. 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.

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 Group'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 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.

E. 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.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Se-Kai Liang, Yi-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants 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.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	ASSETS	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	6(1)	$ 8,707,603	10	$ 10,993,540	13
1136	Current financial assets at amortised cost	6(4) and 8	2,258,305	3	6,407,553	8
1140	Current contract assets	6(24)	3,216,453	4	104,591	-
1150	Notes receivable, net		46,874	-	35,124	-
1170	Accounts receivable, net	6(5)	16,369,882	20	16,310,230	20
1180	Accounts receivable, net - related parties	7	312,905	-	603,705	1
1200	Other receivables	6(6)	312,561	-	203,599	-
1210	Other receivables - related parties	7	61,213	-	55,868	-
1220	Current income tax assets	6(31)	5,052	-	5,024	-
130X	Inventories	6(7)	15,479,260	19	13,276,324	16
1410	Prepayments		3,412,965	4	1,167,099	2
1460	Non-current assets or disposal groups classified as held for sale, net	6(13)	15,599	-	-	-
1470	Other current assets	8	89,457	-	127,649	-
11XX	**TOTAL CURRENT ASSETS**		50,288,129	60	49,290,306	60
1517	Financial assets at fair value through other comprehensive income-non-current	6(3) and 12(3)	1,116,311	1	986,704	1
1535	Non-current financial assets at amortised cost	6(4) and 8	145,116	-	146,394	-
1550	Investments accounted for under the equity method	6(9)	4,650,081	6	4,975,620	6
1600	Property, plant and equipment, net	6(10)	21,024,968	25	20,850,423	25
1755	Right-of-use assets	6(11) and 7	1,577,374	2	1,638,691	2
1760	Investment property, net	6(12)	568,783	1	584,072	1
1780	Intangible assets	6(13)	1,467,557	2	1,653,998	2
1840	Deferred income tax assets	6(32)	569,172	1	537,988	1
1915	Prepayments for business facilities		1,160,854	1	1,153,711	1
1990	Other non-current assets, others	8	557,926	1	444,195	1
15XX	**TOTAL NON-CURRENT ASSETS**		32,838,142	40	32,971,796	40
1XXX	**TOTAL ASSETS**		$ 83,126,271	100	$ 82,262,102	100

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			December 31, 2021		December 31, 2020	
	LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(15)	$ 4,224,848	5	$ 4,341,582	5
2110	Short-term notes and bills payable	6(16)	1,596,522	2	387,222	1
2130	Current contract liabilities	6(25)	603,767	1	896,775	1
2150	Notes payable		150	-	155	-
2170	Accounts payable		16,895,026	20	17,521,270	21
2180	Accounts payable - related parties	7	172,107	-	160,726	-
2200	Other payables	6(17) and 7	4,617,534	6	4,778,465	6
2230	Current income tax liabilities	6(32)	555,374	1	660,933	1
2260	Liabilities related to non-current assets or disposal groups classified as held for sale		-	-	-	-
2280	Current lease liabilities	7	158,525	-	199,445	-
2320	Long-term liabilities, current portion		302,694	-	502,471	1
2365	Current refund liabilities		226,274	-	234,170	-
2399	Other current liabilities, others	6(19)	601,242	1	579,551	1
21XX	**TOTAL CURRENT LIABILITIES**		29,954,063	36	30,262,765	37
	NON-CURRENT LIABILITIES					
2530	Corporate bonds payable	6(18)	6,578,570	8	6,574,982	8
2540	Long-term borrowings	6(19)	11,176,423	14	12,323,297	15
2570	Deferred income tax liabilities	6(32)	933,548	1	868,521	1
2580	Non-current lease liabilities	7	247,637	-	218,089	-
2600	Other non-current liabilities	6(9)(20)	1,735,142	2	1,930,560	2
25XX	**TOTAL NON-CURRENT LIABILITIES**		20,671,320	25	21,915,449	26
2XXX	**TOTAL LIABILITIES**		50,625,383	61	52,178,214	63
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
	Capital stock	6(21)				
3110	Common stock		5,123,269	6	5,123,269	6
	Capital reserve	6(22)				
3200	Capital surplus		10,252,875	12	9,828,746	11
	Retained earnings	6(23)				
3310	Legal reserve		3,197,654	4	3,002,026	4
3320	Special reserve		2,036,346	3	2,334,534	3
3350	Unappropriated earnings		5,547,850	7	5,782,390	7
	Other equity	6(24)				
3400	Other equity interest		(2,601,651)	(4)	(2,036,346)	(2)
	Treasury shares	6(21)				
3500	Treasury shares		(272,066)	-	(272,066)	-
31XX	**Equity attributable to owners of the parent**		23,284,277	28	23,762,553	29
36XX	**Non-controlling interests**		9,216,611	11	6,321,335	8
3XXX	**TOTAL EQUITY**		32,500,888	39	30,083,888	37
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 83,126,271	100	$ 82,262,102	100

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
4000	Operating revenue	6(24)(25) and 7	$ 86,800,735	100	$ 89,552,100	100
5000	Operating costs	6(7)(30)(31) and 7	(77,225,461)	(89)	(79,778,673)	(89)
5900	Gross profit		9,575,274	11	9,773,427	11
	Operating expenses	6(30)(31)				
6100	Sales and marketing expenses		(1,915,799)	(2)	(1,706,404)	(2)
6200	General and administrative expenses		(3,495,100)	(4)	(3,326,946)	(4)
6300	Research and development expenses		(2,259,829)	(3)	(2,386,034)	(2)
6450	Expected credit gain	12(2)	6,295	-	40,378	-
6000	Total operating expenses		(7,664,433)	(9)	(7,379,006)	(8)
6900	Operating income		1,910,841	2	2,394,421	3
	Non-operating income and expenses					
7100	Interest income	6(26)	77,057	-	105,872	-
7010	Other income	6(27) and 7	549,435	1	578,283	1
7020	Other gains and losses	6(28)	(68,754)	-	(382,175)	(1)
7050	Finance costs	6(29)	(341,527)	-	(349,253)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(9)	26,415	-	236,687	-
7000	Total non-operating income and expenses		242,626	1	189,414	-
7900	**Income before income tax**		2,153,467	3	2,583,835	3
7950	Income tax expense	6(32)	(814,963)	(1)	(699,467)	(1)
8200	**Net income**		$ 1,338,504	2	$ 1,884,368	2

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive (loss) income, net					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(20)	$ 41,038	-	($ 7,235)	-
8316	Unrealized gain on equity instrument at fair value through other comprehensive income	6(3)	(254,701)	-	(55,232)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(75,874)	-	2,866	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(32)	(8,207)	-	1,035	-
8310	Total components of other comprehensive (loss) income that will not be reclassified to profit or loss		(297,744)	-	(58,566)	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Exchange differences arising on translation of foreign operations		(582,101)	(1)	377,265	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		7,476	-	21,923	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(32)	115,177	-	(82,675)	-
8360	Total components of other comprehensive (loss) income that will be reclassified to profit or loss		(459,448)	(1)	316,513	-
8300	**Other comprehensive (loss) income, net**		($ 757,192)	(1)	$ 257,947	-
8500	**Total comprehensive income for the period**		$ 581,312	1	$ 2,142,315	2
	Net (loss) income attributable to:					
8610	Shareholders of the parent		$ 921,042	1	$ 1,967,432	2
8620	Non-controlling interests		417,462	1	(83,064)	-
	Total		$ 1,338,504	2	$ 1,884,368	2
	Total comprehensive (loss) income attributable to:					
8710	Shareholders of the parent		$ 385,907	1	$ 2,254,491	2
8720	Non-controlling interests		195,405	-	(112,176)	-
	Total		$ 581,312	1	$ 2,142,315	2
	Basic earnings per share (in dollars)					
9750	Total basic earnings per share	6(33)	$	1.90	$	4.06
	Diluted earnings per share (in dollars)					
9850	Total diluted earnings per share	6(33)	$	1.89	$	4.02

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to shareholders of the parent	Non-controlling interest	Total equity
Year ended December 31, 2020												
Balance at January 1, 2020		$ 5,123,269	$ 9,471,717	$ 2,803,290	$ 1,609,901	$ 6,030,302	($ 2,079,456)	($ 255,079)	($ 272,066)	$ 22,431,878	$ 5,810,641	$ 28,242,519
Net income (loss) for the year		-	-	-	-	1,967,432	-	-	-	1,967,432	(83,064)	1,884,368
Other comprehensive income (loss)	6(24)	-	-	-	-	(11,130)	349,333	(51,144)	-	287,059	(29,112)	257,947
Total comprehensive income (loss)		-	-	-	-	1,956,302	349,333	(51,144)	-	2,254,491	(112,176)	2,142,315
Appropriation of 2019 earnings	6(23)											
Legal reserve		-	-	198,736	-	(198,736)	-	-	-	-	-	-
Special reserve		-	-	-	724,633	(724,633)	-	-	-	-	-	-
Cash dividend		-	-	-	-	(1,280,818)	-	-	-	(1,280,818)	-	(1,280,818)
Difference between proceeds from acquisition or disposal of subsidiary and book value	6(22)	-	163,668	-	-	(27)	-	-	-	163,641	(21,587)	142,054
Changes in net equity of associates and joint ventures accounted for under the equity method	6(22)	-	167,141	-	-	-	-	-	-	167,141	-	167,141
Changes in ownership interests in subsidiaries	6(22)	-	(38)	-	-	-	-	-	-	(38)	-	(38)
Cash dividends distributed to subsidiaries	6(22)	-	26,258	-	-	-	-	-	-	26,258	-	26,258
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	644,457	644,457
Balance at December 31, 2020		$ 5,123,269	$ 9,828,746	$ 3,002,026	$ 2,334,534	$ 5,782,390	($ 1,730,123)	($ 306,223)	($ 272,066)	$ 23,762,553	$ 6,321,335	$ 30,083,888
Year ended December 31, 2021												
Balance at January 1, 2021		$ 5,123,269	$ 9,828,746	$ 3,002,026	$ 2,334,534	$ 5,782,390	($ 1,730,123)	($ 306,223)	($ 272,066)	$ 23,762,553	$ 6,321,335	$ 30,083,888
Net income for the year		-	-	-	-	921,042	-	-	-	921,042	417,462	1,338,504
Other comprehensive (loss) income	6(24)	-	-	-	-	30,170	(398,919)	(166,386)	-	(535,135)	(222,057)	(757,192)
Total comprehensive income (loss)		-	-	-	-	951,212	(398,919)	(166,386)	-	385,907	195,405	581,312
Appropriation of 2020 earnings	6(23)											
Leagal reserve		-	-	195,628	-	(195,628)	-	-	-	-	-	-
Special reserve		-	-	-	(298,188)	298,188	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,280,818)	-	-	-	(1,280,818)	-	(1,280,818)
Difference between proceeds from acquisition or disposal of subsidiary and book value	6(22)	-	393,228	-	-	-	-	-	-	393,228	(313,099)	80,129
Changes in ownership interests in subsidiaries	6(22)	-	4,150	-	-	(7,494)	-	-	-	(3,344)	2,434	(910)
Changes in net equity of associates and joint ventures accounted for under the equity method	6(22)	-	493	-	-	-	-	-	-	493	(262,434)	(261,941)
Cash dividends distributed to subsidiaries	6(22)	-	26,258	-	-	-	-	-	-	26,258	-	26,258
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	3,272,970	3,272,970
Balance at December 31, 2021		$ 5,123,269	$ 10,252,875	$ 3,197,654	$ 2,036,346	$ 5,547,850	($ 2,129,042)	($ 472,609)	($ 272,066)	$ 23,284,277	$ 9,216,611	$ 32,500,888

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Years ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,153,467	$ 2,583,835
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets or liabilities at fair value through profit or loss		-	(8,472)
Depreciation (including investment property)	6(10)(11)(12)(28)(30)	3,461,767	3,223,064
Amortisation	6(13)(30)	102,724	119,825
Expected credit gain	12(2)	(6,295)	(40,378)
Interest expense	6(29)	341,527	349,253
Interest income	6(26)	(77,057)	(105,872)
Share of profit of associates accounted for using the equity method	6(9)	(26,415)	(236,687)
(Gain) loss on disposal of property, plant and equipment	6(28)	(3,397)	71,752
Gain on disposal of investments	6(28)	(165,959)	(250,764)
Goodwill impairment loss	6(28)	110,000	539,338
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss		-	137,622
Contract assets		(3,111,862)	65,401
Notes receivable		(13,063)	(10,577)
Accounts receivable		(75,827)	(821,844)
Accounts receivable from related parties		290,800	(172,726)
Other receivables		(89,505)	154,683
Other receivables from related parties		(5,346)	39,957
Inventories		(2,398,239)	(2,181,326)
Prepayments		(2,246,299)	164,481
Other current assets		38,192	(105,209)
Other non-current assets		(25,417)	43,519
Changes in operating liabilities			
Contract liabilities		(293,008)	109,553
Notes payable		(5)	(3,118)
Accounts payable		(415,961)	2,837,260
Accounts payables to related parties		11,381	(69,365)
Other payables		(18,876)	(383,626)
Refund liabilities		(7,897)	(223,305)
Other current liabilities		72,421	248,779
Other non-current liabilities		(190,561)	121,562
Cash (outflow) inflow generated from operations		(2,588,710)	6,196,615
Interest received		77,057	105,872
Dividends received		71,138	82,280
Interest paid		(329,973)	(326,057)
Income tax paid		(779,709)	(405,611)
Net cash flows (used in) from operating activities		(3,550,197)	5,653,099

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Years ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	($ 173,760)	($ 41,910)
Proceeds from disposal of investments accounted for under the equity method		138,721	-
Financial assets at amortised cost		4,150,526	(4,783,185)
Acquisition of investments accounted for using equity method		(216,760)	(210,000)
Proceeds from capital reduction of investments accounted for using equity method		-	342,528
Acquisition of property, plant and equipment	6(35)	(3,254,426)	(2,429,984)
Proceeds from disposal of property, plant and equipment		47,525	165,412
Acquisition of intangible assets	6(13)	(35,017)	(71,543)
Proceeds from disposal of intangible assets	6(13)	1,316	11,365
Increase in prepayments for business facilities		(598,696)	(463,631)
Increase in refundable deposits		(103,997)	(96,148)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		96,184	28,191
Increase in prepayments for investments	6(9)	-	(73,672)
Proceeds from disposal of subsidiaries		(29,246)	441,275
Net cash flows from (used in) investing activities		22,370	(7,181,302)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(36)	35,536,407	38,795,921
Repayments of short-term borrowings	6(36)	(35,652,237)	(36,493,084)
Short-term notes and bills payable	6(36)	1,209,300	12,280
Proceeds from issuance of bonds		-	3,584,462
Proceeds from long-term borrowings	6(36)	16,991,016	24,851,016
Repayment of long - term borrowings	6(36)	(18,337,667)	(23,946,230)
Repayment of lease liabilities	6(36)	(235,401)	(233,619)
Cash dividends paid	6(23)	(1,280,818)	(1,212,061)
Proceeds from disposal of ownership investments in subsidiaries	6(35)	802,809	-
Changes in non-controlling interest		2,470,161	644,457
Net cash flows from financing activities		1,503,570	6,003,142
Effect of change in exchange rates		(261,680)	221,872
Net (decrease) increase in cash and cash equivalents		(2,285,937)	4,696,811
Cash and cash equivalents at beginning of year		10,993,540	6,296,729
Cash and cash equivalents at end of year		$ 8,707,603	$ 10,993,540

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000523

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Cheng Uei Precision Industry Co., Ltd. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report(s) 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 the Company as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Emphasis of matter-significant unresolved litigation involving investments accounted for under the equity method

As described in Notes 9(1) to the parent company only financial statements, Fugang Electric (Maanshan) Co., Ltd., an equity-method investment of the Company, has a lawsuit with Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. On November 19, 2021, Ma'anshan Intermediate People's Court in Anhui Province rendered a first-instance decision, affirming that Fugang Electric (Maanshan) Co., Ltd. shall pay principal amounting to RMB 274,450 thousand and interest amounting to RMB 139,488.9 thousand, based on the amount agreed in the court's judgement and interest calculated until the date when the principal is fully repaid, to Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. within 30 days from the effective date of this judgement. On December 7, 2021, Fugang Electric (Maanshan) Co., Ltd. filed a second instance appeal with the Higher People's Court of Anhui Province to request to modify or remand the decision in accordance with the laws. On March 17, 2022, Fugang Electric (Maanshan) Co., Ltd. filed an administrative litigation with the Ma'anshan Intermediate People's Court in Anhui Province against the People's Government of Ma'anshan Municipality, the Administrative Committee of Ma'anshan Economic and Technological Development Zone and Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. pursuant to Article 12 of the "Administrative Procedure Law of the People's Republic of China"As of the financial reporting date, the possible result of this litigation cannot be determined, therefore our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matters for the Company's parent company only financial statements of the year ended December 31, 2021 are stated as follows:

Valuation of Goodwill impairment for the investments accounted for under the equity method / subsidiaries

Description

Please refer to Note 4(10) for accounting policies on investments accounted for under the equity method and Note 6(5) for details of investments accounted for under the equity method.

The amount of goodwill (including indefinite useful life trademarks) was derived from the acquisition of Power Quotient International Co., Ltd., Foxlink Image Technology Co., Ltd. and DG Lifestyle Store Limited by the Company's subsidiary, FIT Holding Co., Ltd. The Company valued the impairment of goodwill (including indefinite useful life trademarks) through the discounted cash flow method, using the higher of value in use or fair value less costs to sell to measure the cash generating unit's recoverable amount. As the assumptions of expected future cash flows contained subjective judgement and involved a high degree of uncertainty which would cause a material impact on the valuation result, the valuation of goodwill impairment (including indefinite useful life trademarks) was identified as a key audit matter.

How our audit addressed the matter

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

A. Obtained an understanding and assessed the reasonableness of valuation of goodwill impairment policies and procedures, including collection of internal and external data, operating forecast and industry changes.

B. Obtained the external appraisal report on impairment valuation and performed the following procedures:

   (a) We examined the external appraiser's qualification and assessed the independence, objectiveness and competence.

   (b) We assessed that the valuation method used in the appraisal report was widely used and appropriate.

   (c) We assessed the reasonableness of significant assumptions (including expected growth rate and discount rate) applied in the appraisal report.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(9) for accounting policies on inventory, Note 5 for the uncertainty of accounting estimates and assumptions applied to inventory valuation, and Note 6(4) for details of inventory. Please refer to Note 4(10) for accounting policies on investments accounted for under the equity method, and Notes 8 and 9 for details of investments accounted for under the equity method.

As of December 31, 2021, the balances of inventory and allowance for inventory valuation losses were NT$1,096,292 thousand and NT$29,872 thousand, respectively; and the balance of investments accounted for under the equity method was NT$33,925,134 thousand.

Cheng Uei Precision Industry Co., Ltd. and subsidiaries are primarily engaged in the manufacturing and sale of electronic components and parts. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or obsolescence due to economic depression or an excess of supply over demand. The Company's inventories are measured at the lower of cost and net realisable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories.

The industry technology is rapidly changing, and the net realisable value involves subjective judgement resulting in an uncertainty when assessing the obsolete or slow-moving inventories. Given that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

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

A. Assessed the reasonableness of policies and procedures on allowance for inventory valuation losses based on our understanding of the Company's operation and industry.
B. Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the effectiveness of the management of inventory.

C. Verified whether the systematic logic used in the Compay's inventory aging report is appropriate and in line with its policies.

D. Inspected inventory valuation basis adequacy and verified the selected samples' information, for instance, purchase price and sale price. Also recalculated and evaluated the reasonableness of inventory allowance basis in order to verify that the inventory was measured at the lower of cost and net realisable value.

Other matter- Reference to the reports of other auditors

We did not audit the parent company only financial statements of certain investees accounted for under the equity method which reflect the balance of investments of NT$167,302 thousand and NT$45,762 thousand as at December 31, 2021 and 2020, constituting 0.29% and 0.08% of total assets; total comprehensive income (including share of profit of subsidiaries, associates and joint ventures accounted for under the equity method, and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method) of NT$4,362 thousand and NT$4,847 thousand, for the years ended December 31, 2021 and 2020, constituting 1.13% and 0.21% of total comprehensive income, respectively. Those financial statements and the information disclosed in Note 13 were audited by other auditors whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors.

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement 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 company audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Se-Kai

Liang, Yi-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

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

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

CHENG UEI PRECISION INDUSTRY CO.,LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	ASSETS	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	6(1)	$ 235,283	-	$ 472,041	1
1150	Notes receivable, net		1,984	-	585	-
1170	Accounts receivable, net	6(2) and 12(2)	10,022,762	17	10,226,181	17
1180	Accounts receivable, net - related parties	7	3,839,075	7	3,312,220	5
1200	Other receivables	6(3)	89,502	-	103,883	-
1210	Other receivables - related parties	7	6,581,812	11	9,890,802	16
130X	Inventories	6(4)	1,066,420	2	1,545,671	3
1410	Prepayments	7	432,553	1	398,186	1
11XX	**TOTAL CURRENT ASSETS**		22,269,391	38	25,949,569	43
	NON-CURRENT ASSETS					
1550	Investments accounted for under the equity method	6(5)	33,925,134	58	32,050,674	53
1600	Property, plant and equipment	6(6)	1,837,627	3	1,857,292	3
1755	Right-of-use assets	6(7)	92,990	-	99,887	-
1760	Investment property, net	6(8)	156,407	-	160,318	-
1780	Intangible assets	6(9)	20,234	-	11,771	-
1840	Deferred income tax assets	6(26)	259,183	1	214,905	1
1900	Other non-current assets	8	23,926	-	43,714	-
15XX	**TOTAL NON-CURRENT ASSETS**		36,315,501	62	34,438,561	57
1XXX	**TOTAL ASSETS**		$ 58,584,892	100	$ 60,388,130	100

(Continued)

CHENG UEI PRECISION INDUSTRY CO.,LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	LIABILITIES AND EQUITY	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	CURRENT LIABILITIES					
2100	Current borrowings	6(10)	$ 1,138,848	2	$ -	-
2130	Current contract liabilities	6(19)	104,902	-	352,463	1
2170	Accounts payable		705,448	1	588,181	1
2180	Accounts payable - related parties	7	8,334,148	14	7,876,954	13
2200	Other payables	6(11)(28) and 7	8,713,215	15	10,762,201	18
2230	Current income tax liabilities	6(26)	139,372	-	450,385	1
2280	Current lease liabilities	7	41,650	-	31,003	-
2365	Current refund liabilities		226,274	1	234,142	-
2399	Other current liabilities, others		8,919	-	7,910	-
21XX	**TOTAL CURRENT LIABILITIES**		19,412,776	33	20,303,239	34
	NON-CURRENT LIABILITIES					
2530	Corporate bonds payable	6(12)	6,578,570	11	6,574,982	11
2540	Long-term borrowings	6(13)	8,401,250	14	8,781,250	15
2570	Deferred income tax liabilities	6(26)	645,577	1	597,970	1
2580	Non-current lease liabilities	7	54,191	-	70,489	-
2600	Other non-current liabilities	6(14)	208,251	1	297,647	-
25XX	**TOTAL NON-CURRENT LIABILITIES**		15,887,839	27	16,322,338	27
2XXX	**TOTAL LIABILITIES**		35,300,615	60	36,625,577	61
	EQUITY					
	Capital stock	6(15)				
3110	Common stock		5,123,269	9	5,123,269	8
	Capital reserve	6(16)				
3200	Capital surplus		10,252,875	17	9,828,746	16
	Retained earnings	6(17)				
3310	Legal reserve		3,197,654	5	3,002,026	5
3320	Special reserve		2,036,347	4	2,334,534	4
3350	Unappropriated earnings		5,547,849	10	5,782,390	10
	Other equity	6(18)				
3400	Other equity interest		(2,601,651)	(5)	(2,036,346)	(4)
	Treasury shares	6(15)				
3500	Treasury shares		(272,066)	-	(272,066)	-
3XXX	**TOTAL EQUITY**		23,284,277	40	23,762,553	39
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 58,584,892	100	$ 60,388,130	100

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

CHENG UEI PRECISION INDUSTRY CO.,LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
4000	Operating revenue	6(19) and 7	$ 58,674,859	100	$ 69,135,238	100
5000	Operating costs	6(4)(24)(25) and 7	(56,728,576)	(96)	(65,741,027)	(95)
5900	Gross profit		1,946,283	4	3,394,211	5
	Operating expenses	6(24)(25) and 7				
6100	Sales and marketing expenses		(155,617)	-	(130,194)	(1)
6200	General and administrative expenses		(715,720)	(1)	(660,488)	(1)
6300	Research and development expenses		(756,458)	(2)	(757,174)	(1)
6450	Expected credit (loss) gain	12(2)	(12,567)	-	1,884	-
6000	Total operating expenses		(1,640,362)	(3)	(1,545,972)	(3)
6900	Operating income		305,921	1	1,848,239	2
	Non-operating income and expenses					
7100	Interest income	6(20)	31,274	-	27,004	-
7010	Other income	6(8)(21) and 7	388,365	1	317,615	-
7020	Other gains and losses	6(22)	(99,870)	-	51,427	-
7050	Finance costs	6(23)	(212,326)	(1)	(241,029)	-
7070	Share of profit of the subsidiaries, associates and joint ventures accounted for under the equity method	6(5)	705,095	1	357,576	1
7000	Total non-operating income and expenses		812,538	1	512,593	1
7900	**Income before income tax**		1,118,459	2	2,360,832	3
7950	Income tax expense	6(26)	(197,417)	-	(393,400)	-
8200	**Net income**		$ 921,042	2	$ 1,967,432	3
	Other comprehensive (loss) income, net					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Loss on remeasurements of defined benefit plans	6(14)	$ 35,043	-	($ 15,509)	-
8330	Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for under the equity method, components of other comprehensive income that will not be reclassified to profit or loss		2,135	-	1,277	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(7,008)	-	3,102	-
8310	Total Components of other comprehensive (loss) income that will not be reclassified to profit or loss		30,170	-	(11,130)	-
8361	Exchange differences arising on translation of foreign operations		(506,125)	(1)	414,743	-
8380	Share of other comprehensive income of the subsidiaries, associates and joint ventures accounted for under the equity method, components of other comprehensive income that will be reclassified to profit or loss		(158,910)	-	(29,221)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	99,730	-	(87,333)	-
8360	Total Components of other comprehensive (loss) income that will be reclassified to profit or loss		(565,305)	(1)	298,189	-
8300	**Other comprehensive (loss) income, net**		($ 535,135)	(1)	$ 287,059	-
8500	**Total comprehensive income for the year**		$ 385,907	1	$ 2,254,491	3
	Basic earnings per share (in dollars)	6(27)				
9750	Basic earnings per share		$	1.90	$	4.06
	Diluted earnings per share (in dollars)	6(26)				
9850	Diluted earnings per share		$	1.89	$	4.02

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

CHENG UEI PRECISION INDUSTRY CO.,LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Retained Earnings			Other equity interest			
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Year ended December 31,2020										
Balance at January 1, 2020		$ 5,123,269	$ 9,471,717	$ 2,803,290	$ 1,609,901	$ 6,030,302	($ 2,079,456)	($ 255,079)	($ 272,066)	$ 22,431,878
Net income for the year		-	-	-	-	1,967,432	-	-	-	1,967,432
Other comprehensive (loss) income		-	-	-	-	(11,130)	349,333	(51,144)	-	287,059
Total comprehensive income (loss)		-	-	-	-	1,956,302	349,333	(51,144)	-	2,254,491
Appropriation of 2019 earnings	6(16)									
Legal reserve		-	-	198,736	-	(198,736)	-	-	-	-
Special reserve		-	-	-	724,633	(724,633)	-	-	-	-
Cash dividends		-	-	-	-	(1,280,818)	-	-	-	(1,280,818)
Changes in ownership interests in subsidiaries	6(15)	-	(38)	-	-	-	-	-	-	(38)
Difference between proceeds from acquisition or disposal of subsidiary and book value	6(15)	-	163,668	-	-	(27)	-	-	-	163,641
Changes in net equity of associates and joint ventures accounted for under the equity method	6(15)	-	167,141	-	-	-	-	-	-	167,141
Cash dividends distributed to subsidiaries	6(15)	-	26,258	-	-	-	-	-	-	26,258
Balance at December 31, 2020		$ 5,123,269	$ 9,828,746	$ 3,002,026	$ 2,334,534	$ 5,782,390	($ 1,730,123)	($ 306,223)	($ 272,066)	$ 23,762,553
Year ended December 31,2021										
Balance at January 1, 2021		$ 5,123,269	$ 9,828,746	$ 3,002,026	$ 2,334,534	$ 5,782,390	($ 1,730,123)	($ 306,223)	($ 272,066)	$ 23,762,553
Net income for the year		-	-	-	-	921,042	-	-	-	921,042
Other comprehensive (loss) income		-	-	-	-	30,170	(398,919)	(166,386)	-	(535,135)
Total comprehensive income (loss)		-	-	-	-	951,212	(398,919)	(166,386)	-	385,907
Appropriation of 2020 earnings	6(17)									
Legal reserve		-	-	195,628	-	(195,628)	-	-	-	-
Special reserve		-	-	-	(298,187)	298,187	-	-	-	-
Cash dividends		-	-	-	-	(1,280,818)	-	-	-	(1,280,818)
Changes in ownership interests in subsidiaries	6(16)	-	493	-	-	-	-	-	-	493
Difference between proceeds from acquisition or disposal of subsidiary and book value	6(16)	-	393,228	-	-	-	-	-	-	393,228
Changes in net equity of associates and joint ventures accounted for under the equity method	6(16)	-	4,150	-	-	(7,494)	-	-	-	(3,344)
Cash dividends distributed to subsidiaries	6(16)	-	26,258	-	-	-	-	-	-	26,258
Balance at December 31, 2021		$ 5,123,269	$ 10,252,875	$ 3,197,654	$ 2,036,347	$ 5,547,849	($ 2,129,042)	($ 472,609)	($ 272,066)	$ 23,284,277

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

Attachment 7

Cheng Uei Precision Industry Co., Ltd.
Implementation Measures for Endorsements and Guarantees Amendment Comparison Table

Amended provision	Current Provision	Description
Article 4: Amounts of Endorsements or Guarantees The overall external endorsement and guarantee amounts of the Company and its subsidiaries shall not exceed <u>300%</u> of current net value. The amount of endorsements and guarantees for a single enterprise shall not exceed <u>150%</u> of the current net value, and for subsidiaries holding 90% or more of equity, it shall not exceed <u>150%</u> of the Company's net value. Where an endorsement/guarantee is made due to a business relationship, it shall not exceed 150% of the total transaction amount with the Company in the most recent year (the purchasing or sales amount between the two parties, whichever is higher). Net worth is based on the most recent financial statements audited or reviewed by an accountant.	Article 4: Amounts of Endorsements or Guarantees The overall external endorsement and guarantee amounts of the Company and its subsidiaries shall not exceed 100% of current net value. The amount of endorsements and guarantees for a single enterprise shall not exceed 40% of the current net value, and for subsidiaries holding 90% or more of equity, it shall not exceed 50% of the Company's net value. Where an endorsement/guarantee is made due to a business relationship, it shall not exceed 150% of the total transaction amount with the Company in the most recent year (the purchasing or sales amount between the two parties, whichever is higher). Net worth is based on the most recent financial statements audited or reviewed by an accountant.	In order to meet the needs of subsidiaries' operation, the limits of overall endorsements and guarantees and that for a single enterprise should be increased.