



Cheng Uei Precision Industry Co., Ltd.

2021 Annual Report

Published on May 15, 2022

- I. The Company's spokesperson and acting spokesperson
Spokesperson: Liu Te-Pin
Position: Senior Manager
Acting spokesperson: Luo Chi-Wei
Position: Assistant Vice President
Contact Phone: (02) -2269-9888
Email address: tpliu@foxlink.com
- II. Company address and telephone
International headquarters: No. 18, Zhongshan Rd., Tu-Cheng Dist., New Taipei City
Phone: (02) -2269-9888
Dingpu R&D Center: No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City
Phone: (02) -2269-9888
R&D Branch Office (Hsinchu): No.8, Yanfa 1st Rd., East Dist., Hsinchu City 300, Taiwan
Phone: (03) -564-3456
Taichung Office: 9F., No. 270, Sec. 1, Fusing Rd., South District, Taichung City
Phone: (04) -2265-6258
Central Taiwan Science Park Branch: No. 22, Houke S. Rd., Houli Dist., Taichung City
Phone: (04) -2558-5002
- III. Stock transfer agency
Name: Grand Fortune Securities Co., Ltd.
Address: 6th Floor, No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City
Phone: (02) -2371-1658
Website: www.gfortune.com.tw
- IV. The name, address, telephone number and website of the certified public accountant for the most recent financial report
Accountant names: Se-Kai, Lin and Yi-Chang, Liang
Name of accounting firm: PricewaterhouseCoopers
Address: 27th Floor, No. 333, Section 1, Keelung Road, Taipei City
Phone: (02) -2729-6666
Website: www.pwc.com.tw
- V. The name of any exchange where the Company's securities are traded offshore, and the method by which to access information on the said overseas securities
The company has no overseas securities listed for trading as of the date of publication
- VI. Address of the Company's website: www.foxlink.com

Table of Contents

	<u>Page</u>
I. Letter to Shareholders	1
II. Company Profile	6
I. Date of establishment	6
II. Company History	6
III. Corporate Governance Report	12
I. Organization system	12
II. Information on directors, supervisors, the General Manager, deputy general managers, associate managers, and supervisors of various departments and branches:	14
III. Remuneration paid to directors, supervisors, the President, and vice president(s) in the most recent year	34
IV. Corporate Governance Status	39
V. Information about CPA Professional Fees	76
VI. Changes in Accountant Information	77
VII. The Company's chairman, general manager, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year	77
VIII. Directors, supervisors, managers, and shareholders whose shareholding ratio exceeds 10% share transfer and share pledge changes in status:	78
IX. Information about the relationships among top ten shareholders, such as related parties, spouses, or relatives within the second-degree of kinship:	79
X. The number of shares and comprehensive shareholding ratio held in any single reinvested enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company, and consolidated calculation of comprehensive shareholding ratio	81
IV. Status of Fundraising	82
I. Capital and Shares	82
II. Handling of corporate bonds	95
III. Disposal of preferred shares	96
IV. Circumstances of handling overseas depositary receipts	96
V. Handling of employee stock options:	96
VI. M&A or transfer of shares of other companies to issue new shares	96
VII. Implementation status of fund utilization plan	96
V. Overview of Operations	97
I. Business content	97
II. Market and production and sales overview	105
III. In the last two years and as of the printing date of the annual report, numbers of employees in terms of average length of service, average age, and distribution ratio of academic qualifications	112
IV. Environmental protection expenditure information	112
V. Labor Relations	113
VI. Information and Communication Security Management	117
VII. Important contracts:	120
VI. Financial Overview	133
I. Condensed balance sheet and consolidated income statement for the most recent five years	133
II. Financial analysis for the last five years	138
III. The Audit Committee review report of the most recent financial report	143
IV. The most recent annual financial reports	144

V. Parent company only financial statement for the most recent fiscal year, certified by a CPA	279
VI. In the most recent year and as of the publication date of the annual report, whether any financial difficulties occur at the Company that affects the Company's financial status	400
VII. Financial status and financial performance review analysis and risk issues	400
I. Review and analysis financial status	400
II. Review and analysis of financial performance:	401
III. Cash flow review and analysis	402
IV. The impact of major capital expenditures in recent years on financial operations	402
V. Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year	402
VI. Risk management	403
VII. Other important matters:	413
VIII. Special Disclosures	416
I. Related information of affiliated companies:	416
II. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report	442
III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report:	442
IV. Other necessary supplementary explanations	442
V. In the most recent year and as of the printing date of the annual report, matters that have a significant impact on shareholders' equity or securities prices	442

I. Letter to Shareholders

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 decline of 53% from the net profit after tax of NTD 1,967,432 thousand or NTD 4.06 per share seen in 2020. Due to the impact of the pandemic last year, rising raw material prices and shortages has resulted in a decrease in the Company's revenue and profit compared with 2020. This indicates that the external environment is treacherous and ever-changing, and we need to cope with it cautiously and prudently all the time.

Since the outbreak of the COVID-19 pandemic, economies around the world have been severely impacted, resulting in an instability in supply chains. The chaos in supply chains has caused raw material prices and transportation costs to continue to soar, thereby increasing inflationary pressures. Meanwhile, the risk of international geopolitical and military conflicts has been rising recently. The Russo-Ukrainian War broke out this year, and if it drags on, the supply of critical raw materials may be obstructed, thereby affecting the production and consumption of the economies around the world. This will exacerbate the shortages of chips and the supply chain bottlenecks, impacting the global economic activities. Therefore, the global economy in 2022 will encounter multiple challenges in the process of recovery, and the world's major economies may face greater pressure and restrictions during economic growth.

In recent years, the global pandemic, climate change, and geopolitics have prompted companies to accelerate smart digital transformation and achieve environmental, social, and governance (ESG) targets. In the trend of ESG, companies should evaluate the potential risks of the future sustainable market and establish the core business and capabilities in advance to strengthen their competitiveness in the era of digital transformation. To achieve our ESG targets, Cheng Uei established the Corporate Governance and Sustainable Development Committee last year to strengthen management and be committed to fulfilling corporate social responsibility and promoting sustainable management. In addition, as energy conservation and carbon reduction has become an international consensus, the green energy industry must be developed in each country, so the prospect of this industry is promising. Therefore, we invest in Shinfox Energy Co., Ltd. in Taiwan to engage in professional green energy services in various aspects, and we even expanded our green energy business to the U.S. market this year by establishing a production site in Phoenix, Arizona, to produce green energy products. We also plan to set up charging stations and energy storage facilities for electric vehicles and electric buses on campus in California, U.S., to expand our investment in the green energy industry, thereby enhancing our growth momentum in the future.

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.

I. 2021 business results

(I) Business plan implementation results

Unit: NTD Thousand

Item	2021	2020	Growth rate
Operating revenue	86,800,735	89,552,100	-3.07%
Operating costs	77,225,461	79,778,673	-3.20%
Operating gross profit	9,575,274	9,773,427	-2.03%
Operating Expenses	7,664,433	7,379,006	3.87%
Operating profit	1,910,841	2,394,421	-20.20%
Non-operating income and expenses	242,626	189,414	28.09%
Net profit before tax	2,153,467	2,583,835	-16.66%
Net profit for the period	1,338,504	1,884,368	-28.97%
Net after-tax of other comprehensive profits and losses for the current period	(757,192)	257,947	-339.55%
Total comprehensive income for the period	581,312	2,142,315	-72.87%

(II) Budget implementation

The Company did not prepared 2020 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	(3,550,197)	5,653,099	(9,203,296)
Net cash inflow (outflow) from investing activities	22,370	(7,181,302)	7,203,672
Net cash inflow (outflow) from financing activities	1,503,570	6,003,142	(4,499,572)

(IV) Profitability analysis

Year		2021	2020
Return on assets (%)		1.95	2.78
Return on shareholders' equity (%)		4.28	6.46
Contribution to paid-in capital Percentage (%)	Operating profit	37.30	46.74
	Net profit before tax	42.03	50.43
Net profit margin (%)		1.54	2.10
Earnings per share for the period (NTD) (Note)		1.90	4.06

Note: 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 on 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 vertical 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

II. Company Profile

I. Date of establishment: July 14, 1986

II. Company History

- | | |
|------|--|
| 1986 | <ul style="list-style-type: none">• Cheng Uei Precision Industry Co., Ltd. established with capital of NTD 18,000 thousand and mainly focusing on the manufacturing, processing, assembly, and trading of plastic connector injection molded products and their components |
| 1995 | <ul style="list-style-type: none">• Increased capital to NTD 190,000 thousand and added machinery and equipment. Established the wire assembly business division, engaged in the development of connectors for personal computers and peripherals, mobile phone connectors, and personal computer network products• Passed ISO 9002 quality certification |
| 1996 | <ul style="list-style-type: none">• In line with plant expansion plans, capital was increased to NTD 360,000 thousand for the purchase of additional land in the Tucheng Industrial Zone• Established power supply and electronics business divisions engaged in the research and development and production of battery modules for mobile phones and notebook computers, and power management modules for large-scale uninterrupted power systems for cable TV networks• Launched mobile phone battery module products• Approved as a public company by the Securities and Futures Commission of the Ministry of Finance |
| 1997 | <ul style="list-style-type: none">• Paid-in capital after capitalization of retained earnings was NTD 420,000 thousand• Launched new product manufacturing and production of power management modules• In order to strengthen the operating lineup of the Company, undertook re-election of directors and supervisors, increased the number of supervisors from one to two, and elected T.C. Gou as chairman• To reduce costs and improve market competitiveness, invested in the establishment of subsidiary Cu International in the British Virgin Islands while also establishing a processing plant in mainland China. In the same year, invested in the establishment of subsidiary Culink in the British Virgin Islands for the establishment of overseas marketing service bases. To acquire 100% equity of Foxlink International Ltd., established sales offices in San Francisco, Los Angeles, and Chicago to develop new markets and increase market share• Obtained patents for USB electrical connectors and electronic connectors |
| 1998 | <ul style="list-style-type: none">• Paid-in capital after capitalization of retained earnings and cash capital increase was NTD 716,000 thousand• Moved international headquarters to new factory in the Tucheng Industrial Zone. The scale of production was expanded with this land area of about 1,200 pings and plant area of about 6,600 pings. |

	<ul style="list-style-type: none"> • Launched laptop battery module products • Via the Culink subsidiary, invested in Foxlink Singapore Pte. to establish a Singapore sales base to develop new markets and serve customers • In order to strengthen the supervision of the Company's operations, an additional supervisor position was established • Recognized as an Excellent Supplier by Sanyo, an important customer of the Company • Obtained patent for USB duplex electrical connector
1999	<ul style="list-style-type: none"> • Paid-in capital after capitalization of retained earnings was NTD 818,000 thousand • In order to ensure the stability of the company's management rights, all directors and supervisors of the Company resigned, and five directors and three supervisors were elected in accordance with the Company's Articles of Incorporation. • The Company's stock was officially listed for trading on the Taiwan Stock Exchange Co., Ltd. in September
2000	<ul style="list-style-type: none"> • Paid-in capital after cash capital increase and capitalization of retained earnings was NTD 1,170,000 thousand • Invested in the establishment of Foxlink International Investment Ltd. • Signed a Component Purchase Agreement with Microsoft Corporation of the United States to cooperate in the production of connectors and cable assemblies used in Xbox game consoles • Obtained patent rights in the United States for "Structure of Jack for Modular Plugs" • Obtained patent rights in the United States for "Electrical Jack Assembly for Modular Plugs"
2001	<ul style="list-style-type: none"> • Paid-in capital after capitalization of retained earnings was NTD 1,435,000 thousand • Issued overseas unsecured convertible bonds, USD 50,000 thousand • Obtained patent rights in the United States for "Flexible Board Connector with Rotatable Cover" • The Fudong Factory in Dongguan, China was completed. The land area is 98,926 square meters, and the workshop area is 131,877 square meters, thus expanding production scale
2002	<ul style="list-style-type: none"> • As directors and supervisors are to be re-elected in accordance with the law upon expiration of their terms of office, five directors and three supervisors were elected including one independent director and one independent supervisor • Paid-in capital after capitalization of retained earnings was NTD 2,005,207 thousand • Obtained QS 9000 certification • Invested NTD 200 million in Well Shin Technology Co., Ltd., with a shareholding ratio of 33.27%
2003	<ul style="list-style-type: none"> • Paid-in capital after capitalization of retained earnings was

	NTD 2,282,378 thousand
2004	<ul style="list-style-type: none"> • Obtained the right to set up in the Dingpu High-tech Park in Tucheng, Taipei County • Obtained patent rights in the United States for “Electrical Connector with Improved Terminals” • Invested in the establishment of Fu Uei International Investment Ltd. • Paid-in capital after capitalization of retained earnings was NTD 2,587,616 thousand • The first phase of the Kunshan plant in mainland China was completed • The laboratory of the Dongguan Fudong Factory won China’s National Laboratory Certification
2005	<ul style="list-style-type: none"> • Approved the establishment of the Hsinchu R&D Center • Paid-in capital after capitalization of retained earnings was NTD 2,926,377 thousand • Beijing marketing office officially opened • Won the Excellent Service Award from Microsoft • Issued overseas unsecured convertible bonds, USD 100,000 thousand
2006	<ul style="list-style-type: none"> • Passed ISO/TS16949 international certification • Paid-in capital after capitalization of retained earnings was NTD 3,732,207 thousand • Established Korea marketing office • Foxlink Group’s Dingpu R&D Building was officially opened • Issued domestic unsecured convertible bonds, NTD 5,000,000 thousand
2007	<ul style="list-style-type: none"> • Cheng Uei’s invested affiliate Well Shin Technology goes public • Paid-in capital after capitalization of retained earnings was NTD 4,015,817 thousand • Invested in the establishment of DU Precision Industry Co., Ltd. • Implemented QC 080000 green product management system • Issued 40,000 units of employee stock option certificates
2008	<ul style="list-style-type: none"> • Announced Lean Six Sigma to promote the results • Gumi Office in Gumi, South Korea was formally established • Passed QC080000 international certification • Invested in the establishment of Gaoqiang Optoelectronics Co., Ltd. • Paid-in capital after capitalization of retained earnings was NTD 4,374,609 thousand
2009	<ul style="list-style-type: none"> • Collaborated with Qualcomm to officially launch 4.5-generation Mirasol display manufacturing plant • Invested in Studio A to obtain 51% equity, officially entering the retail channel market • Paid-in capital after capitalization of retained earnings was NTD 4,539,655 thousand

- | | |
|------|--|
| 2010 | <ul style="list-style-type: none"> • Invested in Power Quotient International (PQI), a major memory module manufacturer, acquiring 15.29% equity in total • The Technology Development Committee joined National Taipei University of Technology in achieving fruitful results, publishing five improved technologies to improve product competitiveness • In the 2010 ranking of the top 100 patents in Taiwan, the Company placed third with 402 certifications • Entered the Electronic Procurement Platform and the Target Management System of the Formosa Plastics Network, under the Formosa Plastics Group, creating a high-quality e-commerce and workflow environment to provide customers with more product advantages and services • Paid-in capital after capitalization of retained earnings was NTD 4,635,093 thousand |
| 2011 | <ul style="list-style-type: none"> • Invested in Yancheng factory in Jiangsu to integrate manufacturing and marketing channel services • Established an Access Business Group cross-channel layout • Established Nanchang factory in Jiangxi to fully take advantage of flexible manufacturing • Invested in Shinfox Energy Co., Ltd. to step into the field of smart energy • Studio A set up a fourth boutique location in Hong Kong. Between April and November, established China based specialty stores located in Hefei (Jiangsu), Kunshan, Changzhou, and Huai'an (Hebei) |
| 2012 | <ul style="list-style-type: none"> • Invested in LED production equipment company Smart Vision Co., Ltd., acquiring a 31.25% equity stake • Invested affiliate Glory Science Co., Ltd. listed shares on the OTC market • Kunshan phase IV factory started construction • Embedded modules obtained Verizon 3G network certification |
| 2013 | <ul style="list-style-type: none"> • Invested to establish Cheng Uei Ma On Shan Science and Technology Park, with the park covering an area of 222 acres • Acquired private equity shares of PQI Company, increasing the shareholding ratio of PQI to 42.56% • Successfully entered the supply chain of electric vehicle components and obtained business opportunities and official shipments of wearable products • Studio A's channel layout in the mainland expanded from the original Jiangsu Province, Anhui Province, Zhejiang Province, and Shanghai to further add new store locations in Fujian Province |
| 2014 | <ul style="list-style-type: none"> • Dongguan Fu-Chan Electronics completed its 3rd factory where the plant covers an area of 168 acres. • Obtained cash capital increase shares of Glory Science and increased shareholding to 42.25% • Signed an agreement with Tamkang University for |

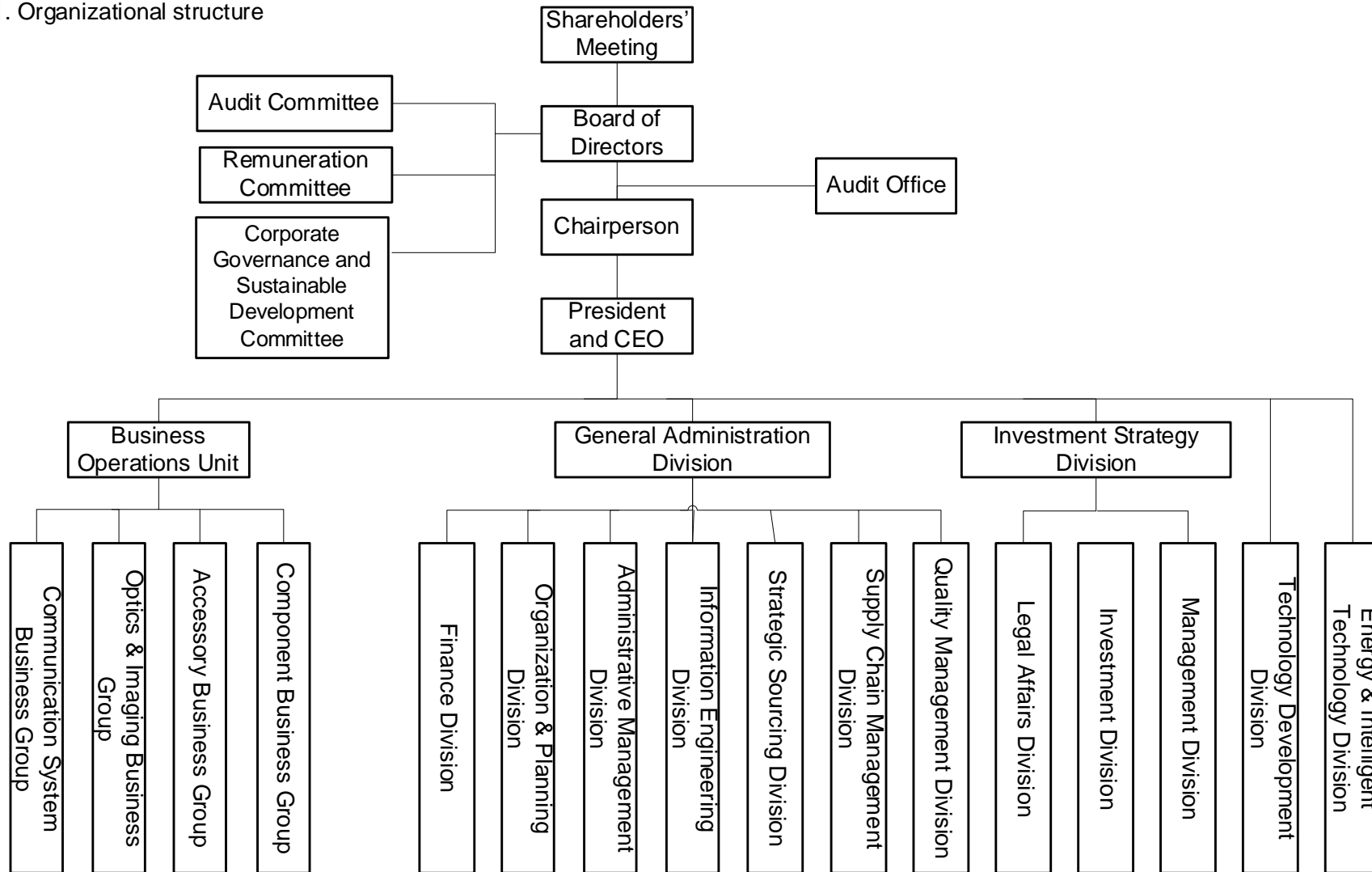
	<p>educational-industrial cooperation plan to carry out comprehensive promotion and technology research and development cooperation both across the Taiwan Strait and internationally; aimed at developing and promoting digital writing tools completed by the digital e-pen calligraphy and painting system developed by Tamkang University as well as content and products related to dynamic handwriting.</p> <ul style="list-style-type: none"> Completed development of 6-axis robotic arm and introduced of alternative materials for key components; carried out the construction and application promotions of the robotic arm production line
2015	<ul style="list-style-type: none"> Invested in cultural and creative business by acquiring 15,000 thousand shares of cash capital increase of Central Motion Picture Corporation, with shareholding ratio at 13.6% Completed corporate social responsibility report of Cheng Uei Co. The Company's annual turnover in 2015 reached a record high of NTD 108.2 billion
2016	<ul style="list-style-type: none"> Completed development of a new 6-axis 900 arm-length robotic arm, fully incorporating it into the production line Used Industry 4.0 concepts to improve mold production technology and increase production efficiency On February 6, a strong earthquake occurred in southern Taiwan and caused severe damage to the area around Tainan. Foxlink Group donated NTD 10 million to assist in post-disaster reconstruction
2017	<ul style="list-style-type: none"> As directors and supervisors are to be re-elected in accordance with the law upon expiration of their terms of office, nine directors were elected including three independent directors Set up an Audit Committee to fill in for the authority of supervisors Invested in the establishment of an Indian subsidiary with an initial investment amount of Rs 160 million In July 2017, the Maanshan factory in mainland China was officially opened, with a plant area of 133,464 square meters
2018	<ul style="list-style-type: none"> In April 2018, invested in the construction of the Xuzhou factory in Jiangsu Province. The initial investment amount was USD 8 million. Foxlink Group subsidiaries PQI, Foxlink Image, and Glory Science jointly established FIT Holding Co., Ltd. via conversion of shares. Acquired 100% equity of Hong Kong company Sinobest Brothers Ltd. and indirectly obtained 100% equity of Myanmar company Foxlink Myanmar Company Limited
2019	<ul style="list-style-type: none"> First-ever issue of NT\$3 billion of guaranteed general corporate bonds in 2019 Acquired 100% equity of Hong Kong company Journ Ta Brothers Limited and indirectly acquired 100% equity of Myanmar company Hua Tai Enterprise Company Limited

- 2020
- A new subsidiary was established in southern India with an initial investment of NTD 300 million
 - First issue of NT\$3.6 billion of guaranteed general corporate bonds in 2019
 - As directors and supervisors are to be re-elected in accordance with the law upon expiration of their terms of office, nine directors were elected with three being independent directors
 - Set up in Central Taiwan Science Park and established new Central Taiwan Science Park Branch
 - Subsidiary Shinfox Energy Co., Ltd. was listed on the Emerging Market board in December
- 2021
- Officially launched our R&D site in the Central Taiwan Science Park
 - Subsidiary Shinfox Energy Co., Ltd. was officially listed on Taiwan Stock Exchange
 - Appointed a corporate governance officer
 - Established the Corporate Governance and Sustainable Development Committee to promote ESG and sustainable management
 - Invested in the establishment of a subsidiary in Vietnam with an initial investment amount of USD 1.3 million

III. Corporate Governance Report

I. Organization system

1. Organizational structure



2. Business operations of each department

Key departments	Business operations
Audit Division	<ol style="list-style-type: none"> 1. Operation and implementation of audits of the Company's internal control system 2. Inspection and evaluation of the soundness and effectiveness of the Company's internal control system
Communication System Business Group	<ol style="list-style-type: none"> 1. R&D and manufacturing of communication and system products 2. Responsible for improving and enhancing manufacturing technology and efficiency management
Optics & Imaging Business Group	<ol style="list-style-type: none"> 1. R&D and manufacturing of optoelectronic products 2. Responsible for improving and enhancing manufacturing technology and efficiency management
Component Business Group	<ol style="list-style-type: none"> 1. R&D and manufacturing of component products 2. Responsible for improving and enhancing manufacturing technology and efficiency management
Accessory Business Group	<ol style="list-style-type: none"> 1. R&D and manufacturing of accessory products 2. Responsible for improving and enhancing manufacturing technology and efficiency management
Finance Division	<ol style="list-style-type: none"> 1. The Company's overall financial and tax planning 2. Capital utilization scheduling and risk management 3. Planning and drafting of the Company's financial and accounting systems and operating procedures
Organization & Planning Division	<ol style="list-style-type: none"> 1. Responsible for the Company's development plan and budget preparation 2. Setting up organization, recruiting, order system, build system 3. Responsible for selecting, employing, educating, and retaining human resources
Administrative Management Division	<ol style="list-style-type: none"> 1. Planning and supervision of factory construction 2. Responsible for the purchase of supporting facilities for factory construction 3. Organizational maintenance and planning for administration, factory affairs, environmental safety and health, etc.
Information Engineering Division	<ol style="list-style-type: none"> 1. Information system and network architecture establishment and planning
Strategic Sourcing Division	<ol style="list-style-type: none"> 1. Responsible for the formulation of strategic procurement management system 2. Reduce procurement costs and control execution of major procurement cases
Supply Chain Management Division	<ol style="list-style-type: none"> 1. Plan and manage materials and finished products receiving and shipping operations of each factory 2. Manage global logistics and transportation business 3. Inventory management and audit 4. HUB storage location layout planning and management 5. Cost-effective control of logistics
Quality Management Division	<ol style="list-style-type: none"> 1. Establishment of the quality system and the promotion and audit of the quality management plan. 2. Responsible for laboratory energy establishment, product quality and product safety related testing and certification management.
Legal Affairs Division	<ol style="list-style-type: none"> 1. Handling of relevant legal documents and litigation cases within the group
Investment Division	<ol style="list-style-type: none"> 1. Strategic planning and investment management of intra-group transfer investments
Management Division	<ol style="list-style-type: none"> 1. Performance evaluation analysis and improvement tracking of various departments and business entities of the Company
Technology Development Division	<ol style="list-style-type: none"> 1. R&D and core technology development plan introduction and resource integration for the Group. 2. Intellectual property, trademark, patent application and management within the Group.
Energy & Intelligent Technology Division	<ol style="list-style-type: none"> 1. Introduction of new energy technologies 2. Integration of Group automation and process optimization technology to improve production technology 3. Application of advanced technology to realize intelligent production

II. Information on directors, supervisors, the General Manager, deputy general managers, associate managers, and supervisors of various departments and branches:

1. Directors and Supervisors:

Director information (I)

April 23, 2022 Unit: Thousand shares

Job Title	Nationality	Name	Gender Age	Date elected	Tenure	Initial selection Appointment date	Time of appointment Shareholding		Current Shareholding		Spouse and minor children current shares held		Shares held in the name(s) of others		Main educational and professional background	Office(s) concurrently held in the Company and other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relationship	
Chairperson	Republic of China .	Hsin Hung International Investment Co., Ltd.	-	2020.06.19	Three years	1997.01.17	100,535	19.62%	100,535	19.62%	0	0	0	0	None	None	None	None	None	None
	Republic of China .	T.C. Gou (Note 1)	Male 61~70	2020.06.19	Three years	1997.01.17	6,009	1.17%	6,009	1.17%	46	0.01%	0	0	University graduate, President of Hon Hai Company	President, Cheng Uei Precision Industry; Corporate Chairperson of FIT Holding, Power Quotient International, Foxlink Image, Glory Science, Studio A, Microlink Communications, DU Precision, FII, Hsin Hung Investment, Central Motion Picture, Central Motion Picture Industry Co., CMPC Cultural & Creative, Central Motion Picture Bade Co., Central Motion Picture Culture City Co., Central Motion Picture International, Deepwaters, Shinfox Energy, Shinfox Natural Gas, Shih Fong, Central Motion Picture USA Corporation, Luminys Systems Corp. Well Benefit Limited, Pilot Time Limited Director at Chung Chia Power Co., Ltd.	None	None	None	Note 3
Director	Republic of China .	Hsin Hung International Investment Co., Ltd.	-	2020.06.19	Three years	1997.01.17	100,535	19.62%	100,535	19.62%	0	0	0	0	None	None	None	None	None	None
	Republic of China .	Chen-Phan Pu (Note 1)	Male 61~70	2020.06.19	Three years	2020.12.13	32	0.01%	32	0.01%	63	0.01%	0	0	College graduate, Vice President of Cheng Uei Company	Corporate supervisor of Microlink, Central Motion Picture, CMPC Cultural & Creative, Central Motion Picture International, Nanoshield Technology, Fu Lin, Fulian,	None	None	None	None

Job Title	Nationality	Name	Gender Age	Date elected	Tenure	Initial selection Appointment date	Time of appointment Shareholding		Current Shareholding		Spouse and minor children current shares held		Shares held in the name(s) of others		Main educational and professional background	Office(s) concurrently held in the Company and other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relationship	
																Zheng Fa, Taifu, Kunshan Fu Shi You, Glory (Yancheng), Glory (Suzhou), Glory (Yancheng), Yancheng Yaowei Technology, Queen Mao, Fugang (Yancheng), Fuqiang (Yancheng), PQI (Yancheng), Shanghai Fugang Electronic Trading, Shanghai Benchmark Information Technology, Ashop; Chairman of Synergy Co., Ltd. corporate director of Taiwan Fulin, Xinxian Kongqi, Dongguan Fuqiang, Fu-Chan (Shanghai), Fugang (Kunshan); corporate director of Foxlink Myanmar, Cync Design; details of other related companies given in pages 429-435 of the annual report.				
Director	Republic of China .	Hsin Hung International Investment Co., Ltd.	-	2020.06.19	Three years	1997.01.17	100,535	19.62%	100,535	19.62%	0	0	0	0	None	None	None	None	None	None
	Republic of China .	T.C. Wang (Note 1)	Male 61~70	2020.06.19	Three years	1998.06.11	24	0	24	0	0	0	0	0	University graduate, Chairperson of Quark Opto-Electronics	Chairperson, Core Pacific Development Corporation	None	None	None	None
Director	Republic of China .	Fu Lin International Investment Co., Ltd.	-	2020.06.19	Three years	1997.01.17	3,211	0.63%	3,211	0.63%	0	0	0	0	None	None	None	None	None	None
	Republic of China .	James Lee (Note 2)	Male 61~70	2020.06.19	Three years	2002.05.30 (Note 3)	0	0	0	0	0	0	0	0	University graduate, Group General Manager of Communication System Business of Cheng Uei Company	Group General Manager of Communication System Business of Cheng Uei Company, President of Glory Science Co., Ltd. Chairman of Wolfpack Co., Ltd.	None	None	None	None
Director	Republic of China .	Fu Lin International Investment Co., Ltd.	-	2020.06.19	Three years	1997.01.17	3,211	0.63%	3,211	0.63%	0	0	0	0	None	None	None	None	None	None
	Republic of China .	Eric Huang (Note 2)	Male 51~60	2020.06.19	Three years	2020.06.19	8	0.00%	8	0.00%	0	0	0	0	Research institute graduate, Component Business Group General Manager of Cheng Uei Company	Component Business Group General Manager, Cheng Uei Company	None	None	None	None
Director	Republic of China .	Fu Lin	-	2020.06.19	Three years	1997.01.17	3,211	0.63%	3,211	0.63%	0	0	0	0	None	None	None	None	None	None

Job Title	Nationality	Name	Gender Age	Date elected	Tenure	Initial selection Appointment date	Time of appointment Shareholding		Current Shareholding		Spouse and minor children current shares held		Shares held in the name(s) of others		Main educational and professional background	Office(s) concurrently held in the Company and other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relationship	
	of China .	International Investment Co., Ltd.			years															
	Republic of China .	Jui-Hsia Wan	Female 71~75	2020.06.19	Three years	2002.05.30	0	0	0	0	0	0	0	0	Research institute graduate Accountant and Associate Professor	Director, Healthconn Corp.	None	None	None	None
Independent Director	Republic of China .	Randy Lee	Male 61~70	2020.06.19	Three years	2014.06.12	0	0	0	0	0	0	0	0	Master's Degree from Missouri University, U.S.A.; Chairman of ETtoday	Vice Chairman of the Chinese Cultural University Alumni Association	None	None	None	Note 4
Independent Director	Republic of China	Chien-Chung Fu	Male 51~60	2020.06.19	Three years	2017.06.08	0	0	0	0	0	0	0	0	Ph.D., Karlsruhe Institute of Technology, Germany Assistant Professor/Associate Professor/Professor, Institute of Nano Engineering and Microsystems, National Tsing Hua University	Professor, Department of Power Machinery, National Tsing Hua University Independent director, Saultech Technology Co., Ltd.	None	None	None	None
Independent Director	Republic of China .	Jing-Mi Tang	Male 61~70	2020.06.19	Three years	2017.06.08	0	0	0	0	9	0.00%	0	0	Ph.D. in Aerospace Engineering from Georgia Institute of Technology, U.S.A. Associate Professor	Associate Professor, Tamkang University	None	None	None	None

Note 1: Representative: of Hsin Hung International Investment Co., Ltd.

Note 2: Representative: of Fu Lin International Investment Co., Ltd.

Note 3: Served as a director of the Company from 2002.5.30 to 2014.6.11.

Note 4: If the Company's chairman and general manager or equivalent (top manager) are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be explained (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.). The Chairman of the Company also serves as the President, mainly to improve the efficiency of operation and management and the execution of decision-making. At present, more than half of the members of the Board of Directors are not concurrently serving as employees of the Company, so the independence of the board of directors is secure. In addition, the Chairman of the Board of Directors also closely communicates with the directors about the Company's operating status and planning guidelines to implement corporate governance. In the future, the Company plans to increase the number of independent directors to enhance the functions of the Board of Directors and strengthen the supervision function.

Major shareholders of corporate shareholders

Names of corporate shareholders	Major shareholders of corporate shareholders	Percentage of shareholding
Hsin Hung International Investment Co., Ltd.	British Virgin Islands Shangling Co., Ltd.	84.7%
Fu Lin International Investment Co., Ltd.	British Virgin Islands Shangmeijia Co., Ltd.	87.5%

Major shareholders of major shareholders who are juridical persons

Names of corporations	Major shareholders of corporations	Percentage of shareholding
British Virgin Islands Shangling Co., Ltd.	Well Benefit Ltd.	100%
British Virgin Islands Shangmeijia Co., Ltd.	Well Benefit Ltd.	100%

Director information (II)

1. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Terms Name	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
Chairperson T.C. Gou	Currently as the Chairman of the Company, FIT Holding Co., Ltd., Shinfox Energy Co., Ltd., and other publicly listed companies; has more than five years of work experience in business and finance, as well as experience needed to conduct the Company's business; has been committed to business operation in the electronic component industry for more than 30 years; possesses leadership, marketing, business management, and strategic planning abilities to lead the Company to become a pioneer in the industry and achieve sustainable development.	<p>(1) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(2) Not a director, supervisor, manager, or shareholder holding more than 5% of a particular company or institution with financial or business dealings with the Company. (However, in the case of a particular company or organization that holds more than 20% of the Company's issued shares, but does not exceed 50%, and in the case of independent directors concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(3) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.</p> <p>(4) He/she is not the spouse or relative within the second degree of kinship of another director.</p> <p>(5) He/she does not fall into the circumstances in the provisions of Article 30 of the Company Act.</p>	None

Name	Terms Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
Director Chen-Phan Pu	As the Company's financial accounting supervisor concurrently; has more than five years of work experience in business, finance, and accounting, as well as experience needed to conduct the Company's business; specializes in corporate financial and accounting affairs; possesses professional leadership, business management, and strategic planning capabilities, and has extensive experience in business planning.	<p>(1) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding percentage is among top ten shareholders.</p> <p>(2) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(3) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(4) Not a director, supervisor, manager, or shareholder holding more than 5% of a particular company or institution with financial or business dealings with the Company. (However, in the case of a particular company or organization that holds more than 20% of the Company's issued shares, but does not exceed 50%, and in the case of independent directors concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(5) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform</p>	None

Name	Terms	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
		<p>their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.</p> <p>(6) He/she is not the spouse or relative within the second degree of kinship of another director.</p> <p>(7) He/she does not fall into the circumstances in the provisions of Article 30 of the Company Act.</p>		
Director T.C. Wang	Currently as the Chairman of Core Pacific Development Corporation; has more than five years of work experience in business and finance as well as experience needed to conduct the Company's business; has an international perspective, strategic planning ability, and global professional market competition judgment ability, and innovative leadership.	<p>(1) Not an employee of the Company or its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(3) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding percentage is among top ten shareholders.</p> <p>(4) Not a manager listed in (1) or spouse or relative within the second degree of kinship of (2) or (3) or immediate blood relation within the third degree of kinship.</p> <p>(5) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(6) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local</p>	None	

Name	Terms Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
		<p>laws, this limitation shall not apply.)</p> <p>(7) Not a director, supervisor, manager, or shareholder holding more than 5% of a particular company or institution with financial or business dealings with the Company. (However, in the case of a particular company or organization that holds more than 20% of the Company's issued shares, but does not exceed 50%, and in the case of independent directors concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(8) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.</p> <p>(9) He/she is not the spouse or relative within the second degree of kinship of another director.</p> <p>(10) He/she does not fall into the circumstances in the provisions of Article 30 of the Company Act.</p>	
Director James Lee	As the General Manager of the Company's Communication Products Business Group concurrently and the President of Glory Science Co., Ltd.; has more than five years of work experience in business as well as experience needed to conduct the Company's business; has business management and strategic planning abilities; specializes in market strategy and has extensive experience in business	<p>(1) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding percentage is among top ten shareholders.</p> <p>(2) Directors and supervisors who are indirect shareholders who hold more than 5% of the Company's total issued shares, the top five shareholders, or juristic person shareholders who appoint representatives to act as company directors or supervisors in accordance with Article 27, Paragraphs 1 or 2 of the Company Act, or an employee thereof. (However, in the case of independent directors established and concurrently</p>	None

Name	Terms Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
	promotion.	<p>serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(3) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(4) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(5) Not a director, supervisor, manager, or shareholder holding more than 5% of a particular company or institution with financial or business dealings with the Company. (However, in the case of a particular company or organization that holds more than 20% of the Company's issued shares, but does not exceed 50%, and in the case of independent directors concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(6) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform</p>	

Terms Name	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
		<p>their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.</p> <p>(7) He/she is not the spouse or relative within the second degree of kinship of another director.</p> <p>(8) He/she does not fall into the circumstances in the provisions of Article 30 of the Company Act.</p>	
Director Eric Huang	As the General Manager of the Company's Component Business Group concurrently; has more than five years of work experience in business as well as experience needed to conduct the Company's business; has business management and strategic planning abilities; specializes in market strategy and has extensive experience in business promotion.	<p>(1) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding percentage is among top ten shareholders.</p> <p>(2) Directors and supervisors who are indirect shareholders who hold more than 5% of the Company's total issued shares, the top five shareholders, or juristic person shareholders who appoint representatives to act as company directors or supervisors in accordance with Article 27, Paragraphs 1 or 2 of the Company Act, or an employee thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(3) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(4) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of</p>	None

Terms Name	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
		<p>the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(5) Not a director, supervisor, manager, or shareholder holding more than 5% of a particular company or institution with financial or business dealings with the Company. (However, in the case of a particular company or organization that holds more than 20% of the Company's issued shares, but does not exceed 50%, and in the case of independent directors concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(6) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.</p> <p>(7) He/she is not the spouse or relative within the second degree of kinship of another director.</p> <p>(8) He/she does not fall into the circumstances in the provisions of Article 30 of the Company Act.</p>	
Director Jui-Hsia Wan	As a member of the Company's Corporate Governance and Sustainable Development Committee and a director at Healthconn Corp.; has a CPA license; once as an associate professor, Accounting, National Taiwan University; has more than five years of experience in teaching relevant disciplines, including business, finance, accounting, and	<p>(1) Not an employee of the Company or its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(3) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding</p>	None

Terms Name	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
	disciplines needed to conduct the Company's business as a professor at public and private colleges and universities; has more than five years of work experience in business, finance, and accounting, and corporate business as well as experience needed to conduct the Company's business; specializes in corporate finance and accounting affairs.	<p>percentage is among top ten shareholders.</p> <p>4) Not a manager listed in (1) or spouse or relative within the second degree of kinship of (2) or (3) or immediate blood relation within the third degree of kinship.</p> <p>(5) Directors and supervisors who are indirect shareholders who hold more than 5% of the Company's total issued shares, the top five shareholders, or juristic person shareholders who appoint representatives to act as company directors or supervisors in accordance with Article 27, Paragraphs 1 or 2 of the Company Act, or an employee thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(8) Not a director, supervisor, manager, or shareholder holding more than 5% of a particular company or institution with financial or business dealings with the Company. (However, in the case of a particular company or organization that holds more than 20% of the Company's issued shares, but does not exceed 50%, and in the case of independent directors</p>	

Terms Name	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
		<p>concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws, this limitation shall not apply.)</p> <p>(9) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.</p> <p>(10) He/she is not the spouse or relative within the second degree of kinship of another director.</p> <p>(11) He/she does not fall into the circumstances in the provisions of Article 30 of the Company Act.</p>	
Independent Director Randy Lee	As the convener of the Company's Audit Committee, Remuneration Committee, Corporate Governance and Sustainable Development Committee; used to be the Chief Operating Officer of Eastern Home Shopping & Leisure Co., Ltd., the Chairman of ETtoday, and the Vice President of the Ting Hsin International Group; has more than five years of work experience in business and finance as well as experience needed to conduct the Company's business; has an international perspective, global professional market competition judgment ability, and innovative leadership.	<p>(1) Not an employee of the Company or its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates.</p> <p>(3) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding percentage is among top ten shareholders.</p> <p>(4) Not a manager listed in (1) or spouse or relative within the second degree of kinship of (2) or (3) or immediate blood relation within the third degree of kinship.</p> <p>(5) Directors and supervisors who are indirect shareholders who hold more than 5% of the Company's total issued shares, the top five shareholders, or juristic person shareholders who appoint representatives to act as company directors or supervisors in accordance with Article 27, Paragraphs 1 or 2 of the Company Act, or an employee thereof.</p> <p>(6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's board of directors.</p>	None
Independent	As a member of the Company's Audit		1

Terms Name	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
Director Chien-Chung Fu	Committee, Remuneration Committee, Corporate Governance and Sustainable Development Committee, a professor, Department of Power Machinery, National Tsing Hua University, and an independent director at Saultech Technology Co., Ltd.; has more than five years of experience in teaching relevant disciplines, including business and disciplines needed to conduct the Company's business as a professor at public and private colleges and universities; has more than five years of work experience in business as well as experience needed to conduct the Company's business; is committed to the nano-engineering research and provides professional advice on the Company's product development and sales.	(7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (8) Not a director, supervisor, manager, or shareholder holding more than 5% of a particular company or institution with financial or business dealings with the Company. (9) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. (10) He/she is not the spouse or relative within the second degree of kinship of another director. (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.	
Independent Director Jing-Mi Tang	As a member of the Company's Audit Committee, Remuneration Committee, Corporate Governance and Sustainable Development Committee and an associate professor, Department of Aerospace Engineering, Tamkang University; has more than five years of experience in teaching relevant disciplines, including business and disciplines needed to conduct the Company's business as a professor at public and private colleges and universities; has more than five years of work experience in business as well as experience needed to conduct the Company's business; is committed to the aerospace engineering research and provides professional		None

Terms	Professional qualifications and experience	Independence criteria	Number of other public companies where he/she/it concurrently serves as an independent director
Name	advice on the Company's product development and sales. Associate Professor		

2. Board diversity and independence:

(1) Board diversity

The Company's Corporate Governance Best Practice Principles stipulates that the Company shall consider the principle of diversity for the composition of the Board of Directors and formulate an appropriate diversity policy based on its operation, operating model, and development needs. The policy should include but is not limited to the following two criteria:

- (1) Basic criteria and values: gender, age, nationality, and culture.
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The board members shall generally possess the knowledge, skills, and qualities needed to perform their duties. To achieve the ideal goals of corporate governance, the board of directors as a whole should possess the capabilities and skills below:

- (1) Business judgment
- (2) Accounting and financial analysis
- (3) Business management
- (4) Crisis management
- (5) Industry knowledge
- (6) International perspective
- (7) Leadership
- (8) Decision-making

The Company's Board of Directors consists of nine directors. The specific management goals and achieving status of the board diversity policy are as follows:

Management goals	Achieving status
At least one female member on the board	Achieved
Independent directors should serve for no more than three consecutive terms	Achieved
Professional knowledge and skills	Achieved

Implementation of the board diversity policy:

Diversity item		Basic composition							Diversified core competencies									
		Nationality	Gender	As an employee concurrently	Age			Length of term of independent directors (3 to 9 years)	Business judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International perspective	Leadership	Decision-making		
					51–60 years old	61–70 years old	71–75 years old											
Name																		
Director	T.C. Gou	Republic of China	Male	v		v			v	v	v	v	v	v	v	v	v	
	Chen-Phan Pu		Male	v		v			v	v	v	v	v	v	v	v	v	
	T.C. Wang		Male			v			v		v	v	v	v	v	v	v	
	James Lee		Male	v		v			v		v	v	v	v	v	v	v	
	Eric Huang		Male	v	v				v		v	v	v	v	v	v	v	
	Jui-Hsia Wan		Female				v		v	v	v	v	v	v	v	v	v	
Independent Director	Randy Lee		Male			v		v	v	v	v	v	v	v	v	v	v	v
	Chien-Chung Fu		Male		v				v	v			v	v	v	v	v	v
	Jing-Mi Tang		Male				v		v	v			v	v	v	v	v	v

(2) Independence of the Board of Directors:

The Board of Directors consists of nine directors, including three independent directors. The number of independent directors accounts for 33% of the total number of directors, and the directors are not spouses or relatives within the second degree of kinship to each other and are not under any circumstances under Article 26-3, paragraphs 3 and of the Securities and Exchange Act. The Board of Directors' primary responsibility is to supervise the Company's compliance with laws, financial transparency, timely disclosure of material information and exercise objective and independent judgments on the Company's financial business. Therefore, directors already met the requirements under the law when elected.

(II) Information on the general manager, deputy general managers, associate managers, and supervisors of various departments and branches:

April 23, 2022 Unit: Thousand shares

Job Title	Nationality	Name	Gender	Date assumed office	Shareholding		Spouse and minor children shares held		Shares held in the name(s) of others		Principal experience (education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relationship	
President	Republic of China	T.C. Gou	Male	1996.01.01	6,009	1.17%	46	0.01%	0	0	Department of Law, National Chung Hsing University President of Hon Hai Precision Industry Co., Ltd.	President, Cheng Uei Precision Industry; Corporate Chairperson of FIT Holding, Power Quotient International, Foxlink Image, Glory Science, Studio A, Microlink Communications, DU Precision, FII, Hsin Hung Investment, Central Motion Picture, Central Motion Picture Industry Co., CMPC Cultural & Creative, Central Motion Picture Bade Co., Central Motion Picture Culture City Co., Central Motion Picture International, Deepwaters, Shinfox Energy, Shinfox Natural Gas, Shih Fong, Central Motion Picture USA Corporation, Luminys Systems Corp. Well Benefit Limited, Pilot Time Limited Director at Chung Chia Power Co., Ltd.	None	None	None	Note
Communication System Business Group General Manager	Republic of China	James Lee	Male	1986.07.14	0	0	0	0	0	0	University graduate, business manager of Hon Hai Company	President, Glory Science; Chairman of Wolfpack Co., Ltd.	None	None	None	None
Component Business Group General Manager,	Republic of China	Eric Huang	Male	2013.12.01	8	0	0	0	0	0	Master's degree in Department of Aeronautics and Astronautics from National Cheng Kung University Research fellow, Material and Chemical Research Laboratories, ITRI	None	None	None	None	None

Job Title	Nationality	Name	Gender	Date assumed office	Shareholding		Spouse and minor children shares held		Shares held in the name(s) of others		Principal experience (education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relationship	
Optics & Imaging Business Group General Manager	Republic of China	Julius Chu	Male	2018.05.16	0	0	0	0	0	0	Graduated from Soochow University Vice President, Cheng Uei Precision Industry Co., Ltd.	Director of Glorytek (Yancheng), Glory Optics (Yancheng); President of Glorytek (Suzhou), Glorytek (Yancheng), Yancheng Yaowei Technology	None	None	None	None
Vice President	Republic of China	Chen-Phan Pu	Male	2002.02.08	32	0.01%	63	0.01%	0	0	Graduated from Bank Management Department, Tamsui Oxford University College Manager of Cathay United Bank Special Assistant, Directors' Office, Cheng Uei Company	Corporate supervisor of Microlink, Central Motion Picture, CMPC Cultural & Creative, Central Motion Picture International, Nanoshield Technology, Fu Lin, Fulian, Zheng Fa, Taifu, Kunshan Fu Shi You, Glory (Yancheng), Glory (Suzhou), Glory (Yancheng), Yancheng Yaowei Technology, Queen Mao, Fugang (Yancheng), Fuqiang (Yancheng), PQI (Yancheng), Shanghai Fugang Electronic Trading, Shanghai Benchmark Information Technology, Ashop; Chairman of Synergy Co., Ltd. corporate director of Taiwan Fulin, Xinxian Kongqi, Dongguan Fuqiang, Fu-Chan (Shanghai), Fugang (Kunshan); corporate director of Foxlink Myanmar, Cync Design; details of other related companies given in pages 429-435 of the annual report.	None	None	None	None
Vice President	Republic of China	Malcolm Lin	Male	2006.08.01	5	0	0	0	0	0	Ph.D. of Electrical Engineering, University of Pennsylvania, USA Engineer, Electronic and Optoelectronic System Research Laboratories, ITRI	None	None	None	None	None

Job Title	Nationality	Name	Gender	Date assumed office	Shareholding		Spouse and minor children shares held		Shares held in the name(s) of others		Principal experience (education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relationship	
Vice President	Republic of China	Y.Y. Wu	Male	2014.12.22	290	0.06%	5	0	0	0	Graduated from Hosei University, Japan Assistant Vice President, Cheng Uei Company	None	None	None	None	None
Vice President	Republic of China	Daniel Wu	Male	2017.07.01	0	0	1	0	0	0	PhD in Information Management, National Taiwan University of Science and Technology Assistant Vice President, Cheng Uei Company	None	None	None	None	None
Vice President	Republic of China	Wanson Hsu	Male	2018.01.09	0	0	0	0	0	0	Graduated from Institute of Electrical Engineering, National Cheng Kung University Assistant Vice President, Cheng Uei Company	None	None	None	None	None
Vice President	Republic of China	Spencer Yeh	Male	2019.03.04	0	0	0	0	0	0	PhD, National Cheng Kung University General Manager of NexPower Technology Corp. Assistant Vice President of Wah Hong Industrial Corp.	None	None	None	None	None
Vice President	Republic of China	Luc Chu	Male	2019.08.11	0	0	0	0	0	0	Graduated from Tamkang University Assistant Vice President of Cheng Uei Precision Industry Co., Ltd.	None	None	None	None	None

Job Title	Nationality	Name	Gender	Date assumed office	Shareholding		Spouse and minor children shares held		Shares held in the name(s) of others		Principal experience (education)	Current positions concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relationship	
Head of Corporate Governance	Republic of China	Kufn Lin	Male	2021.03.26	582	0.11%	0	0	0	0	Department of Accounting, FJCU Special Assistant, Directors' Office, Cheng Uei Company	Special Assistant, Cheng Uei Co.; corporate director of Well Shin, Microlink, Trinity Investment, Central Motion Picture, CMPC Cultural & Creative, Central Motion Picture International, Deepwaters, Fu Lin, Taifu, Fulian, Taiwan Star Telecom, Weijie Biomedical, Changpin Wind Power Co., Ltd., Fushineng (Kunshan), Foxlink Automotive Technology, Fu Gang (Nan Chang), PQI (Yancheng), Sharetronic, etc.; Chairperson of Central Motion Picture Management Consulting, Deepwaters Xuanxiu, Sheng Ji, Xinxian Kongqi, Zheng Fa, etc.; Deputy Chairperson of Fugang (Dongguan); supervisor of CYNC Design, Chung Chia Power Co., Ltd., Fugang (Xuzhou), Fu-Chan (Shanghai) details of other related companies given in pages 429-435 of the annual report	None	None	None	None

Note: If the general manager or equivalent (top manager) and the chairperson is the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be disclosed (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.)

The Chairman of the Company also serves as the President, mainly to improve the efficiency of operation and management and the execution of decision-making. At present, more than half of the members of the Board of Directors are not concurrently serving as employees of the Company, so the independence of the board of directors is secure. In addition, the Chairman of the Board of Directors also closely communicates with the directors about the Company's operating status and planning guidelines to implement corporate governance. In the future, the Company plans to increase the number of independent directors to enhance the functions of the Board of Directors and strengthen the supervision function.

III. Remuneration paid to directors, supervisors, the President, and vice president(s) in the most recent year

1. Remuneration paid to directors, supervisors, the President, vice president(s), etc., in 2021

(1) Remuneration to directors (including independent directors)

Unit: NTD Thousand

Title	Name	Directors' Remuneration								% of A, B, C and D to net profits after tax		Remuneration paid to part-time employees								% of A, B, C, D, E, F and G to net profits after tax		Compensation from parent company and business investments other than subsidiaries
		Remuneration (A)		Pension (B)		Remuneration for Directors (C)		Expenses for Execution of Business (D)				Wages, rewards, special allowances, etc. (E)		Retirement Pension (F)		Remuneration for Employees (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements			The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		
										Cash amount	Stock amount							Cash amount	Stock amount			
Director	Hsin Hung International Investment Co., Ltd.	0	0	0	0	3,870	6,270	0	50	0.42%	0.69%	24,149	30,346	448	696	6,333	0	6,333	0	3.78%	4.74%	None
	Corporate representative: T.C. Gou																					
	Corporate representative: Chen-Phan Pu																					
Director	Fu Lin International Investment Co., Ltd.	0	0	0	0	3,870	6,270	0	50	0.42%	0.69%	24,149	30,346	448	696	6,333	0	6,333	0	3.78%	4.74%	None
	Corporate representative: James Lee																					
	Corporate representative: Eric Huang																					
Independent Director	Randy Lee	0	0	0	0	2,130	2,130	0	0	0.23%	0.23%	0	0	0	0	0	0	0	0	0.23%	0.23%	None
	Chien-Chung Fu																					
	Jing-Mi Tang																					

1. Please state the policies, systems, standards and structure of independent directors' remuneration, and, according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount: The remuneration of independent directors of the company is based on the evaluation results of the Board of Directors Performance Evaluation Measures and the Remuneration Committee Charter. It considers individual responsibilities and time put in, and also refers to the individual performance achievement rate and contribution rate of independent directors to provide appropriate remuneration; and after the approval of the remuneration committee, it is submitted to the Board of Directors for approval.

2. Except as disclosed in the above table, the remuneration for the services provided for all companies in the financial report by the directors of the Company in the most recent year (such as consultants who are not employees): Nil.

Note: 1. The amount of retirement pensions for 2021 constitutes the total amount set out in accordance with the old and new pension systems.

2. Based on the proposed employee compensation amount of NTD 130,000,000 in 2021 as approved by the Board of Directors of the Company, the proposed amount is estimated based on the actual amount allocated in the previous year.

Table of Remuneration Scales

Range of remuneration paid to each director of the Company	Director name			
	The total amount of the first four remuneration items (A+B+C+D)		The total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than 1,000,000	Ordinary director: T.C. Gou, Chen-Phan Pu, T.C. Wang, James Lee, Eric Huang, Jui-Hsia Wan Independent director: Randy Lee, Chien-Chung Fu, Jing-Mi Tang	Ordinary director: T.C. Wang, James Lee, Eric Huang, Jui-Hsia Wan Independent director: Randy Lee, Chien-Chung Fu, Jing-Mi Tang	Ordinary director: T.C. Wang, Jui-Hsia Wan Independent director: Randy Lee, Chien-Chung Fu, Jing-Mi Tang	Ordinary director: T.C. Wang, Jui-Hsia Wan Independent director: Randy Lee, Chien-Chung Fu, Jing-Mi Tang
1,000,000 (inclusive)~2,000,000 (exclusive)	Ordinary director: Fu Lin International Investment Co., Ltd., Hsin Hung International Investment Co., Ltd.	Ordinary director: T.C. Gou, Chen-Phan Pu, Fu Lin International Investment Co., Ltd., Hsin Hung International Investment Co., Ltd.,	Ordinary director: Fu Lin International Investment Co., Ltd., Hsin Hung International Investment Co., Ltd.	Ordinary director: Fu Lin International Investment Co., Ltd., Hsin Hung International Investment Co., Ltd.
2,000,000 (inclusive)~3,500,000 (exclusive)				
3,500,000 (inclusive)~5,000,000 (exclusive)	0	0	0	0
5,000,000 (inclusive)~10,000,000 (exclusive)	0	0	Ordinary directors: T.C. Gou, Chen-Phan Pu, James Lee	Ordinary directors: T.C. Gou, Chen-Phan Pu
10,000,000 (inclusive)~15,000,000 (exclusive)	0	0	Ordinary director: Eric Huang	Ordinary director: Eric Huang
15,000,000 (inclusive)~30,000,000 (exclusive)	0	0	0	Ordinary directors: James Lee
30,000,000 (inclusive)~50,000,000 (exclusive)	0	0	0	0
50,000,000 (inclusive)~100,000,000 (exclusive)	0	0	0	0
Over NTD 100,000,000	0	0	0	0
Total	11	11	11	11

(2) Remuneration paid to President and vice president(s)

Unit: NTD Thousand

Position	Name	Salary (A)		Pension (B)		Rewards and Special expenses etc. (C)		Employee bonuses amount (D)				Sum of A, B, C, and D as percentage of income after tax (%)		Compensation from parent company and business investments other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements	The Company			
								Cash amount	Stock amount			Cash amount	Stock amount	
President	T.C. Gou	26,149	33,960	1,265	1,513	27,148	28,098	9,48	0	9,488	0	6.95%	7.93%	0
Group General Manager	James Lee													
Group General Manager	Eric Huang													
Group General Manager	Julius Chu													
Vice President	Chen-Phan Pu													
Vice President	Malcolm Lin													
Vice President	Y.Y. Wu													
Vice President	Daniel Wu													
Vice President	Wanson Hsu													
Vice President	Spencer Yeh													
Vice President	Luc Chu													

Note: 1. The amount of retirement pensions for 2021 constitutes the total amount set out in accordance with the old and new pension systems.

2. Based on the proposed employee compensation amount of NTD130,000,000 in 2021 as approved by the Board of Directors of the Company, the proposed amount is estimated based on the actual amount allocated in the previous year.

Table of Remuneration Scales

Range of remunerations paid to President and vice president(s)	Name of General Manager and Deputy General Manager(s)	
	The Company	All companies included in the financial statements E
Less than 1,000,000	0	0
1,000,000 (inclusive)~2,000,000 (exclusive)	0	0
2,000,000 (inclusive)~3,500,000 (exclusive)	Wanson Hsu, Spencer Yeh	Wanson Hsu, Spencer Yeh
3,500,000 (inclusive)~5,000,000 (exclusive)	Malcolm Lin, Y.Y. Wu, Luc Chu	Malcolm Lin, Y.Y. Wu, Luc Chu
5,000,000 (inclusive)~10,000,000 (exclusive)	T.C. Gou, Chen-Phan Pu, James Lee, Julius Chu, Daniel Wu	T.C. Gou, Chen-Phan Pu, Julius Chu, Daniel Wu
10,000,000 (inclusive)~15,000,000 (exclusive)	Eric Huang	Eric Huang
15,000,000 (inclusive)~30,000,000 (exclusive)	0	James Lee
30,000,000 (inclusive)~50,000,000 (exclusive)	0	0
50,000,000 (inclusive)~100,000,000 (exclusive)	0	0
Over NTD 100,000,000	0	0
Total	11	11

Names of managerial officers entitled to employee bonuses and amounts entitled

December 31, 2021; Unit: NTD thousand

Item	Position	Name	Stock bonus amount	Cash bonus amount	Total	As percentage of income after tax (%)
Manager	President	T.C. Gou	0	9,488	9,488	1.03%
	Group General Manager	James Lee				
	Group General Manager	Eric Huang				
	Group General Manager	Julius Chu				
	Vice President	Chen-Phan Pu				
	Vice President	Malcolm Lin				
	Vice President	Y.Y. Wu				
	Vice President	Daniel Wu				
	Vice President	Wanson Hsu				
	Vice President	Spencer Yeh				
	Vice President	Luc Chu				

Note: Based on the proposed employee compensation amount of NTD 130,000,000 in 2021 as approved by the Board of Directors of the Company, the details of the employee remuneration scheme have not yet been decided as of the publication date of the annual report. Therefore, the proposed amount is estimated based on the actual disbursement amount of the previous year.

2. Amount of compensation paid in the last two years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general manager, and deputy general managers, and the respective proportion of such compensation to the income after tax in parent company only or individual financial statement, as well as the policies, standards, and packages by which it was paid, the procedures through which the compensation was determined, and its association with business performance and future risk.

- (1) Proportion to net profits after tax of the total of the remuneration paid to directors, general managers and deputy general managers by the Company and all companies in the consolidated financial statements in the most recent two years

Item	Proportion of total remuneration to net profit after tax				Proportion of increase (decrease)	
	2021		2020			
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Position						
Director	0.65%	0.92%	0.51%	0.58%	0.14%	0.34%
Supervisor	0%	0%	0%	0%	0%	0%
President and vice presidents	6.95%	7.93%	4.11%	4.59%	2.84%	3.34%

Note: Based on the proposed employee remuneration amount of NTD 130,000,000 in 2021 and directors' remuneration of NTD 6,000,000 as approved by the Board of Directors of the Company, the details of the employee remuneration scheme have not yet been decided as of the publication date of the annual report. Therefore, the proportion of total remuneration to net profit after tax is estimated based on the actual amount paid in 2020.

- (2) Correlation between the policies, standards and combinations of payment, procedures for determination of remuneration, business performance and future risks:
- In respect to the proportion of remuneration distributed to the directors and managers of the company, according to Article 26 of the Articles of Incorporation of the Company, if the Company makes a profit during the year, it should allocate no less than 6% for employee remuneration and no more than 3% for directors' remuneration.
- Managers' remuneration includes salary and bonuses. Out of this, salary is set in reference to industry standards as well as factors including titles, position, academic (professional) background, professional abilities and responsibilities, etc. Bonus schemes consider managers' performance appraisal items, which in turn incorporate financial metrics (such as achievement rates for the Company's revenues, net profit before tax, and net profit after tax) as well as non-financial metrics (e.g., serving as an instructor or evaluator for an innovation incubation plan, or the occurrence of major shortfalls in compliance with laws and regulations and operational risks in divisions under the manager's responsibility). Furthermore, and in line with the recommended allocation principles set forth by the Remuneration Committee, the Chairman shall examine and approve in accordance with operating performance.

IV. Corporate Governance Status

(I) Operation of the Board of Directors

The Board of Directors met 7 times in the most recent year (A) and directors' attendance was as follows:

Position	Name	Number of times actually attending (observing) (B)	Frequency of attendance	Actual attendance (observation) rate (%) [B/A]	Remarks
Chairperson	T.C. Gou (Note 1)	7	0	100%	-
Director	Chen-Phan Pu (Note 1)	7	0	100%	-
Director	T.C. Wang (Note 1)	7	0	100%	-
Director	James Lee (Note 2)	7	0	100%	-
Director	Eric Huang (Note 2)	7	0	100%	-
Director	Jui-Hsia Wan (Note 2)	7	0	100%	-
Independent Director	Randy Lee	7	0	100%	-
Independent Director	Chien-Chung Fu	7	0	100%	-
Independent Director	Jing-Mi Tang	7	0	100%	-

Other matters to be recorded:

- I. If any of the following occurs in the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:
 - (I) The circumstances referred to in Article 14-3 of the Securities and Exchange Act: For all the resolutions of the Board of Directors in 2021, please refer to pages 73 to 75 All resolutions on the matters listed in Article 14-3 of the Securities and Exchange Act have been approved by independent directors.
 - (II) Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: None.
- II. For recusal of directors from motions due to conflicts of interest, specify the names of the Directors, the content of the motions, the reasons for recusal, and the participation in voting:
 1. On September 6, 2021, the Board of Directors approved the allocation of directors' remuneration for 2019. With regard to the remuneration of directors, T.C. Gou, Chen-Phan Pu, T.C. Wang, James Lee, Eric Huang, Jui-Hsia Wan, Randy Lee, Chien-Chung Fu, and Jing-Mi Tang, were all recused from discussion and voting in accordance with the law and based on their personal interests in the matter. The remaining eight directors passed the proposal without objection.
 2. On September 6, 2021, the Board of Directors approved the allocation of managerial staff remuneration for 2019. In regard to the remuneration of directors concurrently serving as staff T.C. Gou, Chen-Phan Pu, James Lee, and Eric Huang, all recused from discussion and voting in accordance with the law and based on their personal interests in the matter. After the remaining 8 directors passed the proposal without objection, the remuneration of the other managerial staff was approved by all the directors present without objection.

III. The Board of Directors status of evaluation and implementation

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Implemented once per year	2021.1.1~2021.12.31	Board of Directors	Internal self-evaluation	Board of Directors self-evaluation

			performance evaluation Board member performance evaluation Functional committee performance evaluation	by the Board of Directors Board member self-evaluation	1. Degree of participation in company operations 2. Improving the quality of board decisions 3. Board composition and structure 4. Election and continuing education of the directors 5. Internal Control Board member self-evaluation 1. Master the company's goals and tasks 2. Director's responsibilities 3. Degree of participation in company operations 4. Internal relationship management and communication 5. Director's professionalism and continuing education 6. Internal Control Functional committee self-evaluation 1. Degree of participation in company operations 2. Recognition of functional committee responsibilities 3. Improving decision-making quality of functional committees 4. Functional committee composition and member selection 5. Internal Control
1. The performance evaluation indicators of the Board of Directors include five major aspects and a total of 41 indicators. The total average of the evaluation results is 4.95 points (maximum score being 5 points). This shows that the Board of Directors has the responsibility to guide and supervise the company's strategy, major business and risk management, and can establish a proper internal control system. The overall operation situation is optimal and meets the requirements of corporate governance. 2. The performance evaluation indicators for board members include six major aspects and a total of 23 indicators. The overall average of the evaluation results is 4.94 points (maximum score being 5 points). This shows that the directors have positive comments on the efficiency and effectiveness of the operation of various indicators. 3. Functional committees include the Audit Committee and the Remuneration Committee. The indicators include five major aspects and a total of 24 indicators. The total average of the evaluation results is 5 points (with the maximum score being 5 points). It shows that the overall operation of the functional committee is optimal and meets the requirements of corporate governance, effectively enhancing the functions of the Board of Directors. IV. Assessment of objectives (e.g. setting up an Audit Committee, enhancing the transparency of information, etc.) and implementation status in respect of strengthening the powers of the Board of Directors for the current and immediately past years to be carried out: The Company has established a Remuneration Committee, an Audit Committee and Corporate Governance and Sustainable Development Committee, respectively assisting the Board of Directors in performing their supervisory duties					

Note 1: Corporate representative of Hsin Hung International Investment Co., Ltd.

Note 2: Corporate representative of Fu Lin International Investment Co., Ltd.

(II) Information on operation of the Audit Committee

Five meetings have been held by the Audit Committee in the most recent year. Independent directors attended as follows:

Position	Name	Actual attendance Frequency (B)	Frequency of attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Randy Lee	5	0	100%	Independent Director
Committee member	Chien-Chun Fu	5	0	100%	Independent Director
Committee member	Jing-Mi Tang	5	0	100%	Independent Director

Other matters to be recorded:

- If the operation of the Audit Committee falls into one of the circumstances, the date, session, the content of the proposal, independent directors' objections, reservations, or major suggestions, Audit Committee' resolution results, and the Company's response to such opinions shall be stated.
 - Matters listed in Article 14-5 of the Securities and Exchange Act: After the approval of the Audit Committee, they are reported to the Board of Directors.

Date and session/ term	Proposal content, resolution status, and subsequent handling
2021.03.26 (4th meeting of 2nd term)	<p>I. Proposal content:</p> <ol style="list-style-type: none"> Reported on the implementation of the Company's internal audit operations Reported accountant communication matters Discussed the Company's 2020 financial statements and business status. Discussed the Company's 2020 profit distribution Discussed subsidiary capital increase and reinvestment in India Discussed a proposed application by the Company's subsidiary Shinfox Energy Co., Ltd. for equity transfer before stock listing Discussed the appointment of a corporate governance officer Discussed the Company's 2020 functional committees' performance evaluation Discussed assessment of the accountant's independence and competency Discussed the Evaluation of the Effectiveness of the Internal Control System and the Internal Control System Statement for 2020. <p>II. Independent directors' objections, reservations, or major suggestions: None</p> <p>III. Audit Committee resolution outcome: All members of the Audit Committee agreed to pass</p> <p>IV. The Company's handling of the Audit Committee's opinions: Submitted to the Board of Directors and approved by all directors present</p>
2021.05.14	I. Proposal content:

(5th meeting of 2nd term)	<ol style="list-style-type: none"> 1. Reported on the implementation of the Company's internal audit operations 2. Discussed proposal for the Company's consolidated financial statements for the first quarter of 2021. 3. Discussed the proposal for acquiring the right-of-use assets of real property from related party, Hsin Hung International Investment Co., Ltd. 4. Discussed the proposal to increase investment in subsidiary, Cu International Ltd., by USD 10,000,000 5. Discussed the proposal for applying for bank financing facilities by the Company and the Central Taiwan Science Park Branch 6. Discussed the proposal to formulate the Company's Corporate Governance Best Practice Principles <p>II. Independent directors' objections, reservations, or major suggestions: None</p> <p>III. Audit Committee resolution outcome: All members of the Audit Committee agreed to pass</p> <p>IV. The Company's handling of the Audit Committee's opinions: Submitted to the Board of Directors and approved by all directors present</p>
2021.06.29 (6th meeting of 2nd term)	<p>I. Proposal content:</p> <ol style="list-style-type: none"> 1. Discussed the proposal to increase the capital of subsidiary, Foxlink International Investment Ltd., by NTD 300 million and then have the subsidiary increase the capital of subsidiary, Foxlink Vietnam Co., Ltd., Vietnam by USD 10,000,000 <p>II. Independent directors' objections, reservations, or major suggestions: None</p> <p>III. Audit Committee resolution outcome: All members of the Audit Committee agreed to pass</p> <p>IV. The Company's handling of the Audit Committee's opinions: Submitted to the Board of Directors and approved by all directors present</p>
2021.8.13 (7th meeting of 2nd term)	<p>I. Proposal content:</p> <ol style="list-style-type: none"> 1. Reported on the implementation of the Company's internal audit operations 2. Discussed proposal for the Company's consolidated financial statements for the second quarter of 2021. <p>II. Independent directors' objections, reservations, or major suggestions: None</p> <p>III. Audit Committee resolution outcome: All members of the Audit Committee agreed to pass</p> <p>IV. The Company's handling of the Audit Committee's opinions: Submitted to the Board of Directors and approved by all directors present</p>
2021.11.12 (8th meeting of 2nd term)	<p>I. Proposal content:</p> <ol style="list-style-type: none"> 1. Reported on the implementation of the Company's internal audit operations 2. Reported on progress of the Company's self-prepared financial statements 3. Discussed proposal for the Company's consolidated financial statements for the third quarter of 2021

	<p>II. Independent directors' objections, reservations, or major suggestions: None</p> <p>III. Audit Committee resolution outcome: All members of the Audit Committee agreed to pass</p> <p>IV. The Company's handling of the Audit Committee's opinions: Submitted to the Board of Directors and approved by all directors present</p>
	<p>(II) Further to the aforementioned matters, motions rejected by the Auditing Committee but passed by the Board at the consent of more than 2/3 of the Directors: None.</p> <p>II. For recusal of independent directors from motions due to conflicts of interest, specify the names of the independent directors, the content of the motions, the reasons for recusal, and the participation in voting: None.</p> <p>III. The communication between the independent directors and the audit supervisor and the CPAs (materiality, means, and result of communication on the financial position and operation of the Company should be covered).</p> <ol style="list-style-type: none"> 1. The Company's internal audit supervisor regularly reports on the implementation of internal audits to the quarterly audit committee. In 2021, the internal audit supervisor reported to the independent directors on the audit committee regarding the implementation of audit operations five times. After discussion and communication in the five meetings, the independent directors all had a grasp and understanding of the audit execution results. No other objections or suggestions were raised. 2. After being reviewed or checked by a certified public accountant, the financial statements of the Company are sent to the Audit Committee for discussion. And after its approval, a report or resolution is submitted to the Board of Directors. The CPAs usually discuss and communicate with independent directors by e-mail, but arranges at least 1-2 actual attendances of the Audit Committee every year. On March 26, 2021, the Audit Committee arranged for the CPAs to attend in person, and report and communicate with independent directors on matters such as the financial statement audit plan, major financial reports, and the update of accounting and auditing laws and regulations. After discussion and communication, the independent directors had no opinion on the accountants' reports. Therefore, the independent directors of the Company have good communication with the CPAs. <p>IV. Annual working focus and operational status of the Audit Committee:</p> <p>(I) The Audit Committee of the Company held five meetings in 2021. All audit committee members attended each meeting, and their main working focus and authority were as follows:</p> <ol style="list-style-type: none"> 1. Establishing or amending the internal control system in accordance with Article 14 of the Securities and Exchange Act. 2. Evaluation of the effectiveness of the internal control system. 3. Formulating or modifying the processing procedures for major financial business activities that acquire or dispose of assets, engage in derivative commodity transactions, lending of funds to others, endorse or provide guarantees to third parties. 4. Matters involving director self-interest. 5. Significant asset or derivative commodity transactions. 6. Significant capital loans, endorsements or guarantees.

7. Raising, issuing or private placement of equity securities.
8. Appointment, dismissal or remuneration of certified public accountants.
9. Appointment and removal of financial, accounting or internal audit supervisors.
10. Annual financial reports and quarterly financial reports.
11. Implementation of internal audit operations.
12. Other important matters specified by the Company or the competent authority.

(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
I. Has the Company prepared and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	V		The Company has formulated a code of practice for corporate governance	No difference
II. The equity structure and shareholders' equity of the Company				
(I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures?	V		(I) The Company has a spokesperson, acting spokesperson, and stock affairs division responsible for handling shareholder suggestions, disputes, and other issues. There are also regulations for the management of external spokesperson activities to standardize related operations.	No difference
(II) Does the Company have a list of the major shareholders who actually control the Company, and the ultimate controllers of the major shareholders?	V		(II) The Company keeps track of shares held by directors, supervisors, managers, and major shareholders holding more than 10% of shares, and it reports such shareholdings in a timely manner.	
(III) Has the Company established and implemented the risk management, control and prevention mechanisms for affiliated companies?	V		(III) The Company has established transaction procedures and risk control management measures for related enterprises to control various operating procedures and various risks, and to eliminate unconventional transactions.	
(IV) Has the Company established internal	V		(IV) The Company has set up Procedures for	

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?			Handling Material Inside Information and advocates these Procedures to insiders at least once per year.	
III. Composition and duties of the Board of Directors				
(I) Has the Board of Directors formulated a Board diversity policy and specific management objectives and implemented them accordingly?	V		(I) A diversity policy for the composition of the Board of Directors has been specified under Article 20 of the Company's Corporate Governance Best Practice Principles. When considering and selecting director candidates, we will consider their professional background, professional skills, and industry experience based on the diversity policy, while as per the scale of the Company's business, shareholders' shareholdings, as well as the practical needs. Please refer to pages 28 to 29 of the annual report for details.	No difference
(II) Does the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?	V		(II) The Company has established a Remuneration Committee and an Audit Committee in accordance with the law and established a Corporate Governance and Sustainable Development Committee in 2021 to strengthen our management and efforts to fulfill corporate social responsibility and promote sustainable development.	
(III) Does the company formulate the board's performance assessment and evaluation	V		(III) The Company has set up its Board of Directors Performance Evaluation	

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
<p>method, conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the board of directors, and apply it to individual directors' remuneration and nomination renewal?</p> <p>(IV) Has the Company assessed the independence status of the CPAs at regular intervals?</p>	V		<p>Measures, and the scope of evaluation includes performance evaluation of the overall Board of Directors, individual directors and functional committees. Evaluation methods include internal self-evaluation by the Board of Directors, self-evaluation by board members, appointment of external professional institutions, performance evaluation by experts or other appropriate methods. Metrics for the performance evaluation of the Board of Directors include the following five aspects</p> <ol style="list-style-type: none"> I. Participation in the operation of the Company. II. Improvement of the quality of the board of directors' decision making. III. Composition and structure of the board of directors. IV. Election and continuing education of the directors. V. Internal control. <p>(IV) The Company's Board of Directors regularly evaluates the independence and competence of CPAs every year. The accounting unit of the Company refers to the Accounting Act and Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 to formulate its independence assessment</p>	

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
			items for evaluation. Furthermore, on March 24, 2022, the Board of Directors resolved to pass a proposal for the assessment of accountant independence and competency. Every year, the Company's CPAs submit the "Statement of Independence" of the Company. In addition, the rotation of the Company's CPAs is also handled in accordance with relevant regulations.	
IV. Is the TWSE / TPEX listed company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes of board meetings and shareholders' meetings)?	V		<p>In order to implement corporate governance and urge the Board of Directors to perform its due functions to protect the rights and interests of investors, the Board of Directors passed a resolution on March 26, 2021 and appointed Kufn Lin from the Investment Strategy Division of the Company as Head of Corporate Governance. The scope of authority of the Head of Corporate Governance and focus of business implementation in the current year are as follows:</p> <ol style="list-style-type: none"> 1. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law. 2. Preparation of minutes of the board of directors meetings and shareholders meetings. 3. Assistance in onboarding and continuing education of the directors and supervisors. 4. Provision of information required for performance of duties by the directors and supervisors. 	No difference

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
			5. Assistance in the directors' and supervisors' compliance of law. 6. Other matters described or established in the articles of incorporation or under contract.	
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	V		The Company's website has a special area for stakeholders and a dedicated person to serve as a communication channel with them; and it appropriately responds to important corporate social responsibility issues that are of concern to stakeholders.	No difference
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	V		The Company has appointed a professional stock affairs agency, the Shareholders' Service Agency Department of Grand Fortune Securities Co., Ltd., to handle various stock affairs of the Company on its behalf	No difference
VII. Disclosure of Information				
(I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	V		(I) The Company has installed a website for the disclosure of various information on its financial position and operation as well as information on its corporate governance.	Except for the third item which is still under planning, there is no difference
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the	V		(II) The Company has set up a website in both Chinese and English, and has placed relevant information on institutional investor conferences and implemented a spokesperson system. In addition, a designated person is responsible for the	

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
<p>implementation of a spokesman system, and videotaping institutional investor conferences)?</p> <p>(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?</p>		V	<p>collection and disclosure of Company information.</p> <p>(III) The Company completes relevant financial statements and reports on monthly operating conditions within the specified time limits</p>	
<p>VIII. Is there any other essential information that would help understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?</p>	V		<ol style="list-style-type: none"> 1. Employee rights: The Company has formulated a number of employee welfare policies and management procedures that comply with local laws and regulations on labor relations, labor conditions and social responsibility, and protect the rights and interests of employees. 2. Employee care: In order to increase employees' choices of leisure activities, the Company subsidizes employee club activities and signs contracts with a number of leisure sports centers for employees to keep fit. In addition, the Company also regularly implements employee health checkups and provides medical consultations to maintain employees' physical and mental health. Furthermore, it continues to improve the working environment of employees to meet the 	No difference

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
			<p>requirements of international standards. Therefore, all employees can achieve the work agreed with the Company according to their wishes, without any physical or psychological coercion. Furthermore, they will not be discriminated against on the basis of any race, gender, age, religion or political orientation.</p> <p>3. Investor Relations: There is a stock affairs department and a spokesperson responsible for handling relevant stock affairs and shareholder suggestions and disputes.</p> <p>4. Supplier relationships: The Company has signed procurement contracts with its suppliers, and signs integrity commitments and confidentiality agreements; moreover, it has always been able to maintain good relationships with them.</p> <p>5. Stakeholder rights: The Company has a spokesperson, and stakeholders can communicate through the Company's website, telephone and fax. At the same time, the Company's supervisors and the personnel of the Audit Division will also directly communicate with stakeholders if deemed necessary.</p> <p>6. Continuing education of directors and supervisors: The directors and supervisors of the Company have professional industry</p>	

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
			<p>backgrounds and practical experience in operations and management. Moreover, the Company arranges for directors to participate in seminars on corporate governance topics from time to time.</p> <p>7. Pursuit of a risk management policy and standard of risk assessment: The Company focuses on its own business and cooperates with relevant laws and regulations to implement various policies for promotion, and it establishes various standard operation implementation specifications to reduce and avoid possible risks. However, please refer to pages 411 to 413 of the annual report for the implementation of the Company's risk management policies and standard of risk assessment.</p> <p>8. Pursuit of a customer policy: The Company has operating bases both domestically and overseas. There is also a customer service department to provide channels for customer inquiries or services.</p> <p>9. Professional liability insurance coverage for the directors and supervisors: The Company has purchased liability insurance for all directors and supervisors.</p>	
<p>IX. Corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year. (Not applicable for companies not evaluated by TSEC)</p> <p>The Board of Directors, in March 2021, approved the appointment of a corporate governance officer, and we established a</p>				

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
Corporate Governance and Sustainable Development Committee in November of the same year to strengthen our corporate governance.				

(IV) The composition and operation of the Remuneration Committee:

1. Information of Remuneration Committee Members

April 23, 2022

ID classification \ Terms		Professional qualifications and experience	Independence criteria	concurrently serving as members of the remuneration committees of other publicly
Name				
Independent Director (Convener)	Randy Lee	Please refer to pages 26 to 29 for the disclosure of independent directors' independence under Director information (II).		None
Independent Director	Chien-Chung Fu			1
Independent Director	Jing-Mi Tang			None

2. Information on the operation of the Remuneration Committee
- (1) There are members of the Remuneration Committee of the Company.
 - (2) The current term of members: June 19, 2020 to June 18, 2023; the Remuneration Committee met 2 times (A) in the most recent year and member qualifications and attendance are as follows:

Position	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Randy Lee	2	0	100%	Serving another term
Committee member	Chien-Chung Fu	2	0	100%	Serving another term
Committee member	Jing-Mi Tang	2	0	100%	Serving another term

Other matters to be recorded:

- I. Remuneration Committee's scope of authority:
 - (I) Committee members should faithfully perform the following functions and powers with the attention of good managers, and be responsible to the Board of Directors as they submit their suggestions to the Board of Directors for discussion:
 1. Formulate and regularly review the policies, systems, standards and structures of directors, supervisors, and managers' performance evaluation and remuneration.
 2. Regularly evaluate and determine the remuneration of directors, supervisors, and managers.
 - (II) When the Committee performs the functions and powers of the preceding article, they should be based on the following principles:
 1. The performance evaluation and remuneration of directors, supervisors, and managers should refer to the usual level of payment in the industry. Furthermore, they should consider the reasonableness of the connection with personal performance, company operating performance and future risks.
 2. Directors and managers should not be incentivized to engage in behaviors that exceed the Company's risk tolerance in pursuit of remuneration.
 3. The ratio of dividends to directors and senior managers' short-term performance and the payment time of part of the variable salary shall be determined in consideration of industry characteristics and the nature of the Company's business.
 - (III) The salary remuneration referred to in the preceding two paragraphs includes cash remuneration, stock options, employee stock bonuses, retirement benefits or severance payments, various allowances, and other measures with substantial incentives.
- II. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the

Company's handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated): None.

III. On resolutions of the Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members shall be stated: None.

IV. Reasons for discussions and resolutions of the Remuneration Committee in 2021, and the company's handling of members' opinions:

Meeting date	Proposal	Resolution result	Company's handling
1st meeting of 2021, 2021.03.26	The Company's remuneration plan for directors for 2020	Approved by all members present	Proposed to the Board of Directors and approved by all directors present
	The Company's remuneration plan for employees for 2020		
	The Company's 2020 board and functional committees' performance evaluations		
2nd meeting of 2021 2021.09.06	The Company's distribution plan for directors' remuneration for 2020	Approved by all members present	Proposed to the Board of Directors and approved by all directors present
	The Company's distribution plan for manager and employee remuneration for 2020		

(V) Status of promotion of sustainable development and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation item	Operational status			Differences and reasons for differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
I. Has the Company established exclusively (or concurrently) dedicated units to promote sustainable development, and has the Board of Directors placed senior management personnel in charge of the promotion and monitored the promotion?	V		<ol style="list-style-type: none"> 1. The Board of Directors, on November 12, 2021, approved the establishment of the Corporate Governance and Sustainable Development Committee to promote and improve matters related to corporate governance and sustainable development. 2. The Corporate Governance and Sustainable Development Committee held its first meeting on November 12, 2021 and approved the establishment of a corporate governance task force and a sustainable development task force, with senior managers as the conveners of the task forces to plan and implement the tasks related to corporate governance and sustainable development. 3. The Corporate Governance and Sustainable Development Committee meets at least twice a year. Each task force puts forth an annual implementation plan at the beginning of the year and submits a report on the implementation results every six months. Said annual implementation plan and report on the implementation results are reviewed by the committee and reported to the Board of Directors. 4. This year's committee meeting was held on 	No difference

			January 21, 2022. The committee reviewed and approved each task force's annual work plan for 2022. The sustainable development task force was further divided into a social responsibility team, an environmental sustainability team, and an employee development team. Each team's annual work plan and targets have been submitted to the board meeting held on January 21, 2022, and we plan to review their implementation progress in the second half of 2022.	
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	V		<p>The company has formulated a Corporate Social Responsibility Policy. At the same time as the Company is operating, it is actively implementing corporate social responsibility to comply with the international trend of balancing the development of the environment, society and corporate governance.</p> <p>The Company has set up an Internal Audit Department to inspect and evaluate the effectiveness of the internal control system, and provide suggestions for improvement in a timely manner. It does so to ensure the continuous and effective implementation of various systems, and to assist the Board of Directors and management to achieve and set goals by evaluating and improving risk management. Through the establishment and maintenance of the Company's internal audit system, the improvement plan is developed thereby.</p>	No difference
III. Environmental Issues (I) Has the Company established an	V		The Company has obtained ISO 14001, QC080000 and OHSAS18001 system	No difference

appropriate environmental management system based on its industrial characteristics?			certifications, fulfilling its commitment to environmental management policies. The ISO 14001 certificate is valid from November 4, 2019 through November 3, 2022, and the ISO50001 certificate is valid from February 22, 2022 through February 21, 2025.	
(II) Has the Company committed itself to improving the utilization efficiency of various resources, and to using recycled materials with low impact on the environment?	V		The Company cooperates with suppliers such that scrap produced after production is sold to recycling companies to reduce the impact on the environment.	No difference
(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to deal with climate-related issues?	V		In order to better implement the corporate social responsibility of environmental protection, the Company established a green product management organization that advances management operations for the restricted substance system, thereby ensuring the effective operation of hazardous substance system management. We require attention be paid to the latest developments in international laws, regulations and standards, and timely internal conversion to ensure that customers' expectations for green product production are met. We also pay attention to each manufacturing link and process, identify risks and effectively implement management and control, and comply 100% with global environmental regulations and customer standards. Furthermore, we strive to establish mutual trust and mutually beneficial supplier partnerships, comply with environmental protection standards and ethics, and grow together with suppliers.	No difference

(IV) Does the company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water management or other waste management?	V	<p>1. The Company is committed to energy-saving and carbon-reducing measures. The greenhouse gas emissions of each plant are checked in accordance with the ISO14064-1 standard, and obtain third-party verification; which is based on caring for the Earth and energy saving and environmental protection. In the future, we will continue to promote energy saving and greenhouse gas reduction policies. With the goal of continuous reduction, we hope to become a low-carbon enterprise with sustainable environmental development.</p> <p>2. The Company has set targets for reduction of greenhouse gases, water consumption, and other waste management. Please refer to the Company's sustainability report for details.</p> <p>3. The Company has completed the greenhouse gas inventory in 2021, which was verified by a third party (SGS) in April 2022.</p>	No difference
IV. Social Issues (I) Has the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?	V	The Company complies with relevant laws and regulations such as the Labor Standards Act, and it formulates various management methods to protect the rights and interests of both employers and employees, and to institutionalize various internal operations of the company. There is also a social responsibility division to ensure that employees' basic rights and social responsibilities are followed and implemented.	No difference

(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflects business performance or results in employee compensation?	V		The Company's internal regulations stipulate corporate ethics, and a reasonable salary and remuneration policy, as well as a clear performance appraisal, reward and punishment system, in line with corporate social responsibility policies.	No difference
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	V		The Company implements labor safety promotions, firefighting seminars and drills for employees, and regularly implements employee health inspections and safety and health education and training.	No difference
(IV) Has the Company provided effective training in career planning for employees?	V		The company currently trains personnel through on-the-job training to ensure that employees perform duties in existing positions and also learn to acquire necessary skills for promotion.	No difference
(V) Regarding customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	V		The Company complies with the relevant regulations and international standards for marketing and labeling of products and services. There is also a special area for stakeholders, providing a channel for customer questions, appeals or suggestions. The Company upholds the principle of good faith to protect the rights and interests of consumers.	No difference
(VI) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their	V		In addition to committing to self-regulation with the strictest standards, the company also promotes suppliers' compliance with social responsibilities. Taking RBA, laws and regulations, and customer requirements as the standard or content, we formulate supplier	No difference

implementation?			social responsibility management procedures and adopt multiple channels to communicate social responsibility policies and regulations to suppliers. Furthermore, we incorporate labor, human rights, ethics, and environment as principles to conduct social responsibility compliance audits on new suppliers and major suppliers. In this way, we encourage all suppliers to meet social responsibility requirements.	
V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of corporate social responsibility reports and other reports that disclose the company's non-financial information? Did the preliminary report obtain the confidence or assurance opinion of the third-party verification unit?	V		The Company compiles and issues its corporate social responsibility report in accordance with the GRI G4 guidelines of the Global Reporting Initiative (GRI). It thus discloses the Company's sustainability issues, strategies, goals and measures, and the achievement of various indicators, and so on. In addition to complying with international trends and meeting the needs of customers and investors, it also exposes non-financial information that is not presented in the annual financial report. The content includes achievements in the economic, social, environmental and other related fields. The corporate social responsibility report can be viewed on the Company's official website. We will appoint a third party to provide the Type 1 moderate-level assurance as per the AA1000 Assurance Standard for each sustainability report published by the Company from 2021 onwards. However, it is still in progress as of the publication date of this annual report. Please refer to the Company's subsequent announcement about the	No difference

			sustainability report.	
<p>VI. If the Company has formulated its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the difference between its operation and the established Principles:</p> <p>The Company has established its Corporate Social Responsibility Policies, and they have no major differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>				
<p>VII. Other important information that facilitates the understanding of the efforts in promotion of sustainable development:</p> <p>The Company's business philosophy can be summed up as "sincerity, a holistic view, and conscientiousness." Out of these, sincerity indicates "simplicity and pragmatism, and being as good as one's word;" a holistic view implies that "great things can only be achieved with tolerance, and small beginnings yield major trends;" and conscientiousness means "making an all-out effort, with a unity of knowledge and action." Therefore, keeping promises is an important value of our business management. In order to fulfill corporate social responsibility, the Company emphasizes that integrity must be regarded as the highest ethical principle for business operations and employee behavior. Only in this way can we attain recognition from the public while exerting a positive influence on and long-term presence in human society.</p> <p>In 2011, the Company donated a total of approximately NTD 1.5 million to related public welfare organizations. Furthermore, at the end of the year the Company appealed to public welfare, charity, and environmental protection by inviting disadvantaged groups on scene to receive gifts and to watch or participate in performances with colleagues. Colleagues at the Company were also called upon to donate winter clothing, and this was delivered using a special representative vehicle to Xifu House in Tzu Chi Banqiao Park.</p> <p>In 2012, the Company donated a total of approximately NTD 2 million to related Taiwanese public welfare organizations and also donated a total of approximately RMB 400,000 to charities and schools in mainland China. Furthermore, at the end of the year the Company appealed to public welfare, charity, and environmental protection by inviting disadvantaged groups on scene to receive gifts and to watch or participate in performances with colleagues. Colleagues at the Company were also called upon to donate winter clothing and various materials, and these were delivered using a special vehicle to related charities.</p> <p>In 2013, the Company donated a total of approximately NTD 5 million to related Taiwanese public welfare organizations and also donated a total of approximately RMB 400,000 to charities and schools in mainland China. In addition, the Group's Welfare Committee initiated the establishment of the Foxlink Group Charity Club, which regularly organizes visits to social welfare organizations and volunteer activities every month. According to the needs of the care recipients, it provides material collection, wheelchair help, Group health performances, environmental management, and so on.</p> <p>In 2014, the Company initiated a blood donation campaign among Group colleagues for the first time, doing our part to address blood bank shortages. The Charity Club also arranged visits to orphanages, conservation centers, and welfare foundations during festivals and holidays. In addition to donating general materials, they actually participated in the work of care assistance and carried out related group health and entertainment activities, in order to gain a feeling of warmth and care in society. In addition, the Company invited</p>				

public welfare groups to participate in joyous activities at the annual meeting as usual; and we donated NTD 5 million as well as about RMB 400,000 to mainland schools. In all these ways, we fully met our corporate social responsibilities.

In 2015, the seven affiliated companies of the Foxlink Group jointly organized a mountain hike. During the event, NTD 5 million was donated to 25 Taiwan charity organizations, and a total of about RMB 400,000 was donated to charities and educational units in mainland China. In addition, after the dust explosion at Formosa Fun Coast in New Taipei City, the Company immediately called on colleagues to initiate donation activities. Colleagues thereupon donated a collective NTD 483,400 to related units. The company's Charity Club also launched three blood drives in 2015, encouraging colleagues to participate in blood donations to help others and contribute to public welfare activities.

On February 6, 2016, a strong earthquake occurred in southern Taiwan, which severely damaged the Tainan area. Foxlink Group donated NTD 10 million to assist in post-disaster reconstruction. In addition, a total of NT\$2.7 million was donated to 13 elementary schools in New Taipei City, while mainland schools and social welfare organizations donations totaling RMB 350,000. At the same time, Foxlink also donated NTD 60,000 to the Tucheng Community Development Association to assist the community's Double Ninth Respect for the Elderly social welfare promotion and health service activities.

In 2017, Foxlink Group held an annual charity year-end celebration and employee party, and during the event NTD 3 million was donated to 12 charity organizations. At the same time, a total of RMB 350,000 was donated to charitable organizations and schools in mainland China. In addition, a total of three blood drives were handled in 2017 for a total blood volume of 756 bags (189,000 cc). Indeed, Foxlink Group has organized blood donation activities with the Taipei Blood Center every year since 2014. As of March 2018, a total of 13 blood drives had been arranged for 3,475 bags of blood in total (868,750 cc).

In 2018, Foxlink Group held an annual charity year-end celebration and employee party, and during the event NTD 3 million was donated to 15 charity organizations. Also, a total of RMB 400,000 was donated to charitable organizations and schools in mainland China. The Charity Club arranged visits to orphanages, conservation centers, and welfare foundations during festivals and holidays. By donating general materials from time to time, colleagues were enabled to feel the warmth and care of society. In addition, a total of three blood drives were organized in 2018 with a total blood volume of 815 bags (203,750 cc) and 815 participants.

In 2019, Foxlink Group upheld its philanthropic principle of "Gratitude for Blessings, Giving Back to Society." Through continuous care and assistance to disadvantaged groups in society, we undertake public welfare, show love, actively fulfill our corporate social responsibilities, and persistently practice environmental protection along with public welfare and charity concepts. This year, our public welfare program launched a joint fundraising agency for the first time to integrate donations. It started by taking care of ethnic groups in neighboring areas, paying attention to local needs, and using local hands to solve local problems. In this joint proposal, 15 local social welfare units were recommended and 10 of them selected by the Company; 2 million resources were shared equally. Through the power of the company, the promotion of the assistance plan would be more stable. In addition, a total of three blood drives were organized in 2019 with a total blood volume of 836 bags (209,000 cc) and 836 participants.

In 2020, the Company continued undertaking charitable donation activities to related public welfare organizations, such as caring for the elderly in the community, organizing warm meals for them, and donating materials to social welfare organizations. In addition, a total of three blood drives were organized in 2020 with a total blood volume of 915 bags (228,750 cc) and 541 participants.

The global economy was in the shadow of the COVID-19 pandemic in 2021. Cheng Uei responded to the community's common good activities by bringing together everyone's contributions and sharing them with those in need in every corner of the society. We hope that we will make further contributions to the community after the end of the pandemic. Chairman Guo donated COVID-19 self-test kits to the New Taipei City Government to help the government strengthen its anti-pandemic efforts and encourage others to make contribution, in the hope of identifying the asymptomatic individuals as soon as possible, curbing the virus from spreading further, and allowing the society to return to normal as soon as possible. In addition, a total of three blood drives were organized in 2021 with a total blood volume of 889 units (222,250 c.c.) and 889 participants.

(VI) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
<p>I. Formulation of ethical management policy and plans</p> <p>(I) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?</p> <p>(II) Has the Company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"</p> <p>(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company's Board of Directors approved its Ethical Corporate Management Best Practice Principles on March 11, 2011. The stock affairs unit is responsible for the formulation and supervision of ethical corporate management policies and prevention plans, and regularly reports to the Board of Directors.</p> <p>(II) When conducting daily verifications, the internal audit unit will also include in the verification whether there is any dishonest behavior internally. When an employee demonstrates dishonest behavior, he or she shall be punished in accordance with the Employee Reward and Punishment Measures based on the circumstances and impact.</p> <p>(III) In order to ensure the implementation of ethical management, all employees of the corporate Group have signed its Integrity Commitment Agreement. Furthermore, the</p>	No difference

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
regularly review and revise the pre-disclosure plan?			occurrence of unethical business activities, bribery, and kickbacks through the verification mechanisms of the internal audit unit.	
II. Implementation of Ethical Corporate Management				
(I) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?	V		(I) Both the Company and its suppliers sign a Supplier Integrity Commitment Agreement. When entering into the Agreement, the rights and obligations of both parties are specified in detail, and it is clearly stipulated that all suppliers should abide by it.	No difference
(II) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?	V		(II) The Company's stock affairs unit is responsible for the formulation, supervision, and implementation of ethical corporate management policies and prevention plans, and regularly reports to the Board of Directors.	
(III) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?	V		(III) All employees of the company signed an Employee Integrity Commitment Agreement and there is a channel for appeals. For any violations or appeals, employees may report to their direct supervisors, human resources, or the audit unit.	
(IV) Has the Company established an effective accounting system for the implementation of	V		(IV) The Company has established an effective	

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
<p>ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?</p> <p>(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?</p>	V		<p>accounting system and internal control system, and formulates an internal audit plan every year. The internal audit unit performs various audit operations in accordance with the audit plan, and will arrange additional special audits when special circumstances occur.</p> <p>(V) The Company has established its Ethical Corporate Management Best Practice Principles, and the Company's employees and suppliers have signed Integrity Commitment Agreements. The Company also promotes relevant norms for ethical management from time to time.</p>	
<p>III. Operation of the Company's reporting system</p> <p>(I) Has the Company put in place the specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?</p> <p>(II) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?</p> <p>(III) Has the Company taken measures to protect</p>	V		<p>(I) The Company has a complaint hotline and mailbox, and has dedicated personnel to handle related affairs as well as rules for conducting fraud inspections.</p> <p>(II) The Company has established a whistleblowing process, and the identity of an informant and the content of ant report will be kept confidential.</p> <p>(III) The Company has established internal and</p>	No difference

Evaluation Items	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
whistle-blowers from retaliation due to reporting?			external whistleblowing procedures and fraud detection regulations; It also expressly adopts measures to protect informants from improper handling as a result of a report.	
IV. Strengthening information disclosure (I) Has the Company, on its website and on the Market Observation Post System, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles?	V		(I) The Company discloses its corporate culture and business policies on the Company's website, and discloses ethical management information on the Market Observation Post System.	No difference
V. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles: The Company has enacted its Ethical Corporate Management Best Practice Principles, and there are no major differences with the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies.				
VI. Other information that enables a better understanding of the Company's ethical corporate management (for example, the Company's review and revision the Ethical Corporate Management Best Practice Principles, etc.): In adherence with the November 7, 2014 letter Taizheng Zhili Zi No. 1030022825 of the Taiwan Stock Exchange Corporation, the Company has revised relevant provisions of its Ethical Corporate Management Best Practice Principles. In addition, in order to implement its ethical management policies and prevent dishonest behavior, the Company also regularly organizes internal education and training courses on ethical management. The specific course topics, course hours, and number of participants are shown in the following table:				
Course title		Course hours	Course date	Number of courses
Talking about behaviors and responsibilities in insider trading		1.5	2018/9/4	337
Trade secrets and employee confidentiality obligations		2	2019/1/17	165
Trade secrets and employee confidentiality obligations		2	2019/2/21	215

Evaluation Items		Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof	
		Yes	No	Summary description		
Employee confidentiality obligations and contract seals			2	2019/12/19	25	
Analysis of Trade Secrets Act and practical cases along with advocacy of confidentiality obligations			1	2020/10/7	613	
Analysis of Trade Secrets Act and practical cases along with advocacy of confidentiality obligations			1	2020/10/14	46	
Central points of risk prevention and control and evidence collection for sales and project contracts			2	2020/10/28	28	
Prevention of legal risks in sales contracts			1	2020/11/6	58	
Prevention of legal risks in sales contracts			1	2020/11/16	66	
Analysis of Trade Secrets Act and practical cases along with advocacy of confidentiality obligations			1	2021/01	1,954	
Education and Training on Security Functions of TrustView and Approval Procedures			1	2021/04	145	
Supplier Responsibility Standards Training			2	2021/05	68	
Responsible Business Alliance (RBA) Code of Conduct			2	2021/06	191	
Responsible Business Alliance (RBA) Code of Conduct			2	2021/07	302	
Responsible Business Alliance (RBA) Code of Conduct			2	2021/12	515	
Clients' Corporate Social Responsibility Practice			1	2021/1/6	47	
The ESG and Sustainable Governance Trend			1	2021/9/8	52	
Analysis of Insider Trading Laws and Cases			1	2021/10/20	52	

(VII) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles: None.

(VIII) Other important information that is sufficient to improve the understanding of corporate governance operations that must be concurrently disclosed: None.

(IX) Implementation status of internal control system:

1. Internal Control System Statement:

Cheng Uei Precision Industry Co., Ltd.
Internal Control System Statement

Date: March 24, 2022

For the Company's Internal Control System of 2021, based on the results of self-assessment, the following is hereby declared:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. environment control, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each constituent contains several criteria. Please refer to "the Regulations" for details.
- IV. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the results of examination, the Company believes that the design and implementation of its internal control system dated December 31, 2021 (including supervising and managing its subsidiaries), consisting of the effectiveness and efficiency of business operations, the preparation of reliable, timely and transparent financial statements, and their compliance with the relevant rules and regulations, are effective, and reasonably assure the achievement of the aforementioned goals.
- VI. This Statement will be a major part of the Company's annual report and prospectus, and will be made publicly available. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Company's Board of Directors at the meeting held on March 24, 2022, at which this Statement was unanimously endorsed by all 9 attending directors with 0 individuals having opposing opinions.

Cheng Uei Precision Industry Co., Ltd.
Chairman: T.C. Gou
President: T.C. Gou

2. If it is necessary to entrust an accountant to review the internal control system, the accountant's review report shall be disclosed: None

(X) In the most recent year and as of the date of publication of the annual report, whether the company and its internal personnel have been disciplined according to law, or whether the company has disciplined its internal personnel for violating the provisions of the Internal Control System. The content of the disciplinary measures should be listed, as well as the main deficiencies and improvements: None.

(XI) In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders meeting and Board of Directors:

1. Board resolutions in 2021 and through April 30, 2022

Date	Resolution matters	Remarks
2021.03.26	<ol style="list-style-type: none"> 1. Approved the Company's 2021 business plan. 2. Approved the 2020 remuneration proposal for employees and directors as reviewed by the Remuneration Committee. 3. Approved the Company's 2020 financial statements and business status. 4. Approved 2020 profit distribution in the form of a cash dividend of NTD 2.5 per share. 5. Approved subsidiary capital increase and reinvestment in India. 6. Approved a proposed application by the Company's subsidiary Shinfox Energy Co., Ltd. for equity transfer before stock listing. 7. Approved the establishment of a Corporate Governance Officer position, and appointed Kufn Lin from the Investment Strategy Division of the Company to serve as the Company's Corporate Governance Officer. 8. Approved the Company's 2020 Board of Directors performance evaluation. 9. Passed the assessment of the accountant's independence and competency. 10. Approved the Evaluation of the Effectiveness of the Internal Control System and the Internal Control System Statement for 2020. 11. Approved the date and discussion items of the Company's 2021 Annual General Meeting of Shareholders. 	
2021.05.14	<ol style="list-style-type: none"> 1. Approved the proposal for acquiring the right-of-use assets of real property from related party, Hsin Hung International Investment Co., Ltd. 2. Approved the proposal to increase investment in subsidiary, Cu International Ltd., by USD 10,000,000. 3. Approved the proposal for applying for bank financing facilities by the Company and the Central Taiwan Science Park Branch. 4. Approved the proposal to amend the Company's Corporate Governance Best Practice Principles. 	
2021.06.29	<ol style="list-style-type: none"> 1. Changed the date of the general meeting of shareholders to July 15, 2022 due to the COVID-19 pandemic. 2. Approved the proposal to increase the capital of 	

Date	Resolution matters	Remarks
	subsidiary, Foxlink International Investment Ltd., by NTD 300 million and then have the subsidiary increase the capital of subsidiary, Foxlink Vietnam Co., Ltd., Vietnam by USD 10,000,000.	
2021.08.13	1. Approved the proposal for the Company's consolidated financial statements for the second quarter of 2021.	
2021.09.06	1. Approved the 2020 remuneration distribution for directors as reviewed by the Remuneration Committee. 2. Approved the 2020 remuneration distribution for managers and employees as reviewed by the Remuneration Committee.	
2021.10.08	1. Approved the proposal for the addition of a new business line for the Hsinchu Science Park Branch. 2. Approved the Company's internal audit plan for 2022.	
2021.11.12	1. Approved the proposal for the Company's consolidated financial statements for the third quarter of 2021. 2. Approved the Company's application to a bank for a financing facility. 3. Approved the establishment of the Corporate Governance and Sustainable Development Committee by the Company, with independent directors Randy Lee, Chien-Chung Fu, Jing-Mi Tang, Chen-Phan Pu, and Jui-Hsia Wan appointed as members of the first term of the committee.	
2022.01.21	1. Approved the Company's capital loan case with subsidiary Foxwell Energy, with the loan amount of NTD 3 billion. 3. Approved the proposal to amend the Company's Corporate Governance Best Practice Principles.	
2022.03.08	1. Approved the authorization of the Chairman to handle the legal disputes arising from the investment agreement between the Company, People's Government of Ma'anshan Municipality, and the Ma'anshan economic and Technological Development Zone Management Committee.	
2022.03.24	1. Approved the Company's 2022 business plan. 2. Approved the 2021 proposal for remuneration to directors and employees as reviewed by the Remuneration Committee. 3. Approved the Company's 2021 financial statements and business status. 4. Approved 2021 profit distribution in the form of a cash dividend of NTD 1.5 per share. 5. Approved the proposal for investment in the U.S. subsidiary, Foxlink Arizona Inc. 6. Approved the proposal for applying for bank financing facilities by the Company and the Central Taiwan Science Park Branch. 7. Approved the Company's 2021 Board of Directors performance evaluation. 8. Approved the amendment to the Company's Articles of Incorporation. 9. Approved the amendment to the Board of Directors	

Date	Resolution matters	Remarks
	<p>Performance Evaluation Measures.</p> <p>10. Approved the amendment to the Procedures for Asset Acquisition and Disposal.</p> <p>11. Approved the amendment to the Procedures for Endorsements and Guarantees.</p> <p>12. Approved the assessment of the accountant's independence and competency and their remuneration.</p> <p>11. Approved the Evaluation of the Effectiveness of the Internal Control System and the Internal Control System Statement for 2021.</p> <p>14. Approved the date and discussion items of the Company's 2022 Annual General Meeting of Shareholders.</p>	

2. Resolution matters and implementation status passed by all shareholders present at the General Meeting of Shareholders of July 15, 2021

Resolution matters	Implementation status
Approved 2020 business final account statement and profit distribution statement	Not applicable.

(XII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition to or qualified opinions expressed by directors or supervisors about the significant resolutions passed by the Board of Directors that have been noted in the records or declared in writing: None.

(XIII) Resignation or relief from office of the Chairman, President, Chief Accountant, Chief Financial Officer, Audit Supervisor, Chief of Corporate Governance, and Chief R&D Officer of the Company in the most recent year to the day this report was printed: None

V. Information about CPA Professional Fees

(I) Information about CPA Professional Fees

Unit: NTD Thousand

CPA matters Firm name	Accountants Name	Accountant audit period	Audit fees	Non-audit fees	Total	Remarks
PricewaterhouseCoopers, Certified Public Accountants	Se-Kai, Lin	2021/1/1~ 2021/12/31	14,620	2,192	16,812	-
	Yi-Chang, Liang					

Note: Other non-audit fees are mainly tax consulting fees.

(II) If the accounting fees paid during the year when the accounting firm is replaced are less than the previous year, the amount, proportion and reasons for the reduction of audit fees should be disclosed: The Company has not changed its accounting firm.

(III) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: Audit fees for this year decreased by less than 10% compared with the previous year.

VI. Changes in Accountant Information

(I) Previous CPA

Date of change	2019.1.1		
Reason of change and description	Due to internal restructuring at appointed accounting firm PricewaterhouseCoopers, CPAs therefore changed from Lin Se-Kai and Chou Hsiao-Tzu to CPAs Lin Se-Kai and Liang Yi-Chang.		
Description on whether or not the appointer or CPA terminates or refuses the appointment	Contractual parties status	CPAs	Appointor
	Voluntary termination of appointment	-	-
	No longer accept (continue) appointment	-	-
Comments and reasons for audit reports other than the unqualified opinion issued in the last two years	None		
Any discrepancies with the issuer	Yes		Accounting principles or practices
			Disclosure of financial reports
			Verification scope or steps
			Others
	None	V	
	Description		
Other disclosures (Contents required for disclosure according to Sub-paragraphs 1-4 to 1-7 of Paragraph 6 of Article 10 of these regulations)	None		

(II) CPA in succession

Name of accounting firm	PricewaterhouseCoopers, Certified Public Accountants
Accountant name	Lin Se-Kai, Liang Yi-Chang
Date of appointment	2019.1.1
Accounting treatment methods or accounting principles for specific transactions, and advisory matters and results that may be issued for financial reporting prior to appointment	None
Written opinions of the successive accountants different from opinion matters of the former accountants	None

(III) The former accountant's reply to Article 10, paragraph 6, item 1 and item 2 of item 3 of this Standard: None.

VII. The Company's chairman, general manager, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year: None.

VIII. Directors, supervisors, managers, and shareholders whose shareholding ratio exceeds 10% share transfer and share pledge changes in status:

1. Changes to the shares held by directors, supervisors, managers and majority shareholders:

Unit: Thousand shares

Position	Name	2021		As of April 23, 2022	
		Number of shareholding Number increased (decreased)	Number of pledged shares Number increased (decreased)	Number of shares held Number increased (decreased)	Number of pledged shares Number increased (decreased)
Director	Hsin Hung International Investment Co., Ltd.	0	0	0	0
Chairman and President	Corporate representative: T.C. Gou	0	0	0	0
Director and Vice President	Corporate representative: Chen-Phan Pu	0	0	0	0
Director	Corporate representative: T.C. Wang	0	0	0	0
Director	Fu Lin International Investment Co., Ltd.	0	0	0	0
Director and Group President	Corporate representative: James Lee	0	0	0	0
Director and Group President	Corporate representative: Eric Huang	0	0	0	0
Director	Corporate representative: Jui-Hsia Wan	0	0	0	0
Independent Director	Randy Lee	0	0	0	0
Independent Director	Chien-Chung Fu	0	0	0	0
Independent Director	Jing-Mi Tang	0	0	0	0
Group General Manager	Julius Chu	0	0	0	0
Vice President	Malcolm Lin	0	0	0	0
Vice President	Y.Y. Wu	0	0	0	0
Vice President	Daniel Wu	0	0	0	0
Vice President	Wanson Hsu	0	0	0	0
Vice President	Spencer Yeh	0	0	0	0
Vice President	Luc Chu	0	0	0	0
Corporate governance officer	Kufn Lin	0	0	0	0

2. The counterparties of equity transfers and equity pledges are related parties: No such situation.

IX. Information about the relationships among top ten shareholders, such as related parties, spouses, or relatives within the second-degree of kinship:

Name (Note 1)	Self Shareholding		Spouse and minor children holding shares		Total holding of shares in the names of others		Name of a related party, spouse or second-grade relative, and relationships among top ten shareholders		Remarks
	Shares (thousand shares)	Shareholding Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Name or designation	Relationship	—
Hsin Hung International Investment Co., Ltd. Representative: T.C. Gou	100,535	19.62%	0	0	0	0	Central Motion Picture Corporation	Chairperson the same individual	—
	6,009	1.17%	46	0.01%	0	0	Foxlink Image Technology Co., Ltd.	Chairperson of the company	—
Central Motion Picture Corporation Representative: T.C. Gou	32,584	6.36%	0	0	0	0	Hsin Hung International Investment Co., Ltd.	Chairperson the same individual	—
	6,009	1.17%	46	0.01%	0	0	Foxlink Image Technology Co., Ltd.	Chairperson of the company	—
Foxlink Image Technology Co., Ltd. Representative: T.C. Gou	27,503	5.37%	0	0	0	0	Hsin Hung International Investment Co., Ltd.	Chairperson the same individual	—
	6,009	1.17%	46	0.01%	0	0	Central Motion Picture Corporation	Chairperson of the company	—
Chase in custody for Emerging Market Fund Investment Account of Vanguard Group Corporation	6,134	1.20%	0	0	0	0	—	—	—
T.C. Gou	6,009	1.17%	46	0.01%	0	0	Hsin Hung International Investment Co., Ltd. Central Motion Picture Corporation Foxlink Image Technology Co., Ltd.	The company Chairperson	—
Citibank as custodian of Norwegian Central Bank Investment Account	5,878	1.15%	0	0	0	0	—	—	—
Chase in custody for Vanguard Total International Stock Index	5,170	1.01%	0	0	0	0	—	—	—

Name (Note 1)	Self Shareholding		Spouse and minor children holding shares		Total holding of shares in the names of others		Name of a related party, spouse or second-grade relative, and relationships among top ten shareholders		Remarks
	Shares (thousand shares)	Shareholding Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Name or designation	Relationship	—
Fund, a series of Vanguard Star Funds									
Su Lian Mei Ying	3,551	0.69%	0	0	0	0	—	—	—
Fu Lin International Investment Co., Ltd. Representative: Gou Xiao-Yu	3,211	0.63%	0	0	0	0	T.C. Gou	The chairman is a second-degree relative	—
Chiu Yu-Fa	2,836	0.55%	101	0.02%	0	0	—	—	—

- X. The number of shares and comprehensive shareholding ratio held in any single reinvested enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company, and consolidated calculation of comprehensive shareholding ratio:

March 31, 2022 Unit: Thousand shares

Reinvested business	The Company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding
CU INTERNATIONAL LTD.	474,350	100.00%	0	0	474,350	100.00%
CULINK INTERNATIONAL LTD.	32,228	100.00%	0	0	32,228	100.00%
Foxlink International Investment Ltd.	408,750	100.00%	0	0	408,750	100.00%
Well Shin Technology Co., Ltd.	22,282	18.84%	40	0.03%	22,322	18.87%
Fu Uei International Investment Ltd.	385,000	100.00%	0	0	385,000	100.00%
Darts Technologies Corporation	42,086	97.00%	0	0	42,086	97.00%
DU Precision Industry Co., Ltd.	60,000	100.00%	0	0	60,000	100.00%
FOXLINK TECHNOLOGY LTD.	86,700	100.00%	0	0	86,700	100.00%
Suntain Co., Ltd.	19,500	100.00%	0	0	19,500	100.00%
FOXLINK ARIZONA INC.	3,000	100.00%	0	0	3,000	100.00%
SINOBEST BROTHERS LIMITED	20,704	91.19%	2,000	8.82%	22,704	100.00%

IV. Status of Fundraising

I. Capital and Shares

(I) Sources of equity

1. Source of share capital

April 23, 2022 Units: NTD thousand, thousand shares

Year Month	Issued Price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
1986.07	1,000	18	18,000	18	18,000	Initial capital	None	Note 1
1995.12	10	19,000	190,000	19,000	190,000	Cash capital increase of NTD 172,000 thousand	None	Note 2
1996.10	10	36,000	360,000	36,000	360,000	Cash capital increase of NTD 170,000 thousand	None	Note 3
1997.07	10	42,100	421,000	42,100	421,000	Capitalization of retained earnings of NTD 54,000 thousand; capitalization of employee bonuses of NTD 7,000 thousand	None	Note 4
1998.07	15	100,000	1,000,000	71,600	716,000	Cash capital increase of NTD 200,000 thousand, capitalization of retained earnings of NTD 84,200 thousand; capitalization of employee bonuses of NTD 10,800 thousand	None	Note 5
1999.08	10	100,000	1,000,000	81,800	818,000	Capitalization of retained earnings of NTD 90,216 thousand; capitalization of employee bonuses of NTD 11,784 thousand	None	Note 6
2000.01	109	100,000	1,000,000	100,000	1,000,000	Cash capital increase of NTD 182,000 thousand	None	Note 7
2000.08	10	160,000	1,600,000	117,000	1,170,000	Capitalization of retained earnings of NTD 150,000 thousand; capitalization of	None	Note 8

Year Month	Issued Price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
						employee bonuses of NTD 20,000 thousand		
2001.07	10	225,000	2,250,000	143,500	1,435,000	Capitalization of retained earnings of NTD 234,000 thousand; capitalization of employee bonuses of NTD 31,000 thousand	None	Note 9
2002.02	10	225,000	2,250,000	152,720	1,527,203	Exchange of warrants for common shares, NTD 92,203 thousand	None	Note 10
2002.04	10	225,000	2,250,000	169,335	1,693,355	Exchange of warrants for common shares, NTD 166,152 thousand	None	Note 11
2002.07	10	305,000	3,050,000	200,521	2,005,207	Capitalization of retained earnings of NTD 254,003 thousand; capitalization of employee bonuses of NTD 57,000 thousand, and exchange of warrants for common shares, NTD 849 thousand	None	Note 12
2003.01	10	305,000	3,050,000	201,307	2,013,071	Exchange of warrants for common shares, NTD 7,864 thousand	None	Note 13
2003.07	10	305,000	3,050,000	228,238	2,282,378	Capitalization of retained earnings of NTD 201,307 thousand; capitalization of employee bonuses of NTD 68,000 thousand	None	Note 14
2004.07	10	400,000	4,000,000	258,762	2,587,616	Capitalization of retained earnings of NTD 228,238	None	Note 15

Year Month	Issued Price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
						thousand; capitalization of employee bonuses of NTD 77,000 thousand		
2005.07	10	400,000	4,000,000	292,638	2,926,377	Capitalization of retained earnings of NTD 258,761 thousand; capitalization of employee bonuses of NTD 80,000 thousand	None	Note 16
2005.10	10	400,000	4,000,000	296,005	2,960,045	Conversion of overseas convertible bonds to common shares, NTD 33,668 thousand	None	Note 17
2006.01	10	400,000	4,000,000	309,181	3,091,814	Conversion of overseas convertible bonds to common shares, NTD 78,436 thousand; transfer of shares, NTD 53,333 thousand	Darts Technologies stock, 25,600 thousand shares	Note 18
2006.04	10	400,000	4,000,000	321,520	3,215,201	Conversion of overseas convertible bonds to common shares, NTD 123,387 thousand	None	Note 19
2006.07	10	400,000	4,000,000	331,566	3,315,658	Conversion of overseas convertible bonds to common shares, NTD 100,457 thousand	None	Note 20
2006.09	10	400,000	4,000,000	373,221	3,732,207	Capitalization of retained earnings of NTD 322,303 thousand; capitalization of employee bonuses of NTD 73,500 thousand; and conversion of	None	Note 21

Year Month	Issued Price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
						overseas convertible bonds into ordinary shares, NTD 20,746 thousand		
2007.08	10	550,000	5,500,000	401,582	4,015,817	Capitalization of retained earnings of NTD 186,610 thousand; capitalization of employee bonuses of NTD 97,000 thousand	None	Note 22
2008.09	10	550,000	5,500,000	437,461	4,374,609	Capitalization of retained earnings of NTD 200,791 thousand; capitalization of employee bonuses of NTD 158,000 thousand	None	Note 23
2009.09	10	550,000	5,500,000	453,965	4,539,655	Capitalization of retained earnings of NTD 87,492 thousand; capitalization of employee bonuses of NTD 348,217 thousand	None	Note 24
2010.04	10	550,000	5,500,000	456,689	4,566,891	Executed subscription of employee stock option certificates, NTD 27,236 thousand	None	Note 25
2010.07	10	550,000	5,500,000	456,801	4,568,007	Executed subscription of employee stock option certificates, NTD 1,116 thousand	None	Note 26
2010.09	10	550,000	5,500,000	463,509	4,635,093	Capitalization of retained earnings of NTD 45,680 thousand; capitalization of employee bonuses of NTD 99,413 thousand	None	Note 27

Year Month	Issued Price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
2011.01	10	550,000	5,500,000	464,381	4,643,807	Executed subscription of employee stock option certificates, NTD 8,713 thousand	None	Note 28
2011.04	10	550,000	5,500,000	465,556	4,655,557	Executed subscription of employee stock option certificates, NTD 11,751 thousand	None	Note 29
2011.07	10	550,000	5,500,000	466,752	4,667,523	Executed subscription of employee stock option certificates, NTD 11,966 thousand	None	Note 30
2011.08	10	550,000	5,500,000	474,313	4,743,125	Capitalization of retained earnings of NTD 46,577 thousand; capitalization of employee bonuses of NTD 198,589 thousand	None	Note 31
2011.10	10	550,000	5,500,000	476,447	4,764,469	Executed subscription of employee stock option certificates, NTD 21,343 thousand	None	Note 32
2012.01	10	550,000	5,500,000	476,762	4,767,622	Executed subscription of employee stock option certificates, NTD 3,154 thousand	None	Note 33
2012.04	10	550,000	5,500,000	481,367	4,813,668	Executed subscription of employee stock option certificates, NTD 46,045 thousand	None	Note 34
2012.07	10	550,000	5,500,000	481,643	4,816,426	Executed subscription of employee stock option certificates, NTD 2,758	None	Note 35

Year Month	Issued Price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
						thousand		
2012.08	10	550,000	5,500,000	489,404	4,894,040	Capitalization of retained earnings of NTD 48,137 thousand; capitalization of employee bonuses of NTD 173,949 thousand	None	Note 36
2012.10	10	550,000	5,500,000	492,376	4,923,762	Executed subscription of employee stock option certificates, NTD 29,722 thousand	None	Note 37
2013.01	10	550,000	5,500,000	493,683	4,936,829	Executed subscription of employee stock option certificates, NTD 13,067 thousand	None	Note 38
2013.04	10	550,000	5,500,000	494,166	4,941,659	Executed subscription of employee stock option certificates, NTD 4,830 thousand	None	Note 39
2013.07	10	550,000	5,500,000	494,444	4,944,439	Executed subscription of employee stock option certificates, NTD 2,780 thousand	None	Note 40
2013.10	10	550,000	5,500,000	495,035	4,950,347	Executed subscription of employee stock option certificates, NTD 5,908 thousand	None	Note 41
2014.01	10	550,000	5,500,000	502,010	5,020,095	Executed subscription of employee stock option certificates, NTD 69,748 thousand	None	Note 42
2014.04	10	550,000	5,500,000	505,556	5,055,557	Executed subscription of employee stock option certificates,	None	Note 43

Year Month	Issued Price (NTD)	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
						NTD 35,462 thousand		
2014.07	10	550,000	5,500,000	506,624	5,066,237	Executed subscription of employee stock option certificates, NTD 10,680 thousand	None	Note 44
2014.10	10	550,000	5,500,000	509,209	5,092,087	Executed subscription of employee stock option certificates, NTD 25,850 thousand	None	Note 45
2015.01	10	550,000	5,500,000	512,327	5,123,269	Executed subscription of employee stock option certificates, NTD 31,182 thousand	None	Note 46

Note 1: Initial capital of NTD 18,000 thousand

Note 2: Cash capital increase of NTD 172,000 thousand

Note 3: October 21, 1996 (85) Taizaizheng (1) No. 62330 letter of approval

Note 4: July 7, 1997 (86) Taizaizheng (1) No. 53139 letter of approval

Note 5: July 10, 1998 (87) Taizaizheng (1) No. 58945 letter of approval

Note 6: August 4, 1999 (88) Taizaizheng (1) No. 72110 letter of approval

Note 7: December 13, 1999 (88) Taizaizheng (1) No. 103975 letter of approval

Note 8: June 27, 2000 (89) Taizaizheng (1) No. 55031 letter of approval

Note 9: June 26, 2001 (90) Taizaizheng (1) No. 140540 letter of approval

Note 10: January 29, 2002 Jingshoushangzi No. 09101035860 letter of approval

Note 11: April 10, 2002 Jingshoushangzi No. 09101122510 letter of approval

Note 12: June 18, 2002 Taizaizheng 1 No. 0910133030 letter of approval

Note 13: January 27, 2003 Jingshoushangzi No. 09201030380 letter of approval

Note 14: June 30, 2003 Taizaizheng 1 No. 0920128786 letter of approval

Note 15: June 23, 2004 Taizaizheng 1 No. 0930127828 letter of approval

Note 16: June 30, 2005 Taizaizheng 1 No. 0940126320 letter of approval

Note 17: October 13, 2005 Jingshoushangzi No. 09401203760 letter of approval

Note 18: December 26, 2005 Jinguangzheng 1 No. 0940155501 letter of approval

Note 19: April 14, 2006 Jingshoushangzi No. 09501067660 letter of approval

Note 20: July 20, 2006 Jingshoushangzi No. 09501150100 letter of approval

Note 21: July 5, 2006 Taizaizheng 1 No. 0950128616 letter of approval

Note 22: July 2, 2007 Jinguangzheng 1 No. 0960033542 letter of approval

Note 23: July 7, 2008 Jinguangzheng 1 No. 0970033755 letter of approval

Note 24: June 25, 2009 Jinguangzheng Fazi No. 0980031734 letter of approval

Note 25: April 12, 2010 Jingshoushangzi No. 09901069630 letter of approval

Note 26: July 15, 2010 Jingshoushangzi No. 099001158420 letter of approval

Note 27: June 29, 2010 Jinguangzheng Fazi No. 0990033598 letter of approval

Note 28: January 17, 2011 Jingshoushangzi No. 10001008210 letter of approval

Note 29: April 21, 2011 Jingshoushangzi No. 10001075290 letter of approval

Note 30: July 20, 2011 Jingshoushangzi No. 10001159720 letter of approval

Note 31: August 29, 2011 Jingshoushangzi No. 10001199230 letter of approval
 Note 32: October 18, 2011 Jingshoushangzi No. 10001238620 letter of approval
 Note 33: January 13, 2012 Jingshoushangzi No. 10101006390 letter of approval
 Note 34: April 16, 2012 Jingshoushangzi No. 10101066520 letter of approval
 Note 35: July 12, 2012 Jingshoushangzi No. 10101141200 letter of approval
 Note 36: August 9, 2012 Jingshoushangzi No. 10101163460 letter of approval
 Note 37: October 16, 2012 Jingshoushangzi No. 10101212660 letter of approval
 Note 38: January 14, 2013 Jingshoushangzi No. 10201007940 letter of approval
 Note 39: April 15, 2013 Jingshoushangzi No. 10201067800 letter of approval
 Note 40: July 18, 2013 Jingshoushangzi No. 10201140890 letter of approval
 Note 41: October 15, 2013 Jingshoushangzi No. 10201209790 letter of approval
 Note 42: January 21, 2014 Jingshoushangzi No. 10301010950 letter of approval
 Note 43: April 22, 2014 Jingshoushangzi No. 10301069490 letter of approval
 Note 44: July 18, 2014 Jingshoushangzi No. 10301146670 letter of approval
 Note 45: October 17, 2014 Jingshoushangzi No. 10301217070 letter of approval
 Note 46: January 14, 2015 Jingshoushangzi No. 10401004720 letter of approval

2. Class of issued shares

April 23, 2022 Unit: Shares

Shares Type	Approved share capital			
	Issued and outstanding shares (Note)	Unissued shares	Reserved for issuance of employee stock option certificates	Total
Common stock	512,326,940	137,673,060	50,000,000	700,000,000

Note: Listed shares

3. Information concerning the collective reporting system: Not applicable

(II) Shareholder structure:

April 23, 2022 Unit: Thousand shares

Shareholder structure Quantity	Government agency	Financial institution	Other juridical persons	Individuals	Foreign institutions and foreign individuals	Total
Number of individuals	1	8	98	65,399	198	65,704
Number of shares held	2,111	3,224	170,057	287,054	49,881	512,327
Percentage of shareholding	0.41%	0.63%	33.19%	56.03%	9.74%	100.00%

(III) Distribution of Equity

1. Distribution of common share equity:

April 23, 2022

Shareholding class	Number of shareholders (individuals)	Number of shares held (shares)	Percentage of shareholding
1 - 999	16,500	2,093,829	0.41%
1,000 - 5,000	38,047	79,421,722	15.50%
5,001 - 10,000	6,233	47,737,108	9.32%
10,001 - 15,000	1,884	23,405,658	4.57%
15,001 - 20,000	1,015	18,528,940	3.62%
20,001 - 30,000	817	20,551,769	4.01%
30,001 - 40,000	331	11,759,957	2.30%
40,001 - 50,000	240	11,108,724	2.17%
50,001 - 100,000	376	26,575,544	5.19%
100,001 - 200,000	152	20,853,054	4.07%
200,001 - 400,000	53	14,181,983	2.77%
400,001 - 600,000	20	9,704,628	1.89%
600,001 - 800,000	6	4,048,987	0.79%
800,001 to 1,000,000	8	7,096,463	1.38%
1,000,001 or more	22	215,258,574	42.01%
Total	65,704	512,326,940	100.00%

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

(IV) List of major shareholders:

April 23, 2022 Unit: Shares

Name of major shareholders	Shares	Number of shares held	Percentage of shareholding
Hsin Hung International Investment Co., Ltd.		100,535,228	19.62%
Central Motion Picture Corporation		32,584,000	6.36%
Foxlink Image Technology Co., Ltd.		27,503,000	5.37%
Chase in custody for Emerging Market Fund		6,133,673	1.20%
Investment Account of Vanguard Group Corporation			
T.C. Gou		6,009,184	1.17%
Citibank as custodian of Norwegian Central Bank		5,878,335	1.15%
Investment Account			
Chase in custody for Vanguard Total International		5,170,595	1.01%
Stock Index Fund, a series of Vanguard Star Funds			
Su Lian Mei Ying		3,550,714	0.69%
Fu Lin International Investment Co., Ltd.		3,210,621	0.63%
Chiu Yu-Fa		2,835,955	0.55%

(V) Information about market price, net value, earnings, and dividends per share in the most recent two years

Item		Year	2020	2021	2022 through March 31, 2022
Market value per share (NTD)	High		49.20	51.5	42.80
	Low		23.40	36.3	37.40
	Average		39.74	41.83	38.71
Net value per share (NTD)	Before distribution		49.01	48.03	48.16
	After distribution		49.01	48.03	48.16
Earnings per share (Note 1)	Weighted average number of shares (thousand shares)		512,327	512,327	512,327
	Earnings per share (NT\$)	Before retrospective	4.10	1.90	0.03
		After retrospective	4.06	1.90	0.03
Dividend per share (NTD)	Cash dividend		2.5	1.5	-
	Stock dividends	Profit Distribution	None	None	-
		Additional paid in capital	None	None	-
	Accumulated unpaid dividends		None	None	-
Return on investment analysis	P/E ratio (after retrospective)		9.79	22.02	-
	Price to dividend ratio		15.90	27.89	-
	Cash dividend yield		6.29%	3.59%	-

Note: the 2021 profit distribution proposal, approved by the Board of Directors

(VI) Company dividend policy and implementation status:

1. Dividend policy:

The Company operates in information and communication-related industries, and is in the growth stage of the Company's life cycle. Therefore, in order to match the overall environment and the characteristics of industry growth, and to achieve the Company's goal of sustainable operations and stable operating performance, the Company's dividend policy directs that not more than 90% of the company's distributable earnings will be distributed to shareholders in the form of dividends. Furthermore, and in line with the future capital expenditure budget and capital demand situation, the cash dividend portion of the Company's dividends will not be less than 20%.

2. Proposed cash dividend distribution in this instance

The Company allocated NTD 768,490,410 from 2022 earnings as cash dividends, and distributed NTD 1.5 per share. This proposal was approved by the Board of Directors and authorized the Chairman to set separate matters such as the ex-dividend record date, distribution date, and other related matters.

(VII) The influence of stock dividends planned to be paid in the Shareholders Meeting of this year on the operation performance and earnings per share of the Company:

Unit: NTD Thousand

Item		Year	2022
Paid-in capital amount at the beginning of the period			5,123,269
Cash and stock dividends to be distributed in the current year (Note)	Cash dividend per share		1.5 per share (NTD)
	Capitalization of retained earnings to be distributed per share		None
	Capitalization of capital reserves to be distributed per share		None
Change in business performance	Operating profit		The Company did not prepare 2022 financial forecasts, so this is not applicable
	Increase (decrease) ratio of operating profit over the same period last year		
	Net profit after tax		
	Increase (decrease) ratio of net profit after tax compared with the same period last year		
	Earnings per share (NTD) (Before retrospective adjustment)		
	Earnings per share increase (decrease) ratio over the same period last year		
	Annual average return on investment (the reciprocal of the annual average P/E ratio)		
Proposed earnings per share and P/E ratio	Any capitalization of retained earnings is to be fully allocated to cash dividends	Projected earnings per share (NTD)	
		Proposed annual average return on investment	
	If capitalization of capital reserves has not been carried out	Projected earnings per share (NTD)	
		Proposed annual average return on investment	
	If the capitalization of retained earnings has not been handled and the capitalization of retained earnings has been paid by cash dividend	Projected earnings per share (NTD)	
		Proposed annual average return on investment	

Note: the 2021 profit distribution proposal, approved by the Board of Directors

(VIII) Remuneration of employees and directors

1. The percentage or scope of remuneration for employees, directors, and supervisors as set out in the Articles of Incorporation:
If the Company makes a profit during the year, it should allocate no less than 6% for employee remuneration and no more than 3% for directors' and supervisors' remuneration. However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance. Employee remuneration as per the preceding paragraph can be paid in stock or cash, and can be directed to employees of the Company and employees of affiliated companies. The remuneration of directors and supervisors can only be paid in cash.
2. The amount of remuneration for employees, directors and supervisors estimated and presented in the current period shall be calculated based on the number of shares distributed to employees as remuneration, or actual amount paid to employees if different from the estimated amount:
If the Company makes a profit during the year (referring to profit before tax minus the profit before the distribution of employee remuneration and director and supervisor remuneration), it should allocate no less than 6% for employee remuneration and no more than 3% for directors' and supervisors' remuneration. However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance.
The calculation basis of the number of shares to be distributed for employee stock dividends is based on the closing price on the day before the Board of Directors' resolution. However, if there is a discrepancy between the calculation basis of the number of shares and the actual distribution amount of the employee remuneration for stock distribution and the estimated amount, it will be regarded as a change in accounting estimates and listed as the actual distribution year's profit and loss.
3. Distribution of remuneration adopted by the Board of Directors:
 - (1) Amount of the remuneration paid to employees, directors and supervisors in cash or stock. If there is a discrepancy with the annual estimated amount of recognized expenses, the number of discrepancies, reasons and handling circumstances should be disclosed:
On March 24, 2022, the Board of Directors approved 2021 employee remuneration and directors' remuneration to be NTD 130,000,000 and NTD 6,000,000, respectively. The recognized amounts of employee remuneration and director remuneration in the 2021 financial statements are NTD 130,000,000 and NTD 6,000,000, respectively. There is no difference between the remuneration of employees and directors approved by the Board of Directors and recognized in the financial statements.
 - (2) The amount of employee bonuses distributed by stocks and its proportion to the total net profit and total employee bonuses in the parent company only financial report for the current period: No employee remuneration was distributed by stocks in this instance.
4. The actual payment of remuneration to the employees and the directors and supervisors in the previous year (including the number of distributed shares,

amounts, and stock price). If there is a difference with the recognized amount of remuneration for employees and directors and supervisors, the number of differences, the reasons and the handling circumstances should be stated.

The remuneration of employees and directors recognized for 2020 were as follows: the remuneration of employees was NTD 220,000,000; the remuneration of directors was NTD 10,000,000.

Furthermore, the actual amount of employee remuneration paid for the year was NTD 220,000,000; director's remuneration was NTD 10,000,000. There was no difference between the actual distribution amounts and the recognized amounts.

(IX) Repurchase of shares by the Company: None.

II. Handling of corporate bonds

(I) Information on corporate bonds

Corporate bond type		First domestic issue of guaranteed general corporate bonds in 2019	First domestic issue of guaranteed general corporate bonds in 2020
Issuance (handling) date		June 26, 2019	July 29, 2020
Par value		NTD 1 million	NTD 1 million
Issuing price		Fully issued at par value	Fully issued at par value
Total		NTD 3 billion	NTD 3.6 billion
Interest rate		Fixed annual interest rate of 0.80%	Fixed annual interest rate of 0.65%
Term		5 year maturity Maturity date: June 26, 2024	5 year maturity Maturity date: July 29, 2025
Guarantee agency		CTBC Bank, Taiwan Cooperative Bank, Mega International Commercial Bank, Chang Hwa Bank	CTBC Bank, Taiwan Cooperative Bank, Hua Nan Bank, Agricultural Bank of Taiwan, Mega International Commercial Bank
Trustee		Bank Sinopac Company Limited	Bank Sinopac Company Limited
Underwriting agency		CTBC Bank Co., Ltd.	CTBC Bank Co., Ltd.
Certifying attorney		Attorney Yang Wen-Yuan, Baker McKenzie	Attorney Yang Wen-Yuan, Baker McKenzie
Certified public accountant		Accountant Lin Se-Kai, PricewaterhouseCoopers	Accountant Lin Se-Kai, PricewaterhouseCoopers
Method of repayment		One-time principal repayment	One-time principal repayment
Outstanding principal		NTD 3 billion	NTD 3.6 billion
Redemption or prepayment terms		None	None
Restrictive covenants		None	None
Credit rating agency name, rating date, company debt rating results		None	None
Other rights attached	Amounts of ordinary shares, overseas depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the publication date of the annual report	Not applicable	Not applicable
	Issuance and conversion method (exchanged or subscribed)	Not applicable	Not applicable
Issuance and conversion, exchange or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholders' equity		None	None
Name of the depository institution of the exchange target		Not applicable	Not applicable

- (II) Information on conversion of corporate bonds: None.
- (III) Information on corporate bond exchange: None.
- (IV) General declaration and issuance of corporate bonds: None.
- (V) Information on corporate bonds with stock options: None.
- III. Disposal of preferred shares: None.
- IV. Circumstances of handling overseas depositary receipts: None.
- V. Handling of employee stock options:
 - (I) In respect to the Company's unexpired employee stock options, their handling status and impact on shareholders' rights and interests up to the date of publication of the annual report should be disclosed: The Company currently has no outstanding employee stock options.
 - (II) The names, acquisitions, and subscription status of managers obtaining employee stock option certificates and the top ten employees who can subscribe for stock option certificates accumulated through the printing date of the annual report: None.
 - (III) Handling of restricted employee shares: Up to now, no restricted employee shares have been issued.
 - (IV) The names, acquisitions, and subscription status of managers obtaining restricted employee shares and the top ten employees who can subscribe for stock option certificates accumulated through the printing date of the annual report: None.
- VI. M&A or transfer of shares of other companies to issue new shares: None.
- VII. Implementation status of fund utilization plan: None.

V. Overview of Operations

I. Business content

(I) Business Scope

1. The Company's principal business activities

The Company's business scope mainly covers the manufacturing, sales, and service of various connectors, cable products, batteries, and power products in the information industry, communications industry, automation equipment industry, precision machinery industry, and consumer electronics industry.

The product range currently produced by the Company encompasses:

- (1) CA02010 Manufacture of Metal Structure and Architectural Components
- (2) CB01010 Mechanical and Equipment Manufacturing
- (3) CB01030 Pollution Controlling Equipment Manufacturing
- (4) CB01990 Other Machinery Manufacturing
- (5) CC01020 Electric Wires and Cables Manufacturing
- (6) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
- (7) CC01040 Lighting Equipment Manufacturing
- (8) CC01060 Wired Communication Mechanical Equipment Manufacturing
- (9) CC01070 Wireless Communication Mechanical Equipment Manufacturing
- (10) CC01080 Electronics Components Manufacturing
- (11) CC01090 Manufacture of Batteries and Accumulators
- (12) CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- (13) CC01110 Computer and Peripheral Equipment Manufacturing
- (14) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- (15) CE01010 General Instrument Manufacturing
- (16) CE01030 Optical Instruments Manufacturing
- (17) CE01990 Other Optics and Precision Instrument Manufacturing
- (18) CI01010 Rope, Cable and Net Manufacturing
- (19) CQ01010 Mold and Die Manufacturing
- (20) E601020 Electric Appliance Installation
- (21) E603090 Lighting Equipment Construction
- (22) E701010 Telecommunications Engineering
- (23) E801010 Indoor Decoration
- (24) F107990 Wholesale of Other Chemical Products
- (25) F111090 Wholesale of Building Materials
- (26) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (27) F118010 Wholesale of Computer Software
- (28) F207990 Retail Sale of Other Chemical Products
- (29) F211010 Retail Sale of Building Materials
- (30) F213030 Retail Sale of Computers and Clerical Machinery Equipment
- (31) F218010 Retail Sale of Computer Software
- (32) F401021 Restrained Telecom Radio Frequency Equipment and

- Materials Import
- (33) G801010 Warehousing and Storage
 - (34) I102010 Investment Consulting
 - (35) I301010 Software Design Services
 - (36) J101050 Sanitary and Pollution Controlling Services
 - (37) J101060 Wastewater (Sewage) Treatment
 - (38) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Distribution of business volume

The company's 2021 business volume distributions of various products are as follows:

Unit: NTD Thousand

Product item	Business volume	Ratio
3C components	30,969,951	35.68%
System and peripheral products	37,217,489	42.88%
Retail channels	14,278,882	16.45%
Others	4,334,413	4.99%
Total	86,800,735	100.00%

Note: The above business volumes constitute operating revenues from the consolidated financial statements

3. Current goods (services) of the Company

The Company's main products are 3C components, system products and retail channels, primarily as follows:

- (1) Cable connectors: Mainly used for signal and power transmission of various 3C products. The main product categories include USB cables, 1394 cables, and transmission cables and data cables used in game consoles, digital cameras and mobile phones.
- (2) Communication connectors: communication connectors are all kinds of connectors without cables. The products are mainly used in various consumer electronic products such as mobile phones, network peripherals, headsets and game consoles.
- (3) Battery modules: Battery module products are mainly used in products such as 3C electronics and electric vehicles.
- (4) Power management modules: Mainly used to control the uninterruptible power systems of cable TV networks; and the power supplies and converters of various 3C products.
- (5) System products: Including smart pens, headsets, joysticks for game consoles, electric scooters and electric bicycles.
- (6) Retail channels: There are retail channels for 3C electronic products.

4. New products planned for development

- (1) Stylus Pen for Education
- (2) ANC Wireless Gaming Headset
- (3) AR/MR Controller
- (4) Wireless 7.1 headset
- (5) Development of integrated communication technology for charging stations, electric vehicles (EV), grid, and backend operations
- (6) Development of the back-end cloud system of charging stations

- (7) Assembly process of consumable wearable electronics
- (8) USB 4.0 Hi-Fi Cable
- (9) Charging stations for E-Bike and E-Scooter
- (10) Energy storage system
- (11) Robotic arm technology development
- (12) 5G module application development
- (13) Physical movement detection for remote fitness sessions
- (14) Development of technology to combine real and virtual scenes for AR glasses

(II) Industry Overview

1. Current status and development of the industry

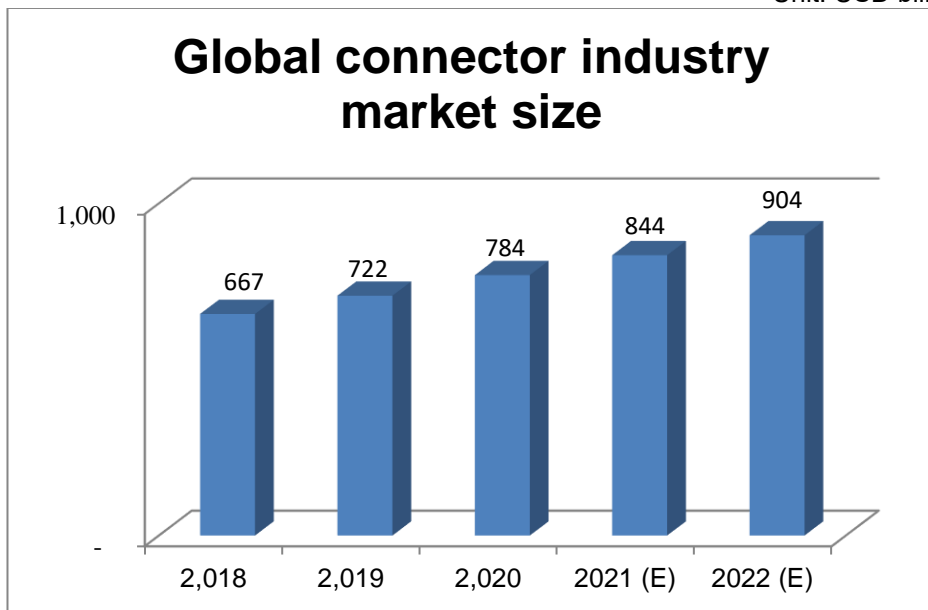
The Company is mainly engaged in manufacturing, sales and service of various connectors for the information, communication and consumer electronics industries, encompassing 3C component products such as cable products, batteries for mobile phones and NB, power management modules, and system products such as mobile phone assembly, game console joysticks, Bluetooth headsets and injection molded plastic parts. Due to the wide variety of products, the following gives an analysis and explanation of the connector, battery module, and power management module industries.

(1) Connector

Connectors are mainly used for the connection between components and are important bridges between connecting circuits and signals. Their quality affects the reliability of signal transmission, which in turn affects the quality of the entire electronic machine's operation. Therefore, to maintain the normal and stable functions of electronic products, the quality of the connector is very important. General connector products will require characteristics such as low contact impedance, high insertion and removal force resistance, high insertion and removal times, environmental resistance and high frequency stability, and so on. Fine pitch and SMT products are especially indispensable for connectors used in portable electronic products.

Connectors have a wide range of applications, and have been applied to personal computers and their peripheral products, communication products, instrumentation equipment, military, aerospace, medical equipment, automotive transportation, consumer electronics and other products. In other words, almost all products in the electrical field need to use connector products.

Given continuous economic growth and the introduction of new electronic products, statistics from China Business Industry Research Institute indicate that the global output value of connector products will reach USD 62.4 billion in 2021 and attain USD 84.4 billion in 2022, marking growth of 7%.



Source of data: China Business Industry Research Institute

(2) Battery module

Battery module products are an indispensable source of power supply for communication and information electronic products. Because the battery packs of portable electronic products such as laptops, mobile phones, and personal digital assistants must be assembled with small secondary battery cores before they can be used, therefore, the small secondary battery market will generally show a steady growth trend with the vigorous development of portable electronic products. At present, the commercialized secondary batteries on the market are successively produced according to their mass production time to market. There are three categories: nickel-cadmium batteries, nickel-metal hydride batteries and lithium batteries in sequence. Lithium batteries have become mainstream products with the largest demand specifications and the highest growth rate in the global secondary battery market. This is because lithium batteries have higher capacity density and superior electrical properties than nickel-cadmium batteries and nickel-hydrogen batteries, and the capacity density has continued to increase in recent years through the advancement of product technology and materials. As 3C electronic products have become lighter, thinner, shorter, and more versatile in recent years, the loading rate has reached more than 90% in major application areas such as mobile phones and notebook computers. Therefore, it has become the benchmark for the technical competitiveness of secondary batteries in all countries around the world.

(3) Power management module

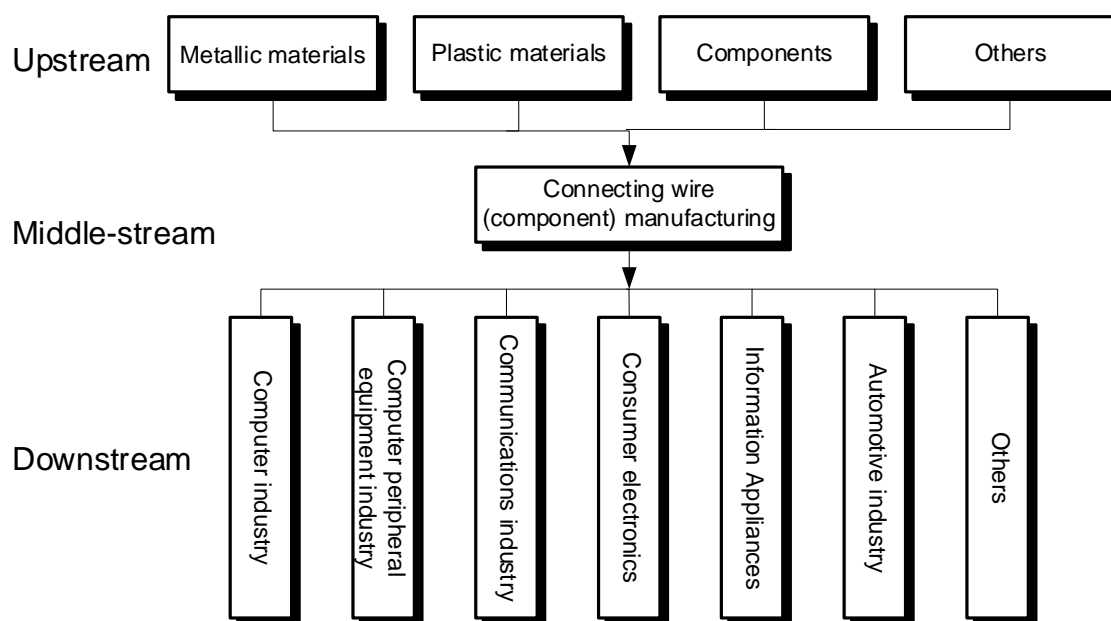
The power management module is an indispensable key component for all power electronic products. Its function is to convert the low-stability high-voltage AC power provided by the power company into the high-stability low-voltage DC power required by electronic products. It covers a wide range of industries and diversified products, with applications including communication products, computer peripherals, consumer electronics, and so on. In terms of power management modules, products mainly include

power supplies for consumer electronic products such as mobile phones and digital cameras, and UPS for servers. In recent years, digital home products have become proliferated substantially, including TVs, PCs, mobile phones, handheld devices, printers, audio-visual equipment, application devices, digital content, broadband Internet access, home networks and digital cameras, and more. Market demand for small, lightweight, and low-cost products will continue to increase, and especially portable communication products. Due to the advantages of smaller, thinner and portable electronic products, they promote market growth and form a virtuous circle. The communications market is thus expected to become the market with the greatest potential for power management modules.

2. Relationships with upstream, middle-stream, and downstream industries:

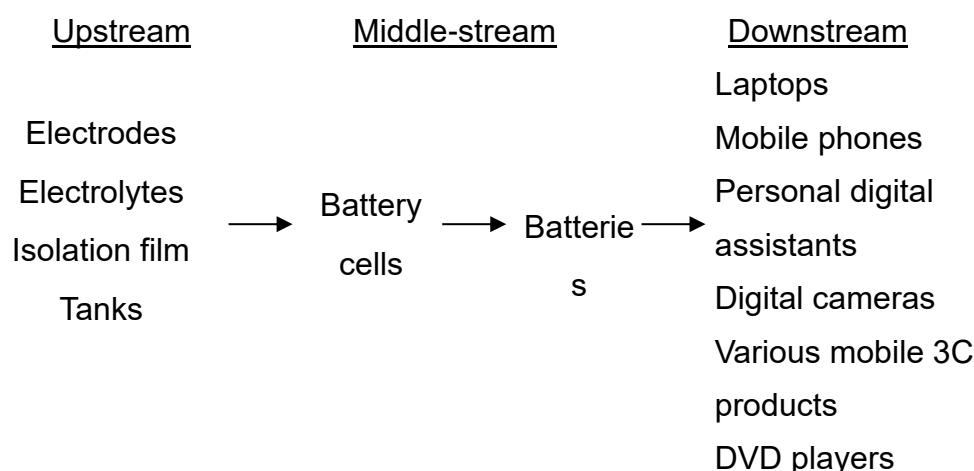
(1) Connectors

In the connector industry, the upstream materials are mainly plastic materials, copper alloy plates and electroplating materials. The industries covered include copper manufacturing, plasticization, and so on. As the domestic related manufacturer system is quite complete, there is no scarcity in its sources. Furthermore, it has wide application in downstream industries, mainly in computers and peripherals, network communication products, consumer electronics and other electrical appliances that require power and telecommunications. The industry's upstream, midstream, and downstream relevance are as follows:



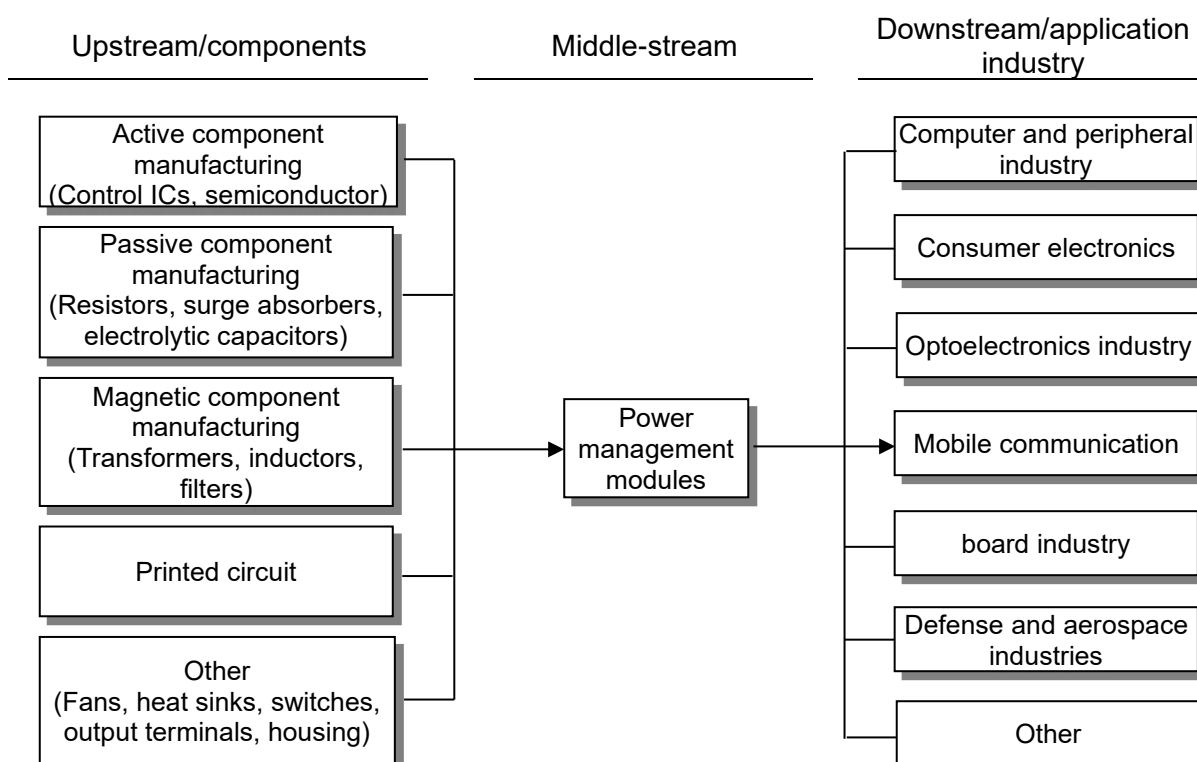
(2) Battery module

As far as the small secondary battery industry is concerned, it can be divided into three major categories: upstream raw material supply, midstream battery cell manufacturing and battery pack assembly, and downstream 3C applications.



(3) Power management module

The power management module sector falls within the electronics industry, and its industrial structure is mainly based on upstream electronic components. This includes active components, passive components, magnetic components and printed circuit boards, and so on. Downstream application fields cover various electronic product application industries. The industry's upstream, midstream, and downstream relevance are as follows:



3. Product trends

The Company's various products are mainly used in consumer electronics products. Consequently, with the development trend of

electronic products towards portability, thinness and small size, and regardless whether it involves connectors, battery modules, power supplies, etc., all must be adjusted in line with market product trends.

(1) Product miniaturization

Various portable electronic products such as laptops and mobile phones will develop in the direction of lightness, thinness, shortness and smallness. Related components will also follow the trend of portable electronic products to be lighter, thinner, shorter, and smaller to meet demand. Therefore, the appearance and volume of connectors and battery pack products are expected to gradually develop towards miniaturization.

(2) High-capacity and long-lasting products

Daily standards of living continue to improve, mobile electronic products are increasing day by day, and consumers have higher and higher requirements for the functions of mobile electronic products. As electronic products become highly digitized, lighter, thinner, and shorter, the requirements for voltage accuracy, stability, and battery life continue to increase. To meet future market demand, greater efforts will be devoted to answering how to improve the energy and volume density of small secondary batteries and how to develop high-performance battery packs with high capacity and long service life.

(3) Industrial division of labor and internationalization trends

Under the trend of global trade liberalization, it is urgent for companies to move towards internationalization. At present, Taiwan's investment environment and labor costs are continuing to increase. In addition to relocating production bases, we are committed to reducing manufacturing costs, and are actively investing in research and development in accordance with the future development trend of the market. We are also developing new products to strengthen the international competitiveness of the Company's sustainable operations.

4. Market competition

(1) Connectors

The main application product categories of the Company's cable connectors include transmission lines and data cables used in mobile phones and various consumer electronic products. Communication connectors can be divided into two types: internal and external connectors. The main products include board-to-board connectors, SIM card connectors, I/O connectors, RF connectors, power supply and signal line connectors. Network connectors are used to connect to network peripheral equipment, while game console connectors are used on the host and joystick to connect to other equipment. The Company is a professional manufacturer of electronic connectors. With the benefit of product quality improvement and continuous development of new products, revenue and gross profit have both grown year by year. At present, the main domestic connector manufacturers include Ji-Haw, Speed Tech, and Acon. Due to the diversification of products in the industry, development times are short and product life cycles are also short. Customers increasingly require suppliers to provide fast and high-quality services, including product design, manufacturing, quality control, and after-sales service. Therefore, we can stand out

only by meeting the requirements of customers. In order to meet the needs of all customers, the company's OEM/ODM team uses professional R&D and manufacturing services, from components to complex assembly integration, to carry out projects, propose solutions or technical support. This ensures that the product can be accurately completed in the shortest time from samples to formal production.

(2) Battery modules

The Company's battery module products are mainly used in mobile phones, notebook computers and electric vehicles, and so on. In the entire battery assembly industry, major competitors include Simplo and Dynapack. Due to the prevalence of thin and light electronic products such as smart phones and Ultrabooks, the Company has gradually shifted its development focus from traditional lithium-ion batteries to the development of lithium polymer battery-related battery packs. Furthermore, it continues to improve the development of lithium battery protection circuits and capacity calculation-related circuits to match the trend and development of the communications market.

(3) Power management module

The company's power management module products are mainly used in various mobile 3C products and network routers, power supplies and converters for TV set-top boxes. Product applications include mobile phones, e-books, digital cameras, routers and set-top boxes, and main competitors include Delta, Phihong, Flextronics, Lite-On, and AcBel.

Under current conditions of rapid industrial integration, the development trend of "the big getting bigger" is quite clear. The low-cost advantages enjoyed by small and medium-sized enterprises have gradually been lost. In fact, if they fail to establish their own core values, they will be eliminated by the market in the future. Therefore, under the effect of market globalization, the Company will be guided by market leaders, approach international customers, and understand their needs. Further, we should gradually shift from the past OEM model to ODM or JDM, developing new products with customers and providing them with diversified products and technical services. Only in this way can the Company justify its existence and create new opportunities for long-term development.

(III) Technology and R&D Overview

The company's invested research and development expenses and successfully developed technologies or products are as follows:

Unit: NTD Thousand

Differentiation	2021	2022 (through 2022.03.31)
Expenses	2,259,829	512,469
Successful development New products or new technology	1.4K Wide Angle AI CAM 2.2.4G Wireless Gaming Headset 3.Wireless Gaming Mouse with Optical Switch 4. Development of electric bicycle battery modules, control buttons, and integration of battery system, electric drive	1.ANC Wireless Gaming Headset 2.Dual Cavity design for headset driver 3. Mass production of electric scooter battery modules 4. Power supply modules 5.USB 4.0 Hi-Fi Cable 6. E-Bike, E-Scooter batteries

Differentiation	2021	2022 (through 2022.03.31)
	system, and electrical control system 5. B591/A191 Type-C to lightning cable 6. Development of portable chargers 7. Fitness trackers 8. Mobile phone access control card reader 9. E-Bike, E-Scooter control module development 10. Power Station BMS technology development and inverter efficiency improvement 11. Robotic arm software optimization 12. Telescopic robotic arm development	

(IV) Long-term and short-term business development plans

In response to future industry development trends and the overall economic environment, the Company formulates long-term and short-term plans to map out its future business direction and from there enhance its competitiveness. A summary of the company's short-term and long-term plans is given as follows:

1. Short-term business development plan
 - (1) Improve achievement rates, profitability, product differentiation, technical capabilities, product quality, and management capabilities.
 - (2) Reduce costs, expenses, product delivery, inventory, product development time, and so on.
 - (3) Take advantage of vertical integration to strengthen the integration of Group resources.
2. Short-term business development plan
 - (1) Continue to promote with core products and capabilities in line with support of optics, increasing market size and creating benefits of high-value output.
 - (2) Expand market operations and develop diversified products and services.
 - (3) Get a feel for market trends and make good use of the Group's technical resources.
 - (4) Continuously cultivate and develop human talent.

II. Market and production and sales overview

(I) Market Analysis

1. Main product sales areas

Unit: NTD Thousand

Region	2021	
	Amount	Amount
Taiwan	11,726,035	13.51%
Mainland	29,596,210	34.10%
United States	23,697,140	27.30%
Hong Kong	5,520,447	6.36%
Korea	2,461,013	2.83%
Others	13,799,890	15.90%

Total	86,800,735	100.00%
-------	------------	---------

Note: The above amounts constitute revenues from the consolidated financial statements

2. Market share and future market supply and demand status and growth of the market

(1) Connector

Given continuous economic growth and the introduction of new electronic products, statistics from China Business Industry Research Institute indicate that the global output value of connector products will reach USD 84.4 billion in 2021 and attain USD 90.4 billion in 2022, marking growth of 7%.

The Company's connector products constitute two types, namely, cable connectors and communication connectors. Looking at the global connector industry, connector products have a wide range of applications and their global output value in 2021 was thus seen reaching USD 84.4 billion. The company's connector and cable product sales amount was approximately NT\$ 29.0 billion. Therefore, the Company's share of the global connector market is only about 1.2%. Moreover, Taiwan's overall connector output value in 2021 is estimated to be NT\$250 billion. Therefore, the Company's share of the connector market in Taiwan is approximately 11%.

In the early days of Taiwan's connector industry, most of it developed along with the growth of the PC industry. But in recent years, due to the digitalization of life and the takeoff of the communications industry, Taiwan's connector manufacturers are shifting to the communications or consumer electronics markets. Global sales of smartphones reached 1.35 billion in 2021. It is estimated that the sales volume of global smartphones in 2022 will be 1.39 billion, an increase of about 3%.

(2) Battery modules and power management modules

Battery module products are an indispensable source of power supply for communication and information electronic products. According to IDC statistics, Global sales of smartphones reached 1.35 billion in 2021. It is estimated that the sales volume of global smartphones in 2022 will be 1.39 billion, an increase of about 3%. Business owners are actively expanding their ventures and increasing their production capacities. Given the excellent business development and production management capabilities of the domestic information industry, it should be expected to create superior results in the global battery module product market as the market demand for mobile phones and notebook computers continues to expand in the future.

3. Advantages and disadvantages of our competitive niche, development prospects, and countermeasures

(1) Competitive Niche

A. Close cooperation with international manufacturers

The Company has been deeply involved in the field of 3C product components for many years and has rich experience in production and manufacturing. Because the product quality and technology are deeply trusted by customers, coupled with a sound financial structure, our sales targets are mostly

internationally renowned first-line manufacturers. Moreover, we have been with each other for many years and we have a good understanding of cooperation and a high degree of trust. The Company thus enjoys a good reputation in the industry, and it is also an important supplier of 3C components that is indispensable for major international manufacturers. The Company has accumulated very significant product design capabilities based on its close cooperative relationship with major international manufacturers, and our new product development can quickly gain recognition from existing customers. In addition, as we have won the trust and recognition of international customers, we have thus laid out a niche for the Company's future business expansion and this is also conducive to striving to gain the business of potential new customers.

B. Joint research and development

In order to meet the needs of all customers, the company's OEM/ODM team uses professional R&D and manufacturing services, from components to complex assembly integration, to carry out projects, propose application solutions, or offer technical support. By using 24-hour R&D and manufacturing services to jointly develop new products with customers, and by providing customers with creativity and service support, this ensures that the product can be accurately completed in the shortest time from samples to formal production.

C. Quality advantages

In the spirit of excellence, the company is committed to pursuing the highest internationally recognized benchmarks for quality. Through an excellent quality management system, every work item is subject to strict control, evaluation, and analysis as we undertake continuous improvement to improve operational efficiency. Furthermore, we have implemented the ISO/TS 16949 quality management system to build a more complete customer oriented process as we strive to reach the ultimate goal of customer satisfaction.

D. Diversified products, high added value

The Company's product structure includes related components for information, communications, and portable electronic products. In response to the needs of the market, the Company continues to develop towards high-end, high value-added products, as a complete product portfolio will benefit the flexibility of the company's operations and increase the ability to respond to rapid product changes.

E. Possessing vertically integrated manufacturing capabilities, providing customers with diversified services

The Company has deep vertical integration capabilities in the production of 3C product components ranging from cable, product design, mold development, stamping, electroplating and molding to processing and assembly and so on. As these can be manufactured in our Company's factories, we therefore have the advantages of cost and quality. In addition, the company's product structure covers related components of communications, information, and portable electronic products.

The products are diversified, which can meet the customers' demand for one-time purchases.

F. Actively investing in the development of new products and technologies

As technology, consumer preferences and market conditions continue to change, newer and better products must be launched quickly. In order to cater to this trend, the Company started with the production of connectors and cable products early on. Development has now encompassed power supply and battery management modules, and in the future the R&D center will focus on the research and development of wireless communications and optical products. Therefore, in the future the Company will take the integration of optoelectronics as its development goal as it cooperates with the development and expansion of the wireless transmission field, making full use of the advantages of the Group and establishing a diversified product portfolio.

(2) Favorable factors for development prospects

- A. Product application areas such as mobile phones, game consoles and electric vehicle products are booming, driving the continuous growth of peripheral industries.
- B. With our product design capabilities, we can quickly develop new products to meet customer needs.
- C. Having won the trust and recognition of international customers, this is conducive to future business expansion and offers endless growth potential.
- D. Deep vertical integration extends from mold development to stamping, electroplating, forming and assembly; all these can be produced on their own with cost and quality advantages.
- E. Active expansion of product application areas ensures sources of growth momentum.
- F. Early development of process technology and material applications that meet future environmental regulations will improve competitive advantages and added value.
- G. Joint development of new products with major international manufacturers and accumulation of considerable technical and product design capabilities.

(3) Unfavorable factors for development prospects

- A. It is not easy to train and develop human resources in R&D.
- B. Prices of upstream materials have risen, reducing product profitability.
- C. Primary competitors are world-class manufacturers and competitive pressure is high.

(4) Countermeasures

- A. We cooperate with various universities and colleges for industry-university cooperation to cultivate and train talent in various disciplines over the long term. At the same time, we are improving employee welfare measures and strengthening professional training in order to improve manpower quality and reduce the turnover rate of personnel.
- B. We are taking advantage of the Group's bulk purchase capabilities to reduce the cost of input materials and maintain product profitability.

- C. We are introducing new automated production equipment and testing equipment and are committed to the improvement of production technology and process quality, to improve production efficiency and quality stability and thus become more competitive than our peers.
- D. We are enhancing our vertically integrated manufacturing capabilities and cooperating with precision mold development and automated processing testing technology to reduce costs and enhance our competitive advantages.
- E. We continue to develop new products and new technologies to reduce the impact of rising material prices, enhancing product profitability.
- F. We are enhancing our vertically integrated manufacturing capabilities and cooperating with precision mold development and automated processing testing technology to reduce costs and enhance our competitive advantages.
- G. We continue to promote process and production management improvement plans, introducing advanced production management technology to reduce production costs and enhance competitiveness.

(II) Important uses and production processes of main products

1. Important applications of major products

The company's main products are divided into cable connectors, communication connectors, battery modules, and power management modules. Cable connectors are mainly used for signal and power transmission of various 3C products. The main product categories include USB cables, 1394 cables, and transmission cables and data cables used in game consoles, digital cameras, mobile phones, GPS and other products.

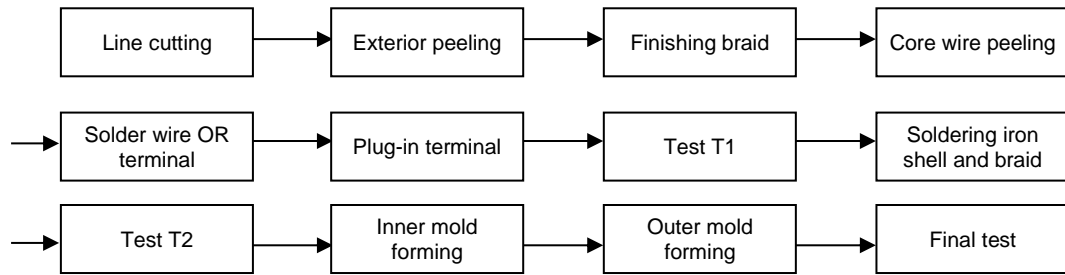
The main application product categories of cable connectors include transmission lines and data cables used in mobile phones and various consumer electronic products. And mobile phone connectors can be divided into two types: internal and external connectors. The main products include board-to-board connectors, SIM card connectors, I/O connectors, RF connectors, power supply and signal line connectors. Network connectors are used to connect to network peripheral equipment, while game console connectors are used on the host and joystick to connect to other equipment.

Battery module products are mainly used for portable electronic products such as mobile phones and laptops. The current product categories are mainly compatible battery products of the world's major communication equipment brands, providing stable and reliable power.

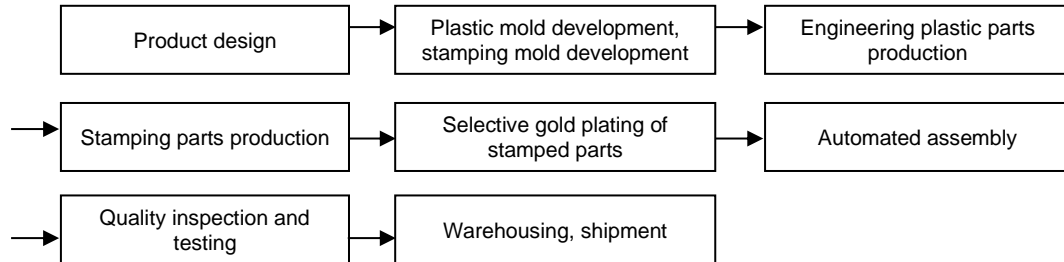
Power management modules are mainly used to control the uninterruptible power systems of cable TV networks and the power supplies and converters of various 3C electronic products.

2. Production procedures of major products

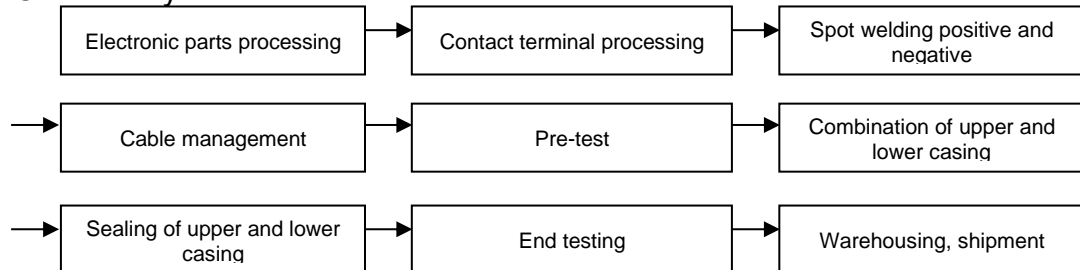
A. Cable products



B. Connectors



C. Battery modules



(III) Supply status of main raw materials

The Company's main raw materials include copper materials, plastic materials, cables, batteries, capacitors, ICs, and PCBs. The Company has established a stable supply cooperative relationship with various suppliers. For purchases of major components, purchasing sources are dispersed as much as possible to ensure smooth purchasing.

(IV) List of main sales customers

- The names of customers who have accounted for more than 10% of the total sales amount and their sales amount and percentages:

Unit: NTD Thousand

Year	2020				2021				Through first quarter of 2022			
Item	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer	Designation	Amount	Percentage of net purchases as of the first quarter of the year (%)	Relationship with issuer
1	Company A	10,000,098	16%	None	Company A	13,893,815	24%	None	Company A	3,098,588	26%	None
2	Company B	6,275,136	10%	None	Company B	1,329,515	2%	None	Company B	-	-	None
	Others	44,620,194	74%	-	Others	43,801,170	74%	-	Others	8,978,368	74%	-
	Purchase of goods' Net amount	60,895,428	100%	-	Purchase of goods' net amount	59,024,500	100%	-	Purchase of goods' net amount	12,076,956	100%	-

2. Names of customers who contributed to more than 10% of total sales amount in one of the most recent two years, and the corresponding sales amounts and percentages:

Unit: NTD Thousand

Year	2020				2021				Through first quarter of 2022			
Item	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Designation	Amount	As a percentage of net sales for the year ended in the first quarter (%)	Relationship with issuer
1	Company "Four"	18,404,053	21%	None	Company "Four"	12,383,498	14%	None	Company "Four"	2,404,236	14%	None
2	Company "One"	11,207,137	13%	None	Company "One"	11,379,948	13%	None	Company "One"	1,602,736	9%	None
Others		59,940,910	66%	-	Others	63,037,289	73%	-	Others	13,753,258	77%	-
Sales Net amount		89,552,100	100%	-	Sales net amount	86,800,735	100%	-	Sales net amount	17,760,230	100%	-

(V) Production value in the last two years

Unit: Thousand items, NTD Thousand

Major Products \ Year	2020			2021		
	Production capacity	Production volume	Production value	Capacity	Production volume	Production value
3C electronic products	1,609,825	1,501,299	89,954,317	1,519,231	1,387,596	93,831,594

(VI) Sales volume in the last two years

Sales volume units: Thousand items, NTD Thousand

Major Products \ Year	2020				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
3C electronic products	44,738	6,089,750	1,449,306	83,462,350	58,986	11,726,035	1,215,589	75,074,700

- III. In the last two years and as of the printing date of the annual report, numbers of employees in terms of average length of service, average age, and distribution ratio of academic qualifications

April 30, 2022

Year		2020	2021	2022 through April 30
Number of employees Number of individuals	Staff	8,570	8,251	8,099
	Operational staff	28,030	21,081	22,712
	Total	36,600	29,332	30,811
Average age		33.91	34.65	34.94
Average Years of service		5.90	6.19	6.04
Education distribution ratio	Ph.D.	0.03%	0.05%	0.05%
	Master's degree	1.17%	1.46%	1.41%
	College and university	12.11%	15.10%	14.06%
	High school	12.70%	11.93%	11.29%
	Below high school	73.99%	71.46%	73.19%

IV. Environmental protection expenditure information

- (I) Description of pollution prevention and control status: The Company mainly produces electronic components such as connectors and battery modules, and its production processes do not produce harmful substances that will pollute the environment. With regard to the leftover materials generated by the company after production, such as PVC and copper parts, PVC is recycled through a crusher and copper is sold to recycling companies. For the small amounts of scrapped batteries and printed circuit boards, they are also entrusted to a qualified waste disposal company for disposal. In addition, waste water discharge has also obtained a certificate of takeover of the industrial zone, which is processed by the sewage treatment system of the industrial zone. Therefore, the Company's business scope has not caused any pollution.
- (II) The total amounts of losses and sanctions incurred due to environmental pollution in the most recent year and up to the publication date of the annual report, and disclosure of the estimated amount and corresponding measures that may occur at present and in the future: The company has not been fined for pollution in the most recent year and as of the publication date of the annual report.
- (III) Response to implementation measures of the EU Restriction on the Use of Hazardous Substances: In response to rising awareness of environmental protection, the EU passed the Restriction on the Use of Hazardous Substances (RoHS) in 2003 as well as the Waste from Electronic and Electric Equipment (WEEE) protocol. As a member of the green supply chain, the company fully cooperates with customers' requirements in respect to various such directives. Building on our original experience with heavy metal

controls, we comprehensively promote controls of banned substances and have drafted the Company's own environmental declaration. Furthermore, we launched our lead-free products on April 1, 2005. At the same time, we make every effort to develop materials that meet environmental protection requirements. At present, the company has successively obtained the green partner quality certification of important customers. The products shipped have also complied with relevant environmental protection regulations.

V. Labor Relations

The Company has an Employee Welfare Committee to facilitate the promotion of various welfare measures. The company has always treated employees with integrity, establishing a good relationship of mutual trust and mutual dependence with employees through a welfare system that enriches and stabilizes their lives and providing a good education and training system. Although there is no industrial union organization, over the years, the employees of the company have nonetheless also been able to demonstrate team spirit, cooperate with Company decisions, cooperate seamlessly with one another, and create an atmosphere of harmony between labor and management. Following are specific measures taken by the Company to work towards harmonious labor-management relations:

(I) Labor Retirement Reserve Supervision Committee

The Labor Retirement Reserve Supervision Committee was established in December 1989 in order to check the amount of labor retirement reserves, deposits and expenditures, payment and other matters, ensuring labor rights and interests.

(II) Benefits provided by the Company

1. Year-end commendation meeting to commend outstanding units and individuals.
2. Congratulations and condolences are given out by the Company when the employee experiences marriage, childbirth, hospitalization, or a death (including the employee's immediate family members).
3. All employees participate in labor insurance, group insurance, and so on.
4. There is a staff canteen providing staff lunches and evening buffets.
5. Staff uniforms are provided.
6. Health diagnosis subsidies are provided as well as medical consultations.
7. Awards and scholarships are provided to employees and their children every semester.
8. Colorful social gatherings are held.
9. Employee birthday bonuses are given out every month.
10. Various societies have been established, and subsidies provided for their activities.

(III) Continuing education and training

The Company places employees at the center, is committed to talent training, and provides them with an open and diverse learning environment. We have worked to align our education and training with work together with our colleagues. From the initial training of newcomers to professional functional courses after entry, we help new colleagues quickly learn and integrate themselves into the new workplace environment; this also assists

in-service employees to improve their workplace skills and grow together with the Company.

As per the core of the work and the resources needed, the head of each business unit reviews the professional knowledge and skills that colleagues need to improve or continuously development and puts forth their requests during the annual education and training survey. Meanwhile, the education and training personnel understand the self-expectations of employees at different levels through questionnaires and the management skills that supervisors expect employees to improve, compile relevant needs, and plan relevant courses, and assist in offering courses in alignment with professional knowledge, industry trends, quality processes, production management, employee development, and health promotion, to enable them to access a variety of learning resources in the course of their career development, to improve their individual performance and unleash their potential as per the career development roadmap. As such, we can gradually achieve the purpose of retaining and training talents.

We continue to increase our human capital through education and training and assist individuals in career development and achieving the Company's targets. In 2021, 134,240 trainees in the group received a total of 464,496 hours of education and training in a total training cost of NT\$2.5 million.

The Company implements the following related training courses according to its annual education and training plan:

1. New employee training:

On the day of a new employee's arrival, courses are arranged to introduce the Company's history, organization, business philosophy, corporate culture, ethics, labor and human rights laws, quality systems, RBA Code of Conduct, environmental safety systems, and occupational safety and health. This is done so that new employees can understand the Company's various systems and corporate culture as soon as possible. At the same time, the supervisor of the employing unit arranges a departmental education and training plan to help familiarize the employee with the future job responsibilities and quickly put their abilities to work.

2. Managerial personnel training:

We adopt digital teaching materials, such as Master Cheers and SmartM, based on the survey results of the expectations of managers at different levels for themselves and their employees in terms of management skills, and we share professional managers' practical management experiences. Senior managers regularly share their experiences internally and lecture on industry trends externally to enhance their core management vision and strategic analysis capabilities.

3. Professional skills:

Each business unit, depending on product technology and future technology trends, extends the needs of customers and the Company's strategic goals and offers courses in alignment with industry knowledge, quality process, production management, marketing, and procurement. The teaching staff encompasses senior colleagues and supervisors to pass on knowledge and experience as well as academic and industry experts hired to share and exchange. Meanwhile, we encourage employees to actively receive on-the-job training at professional training institutions, to enhance their professional knowledge and skills and continuously learn new knowledge and enhance the Company's

competitiveness.

4. Self-development:

Online self-directed learning is the trend during enterprises' digital transformation. Cheng Uei provides digital courses on industrial trends, occupational safety and environmental protection, human rights awareness, and self-development on the group's Learning Management System. The courses are offered through video conferences or presentations along with animations, or by instructors. In 2021, the number of users of online resources reached 164,912. We hope that employees can learn online flexibly through a variety of courses and a convenient learning platform, to gradually develop a self-directed learning atmosphere at Cheng Uei.

(V) Protective measures for working environment and employees' personal safety

1. An effective quality management system can provide a clear quality assurance framework. Not only can it enhance corporate image and build customer confidence, but it can also strengthen the quality awareness and improve the management system. The business's implementation of standardization can reduce the deviation of the operation internally, increase the accumulation of knowledge and the inheritance of experience, and then enhance the management ability of the enterprise, stabilize the product quality, reduce the defect rate and reduce customer complaints. Externally, it can increase the confidence of customers, effectively enhancing competitiveness. This is conducive to expanding domestic and foreign markets to achieve the goal of sustainable business operations. The company has passed international management system verification reviews as follows: ISO9001, IATF16949, ISO13485, QC080000, ANSI ESD S20.20, ISO17025, ISO14001, ISO14064, ISO50001, OHSAS18001, C-TPAT, and AEO. The ISO 14001 certificate is valid from November 4, 2019 through November 3, 2022, and the ISO50001 certificate is valid from February 22, 2022 through February 21, 2025.
2. The Company has a safety and health policy and promises to pursue the goal of zero injuries, zero occupational diseases, and zero accidents, thereby creating the best working environment for all employees.
3. Industrial safety: We have established a Safety and Disaster Prevention Center at the Tucheng headquarters, integrating real-time safety information of various factories and providing real-time safety and disaster prevention information. We also organize industrial safety lectures and drills regularly every year, and conduct contingency training for responders. These efforts strengthen the Group's safety and disaster prevention system.
4. Occupational health: The Company's Industrial Safety Department is responsible for checking the physical and chemical hazards of each unit in accordance with the annual safety and health management plan. It completes the operating environment monitoring plan with a sampling strategy, and the monitoring results are in compliance with legal standards.
5. Education training: In 2021, the number of safety and health education and training courses offered in response to the pandemic were increased. The total number of employees was 24,089, and the total number of hours was 34,096 hours.

(VI) Retirement system:

The Company's retirement system is implemented in accordance with Taiwan's Labor Standards Act and the Labor Pension Regulations, including:

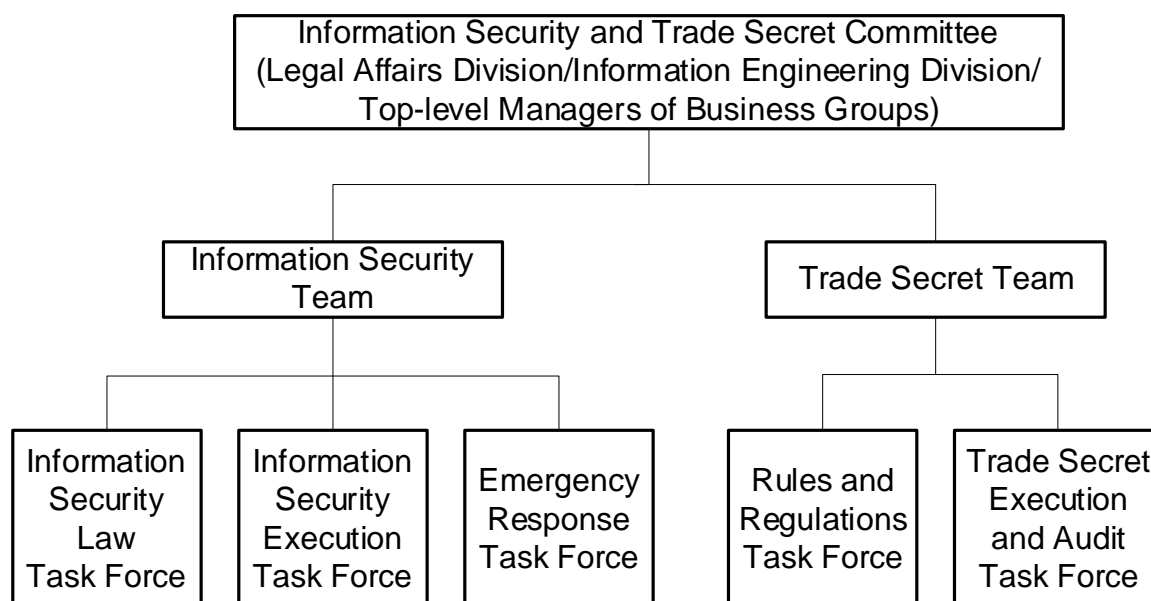
1. Seniority under the Labor Standards Act (old system): defined benefit pension system
 - a. Employee retirement application: Employees must self-retire under conditions of "having worked for more than 15 years and reached the age of 55," "having worked for more than 25 years," or "having worked for more than 10 years and have reached the age of 60."
 - b. Employee pension payment: The average salary of one month when the approved employee retires is used as the calculation standard for the employee pension base. Calculation of the standard of payment is based on the employee's working experience, with two units granted for every one year of work through the first fifteen years, and one unit for one year of work for every year thereafter for a maximum of 45 units. For years of seniority less than half a year, they will be counted as one year; for years of seniority of over half a year, they will be counted as one year. However, according to Article 54 of the Labor Standards Act, employees who qualify for mandatory retirement due to the performance of their duties are subject to a 20% increase in their retirement pension according to the aforementioned regulations.
 - c. Supervision of employee pensions: The Labor Retirement Reserve Supervision Committee was established in accordance with the law in December 1989 and the Committee is re-elected every four years; it reviews matters such as the amount of labor retirement reserves, deposits and expenditures, and payments to ensure labor rights and interests.
2. Seniority under the Labor Pension Act (old system): defined contribution pension system
 - a. The Company allocates 6% to retirement pensions on a monthly basis: In accordance with the Scale Tables of Monthly Deposit for Labor Pension issued by the Bureau of Labor Insurance, appropriating 6% of an employee's wages to the employee's personal pension account every month.
 - b. Voluntary contribution to an employee's personal pension: Employees may also voluntarily contribute up to 6% of their monthly wages according to their own preferences.

(VII) Whether there are any labor agreements or labor disputes suffered losses in the most recent year and up to the date of publication of the annual report: The company's most recent year and as of the publication date of the annual report, there were no major labor disputes or labor disputes.

VI. Information and Communication Security Management

- (I) Specify the information security risk management framework, the information and communication security policy, the specific management plan, and the resources invested in the information security management.

1. Information security management organizational structure



2. Information and communication security policy,

The information and communication security policy formulated by the Company is to maintain the integrity, availability, and confidentiality of information that belongs to the companies under the group, actively avoid damage caused by human beings or natural and other external forces, and reduce the impact on the Company's operations and the losses to the Company. We enhance various information security measures and patch vulnerabilities in information facilities through regular internal information security audits, to maintain the normal operation of information systems. We also hold internal information security meetings to strengthen information security emergency response capabilities and reinforce and adjust annual information security management targets.

3. Information and communication security management measures

Clients' requirements for information security and information security management are critical issues about which the Group has long been concerned. We implement sensitive and confidential data leakage prevention management measures launched by the Information Security and Trade Secret Review Committee to protect clients' privacy and protect sensitive and confidential data. This is our basic commitment to our clients and is also the main reason that many clients are willing to continue to establish partnerships with Cheng Uei.

We are committed to taking anti-virus, anti-leakage, and anti-hacking information management measures during the handling of all clients' sensitive and confidential data. The summary is as follows:

(1) Anti-virus measures:

Install anti-virus software on clients' computer. Raise employees' awareness of information and share information security news with them to enhance their awareness of information security.

Implement information security management measures in alignment

with clients' requirements for the production environment, to ensure the security of the information system in the production environment.

(2) Anti-hacking measures

Carry out vulnerability scanning and patching regularly for the Company's information operating systems to ensure that there will not be any vulnerability in the systems as a loophole for hackers to intrude.

Establish terminal computer system access control, verify that terminal equipment can securely access the Company's network resources, and reduce information security management risks through information security system management.

(3) Data leakage prevention measures:

Adopt a data loss prevention (DLP) solution to sensitive and confidential data to ensure that correct sensitive and confidential data is accessed and stored by the correct person at the correct time in the correct place.

Audit and control the incoming and outgoing emails to and from the group to ensure that clients' sensitive and confidential data will not be leaked.

4. Specific action plans, resources invested, and the information security organization's performance

The Company's specific action plans in the past include

(1) The DLP solution adopted since 2021

(2) Internal sensitive and confidential data review and protection measures meeting

(3) Continuous execution of email system security audits and reviews

(4) Regular information system vulnerability scanning and patching

(5) Completion of the annual security review of clients' data

Resources invested and the information security organization's performance:

The information security organization has been responsible for reviewing and implementing Cheng Uei's information security policy. We inspect and review information security every month for the information security items required by clients. We strengthen the management and control of sensitive and confidential data and review it before transmitting it to clients. We satisfy clients' requirements for information security

under a security control mechanism and thus obtain clients' recognition. In the future, Cheng Uei will not only pay attention to the security of the operation technical environment but also adopt relevant control mechanisms for the terminal equipment in the office environment, ensuring information security for employees at work. We inform employees of the information security news in the industry through announcement, to help increase their awareness of information security in the work environment. This is a major achievement of the information security organization since it began operating. Its achievements include the following:

(1) Strengthened the management and control of engineering drawing files in 2021.

(2) Conducted vulnerability scanning and patching for critical information systems.

(3) Prevented virus intrusion through security control over the access of terminal computers.

(4) Established an email pre-audit system to prevent leakage of sensitive and confidential data.

(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:

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
License agreement	HDMI Association	2004/9/12~until termination	Technology or software license	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Qualcomm Incorporated	2010/5/4~until termination	CDMA Modem Cards & Subscriber Unit technology	1.Privacy policy 2.Intellectual property rights guarantee clause
Manufacturing sales contract	Company AC	2010/7/1~until termination	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
Manufacturing sales contract	Company AA	2011/01/13~until termination	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
Manufacturing sales contract	Company AB	2011/07/03~until termination	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	USB Association	2013/05/03~until termination	Trademark authorization	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	USB Association	2013/09/09~until termination	Technology or software license	1.Privacy policy 2.Intellectual property rights guarantee clause
Manufacturing sales contract	Company AB	2014/07/01~until termination	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
Credit contract	Australia and New Zealand Banking Group Limited	2015/08/11~until termination	Credit amount of USD 50 million	None
Credit contract	Far Eastern International	2018/01/09~2021/01/09	Credit amount of NTD 500 million	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
	Bank			
Credit contract	E.Sun Bank	2018/09/26~2021/09/26	Credit amount of NTD 500 million	None
Credit contract	Taiwan Cooperative Bank Ltd.	2019/02/12~2021/08/11	Credit amount of NTD 500 million	None
Credit contract	DBS Bank Ltd.	2019/02/22~2021/02/22	Credit amount of USD 35 million	None
Credit contract	CTBC Bank Co., Ltd.	2019/06/12~2024/06/12	Credit amount of NTD 3.036 billion	None
Credit contract	Cathay United Bank Ltd.	2019/06/21~2021/06/21	Credit amount of NTD 500 million	None
Credit contract	Jih Sun International Bank, Ltd.	2019/07/17~2021/07/16	Credit amount of NTD 300 million	None
Credit contract	Mizuho Bank Co., Ltd.	2019/12/12~2022/12/12	Credit amount of NTD 900 million	None
Credit contract	E.SUN Commercial Bank Ltd.	2020/01/13~2021/01/13	Credit amount of NTD 632 million	None
Credit contract	Industrial and Commercial Bank of China Limited Suzhou Branch, Sydney Branch, and Kunshan Branch	2020/03/01~2024/12/31	Credit amount of RMB 100 million	None
Credit contract	Industrial and Commercial Bank of China Limited Suzhou Branch, Sydney Branch, and Kunshan Branch	2020/03/01~2024/12/31	Credit amount of RMB 200 million	None
Credit contract	Cathay United Bank	2020/03/31~2022/03/31	Credit amount of NTD 500 million	None
Credit contract	Taipei Fubon Bank	2020/04/07~2023/04/07	Credit amount of NTD 1.5 billion	None
Credit contract	BNP Paribas	2020/04/28~2021/04/28	Credit amount of USD 30 million	None
Credit contract	KGI Bank, Ltd.	2020/05/22~2021/07/02	Credit amount of NTD 1 billion	None
Lease contracts	Company AC	2020/06/01~2023/03/31	House leasing	None
Credit contract	Bank of Taiwan Ltd.	2020/06/20~2021/06/20	Credit amount of USD 120 million	None
Credit contract	Bank of Taiwan Ltd.	2020/06/20~2021/06/20	Credit amount of USD 30 million	None
Credit contract	HSBC Bank (Taiwan) Limited	2020/07/03~2021/07/03	Credit amount of USD 30 million	None
Credit contract	Bank of Taiwan Ltd.	2020/07/10~2021/07/10	Credit amount of NTD 800 million	None
Credit contract	CTBC Bank Co., Ltd.(lead arranger)/Taiwan	2020/07/16~2025/07/16	Credit amount of NTD 3.6351 billion	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
	Cooperative Bank Ltd./Agricultural Bank of Taiwan Corporation/Mega International Commercial Bank Co. Ltd./Hua Nan Commercial Bank, Ltd.			
Credit contract	Yuanta Commercial Bank Ltd.	2020/07/23~2022/07/22	Credit amount of NTD 300 million	None
Credit contract	Australia and New Zealand Banking Group Limited Taipei Branch	2020/08/21~2021/08/20	Credit amount of NTD 600 million	None
Credit contract	Export-Import Bank of the Republic of China	2020/09/02~2021/09/02	Credit amount of NTD 300 million	None
Credit contract	Export-Import Bank of the Republic of China	2020/09/02~2025/09/02	Credit amount of NTD 240 million	None
Credit contract	Export-Import Bank of the Republic of China	2020/09/02~2025/09/02	Credit amount of NTD 300 million	None
Credit contract	Mega International Commercial Bank Co. Ltd.	2020/09/15~2021/09/15	Credit amount of NTD 1.5 billion	None
Credit contract	Foxwell Energy Corporation Ltd.	2020/10/01~2021/03/31	Credit amount of NTD 4 billion	None
Credit contract	Fugang Electric (Kunshan) Co., Ltd.	2020/10/01~2021/09/30	Credit amount of RMB 135 million	None
Credit contract	E.SUN Commercial Bank Ltd.	2020/10/28~2021/10/28	Credit amount of NTD 600 million	None
Credit contract	Land Bank of Taiwan Ltd.	2020/11/04~2021/10/30	Credit amount of NTD 800 million	None
Purchase contract	Company AE	2020/11/11 onwards	Fixed asset purchase contracts with a contract amount of RMB 94,284,630	None
Credit contract	Bank of Taiwan Co., Ltd. (lead arranger)	2020/11/23~2025/11/23	Credit amount of NTD 8 billion	None
Credit contract	Mizuho Bank (China) Co., Ltd. Shenzhen Branch	2020/12/01~2021/12/01	Credit amount of USD 30 million	None
Credit contract	Taipei Fubon Commercial Bank Co., Ltd.	2020/12/18~2021/11/30	Credit amount of NTD 1.5 billion	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
Outsourcing	Company AD	2021/01/01~2021/07/01	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
Credit contract	Shin Kong Commercial Bank Co., Ltd.	2021/01/19~2022/01/19	Credit amount of NTD 300 million	None
Lease contracts	AF	2021/01/31~2031/01/30	Leasing of plant	None
Credit contract	Entie Commercial Bank	2021/03/10~2024/03/10	Credit amount of NTD 500 million	None
Credit contract	Industrial and Commercial Bank of China Limited, Dongguan Dalang Sub-branch	2021/03/22~2026/03/05	Credit amount of NTD 330 million	None
Credit contract	Far Eastern International Bank Co., Ltd.	2021/04/22~2023/04/21	Credit amount of NTD 500 million	None
Credit contract	Industrial and Commercial Bank of China Limited, Dongguan Dalang Sub-branch	2021/04/22~2026/05/05	Credit amount of NTD 300 million	None
Credit contract	Chang Hwa Bank	2021/04/23~2022/02/28	Credit amount of NTD 300 million	None
Credit contract	Taiwan Cooperative Bank	2021/04/26~2023/03/05	Credit amount of NTD 500 million	None
Credit contract	Chang Hwa Bank	2021/05/03~2022/04/30	Credit amount of NTD 300 million	None
Credit contract	Australia and New Zealand Banking Group Limited (ANZ)	2021/06/08~2022/01/01	Credit amount of NTD 600 million	None
Credit contract	Yuanta Commercial Bank Ltd.	2021/06/15~2022/06/15	Credit amount of NTD 300 million	None
Credit contract	Export-Import Bank of the Republic of China	2021/07/13~2022/07/12	Credit amount of NTD 400 million	None
Credit contract	Bank of Taiwan Ltd.	2021/07/30~2022/07/30	Credit amount of NTD 800 million	None
Credit contract	Jih Sun International Bank, Ltd.	2021/08/03~2023/08/02	Credit amount of NTD 1.7 billion	None
Credit contract	Mega International Commercial Bank Co. Ltd.	2021/10/15~2022/10/14	Credit amount of NTD 300 million	None
Credit contract	KGI Bank, Ltd.	2021/10/18~2023/10/18	Credit amount of NTD 1 billion	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
Credit contract	Bank of Panhsin	2021/10/19~2024/10/18	Credit amount of NTD 1.6 billion	None
Credit contract	Taishin International Bank	2021/10/26~2023/10/30	Credit amount of NTD 1.9 billion	None
Credit contract	Land Bank of Taiwan Ltd.	2021/12/10~2022/12/09	Credit amount of NTD 700 million	None
Credit contract	E.SUN Commercial Bank Ltd.	2021/12/16~2024/12/16	Credit amount of NTD 600 million	None
Credit contract	Mega International Commercial Bank	2021/12/21~2022/12/20	Credit amount of NTD 1.5 billion	None
Credit contract	Yuanta Commercial Bank Ltd.	2021/12/27~2024/12/26	Credit amount of NTD 450 million	None
Development contract	Company BF	2010/11/22–termination date	Development contract	The Company shall bear responsibility for confidentiality of technical information
OEM contract	Company BB	2013/11/01–termination date	OEM production	OEM production of the Company
OEM contract	Company BF	2013/12/10–termination date	OEM production	OEM production of the Company
Sales contract	Company BC	2014/01/13–termination date	Sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
OEM contract	Company BD	2017/1/20–termination date	OEM production	OEM production of the Company
Development contract	Company BE	2017/5/18–termination date	Development contract	The Company shall bear responsibility for confidentiality of technical information
Development contract	Company BA	2018/1/1–termination date	Development contract	The Company shall bear responsibility for confidentiality of technical information
Credit contract	Jih Sun International Bank	2018/11/29~2021/11/29	Credit amount of NTD 300 million	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
Credit contract	Yuanta Commercial Bank Ltd.	2019/11/12~2021/11/12	Credit amount of NTD 300 million	None
Manufacturing sales contract	Company BB	2019/12/09–termination date	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
Credit contract	Yuanta Commercial Bank Ltd.	2019/12/4~2021/12/3	Credit amount of NTD 300 million	None
License agreement	Company BG	2019/3/15–termination date	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
Credit contract	KGI Bank, Ltd.	2019/6/14~2021/6/14	Credit amount of NTD 400 million	None
Credit contract	Cathay United Bank	2019/6/27~2021/3/31	Credit amount of USD 10 million	None
Credit contract	Taiwan Cooperative Bank Ltd.	2019/9/18~2021/9/12	Credit amount of NTD 500 million	None
Credit contract	Bank of Taiwan Co., Ltd.	2020/02/03~2022/02/03	Credit amount of NTD 300 million	None
Development contract	Company BF	2020/02/26~2021/02/26	Development contract	The Company shall bear responsibility for confidentiality of technical information
Credit contract	Cathay United Bank Ltd.	2020/03/31~2021/03/31	Credit amount of NTD 300 million	None
Manufacturing sales contract	Company BA	2020/04/22 onwards	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
Development contract	Company BA	2020/04/22 onwards	Development contract	The Company shall bear responsibility for confidentiality of technical information
Development contract	Company BA	2020/04/22 onwards	Development contract	The Company shall bear responsibility for confidentiality of technical

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants information
Development contract	Company BA	2020/04/22~2021/03/31	Development contract	The Company shall bear responsibility for confidentiality of technical information
Credit contract	E.SUN Commercial Bank Ltd.	2020/07/20~2021/07/20	Credit amount of NTD 400 million	None
Credit contract	KGI Bank, Ltd.	2020/07/21~2021/07/21	Credit amount of NTD 400 million	None
Credit contract	Mega International Commercial Bank Tucheng Branch	2020/08/07~2021/08/06	Credit amount of NTD 300 million	None
Credit contract	Taiwan Cooperative Bank Ltd.	2020/08/27~2022/08/27	Credit amount of NTD 500 million	None
Credit contract	Jih Sun International Bank, Ltd. Dunhua Branch	2020/09/23~2022/07/09	Credit amount of NTD 400 million	None
Credit contract	Entie Commercial Bank	2020/10/29~2022/09/30	Credit amount of NTD 300 million	None
Manufacturing sales contract	Company BA	2020/12/02 onwards	OEM production	1.Privacy policy 2.Intellectual property rights guarantee clause
Development contract	Company BA	2020/12/02 onwards	Development contract	The Company shall bear responsibility for confidentiality of technical information
Credit contract	Export-Import Bank of the Republic of China	2021/02/08~2022/02/08	Credit amount of NTD 500 million	None
Development contract	Company BA	2021/04/01 onwards	Development contract	The Company shall bear responsibility for confidentiality of technical information
Credit contract	Bank of Taiwan Co., Ltd.	2021/06/25~2023/06/25	Credit amount of NTD 300 million	None
Credit contract	Jih Sun International Bank, Ltd.	2021/07/23~2023/07/22	Credit amount of NTD 400 million	None
Credit contract	E.SUN	2021/08/03~2022/08/03	Credit amount of	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
	Commercial Bank Ltd.		NTD 400 million	
Credit contract	KGI Bank, Ltd.	2021/08/10~2023/8/10	Credit amount of NTD 400 million	None
Credit contract	Entie Commercial Bank	2021/08/31~2023/08/31	Credit amount of NTD 300 million	None
Credit contract	Mega International Commercial Bank Co. Ltd.	2021/09/15~2022/09/15	Credit amount of NTD 300 million	None
Credit contract	Company NA	2021/11/12~2022/11/11	Credit amount of NTD 300 million	None
OEM contract	Company BA	2021/12/1~2022/11/30	OEM production	OEM production of the Company
Credit contract	Taiwan Cooperative Bank Ltd.	2021/12/27~2023/12/27	Credit amount of NTD 500 million	None
Sales contract	Company CA	2019/11/20~2022/11/19	Indirect sales of products	None
License agreement	Company EA	2016/10/01~until termination	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
Agency sales contract	Company EA	2019/12/24~2021/04/30	Agency sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
Agency sales contract	Company EA	2020/02/27~2021/04/30	Agency sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2020/02/27~2021/06/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2020/04/13~2021/06/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2020/04/13~2021/06/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants clause
License agreement	Company EA	2020/12/18 onwards	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
Debt assignment contract	Company EB	2020/12/30~2021/11/25	Debt assignment contract	None
License agreement	Company EA	2021/01/21~2023/04/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2021/01/21~2023/04/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2021/06/30~2023/06/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2021/06/30~2023/06/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2021/06/30~2023/06/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
License agreement	Company EA	2021/06/30~2023/06/30	Authorized sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
Credit contract	DBS Bank (Taiwan) Ltd.	2021/07/23~2022/07/22	Credit amount of NTD 1 billion	None
Credit contract	DBS Bank (Taiwan) Ltd.	2021/07/29~2022/07/28	Credit amount of NTD 500 million	None
Credit contract	Yuanta Commercial Bank	2019/12/04~2021/12/03	Credit amount of NTD 300 million	None
Credit contract	Bank Sinopac Company Limited	2020/07/15~2021/06/30	Credit amount of NTD 300 million	None
Purchase contract	Company FB	2020/10/15 onwards	Equipment purchase	None
Purchase contract	Company FA	2020/12/25 onwards	Equipment purchase	None
Credit contract	Bank Sinopac Company Limited	2021/06/30~2022/06/30	Credit amount of NTD 400 million	None
Credit contract	Mega	2021/07/20~2022/06/23	Credit amount of	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
	International Commercial Bank Tucheng Branch		NTD 300 million	
Credit contract	Yuanta Commercial Bank Ltd.	2019/12/4~2021/12/3	Credit amount of NTD 300 million	None
Credit contract	Jih Sun International Bank, Ltd.	2019/4/2~2021/1/24	Credit amount of NTD 300 million	None
Credit contract	Yuanta Commercial Bank Ltd.	2019/5/20~2021/5/20	Credit amount of NTD 300 million	None
Investment contract	Company HF	2019/6/11 onwards	Investment amount of NTD 280 million	None
Credit contract	Bank Sinopac Company Limited	2020/08/31~2021/08/30	Credit amount of NTD 1 billion	None
Investment contract	Company HE	2020/09/14 onwards	Investment amount of NTD 210 million	None
Credit contract	Yuanta Commercial Bank Ltd.	2020/09/23~2022/09/22	Credit amount of NTD 300 million	None
Investment contract	Company HB	2020/10/09 onwards	Investment amount of NTD 690 million	None
Loan contract	Company HC	2021/01/21~2021/02/25	Loan amount of NTD 600 million	None
Loan contract	Company HC	2021/01/21~2021/03/31	Loan amount of NTD 600 million	None
Investment contract	Company HA	2021/03/02 onwards	Investment amount of NTD 690 million	None
Credit contract	Entie Commercial Bank	2021/04/20 onwards	Credit amount of NTD 2.5 billion	
Credit contract	Mega International Commercial Bank Co. Ltd. Tucheng Branch	2021/09/15~2023/09/15	Credit amount of NTD 300 million	None
Investment contract	Company HD	2021/09/16 onwards	Investment amount of NTD 150 million	None
Purchase contract	Company IC	2019/03/15 onwards	Equipment purchase	The Company shall bear responsibility for confidentiality
Contractor agreement	Company IO	2019/11/19~2025/07/08	Construction contracting	None
Credit contract	Bank Sinopac Company Limited	2019/4/22~2024/4/19	Credit amount of NTD 530 million	None
Financial contract	Bank Sinopac Company Limited	2020/03/11 onwards	Assignment of claims with a contract amount	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
			of NTD 530 million	
Contractor agreement	Company II	2020/06/15~2027/12/31	Construction contracting	None
Credit contract	Bank Sinopac Company Limited	2020/06/16~2021/06/30	Credit amount of NTD 1.2 billion	None
Credit contract	Bank Sinopac Company Limited	2020/06/16~2021/06/30	Credit amount of NTD 530 million	None
Service contract	Company IS	2020/08/19~2025/12/31	Project management service for documents submitted for review	None
Credit contract	International Bills Finance Corporation Hsinchu Branch	2020/09/25~2021/09/24	Credit amount of NTD 500 million	None
Credit contract	Cheng Uei Precision Industry Co., Ltd.	2020/10/01~2021/03/31	Credit amount of NTD 4 billion	None
Contractor agreement	Company IK	2020/10/23~2029/05/05	Construction contracting	None
Contractor agreement	Company IK	2020/10/23~2029/09/06	Construction contracting	None
Investment contract	Company IJ	2020/03/11 onwards	Investment amount of NTD 240 million	None
Investment contract	Company IJ	2020/10/30 onwards	Investment amount of NTD 320 million	None
Investment contract	Company IJ	2020/10/30 onwards	Investment amount of NTD 45 million	None
Setup of pledge of rights contract	Company IB	2020/11/11~2025/12/31	Setup of pledge rights	None
Contractor agreement	Company IB	2020/11/11 onwards	Construction contracting	None
Contractor agreement	Company IM	2020/11/13 onwards	Construction contracting	None
Contractor agreement	Company IP	2020/11/26~2026/12/31	Construction contracting	None
Contractor agreement	Company IL	2020/11/30 onwards	Construction contracting	None
Contractor agreement	Company IF	2020/12/10 onwards	Construction contracting	None
Contractor agreement	Company IA	2020/12/15 onwards	Construction contracting	None
Contractor agreement	Company IV	2020/12/28 onwards	Construction contracting	None
Investment contract	Company II	2020/12/29 onwards	Investment amount of NTD 150 million	None
Contractor	Company IO	2020/12/29~2025/12/31	Construction	None

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
agreement			contracting	
Service contract	Company IQ	2020/12/31~2039/12/31	System maintenance	None
Loan contract	Company IW	2021/01/21~2021/02/25	Loan amount of NTD 600 million	None
Loan contract	Company IW	2021/01/21~2021/03/31	Loan amount of NTD 600 million	None
Investment contract	Company IT	2021/01/29~2021/03/31	Investment amount of NTD 450 million	None
Purchase contract	Company IC	2021/01/31 onwards	Equipment purchase	The Company shall bear responsibility for confidentiality
Contractor agreement	Company IM	2021/02/05 onwards	Construction contracting	None
Contractor agreement	Company ID	2021/02/24 onwards	Construction contracting	None
Investment contract	Company IT	2021/03/01 onwards	Investment amount of NTD 234 million	None
Credit contract	International Bills Finance Corporation Hsinchu Branch and The Shanghai Commercial & Savings Bank, Ltd.	2021/03/24~2021/06/24	Credit amount of NTD 1 billion	None
Credit contract	CTBC Bank Co., Ltd.	2021/03/25 onwards	Credit amount of NTD 5.4 billion	None
Service contract	Company IS	2021/04/23~2025/12/31	Engineering technical consulting service	None
Contractor agreement	Company IU	2021/06/01~2024/07/31	Equipment purchase	None
Purchase contract	Company IU	2021/06/01~2024/07/31	Equipment purchase	The Company shall bear responsibility for confidentiality
Credit contract	Bank Sinopac Company Limited Hsinchu Branch	2021/06/29~2022/06/30	Credit amount of NTD 1.6 billion	None
Credit contract	CTBC Bank Co., Ltd.	2021/06/29~2026/03/31	Credit amount of NTD 1.8 billion	None
Credit contract	CTBC Bank Co., Ltd.	2021/06/29~2026/03/31	Credit amount of NTD 5.4 billion	None
Contractor agreement	Company IN	2021/07/12 onwards	Construction contracting	None
Purchase contract	Company IT	2021/07/12 onwards	Equipment purchase	The Company shall bear

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive covenants
				responsibility for confidentiality
Credit contract	Yuanta Commercial Bank Ltd.	2021/07/30~2022/01/31	Credit amount of NTD 700 million	None
Investment contract	Company IR	2021/08/12~2021/10/28	Investment amount of NTD 180 million	None
Credit contract	CTBC Bank Co., Ltd.	2021/08/31~2026/03/31	Credit amount of NTD 4.7 billion	None
Investment contract	Company II	2021/09/01 onwards	Investment amount of NTD 150 million	None
Sales contract	Company IH	2021/10/01~2041/09/30	Sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
Sales contract	Company IG	2021/10/01~2041/12/31	Sales contract	1.Privacy policy 2.Intellectual property rights guarantee clause
Contractor agreement	Company IF	2021/10/19 onwards	Contract terminated	None
Contractor agreement	Company IE	2021/12/06 onwards	Construction contracting	None
Credit contract	CTBC Bank Co., Ltd.	2021/12/24~2026/03/31	Credit amount of NTD 5.4 billion	None
Credit contract	CTBC Bank Co., Ltd.	2021/12/28~2026/03/31	Credit amount of NTD 4.7 billion	None
Purchase contract	Company IC	2021/12/29~2039/09/29	Equipment purchase	The Company shall bear responsibility for confidentiality
Service contract	Company IP	2022/01/01 onwards	System maintenance	None
Credit contract	CTBC Bank Co., Ltd.	2022/01/01~2026/03/31	Credit amount of NTD 20 billion	None
Lease contracts	Company II	2025/01/01~2025/12/31	Land lease	None

VI. Financial Overview

- I. Condensed balance sheet and consolidated income statement for the most recent five years
- (I) Balance sheet information
1. Consolidated condensed balance sheet - adopting International Financial Reporting Standards

Unit: NTD Thousand

Year Item		Financial data for the most recent five years (Note 1)					2022 through March 31, 2022 Financial data (Note 2)
		2017	2018	2020	2021	2022	
Current assets		37,803,629	35,934,940	37,437,621	49,290,306	50,288,129	50,864,212
Property, plant and equipment		19,529,163	21,962,875	23,397,983	20,850,423	21,024,968	21,604,979
Intangible assets		1,004,301	2,879,178	2,251,948	1,653,998	1,467,557	1,701,913
Other assets		10,274,664	10,392,042	10,208,852	10,467,375	10,345,617	10,703,193
Total assets		68,611,757	71,169,035	73,296,404	82,262,102	83,126,271	84,874,297
Current Liabilities	Before distribution	29,373,918	25,926,628	26,274,698	30,262,765	29,954,063	30,910,313
	After distribution	30,398,572	26,695,118	27,555,516	31,543,583	30,722,553	30,910,313
Non-current liabilities:		13,518,173	17,295,173	18,779,187	21,915,449	20,671,320	21,488,210
Total Liabilities	Before distribution	42,892,091	43,221,801	45,053,885	52,178,214	50,625,383	52,398,523
	After distribution	43,916,745	43,990,291	46,334,703	53,459,032	51,393,873	52,398,523
Equity attributable to owners of parent		23,361,746	21,902,774	22,431,878	23,762,553	23,284,277	23,349,009
Share capital		5,123,269	5,123,269	5,123,269	5,123,269	5,123,269	5,123,269
Additional paid-in capital		9,468,665	9,430,462	9,471,717	9,828,746	10,252,875	10,252,986
Retained Earnings	Before distribution	9,612,902	9,231,010	10,443,493	11,118,950	10,781,850	10,028,701
	After distribution	8,588,248	8,462,520	9,162,675	9,838,132	10,013,360	10,028,701
Other equity interest		-843,090	-1,609,901	-2,334,535	-2,036,346	-2,601,651	-1,783,881
Treasury shares		-	-272,066	-272,066	-272,066	-272,066	-272,066
Non-controlling interests		2,357,920	6,044,460	5,810,641	6,321,335	9,216,611	9,126,765
Equity Total	Before distribution	25,719,666	27,947,234	28,242,519	30,083,888	32,500,888	32,475,774
	After distribution	24,695,012	27,178,744	26,961,701	28,803,070	31,732,398	32,475,774

Note 1: The aforementioned financial information has been verified by an accountant for each year.

Note 2: Financial information of the current year through March 31, 2021 has been reviewed by an accountant.

2. Parent company only condensed balance sheet - adopting International Financial Reporting Standards

Unit: NTD Thousand

Year Item		Financial data for the most recent five years (Note 1)				
		2017	2018	2020	2021	2022
Current assets		23,425,699	21,855,682	24,257,908	25,949,569	22,269,391
Property, plant and equipment		2,055,351	1,950,409	1,880,955	1,857,292	1,837,627
Intangible assets		26,393	17,640	14,522	11,771	20,234
Other assets		29,188,495	29,585,152	31,059,180	32,569,498	34,457,640
Total assets		54,695,938	53,408,883	57,212,565	60,388,130	58,584,892
Current liabilities	Before distribution	20,644,909	18,875,213	23,039,773	20,303,239	19,412,776
	After distribution	21,669,563	19,643,703	24,320,591	21,584,057	20,181,266
Non-current liabilities:		10,689,283	12,630,896	11,740,914	16,322,338	15,887,839
Total liabilities	Before distribution	31,334,192	31,506,109	34,780,687	36,625,577	35,300,615
	After distribution	32,358,846	32,274,599	36,061,505	37,906,395	36,069,105
Equity attributable to owners of parent		23,361,746	21,902,774	22,431,878	23,762,553	23,284,277
Share capital		5,123,269	5,123,269	5,123,269	5,123,269	5,123,269
Additional paid-in capital		9,468,665	9,430,462	9,471,717	9,828,746	10,252,875
Retained earnings	Before distribution	9,612,902	9,231,010	10,443,493	11,118,950	10,781,850
	After distribution	8,588,248	8,462,520	9,162,675	9,838,132	10,013,360
Other equity interest		-843,090	-1,609,901	-2,334,535	-2,036,346	-2,601,651
Treasury shares		-	-272,066	-272,066	-272,066	-272,066
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	23,361,746	21,902,774	22,431,878	23,762,553	23,284,277
	After distribution	22,337,092	21,134,284	21,151,060	22,481,735	22,515,787

Note: The aforementioned financial information has been verified by an accountant for each year.

(II) Income statement information

1. Consolidated condensed comprehensive income statement - adopting International Financial Reporting Standards

Unit: NTD Thousand

Item \ Year	Financial data for the most recent five years (Note 1)					2022 through March 31, 2022 Financial data (Note 2)
	2017	2018	2020	2021	2022	
Operating revenue	93,624,086	87,910,961	97,820,336	89,552,100	86,800,735	17,760,230
Operating gross profit	9,488,635	7,660,806	10,217,766	9,773,427	9,575,274	1,806,716
Operating profit and loss	800,965	126,524	2,281,690	2,394,421	1,910,841	-42,739
Non-operating income and expenses	433,547	756,514	103,124	189,414	242,626	245,247
Net profit before tax	1,234,512	883,038	2,384,814	2,583,835	2,153,467	202,508
Continuing operations Net profit for the period	405,402	544,185	1,787,336	1,884,368	1,338,504	149,358
Profit or loss from discontinued operations	-	-	-	-	-	-
Net profit for the period	405,402	544,185	1,787,336	1,884,368	1,338,504	149,358
Other comprehensive income, net of tax, for the period (Net of tax)	-1,052,712	-709,585	-895,567	257,947	-757,192	891,894
Total comprehensive income for the period	-647,310	-165,400	891,769	2,142,315	581,312	1,041,252
Net profit attributable to owners of the parent	1,334,588	608,100	1,987,361	1,967,432	921,042	15,341
Net profit attributable to non-controlling interest	-929,186	-63,915	-200,025	-83,064	417,462	134,017
Total comprehensive income attributable to owners of the parent company	460,084	-88,303	1,256,389	2,254,491	385,907	833,111
Total comprehensive profit and loss attributable to non-controlling interests	-1,107,394	-77,097	-364,620	-112,176	195,405	208,141

Note 1: The aforementioned financial information has been verified by an accountant for each year.

Note 2: Financial information of the current year through March 31, 2021 has been reviewed by an accountant.

2. Parent company only condensed comprehensive income statement - adopting International Financial Reporting Standards

Unit: NTD Thousand

Item \ Year	Financial data for the most recent five years (Note 1)				
	2017	2018	2020	2021	2022
Operating revenue	79,715,755	70,868,737	73,856,717	69,135,238	58,674,859
Operating gross profit	1,534,829	1,003,663	1,811,723	3,394,211	1,946,283
Operating profit and loss	-85,152	-476,952	82,090	1,848,239	305,921
Non-operating income and expenses	1,502,256	1,029,045	2,105,429	512,593	812,538
Net profit before tax	1,417,104	552,093	2,187,519	2,360,832	1,118,459
Continuing operations Net profit for the period	1,334,588	608,100	1,987,361	1,967,432	921,042
Profit or loss from discontinued operations	-	-	-	-	-
Net profit for the period	1,334,588	608,100	1,987,361	1,967,432	921,042
Other comprehensive income, net of tax, for the period (Net of tax)	-874,504	-696,403	-730,972	287,059	-535,135
Total comprehensive income for the period	460,084	-88,303	1,256,389	2,254,491	385,907
Net profit attributable to owners of the parent	1,334,588	608,100	1,987,361	1,967,432	921,042
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	460,084	-88,303	1,256,389	2,254,491	385,907
Total comprehensive profit and loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share	2.60	1.20	4.10	4.06	1.90

Note: The aforementioned financial information has been verified by an accountant for each year.

(III) CPA name and audit opinion for the most recent five years

Year	Names of certified public accountants	Audit opinion	Reason for change in accountants
2017	Se-Kai, Lin and Hsiao-Tzu, Chou	Unqualified opinion	
2018	Se-Kai, Lin and Hsiao-Tzu, Chou	Unqualified opinion	
2020	Se-Kai, Lin and Yi-Chang, Liang	Unqualified opinion	
2021	Se-Kai, Lin and Yi-Chang, Liang	Unqualified opinion	
2022	Se-Kai, Lin and Yi-Chang, Liang	Unqualified opinion	

II. Financial analysis for the last five years

Consolidated Financial Analysis-Adopting International Financial Reporting Standards

Analysis item		Five-Year Financial Analyses					2022 up to March 31, 2022 (Note 2)
		2017	2018	2020	2021	2022	
Financial structure (%)	Debt to asset ratio	62.51	60.73	61.47	63.43	60.90	61.74
	Ratio of long-term funds to property, plant, and equipment	200.92	205.99	200.96	249.39	252.90	249.78
Solvency %	Current ratio	128.70	138.60	142.49	162.87	167.88	164.55
	Quick ratio	83.83	81.33	93.22	115.15	104.81	95.48
	Interest coverage ratio	5.85	4.04	7.81	8.40	7.31	3.46
Operating ability	Accounts receivable turnover (times)	5.72	5.95	6.61	5.41	5.13	4.85
	Average cash collection days	63.81	61.34	55.22	67.47	71.15	75.26
	Inventory turnover (times)	7.78	6.21	6.85	6.25	5.15	3.78
	Payables turnover (times)	5.15	4.66	5.71	4.89	4.44	4.25
	Average sales days	46.91	58.77	53.28	58.40	70.87	96.56
	Property, plant, and equipment turnover rate (times)	4.73	4.24	4.31	4.05	4.15	3.33
	Total asset turnover (times)	1.37	1.26	1.35	1.15	1.05	0.85
Profitability	Return on assets (%)	0.90	1.11	2.86	2.78	1.95	1.02
	Return on equity (%)	1.54	2.03	6.36	6.46	4.28	1.84
	Net profit before tax to paid-in capital ratio (%) (Note 7)	24.10	17.24	46.55	50.43	42.03	15.81
	Net profit rate (%)	0.43	0.62	1.83	2.10	1.54	0.84
	Earnings per share (NTD)	2.60	1.20	4.10	4.06	1.90	0.03
Cash flows	Cash flow adequacy ratio (%)	19.88	14.94	21.64	18.68	-11.85	-25.29
	Cash flow ratio (%)	92.21	73.71	85.95	113.99	58.81	49.01
	Cash reinvestment ratio (%)	9.34	4.61	7.55	6.12	-6.55	-10.33
Leverage	Operational leverage	6.47	43.00	3.53	2.62	3.20	-26.60
	Financial leverage	1.47	-0.77	1.18	1.17	1.22	0.34

Please explain reasons for changes in financial ratios in the last two years:

1. The average sales days increased by 21.36% mainly due to the increase in inventory, which was caused by shortage of materials in 2021.
2. The return on assets decreased by 29.94% mainly due to the decrease in profit, which was caused by the decline in operating income in 2021.
3. The return on equity decreased by 33.80% mainly due to the decrease in profit, which was caused by the decline in operating income in 2021.
4. The ratio of operating profit to paid-in capital decreased by 20.20% mainly due to the decrease in operating profit, which was caused by the decline in operating income in 2021.
5. The net profit rate decreased by 26.72% mainly due to the decrease in operating profit, which was caused by the decline in operating income in 2021.
6. Earnings per share decreased by 53.2%, mainly due to the decrease in profit after tax in 2021.
7. The cash flow ratio decreased by 163.45% mainly due to the decrease in cash flow from operating activities, which was caused by the increase in prepayments in 2021.
8. Cash flow ratio decreased by 48.41% mainly due to the decrease in cash inflow from operating activities.
9. The cash reinvestment ratio decreased by 207.03% mainly due to the decrease in cash flow from operating activities in 2021.
10. Operating leverage increased by 22.16% mainly due to the decrease in operating profit in 2021.

Note 1: The aforementioned financial information has been verified by an accountant for each year.

Note 2: Financial information of the current year through March 31, 2022 has been reviewed by an accountant.

2. Parent Company Only Financial Analysis-Adopting International Financial Reporting Standards

Analysis item		Year (Note 1)	Five-Year Financial Analyses				
			2017	2018	2020	2021	2022
Financial structure (%)	Debt to asset ratio		57.29	58.99	60.79	60.65	60.26
	Ratio of long-term funds to property, plant, and equipment		1656.70	1770.59	1816.78	2158.24	2131.67
Solvency %	Current ratio		113.47	115.79	105.29	127.81	114.72
	Quick ratio		92.36	93.11	89.73	118.24	106.99
	Interest coverage ratio		9.09	3.32	9.34	10.79	6.27
Operating ability	Accounts receivable turnover (times)		5.36	5.62	6.23	5.20	4.27
	Average cash collection days		68.10	64.95	58.59	70.19	85.48
	Inventory turnover (times)		24.89	18.43	22.05	29.92	42.30
	Payables turnover (times)		11.59	8.96	7.02	6.63	6.48
	Average sales days		14.66	19.80	16.55	12.20	8.63
	Property, plant, and equipment turnover rate (times)		37.47	35.38	38.55	36.99	31.76
	Total asset turnover (times)		1.48	1.31	1.34	1.18	0.99
Profitability	Return on assets (%)		2.75	1.49	3.97	3.67	1.83
	Return on equity (%)		5.68	2.69	8.97	8.52	3.92
	Net profit before tax to paid-in capital ratio (%) (Note 7)		27.66	10.78	42.70	46.08	21.83
	Net profit rate (%)		1.67	0.86	2.69	2.85	1.57
	Earnings per share (NTD)		2.60	1.20	4.10	4.06	1.90
Cash flows	Cash flow adequacy ratio (%)		-2.51	5.94	11.61	14.60	-10.56
	Cash flow ratio (%)		92.34	40.17	54.40	82.66	32.87
	Cash reinvestment ratio (%)		-2.02	0.15	2.92	2.31	-4.52
Leverage	Operational leverage		-2.90	0.50	3.50	1.10	2.03
	Financial leverage		0.33	0.67	-0.46	1.15	3.27

Explain reasons for changes in financial ratios in the last two years:

1. The interest coverage ratio decreased by 41.94% mainly due to the decrease in net profit before tax in 2021.
2. Average cash collection days increased by 21.78% mainly due to a longer average duration of customer collections in 2021.
3. Inventory turnover rate increased by 41.38% mainly due to a decrease in inventory amounts in 2021.
4. Average sales days decreased by 29.27% mainly due to a decrease in inventory amounts in 2021.
5. Return on assets decreased by 50.08% mainly due to the decrease in the net profit after tax in 2021.
6. Return on equity decreased by 54.03% mainly due to a decrease in net profit after tax in 2021.
7. The ratio of operating profit to paid-in capital decreased by 83.45% mainly due to the decrease in operating profit in 2021.
8. The ratio of net profit before tax to paid-in capital decreased by 52.62% mainly due to the decrease in net profit before tax in 2021.
9. The net profit rate decreased by 44.84% mainly due to the decrease in the net profit after tax in 2021.
10. Earnings per share decreased by 53.2% mainly due to the decrease in net profit after tax in 2021.
11. Cash flow ratio decreased by 172.32% mainly due to the decrease in cash flow from operating activities in 2021.
12. Cash flow ratio decreased by 60.23% mainly due to the decrease in cash inflow from operating activities.
13. The cash reinvestment ratio decreased by 295.14% mainly due to the decrease in cash flow from operating activities in 2021.
14. Operating leverage increased by 77.57% mainly due to the decrease in operating profit in 2021.
15. Financial leverage increased by 184.23% mainly due to the decrease in operating profit in 2021.

Note 1: The aforementioned financial information has been verified by an accountant for each year.

1. Financial structure
 - (1) Liabilities to assets ratio = total liabilities/total assets.
 - (2) The ratio of long-term funds 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) Interest coverage ratio = net profit before income tax and interest expense/interest expense in the current period.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables in each period (including accounts receivable and notes receivable due to business) balance.
 - (2) Average cash collection days=365/receivable turnover rate.
 - (3) Inventory turnover rate = cost of goods sold / average inventory value.
 - (4) Payables (including accounts payable and bills payable due to business) turnover rate = cost of goods sold / average payables in each period (including accounts payable and bills payable due to business) balance.
 - (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) Total asset turnover ratio = net sales/average total assets.
4. Profitability
 - (1) Return on assets = (after-tax profit and loss + interest expense × (1-tax rate))/average total assets.
 - (2) Return on equity = profit and loss after tax/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 share dividends) / weighted average number of issued shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Net cash flow ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend)
 - (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) / business interests.
 - (2) Financial leverage = operating profit / (business profit-interest expense)

1. Financial structure
 - (1) Liabilities to assets ratio = total liabilities/total assets.
 - (2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + long-term liabilities) / Net fixed assets.
2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
 - (3) Interest coverage ratio = net profit before income tax and interest expense/interest expense in the current period.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables in each period (including accounts receivable and notes receivable due to business) balance.
 - (2) Average cash collection days=365/receivable turnover rate.
 - (3) Inventory turnover rate = cost of goods sold / average inventory value.
 - (4) Payables (including accounts payable and bills payable due to business) turnover rate = cost of goods sold / average payables in each period (including accounts payable and bills payable due to business) balance
 - (5) Average sales days = 365 / inventory turnover rate.
 - (6) Fixed asset turnover = Net sales / Net fixed assets.
 - (7) Total assets turnover = net sales / total assets.
4. Profitability
 - (1) Return on assets = (after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.
 - (2) Shareholders' return on equity=post-tax profit or loss/net average shareholders' equity
 - (3) Net profit rate = after-tax profit and loss/net sales.
 - (4) Earnings per share = (Net profit after tax - Dividends on preferred shares) / Weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Net cash flow ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend)
 - (3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (Gross fixed assets + long-term investment + other assets + working capital)
6. Leverage
 - (1) Operating leverage = (net operating income-variable operating costs and expenses) / business interests.
 - (2) Financial leverage = operating profit / (business profit-interest expense)

III. The Audit Committee review report of the most recent financial report

Audit Committee's Audit Report

The Company's Board of Directors has made a 2021 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

Published on March 24, 2022

**CHENG UEI PRECISION INDUSTRY CO.,
LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020**

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

CHENG UEI PRECISION INDUSTRY CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31,2021, pursuant to “Criteria Governing Preparation of Affiliated 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 subsidiaries, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

CHENG UEI PRECISION INDUSTRY CO., LTD.

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 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

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 the principal amounting to RMB 274,450 thousand and interest amounting to RMB 139,489 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

Description

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. The total 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 the 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 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

ASSETS		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 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)

LIABILITIES AND EQUITY		Notes	December 31, 2021		December 31, 2020	
			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

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 earnings per share amount)

Items		Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
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 earnings per share amount)

	Items	Notes	Year ended December 31			
			2021		2020	
			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 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 year		\$ 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	

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)

Equity attributable to owners of the parent											
Notes	Retained Earnings					Other equity interest			Total equity attributable to shareholders of the parent	Non-controlling interest	Total equity
	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			
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)											
Legal 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

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)

		Years ended December 31	
	Notes	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)

	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		<u>\$ 8,707,603</u>	<u>\$ 10,993,540</u>

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

Cheng Uei Precision Industry Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986 and has begun operations on July 31, 1986. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on March 24, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial Application of IFRS 17 and IFRS 19 – Comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The Group continues to evaluate the impact of the above standards and interpretations on its financial condition and financial performance. The quantitative impact will be disclosed when the assessment is complete.

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" and the

International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Financial assets at fair value through other comprehensive income.
 - c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligations.
- 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 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. Conversely, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be transferred directly to retained earnings, if such gains or losses would be transferred directly to retained earnings when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
The Company	CU International Ltd. (CU)	Manufacture of electronic telecommunication components and reinvestment business	100	100	
The Company	Culink International Ltd. (CULINK)	Reinvestment business	100	100	
The Company	Foxlink International Investment Ltd. (FII)	General investments holding	100	100	
The Company	Fu Uei International Investment Ltd. (FUII)	General investments holding	100	100	
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	-	-	Note 4
The Company	DU Precision Industry Co., Ltd. (DU Precision)	Manufacture of electronic telecommunication components	100	100	
The Company	Foxlink Technology Ltd. (FOXLINK TECH)	Reinvestment business	100	100	
The Company	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	-	-	Note 4
The Company	Suntain Co., Ltd. (Suntain)	Electroplating processing services	100	100	
The Company	SINOBEST BROTHERS LIMITED (SINOBEST)	Reinvestment business	91.19	91.19	Note 17
CU	Fugang Electronic (Dongguan) Co., Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	
CU	New Start Industries Ltd. (NEW START)	Reinvestment business	100	100	
CU	Fugang Electric (Kunshan) Co., Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	
CU	Culink Tianjin Co., Ltd. (CTJ)	Manufacture of electronic telecommunication components	25	25	
CU	Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Manufacture of electronic telecommunication components	83.17	83.17	
CU	Foxlink Energy (Tianjin) Ltd. (FETJ)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Automotive Technology (Kunshan) Co., Ltd. (KAFE)	Manufacture of electronic telecommunication components	49.98	49.98	
CU	Solteras Limited	General investments holding	100	100	
CU	Fushineng Electronics (Kunshan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Gang Electronic (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	72	72	
CU	Fugang Electric (YANCHENG) Co., Ltd. (FG YANCHENG)	Manufacture of electronic telecommunication components	80	80	
CU	Fuqiang Electric (YANCHENG) Co., Ltd. (FQ YANCHENG)	Manufacture of electronic telecommunication components	100	100	
CU	Fugang Electric (MAANSHAN) Co., Ltd. (FG MAANSHAN)	Manufacture of electronic telecommunication components	32.86	32.86	
CU	Kunshan Fugang Investment Co., Ltd. (Kunshan Fugang Investment)	General investments holding	100	100	
CU	FOXLINK TECHNICAL INDIA PRIVATE LIMITED (FOXLINK INDIA)	Manufacture of electronic telecommunication components	34.30	32.27	Note 6
CU	Fugang Electric (XuZhou) Co., Ltd. (FG XuZhou)	Manufacture of electronic telecommunication components	21.62	29.63	Note 9
NEW START	Foxlink Tianjin Co., Ltd. (FTJ)	Manufacture of electronic telecommunication components	100	100	
NEW START	Culink Tianjin Co., Ltd. (CTJ)	Manufacture of electronic telecommunication components	75	75	
NEW START	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	-	-	Note 4
NEW START	Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd. (Xinwei)	General investments holding	50	50	
NEW START	FUGANG ELECTRIC (XUZHOU) CO., LTD. (FG XUZHOU)	Manufacture of electronic telecommunication components	27.03	-	Note 9
FTJ	Fuzhan Electronics (Shanghai) Co., Ltd. (FESH)	Manufacture of electronic telecommunication components	46.93	46.93	
FTJ	Foxlink Automotive Technology (Kunshan) Co., Ltd. (KAFE)	Manufacture of electronic telecommunication components	50.02	50.02	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
FTJ	Fu Gang Electronic (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	28	28	
FTJ	Fugang Electric (MAANSHAN) Co., Ltd. (FG MAANSHAN)	Manufacture of electronic telecommunication components	50.71	50.71	
FTJ	Changde Fubo Intelligent Technology Co., Ltd. (CDFB)	Manufacture and sale of automated equipment	9.50	70	Note 7
KAFE	Suzhou Keyu Rui Automobile Technology Co., Ltd. (Keyu Rui)	Manufacture	55.56	55.56	
KAFE	Foxlink Automotive Technology Co., Ltd. (FAT)	Manufacture of electronic telecommunication components	100	100	
CULINK	Pacific Wealth Limited (PACIFIC WEALTH)	Holding company and reinvestment business	100	100	
CULINK	FOXLINK TECHNICAL INDIA PRIVATE LIMITED (FOXLINK INDIA)	Manufacture of electronic telecommunication components	65.70	62.73	Note 6
CULINK	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED (FOXLINK POWERBANK)	Manufacture of electronic telecommunication components	0.73	0.73	
CULINK	GLORYTEK SCIENCE INDIA PRIVATE LIMITED (GLORY SCIENCE INDIA)	Manufacture and sale of the components of communication and consumer electronics	0.73	0.73	
CULINK	FUGANG ELECTRIC (XUZHOU) CO., LTD. (FG XUZHOU)	Manufacture of electronic telecommunication components	51.35	70.37	Note 9
PACIFIC WEALTH	Foxlink International Inc. (FOXLINK)	Sales agent	100	100	
Kunshan Fugang Investment	Dongguan Fuqiang Electronics Co., Ltd. (DGFAQ)	Manufacture of electronic telecommunication components	16.83	16.83	
Kunshan Fugang Investment	Fuqiang Electric (MAANSHAN) Co., Ltd. (FQ MAANSHAN)	Manufacture of electronic telecommunication components	100	100	
Kunshan Fugang Investment	Fugang Electric (MAANSHAN) Co., Ltd. (FG MAANSHAN)	Manufacture of electronic telecommunication components	16.43	16.43	
FII	Linkmedia Co., Ltd. (LM)	Manufacture of electronic telecommunication components	-	100	Note 3
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	
FII	Proconn Technology Co., Ltd. (Proconn)	Manufacture of electronic telecommunication components	-	50.03	Note 3
FII	FIT Holding Co., Ltd. (FIT Holding)	General investments holding	23.67	23.67	
FII	FOXLINK INDIA ELECTRIC PRIVATE LIMITED (FIE)	Manufacture of electronic telecommunication components	13.50	31.35	Note 2, 11
FII	FOXLINK VIETNAM CO., LTD. (FV)	Manufacture of electronic telecommunication components	100	-	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
WCT	Value Success Limited (VALUE SUCCESS)	Holding company and reinvestment business	100	100	
VALUE SUCCESS	Capital Guardian Limited (CAPITAL)	Holding company and reinvestment business	100	100	
CAPITAL	World Circuit Technology (Hong Kong) Limited (WCTHK)	Holding company and reinvestment business	100	100	
WCTHK	Fuzhan Electronics (Shanghai) Co., Ltd. (FESH)	Manufacture of electronic telecommunication components	53.07	53.07	
Darts	Benefit Right Ltd. (BENEFIT)	Reinvestment business	100	100	
BENEFIT	Power Channel Limited (POWER)	Reinvestment business	64.25	64.25	
DU Precision	CE Link International Ltd. (CELINK)	Manufacture of electronic telecommunication components	100	100	
FOXLINK TECH	Sinobest Brothers Limited (SINOBEST)	Manufacture of electronic telecommunication components	8.81	8.81	Note 2, 17
SINOBEST	Foxlink Myanmar Company Limited (FOXLINK MYANMAR)	Manufacture of electronic telecommunication components	100	100	Note 5
SOLTERAS LIMITED	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	-	-	Note 4
FUII	Studio A Inc. (Studio A)	Sale of electronic telecommunication components	51	51	
FUII	VA Product Inc. (VA)	Sale of electronic telecommunication components	100	100	
FUII	Proconn Technology Co., Ltd. (Proconn)	Manufacture of electronic telecommunication components	-	1.30	Note 3
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	
FUII	Shinfox Energy Co., Ltd. (Shinfox)	Mechanical installation and piping engineering	9.10	10.50	Note 15
FUII	FIT Holding Co., Ltd. (FIT Holding)	General investments holding	5.97	5.97	
FUII	FOXLINK INDIA ELECTRIC PRIVATE LIMITED (FIE)	Manufacture of electronic telecommunication components	86.50	68.65	Note 2, 11
Zhi De Investment	FIT Holding Co., Ltd. (FIT Holding)	General investments holding	8.55	8.55	
Proconn	Advance Electronic Ltd. (Advance Electronic)	General investments holding	-	-	Note 4
ADVANCE ELECTRONIC	Smart Technology International Ltd. (SMART)	General investments holding	-	-	Note 4
SMART	Suzhou Yuhang Electronic Technology Co., Ltd.	Manufacture of electronic telecommunication components	-	-	Note 4
Studio A	Straight A Inc. (Straight A)	Sale of electronic telecommunication components	100	100	
Studio A	Studio A Technology Limited (Studio A Hong Kong)	Sale of electronic telecommunication components	51	51	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
Studio A	Ashop Co., Ltd. (ASHOP)	Sale of electronic telecommunication components	-	100	Note 12
Studio A	Jing Jing Technology Co., Ltd. (Jing Jing)	Sale of electronic telecommunication components	100	100	
Studio A	Junezhe Co., Ltd (Junezhe)	Dredging indutry	25	-	Note 1, 18
Studio A Hong Kong	Studio A Macau Limited (Studio A Macau)	Sale of electronic telecommunication components	100	100	
Studio A Hong Kong	ASHOP CO., LTD. (ASHOP)	Sale of electronic telecommunication components	100	-	Note 12
FGEKS	Kunshan Fugang Electric Trading Co., Ltd. (KFET)	Sale of electronic telecommunication components	51	51	
KFET	Shanghai Fugang Electric Trading Co., Ltd. (SFET)	Sale of electronic telecommunication components	100	100	
KFET	Kunshan Fu Shi You Trading Co., Ltd. (KFSY)	Sale of electronic telecommunication components	100	100	
KFET	Shanghai Standard Information Technology Co., Ltd. (Shanghai Standard)	Sale of electronic telecommunication components	100	100	
FIT Holding	Power Quotient International Co., Ltd. (PQI)	Manufacture of electronic telecommunication components	100	100	
FIT Holding	Foxlink Image Technology Co., Ltd. (Foxlink Image)	Manufacture and sale of image scanners and multifunction printers	100	100	
FIT Holding	Glory Science Co., Ltd. (Glory Science)	Manufacture and sale of optical lens components and other products	100	100	
FIT Holding	Shih Fong Power Co., Ltd. (Shih Fong)	Energy service management	16.30	41.30	Note 16
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	PQI Mobility Inc. (PQI MOBILITY)	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	50.18	58.74	Note 15
SYSCOM	PQI Corporation (PQI USA)	Sale of electronic telecommunication components	-	100	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
SYSCOM	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED (FOXLINK POWERBANK)	Manufacture of electronic telecommunication components	99.27	99.27	
PQI MOBILITY	Power Quotient Technology (YANCHENG) Co., Ltd. (PQI YANCHENG)	Manufacture of electronic telecommunication components	100	100	
APIX	Sinocity Industries Limited (Sinocity)	Sale of 3C products	100	100	Note 5
APIX	Perennial Ace Limited (Perennial)	Specialized investments holding	100	100	
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	100	100	
Shinfox	SHINFOX ENERGY INTERNATIONAL INC. (SHINFOX ENERGY)	Energy service management	-	-	Note 4
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	99	99	Note 13
Shinfox	Shinfox Power Co., Ltd.	Energy service management	-	-	Note 2, 10
Shinfox	Junezhe Co., Ltd.(Junezhe)	Dredging industry	33.50	-	Note 1, 18
Shinfox	Jiuwei Power Co., Ltd. (Jiuwei Power)	Nautal gas power generation business	100	-	Note 1
Foxwell Energy	Changyuan Wind Power Ltd. (Changyuan)	Wind energy and wholesale of machinery	-	-	Note 8
Foxwell Energy	Beiyuan Wind Power Ltd. (Beiyuan)	Wind energy and wholesale of machinery	-	-	Note 8
Sinocity Industries	DG LIFESTYLE STORE LIMITED (DG)	Sale of 3C products	100	100	Note 5
Perennial	Studio A Technology Limited (Studio A Hong Kong)	Sale of 3C products	24.50	24.50	
PQI YANCHENG	Jiangsu Foxlink New Energy Technology Co., Ltd. (Jiangsu Foxlink)	Manufacture of electronic telecommunication components	12.90	12.90	Note 14
PQI YANCHENG	PQI (Xuzhou) New Energy Co., Ltd.	Manufacture of electronic telecommunication components	100	100	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 2, 16
AITL	POWER CHANNEL LIMITED (POWER)	Holding company and reinvestment business	35.75	35.75	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
AITL	Dongguan Fu Wei Electronics Co., Ltd. (Dongguan Fu Wei)	Manufacture and sale of image scanners and multifunction printers	100	100	
AITL	Dong Guan Fu Zhang Precision Industry Co., Ltd. (DGFZ)	Mould development and moulding tool manufacture	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	
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	34.88	34.88	
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	
GLORY Suzhou	Glory Optics (Yancheng) Co., Ltd. (GOYC)	Production and processing and sale of optical lens components and other products	65.12	65.12	

Note 1: Investment or incorporation began in 2021.

Note 2: Investment or incorporation began in 2020.

Note 3: Dissolved or liquidated in 2021.

Note 4: Dissolved or liquidated in 2020.

Note 5: With balance sheet date of March 31. For the preparation of consolidated financial statements, the Company had required FOXLINK MYANMAR, and PQI had required Sinocity and DG as consolidated entities to prepare financial statements with balance sheet date on December 31 to conform to the balance sheet date of the consolidated financial statements.

- Note 6: CULINK has participated in Foxlink India's capital increase in 2020. After the capital increment, Foxlink India became a wholly owned subsidiary of CULINK and CU with 65.70% and 34.30% ownership, respectively.
- Note 7: Foxlink Tianjin Co., Ltd. sold 60.5% equity interests of Changde Fubo Intelligent Technology Co., Ltd. in May 2021 and as a result, the Group decreased its share interest down to 9.5%. After the assessment, the Group lost its control and significant influence over Changde Fubo Intelligent Technology Co., Ltd. which was reclassified as financial assets at fair value through other comprehensive income. Please refer to Note 6(3) for details.
- Note 8: In November 2020, the Group lost its control over the subsidiaries, Changyuan and Beiyuan, as a result of the 100% stock disposal in the amount of \$559,337. The Group recognised profit of \$239,850 under 'other gains and losses' in the statement of comprehensive income.
- Note 9: CULINK and NEW START increased its investments in FG Xuzhou in December 2020 and May 2021. After the capital increment, CULINK, NEW START and CU hold 51.35%, 27.03% and 21.62% ownership in FG Xuzhou, respectively, at a total shareholding ratio of 100% in FG Xuzhou.
- Note 10: Shinfox Energy Co., Ltd. invested and established Shinfox Power Co., Ltd. in 2020, in November 2020. The Group lost its control over the subsidiary, Shinfox Power Co., Ltd., since a 100% equity interest was disposed in the amount of \$45,000 in November 2020. The Group recognised profit of \$52 under 'other gains and losses' in the statement of comprehensive income.
- Note 11: FII and FUII jointly established FIE on June 23, 2020 and jointly holds 100% ownership in FIE. FII and FUII subsequently invested in FIE in 2020 and 2021. After the capital increment, FIE became a wholly-owned subsidiary of FII and FUII with 13.50% and 86.50% ownership, respectively.
- Note 12: Studio A sold 100% of its shares in ASHOP to Studio A Hong Kong on January 12, 2021, which was classified as a reorganization of entities under common control.
- Note 13: Foxwell Power increased its capital on April 28, 2020 and November 30, 2020, respectively. Shinfox did not acquire shares proportionally to its interest. As a result, Shinfox decreased its share interest from 100% to 99%.
- Note 14: Jiangsu Foxlink increased its capital in April 2020. The Group did not acquire shares proportionally to its interest. As a result, the Group lost control over it and recognised it as investment accounted for using equity method. In September 2020, the Group lost significant influence over Jiangsu Foxlink and reclassified it as financial assets at fair value through other comprehensive income after the disposal which decreased the share interest down to 12.9%. Please refer to Note 6(3).

Note 15: Shinfox increased its capital on September 1, 2020 and April 27, 2021. FUII and PQI did not acquire shares proportionally to its interest. As a result, FUII and PQI decreased their share interest from 13.40% to 9.10% and 76.56% to 50.18%, respectively.

Note 16: Shih Fong increased its capital in July 2020. After the capital increment, the ownership of Shih Fong held by FIT Holding and Foxlink Image amounted to 41.3% and 34.7%, respectively. Subsequently, FIT Holding sold 25% of ownership in Shih Fong in March 2021. As a result, the total ownership of Shih Fong jointly held by FIT Holding and Foxlink Image amounted to 51% with 16.3% and 34.70% ownership, respectively. FIT Holding and Foxlink Image still have control over Shih Fong.

Note 17: FOXLINK TECH invested in SINOBEST in September 4, 2020 and November 27, 2020. After the capital increment, SINOBEST became a wholly-owned subsidiary of FOXLINK TECH and the Company with 8.81% and 91.19% ownership, respectively.

Note 18: Studio A had participated in Junezhe's capital increase in June 2021. Junezhe subsequently increased its capital in August 2021, however, Studio A and Shinfox did not acquire shares proportionally to its interest. After the capital increment, Studio A and Shinfox hold 25% and 33.5% ownership in Junezhe, respectively, for a total shareholding ratio of 58.50% in Junezhe.

C. Subsidiaries not included in the consolidated financial statements:

Investor	Subsidiary	Main activity	Ownership(%)		Description
			December 31, 2021	December 31, 2020	
FII	Yixin Precision Industry Co., Ltd. (YX)	Manufacture of electronic telecommunication components and electronic machinery equipment	75	75	Note 1
Studio A	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60	60	Note 2

Note 1: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on October 5, 2004 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

Note 2: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on July 7, 2010 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

D. Adjustments for subsidiaries with different balance sheet dates:

Sinocity and DG are subsidiaries of PQI in Hong Kong and Macau, respectively, with balance sheet date of March 31. For the preparation of consolidated financial statements, PQI had required Sinocity and DG as consolidated entities to prepare financial statements with balance sheet date

of December 31 to conform with the balance sheet date of the Group.

FOXLINK MYANMAR is a subsidiary of SINOBEST in Myanmar with balance sheet date of March 31. For the preparation of consolidated financial statements, SINOBEST had required FOXLINK MYANMAR as consolidated entities to prepare financial statements with balance sheet date of December 31 to conform to the balance sheet date of the consolidated financial statements.

E. Significant restrictions: None.

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

As of December 31, 2021 and 2020, the non-controlling interest amounted to \$9,216,611 and \$6,321,355, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
FIT Holding	Taiwan	<u>\$ 4,534,303</u>	61.81%	<u>\$ 4,462,003</u>	61.81%

Summarised financial information of the subsidiaries:

Balance sheets

	FIT Holding	
	December 31, 2021	December 31, 2020
Current assets	\$ 15,569,224	\$ 13,443,029
Non-current assets	8,974,612	9,363,980
Current liabilities	(9,293,411)	(10,542,565)
Non-current liabilities	(3,259,907)	(4,087,189)
Total net assets	<u>\$ 11,990,518</u>	<u>\$ 8,177,255</u>

Statements of comprehensive income

	FIT Holding	
	Years ended December 31,	
	2021	2020
Revenue	\$ 11,241,928	\$ 7,053,361
Profit before income tax	849,600	291,453
Income tax expense	(223,369)	(111,678)
Profit for the period from continuing operations	626,231	179,775
Profit from non-controlling interest	192,219	96,176
Profit for the period	434,012	83,599
Other comprehensive (loss) income (net of tax)	(528,446)	25,590
Total comprehensive income for the period	<u>\$ 97,785</u>	<u>\$ 205,365</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 196,802</u>	<u>\$ 93,659</u>
Dividends paid to non-controlling interest	<u>\$ 154,314</u>	<u>\$ -</u>

Statements of cash flows

	FIT Holding	
	Years ended December 31,	
	2021	2020
Net cash (used in) provided by operating activities	(\$ 3,180,099)	\$ 1,257,332
Net cash provided by (used in) investing activities	3,080,965	(4,323,470)
Net cash (used in) provided by financing activities	(139,628)	6,558,218
Effect of exchange rates on cash and cash equivalents	58,219	(163,495)
(Decrease) increase in cash and cash equivalents	(180,543)	3,328,585
Cash and cash equivalents, beginning of period	5,148,899	1,820,304
Cash and cash equivalents, end of period	<u>\$ 4,968,356</u>	<u>\$ 5,148,889</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, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- a) The operating results and financial position of all the group entities associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. 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; the other criteria for classifying between current and non-current are as follows:
 - 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 pay off 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 paid off within the normal operating cycle;
- b) Liabilities arising mainly from trading activities;
- c) Liabilities that are to be paid off 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.

(6) Cash and cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment 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.
- 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 one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) 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 fixed production overheads based on actual 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.

(14) Investments accounted for under the 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 under 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 statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in 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.

(15) 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. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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	20~50 year(s)
Machinery and equipment	1~5 year(s)
Office equipment	3 year(s)
Miscellaneous equipment	3~8 year(s)

(16) 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.

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.

(17) 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 20 ~ 50 years.

(18) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 ~ 5 years.

B. Goodwill

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

C. Trademark right (indefinite useful life)

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

(19) 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, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortised cost where no impairment loss was 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 shall be 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. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a group of cash generating units that expects to benefit from business combination that will produce goodwill.

(20) 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.

(21) 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.

(22) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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.

(26) Employee benefits

A. Pensions

a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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. 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 defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurement 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.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation 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.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws 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 income 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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income 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 income 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 income 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.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(28) Share capital

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

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. 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.

(30) Revenue recognition

A. Sales of goods

- a) The Group manufactures and sells electronic telecommunication component products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be 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. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.
- b) The goods are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice.
- 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. Sales of services

The Group is engaged in research and development and mold repair of products, energy saving and maintenance of energy-saving equipment as well as design and development of solar engineering, etc. Revenue is recognised at a point when the result of the service transaction can be reliably estimated, or the milestone of the research and development project has been reached and the Group has the right to invoice according to the progress of the project.

C. Construction contract revenue

- a) Construction contract revenue arises mainly from construction contract, and the performance obligation is satisfied over time. If the outcome of a construction contract can be estimated

reliably and it is probable that this contract would make a profit, contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to end of reporting date to the estimated total costs for the contract. An expected loss, where total construction costs will exceed total construction revenue on a construction contract, should be recognised as an expense as soon as such loss is probable.

- b) Contract revenue includes the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.
- c) The excess of the cumulative costs incurred plus recognised profits (less recognised losses) over the progress billings on each construction contract is presented as an asset within 'contract assets'. While, the excess of the progress billings over the cumulative costs incurred plus recognised profits (less recognised losses) on each construction contract is presented as a liability within 'contract liabilities'.

(31) Government grants

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

(32) Business combinations

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

recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(33) Reorganisation of entities under common control

- A. The Group applies the related interpretations issued in R.O.C. for the intra-group reorganisation since there is no definite rules for business combinations (or referred as ‘reorganisation’) of entities under common control in IFRS 3, ‘Business combinations’ as explained in the IFRS Q&A ‘explanations to IFRS 3 Business Combinations under Common Control’ issued by Accounting Research and Development Foundation on October 26, 2018.
- B. In accordance with Accounting Research and Development Foundation Interpretation (“ARDF Interpretation”) 100-248, the Group recognised the intra-group reorganisation based on the carrying amounts of subsidiaries accounted for using equity method (net of impairment loss). The difference between the carrying amount and the consideration of the transaction will be adjusted in ‘capital surplus - additional paid-in capital’, which if insufficient, will decrease the retained earnings. The difference between initial investment cost and net equity will be accounted for by the entities after reorganisation.

(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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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:

Critical accounting estimates and assumptions

(1) 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.

As of December 31, 2021, the Group’s goodwill amount is \$1,112,334. Please refer to Note 6(13) for detailed information.

(2) Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the

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

As of December 31, 2021, the Group's inventory book value is \$15,479,260. Please refer to Note 6(7) for detailed information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 27,752	\$ 82,405
Checking accounts and demand deposits	5,713,195	6,591,747
Cash equivalents		
Time deposits	2,866,694	4,224,418
Short-term notes and bills	99,962	94,970
Total	<u>\$ 8,707,603</u>	<u>\$ 10,993,540</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. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

<u>Assets items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profits or loss		
Non-capital guaranteed floating profit financial instruments	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>\$ -</u>	<u>\$ 8,472</u>

B. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others.

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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 1,808,371	\$ 1,429,099
Valuation adjustment	(692,060)	(442,395)
	<u>\$ 1,116,311</u>	<u>\$ 986,704</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As of December 31, 2021 and 2020, the fair value of such investments amounted to \$1,116,311 and \$986,704, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 254,701)	(\$ 55,232)

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Repatriation of capital from Taiwan's offshore companies	\$ 76,009	\$ 178,162
Time deposits maturing over three months	297,126	665,432
Restricted deposits	16,553	1,204,408
Pledged time deposits	<u>1,868,617</u>	<u>4,359,551</u>
	<u>\$ 2,258,305</u>	<u>\$ 6,407,553</u>
Non-current items:		
Restricted deposits	\$ 14,021	\$ 14,591
Pledged time deposits	<u>131,095</u>	<u>131,803</u>
	<u>\$ 145,116</u>	<u>\$ 146,394</u>

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

(5) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	\$ 16,481,390	\$ 16,428,603
Less: Loss allowance	(111,508)	(118,373)
	<u>\$ 16,369,882</u>	<u>\$ 16,310,230</u>

- A. The information on the Group's ageing analysis of accounts receivable is provided in Note 12(2).
- B. As of December 31, 2021 and 2020, accounts receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$15,632,770.
- C. The quality information of accounts receivable is based on customers' credit ranking and recoverable period of receivables in order to calculate the accrual of impairment. The Group's internal credit ranking policy is that the Group's business and management segment assesses periodically whether the credit ranking of existing customers is appropriate and adjusts to obtain the latest information when necessary. Customers' credit ranking assessment is based on industrial operating scale, profitability and ranking assessed by financial insurance institutions.
- The Group has insured accounts receivable of certain customers and the Group will receive 80%~90% compensation if bad debts occur.
- D. The Group does not hold any collateral as security.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Transfer of financial assets

- A. The Group entered into a factoring agreement with the banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

December 31, 2021							
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount advanced for advance	Interest rate of amount advanced	Collateral Provided
Bank of Taiwan	\$ 454,358	\$ 454,358	\$ 4,152,000	\$ 408,922	\$ 45,436	0.39%~0.58%	None
Citibank	434,486	434,486	434,486	434,486	-	1.08%~1.2%	None
Mega International Commercial Bank	550,224	550,224	1,384,000	495,202	55,022	0.95%	None

December 31, 2020							
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount advanced for advance	Interest rate of amount advanced	Collateral Provided
Bank of Taiwan	\$ 663,757	\$ 663,757	\$ 4,272,000	\$ 597,380	\$ 66,377	0.74%	None
Citibank	686,806	686,806	686,806	686,806	-	1.11%~1.22%	None
Mega International Commercial Bank	456,848	456,848	1,424,000	411,163	45,685	0.9%~1.12%	None

B. As of December 31, 2021 and 2020, the Group issued promissory notes to some banks for the factoring agreements signed.

(7) Inventories

December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 8,004,897	(\$ 485,863)	\$ 7,519,034
Work in progress and semi-finished goods	2,772,536	(36,351)	2,736,185
Finished goods (including merchandise)	5,343,611	(161,729)	5,181,882
Inventory in transit	42,159	-	42,159
	<u>\$ 16,163,203</u>	<u>(\$ 683,943)</u>	<u>\$ 15,479,260</u>

December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,940,927	(\$ 291,242)	\$ 5,649,685
Work in progress and semi-finished goods	2,309,385	(35,913)	2,273,472
Finished goods (including merchandise)	5,532,121	(224,213)	5,307,908
Inventory in transit	45,259	-	45,259
	<u>\$ 13,827,692</u>	<u>(\$ 551,368)</u>	<u>\$ 13,276,324</u>

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2021	2020
Cost of inventories sold	\$ 77,429,732	\$ 80,005,818
Loss on decline in market value	132,575	69,607
Others (revenue from sale of scraps)	(336,846)	(296,752)
	<u>\$ 77,225,461</u>	<u>\$ 79,778,673</u>

(8) Prepayments

	December 31, 2021	December 31, 2020
Prepayments for constructions	\$ 2,123,863	\$ -
Tax credits	852,374	738,953
Others	436,728	428,146
	<u>\$ 3,412,965</u>	<u>\$ 1,167,099</u>

(9) Investments accounted for under the equity method

Investee	December 31, 2021		December 31, 2020	
	Amount	Ownership percentage (%)	Amount	Ownership percentage (%)
Central Motion Picture Corporation	\$ 1,712,307	17.49%	\$ 1,959,717	17.49%
Well Shin Technology Co., Ltd.	1,157,286	18.84%	1,154,245	18.84%
Sharetronic Data Technology Co., Ltd.	1,123,279	19.94%	1,020,750	19.94%
Foxwell Energy Co., Ltd.	-	-	209,077	14.00%
Castles Technology Co., Ltd.	-	-	182,751	12.48%
CMPC Cultural & Creative Co., Ltd.	115,149	32.86%	124,242	42.86%
Dongguan Banrin Robot Technology Co., Ltd.	129,169	31.03%	123,930	31.03%
Tegna Electronics Private Limited	38,117	30.00%	39,010	30.00%
CYNC Design Co., Ltd. (CYNC)	9,984	15.38%	9,991	15.38%
Chung Chia Power Co., Ltd.	177,038	20.00%	-	-
Synergy Co., Ltd.	35,845	36.76%	-	-
Microlink Communications Inc.	(21,511)	21.43%	(21,705)	21.43%
	4,476,663		4,802,008	
Add : Current prepayments for investments				
-JOURN TA BROTHERS LIMITED	151,907		151,907	
Credit balance of long-term equity investments reclassified to other non-current liabilities				
-others	21,511		21,705	
Total	<u>\$ 4,650,081</u>		<u>\$ 4,975,620</u>	

A. Associates

(a) The basic information of the associates that are material to the Group is summarised below:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2021	December 31, 2020		
Central Motion Picture Corporation	Taiwan	17.49%	17.49%	Note	Equity method
Well Shin Technology Co., Ltd.	Taiwan	18.84%	18.84%	Note	Equity method

Note : As the Group's management holds several seats in the Board of Directors of Central Motion Picture Corporation and Well Shin Technology Co., Ltd., the Group is assessed to have significant influence.

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

Balance sheet

	Central Motion Picture Corporation	
	December 31, 2021	December 31, 2020
Current assets	\$ 474,618	\$ 381,945
Non-current assets	17,087,337	17,655,825
Current liabilities	(5,125,799)	(4,154,459)
Non-current liabilities	(1,233,697)	(1,266,275)
Total net assets	\$ 11,202,459	\$ 12,617,036
Share in associate's net assets	\$ 1,712,307	\$ 1,959,717
Goodwill	-	-
Carrying amount of the associates	\$ 1,712,307	\$ 1,959,717

	Well Shin Technology Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	\$ 5,842,419	\$ 5,186,584
Non-current assets	2,483,588	2,655,642
Current liabilities	(1,811,697)	(1,390,752)
Non-current liabilities	(566,516)	(519,819)
Total net assets	\$ 5,947,794	\$ 5,931,655
Share in associate's net assets	\$ 1,120,697	\$ 1,117,656
Goodwill	36,589	36,589
Carrying amount of the associates	\$ 1,157,286	\$ 1,154,245

Statement of comprehensive income

	Central Motion Picture Corporation	
	Years ended December 31,	
	2021	2020
Revenue	\$ 438,838	\$ 469,875
(Loss) profit for the period from continuing operations	(\$ 854,561)	\$ 80,028
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income	(\$ 854,561)	\$ 80,028
Dividends received from associates	\$ 15,432	\$ 15,432

	Well Shin Technology Co., Ltd.	
	Years ended December 31,	
	2021	2020
Revenue	\$ 5,582,213	\$ 4,660,963
Profit for the period from continuing operations	\$ 345,312	\$ 424,076
Other comprehensive (loss) income, net of tax	(33,535)	29,294
Total comprehensive income	\$ 311,777	\$ 453,370
Dividends received from associates	\$ 55,706	\$ 66,847

(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, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$1,607,070 and \$1,688,046, respectively.

	Years ended December 31,	
	2021	2020
Profit for the year from continuing operations	\$ 532,564	\$ 611,061
Total comprehensive income	\$ 532,564	\$ 611,061

Note: Sharetronic Data, Castles, CMPC Cultural & Creative, Microlink, CYNC, Jiangsu Foxlink, Chung Chia Power, Banrin, Synergy, TEGNA and Foxwell Energy.

(d) The fair value of the Group's material associates with quoted market prices is as follows:

	December 31, 2021	December 31, 2020
Well Shin Technology Co., Ltd.	\$ 1,074,013	\$ 1,129,719

- B. The Group is the single largest shareholder of Well Shin Technology Co., Ltd. with an 18.84% equity interest. Given that it was a strategic investment, and the Group had no involvement in its substantial operations and the active participation at the last shareholders' meeting by other shareholders, which indicates that the Group has no current ability to direct the relevant activities of Well Shin Technology Co., Ltd., the Group has no control, but only has significant influence, over the investee.
- C. The Group has signed a stock purchase agreement with an individual on May 15, 2014 to purchase all the Company's shares in CMPC amounting to \$150,000 thousand. As of December 31, 2021, uncollected amount was \$141,000 thousand (shown as 'notes receivable') and accrued impairment loss was \$141,000 thousand.
- D. Central Motion Picture Corporation is a litigating party contesting the decision No. 107007 rendered by Ill-gotten Party Assets Settlement Committee on October 9, 2018. Please refer to Note 9(1)A for details on the lawsuit.
- E. Deepwaters Digital Support Inc. and YD Entertainment has participated in CYNC's capital increase on March 10, 2020. After the capital increment, the equity shares of CYNC held by FII decreased to 15.38% from 100%. As a result, the Group lost its control over CYNC. However, as

the Group's management holds several seats in the Board of Directors of CYNC, the Group has significant influence over it.

- F. Jiangsu Foxlink, formerly the subsidiary of the Group, increased its capital in April 2020. The Group did not acquire shares proportionally to its interest. As a result, the Group lost control over it and recognised it as investment accounted for using equity method. In September 2020, the Group lost significant influence over Jiangsu Foxlink and reclassified it as financial assets at fair value through other comprehensive income after the disposal which decreased the share interest down to 12.9%. A gain on disposal of investments amounting to \$9,579 was recognised due to the above transactions.
- G. The Group gradually sold its equity interests in Castles Technology Co., Ltd. in 2021. As a result, it assessed that it has lost significant influence over the investee after the disposals and subsequently recognised it as financial assets at fair value through other comprehensive income. A gain on disposal of investments amounting to \$110,320 was recognised due to the above transactions.
- H. FIT Holding resigned from the Board of Directors of Foxwell Energy Co., Ltd. on May 20, 2021. As a result, it assessed that it has lost significant influence over the investee and subsequently recognised it as financial assets at fair value through other comprehensive income.

(10) Property, plant and equipment

	2021						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Construction-in-progress	Total
At January 1							
Cost	\$ 412,428	\$ 15,907,527	\$ 12,450,964	\$ 475,377	\$ 5,178,599	\$ 946,162	\$ 35,371,057
Accumulated depreciation and impairment	-	(3,406,798)	(7,358,879)	(334,007)	(3,420,950)	-	(14,520,634)
	<u>\$ 412,428</u>	<u>\$ 12,500,729</u>	<u>\$ 5,092,085</u>	<u>\$ 141,370</u>	<u>\$ 1,757,649</u>	<u>\$ 946,162</u>	<u>\$ 20,850,423</u>
Opening net book amount	\$ 412,428	\$ 12,500,729	\$ 5,092,085	\$ 141,370	\$ 1,757,649	\$ 946,162	\$ 20,850,423
Additions	-	30,661	2,439,793	80,807	472,138	94,885	3,118,284
Disposals	-	(896)	(4,629)	(15,375)	(23,228)	-	(44,128)
Disposal of subsidiaries	-	-	-	-	(44,094)	-	(44,094)
Reclassifications	-	(6,734)	549,462	29,823	77,689	(41,530)	608,710
Reclassified as non-current assets held for sale	-	-	(15,599)	-	-	-	(15,599)
Depreciation charge	-	(559,079)	(1,946,308)	(86,083)	(607,016)	-	(3,198,486)
Net exchange differences	-	(145,412)	(52,201)	(2,489)	(18,203)	(31,837)	(250,142)
Closing net book amount	<u>\$ 412,428</u>	<u>\$ 11,819,269</u>	<u>\$ 6,062,603</u>	<u>\$ 148,053</u>	<u>\$ 1,614,935</u>	<u>\$ 967,680</u>	<u>\$ 21,024,968</u>
At December 31							
Cost	\$ 412,428	\$ 15,758,297	\$ 14,361,180	\$ 496,163	\$ 5,018,465	\$ 967,680	\$ 37,014,213
Accumulated depreciation and impairment	-	(3,939,028)	(8,298,577)	(348,110)	(3,403,530)	-	(15,989,245)
	<u>\$ 412,428</u>	<u>\$ 11,819,269</u>	<u>\$ 6,062,603</u>	<u>\$ 148,053</u>	<u>\$ 1,614,935</u>	<u>\$ 967,680</u>	<u>\$ 21,024,968</u>

	2020						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Construction-in-progress	Total
At January 1							
Cost	\$ 412,428	\$ 16,258,559	\$ 11,169,824	\$ 479,338	\$ 6,822,800	\$ 2,438,672	\$ 37,581,621
Accumulated depreciation and impairment	-	(3,201,107)	(5,946,266)	(308,210)	(4,728,055)	-	(14,183,638)
	<u>\$ 412,428</u>	<u>\$ 13,057,452</u>	<u>\$ 5,223,558</u>	<u>\$ 171,128</u>	<u>\$ 2,094,745</u>	<u>\$ 2,438,672</u>	<u>\$ 23,397,983</u>
Opening net book amount	\$ 412,428	\$ 13,057,452	\$ 5,223,558	\$ 171,128	\$ 2,094,745	\$ 2,438,672	\$ 23,397,983
Additions	-	66,680	1,271,761	50,194	333,224	742,809	2,464,668
Disposals	-	(99,921)	(62,512)	(10,368)	(64,363)	-	(237,164)
Disposal of subsidiaries	-	(923,712)	(1,479,465)	(24,135)	(1,687)	(324,623)	(2,753,622)
Reclassifications	-	612,459	1,777,466	35,616	124,173	(1,909,075)	640,639
Depreciation charge	-	(379,898)	(1,744,780)	(78,039)	(722,162)	-	(2,924,879)
Net exchange differences	-	167,669	106,057	(3,026)	(6,281)	(1,621)	262,798
Closing net book amount	<u>\$ 412,428</u>	<u>\$ 12,500,729</u>	<u>\$ 5,092,085</u>	<u>\$ 141,370</u>	<u>\$ 1,757,649</u>	<u>\$ 946,162</u>	<u>\$ 20,850,423</u>
At December 31							
Cost	\$ 412,428	\$ 15,907,527	\$ 12,450,964	\$ 475,377	\$ 5,178,599	\$ 946,162	\$ 35,371,057
Accumulated depreciation and impairment	-	(3,406,798)	(7,358,879)	(334,007)	(3,420,950)	-	(14,520,634)
	<u>\$ 412,428</u>	<u>\$ 12,500,729</u>	<u>\$ 5,092,085</u>	<u>\$ 141,370</u>	<u>\$ 1,757,649</u>	<u>\$ 946,162</u>	<u>\$ 20,850,423</u>

The Group's property, plant and equipment were pledged to others as collateral, please refer to Note 8 for detailed information.

(11) Leasing arrangements-lessee

- A. The Group leases various assets including land, buildings, and transportation equipment. Rental contracts are typically made for periods of 2 to 70 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,253,492	\$ 1,322,870
Buildings	319,389	312,625
Transportation equipment (Business vehicles)	4,412	3,045
Office equipment (Photocopiers)	81	151
	<u>\$ 1,577,374</u>	<u>\$ 1,638,691</u>

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 48,617	\$ 50,039
Buildings	199,231	233,775
Transportation equipment (Business vehicles)	2,438	1,507
Office equipment (Photocopiers)	70	65
	<u>\$ 250,356</u>	<u>\$ 285,386</u>

- C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$190,344 and \$162,724, respectively.
- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,651	\$ 6,020
Expense on short-term lease contracts	51,751	61,659
Expense on leases of low-value assets	1,665	572
Expense on variable lease payments	48,932	37,900

- E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounted to \$337,749 and \$333,750, respectively.
- F. Variable lease payments
- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to sales generated from a store or a counter in a department store and sales generated from electricity sold. For aforementioned contracts, up to 14.49% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons and various lease payments that depend on sales are

recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

- (b) A 1% increase in the aggregate sales amount of all stores with such variable lease contracts would increase total lease payments by approximately \$489.

G. Information about the right-of-use assets that were pledged to others as collaterals is provided in Note 8.

(12) Investment property

	2021		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 183,076	\$ 518,891	\$ 701,967
Accumulated depreciation and impairment	-	(117,895)	(117,895)
	<u>\$ 183,076</u>	<u>\$ 400,996</u>	<u>\$ 584,072</u>
Opening net book amount	\$ 183,076	\$ 400,996	\$ 584,072
Depreciation charge	-	(12,925)	(12,925)
Net exchange differences	-	(2,364)	(2,364)
Closing net book amount	<u>\$ 183,076</u>	<u>\$ 385,707</u>	<u>\$ 568,783</u>
At December 31			
Cost	\$ 183,076	\$ 516,422	\$ 699,498
Accumulated depreciation and impairment	-	(130,715)	(130,715)
	<u>\$ 183,076</u>	<u>\$ 385,707</u>	<u>\$ 568,783</u>
	2020		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 183,076	\$ 519,293	\$ 702,369
Accumulated depreciation and impairment	-	(110,595)	(110,595)
	<u>\$ 183,076</u>	<u>\$ 408,698</u>	<u>\$ 591,774</u>
Opening net book amount	\$ 183,076	\$ 408,698	\$ 591,774
Depreciation charge	-	(12,799)	(12,799)
Net exchange differences	-	5,097	5,097
Closing net book amount	<u>\$ 183,076</u>	<u>\$ 400,996</u>	<u>\$ 584,072</u>
At December 31			
Cost	\$ 183,076	\$ 518,891	\$ 701,967
Accumulated depreciation and impairment	-	(117,895)	(117,895)
	<u>\$ 183,076</u>	<u>\$ 400,996</u>	<u>\$ 584,072</u>

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

	Years ended December 31,	
	2021	2020
Rental income from the lease of the investment property	\$ 17,182	\$ 17,185
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 12,925	\$ 12,799

B. Investment property is stated initially at its cost and is depreciated on a straight-line basis over its estimated useful life. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was \$1,085,686 and \$1,308,221, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby, as Level 2 fair value, market prices did not change significantly.

C. There was no impairment loss on investment property.

D. The investment property was not pledged to others as collateral.

(13) Intangible assets

	2021				
	Trademark Rights	Patent	Goodwill	Others	Total
At January 1					
Cost	\$ 47,588	\$ 451,126	\$ 3,885,756	\$ 395,751	\$ 4,780,221
Accumulated amortisation and impairment	(247)	(195,914)	(2,652,518)	(277,544)	(3,126,223)
	\$ 47,341	\$ 255,212	\$ 1,233,238	\$ 118,207	\$ 1,653,998
Opening net book amount	\$ 47,341	\$ 255,212	\$ 1,233,238	\$ 118,207	\$ 1,653,998
Additions	-	-	-	35,017	35,017
Disposals	-	-	-	(1,316)	(1,316)
Disposal of subsidiaries	-	-	-	(881)	(881)
Amortisation charge	(44)	(24,460)	-	(78,220)	(102,724)
Impairments loss	-	-	(110,000)	-	(110,000)
Reclassifications	-	-	-	6,325	6,325
Net exchange differences	(1,322)	-	(10,904)	(636)	(12,862)
Closing net book amount	\$ 45,975	\$ 230,752	\$ 1,112,334	\$ 78,496	\$ 1,467,557
At December 31					
Cost	\$ 46,266	\$ 451,126	\$ 3,874,852	\$ 386,221	\$ 4,758,465
Accumulated amortisation and impairment	(291)	(220,374)	(2,762,518)	(307,725)	(3,290,908)
	\$ 45,975	\$ 230,752	\$ 1,112,334	\$ 78,496	\$ 1,467,557

2020					
	Trademark				
	Rights	Patent	Goodwill	Others	Total
At January 1					
Cost	\$ 50,068	\$ 451,126	\$ 3,882,120	\$ 303,904	\$ 4,687,218
Accumulated amortisation and impairment	(95)	(44,120)	(2,229,754)	(161,301)	(2,435,270)
	<u>\$ 49,973</u>	<u>\$ 407,006</u>	<u>\$ 1,652,366</u>	<u>\$ 142,603</u>	<u>\$ 2,251,948</u>
Opening net book amount	\$ 49,973	\$ 407,006	\$ 1,652,366	\$ 142,603	\$ 2,251,948
Additions	-	-	-	71,543	71,543
Disposals	-	-	-	(11,365)	(11,365)
Amortisation charge	(76)	(35,296)	-	(84,453)	(119,825)
Impairment loss	(76)	(116,498)	(422,764)	-	(539,338)
Net exchange differences	(2,480)	-	3,636	(121)	1,035
Closing net book amount	<u>\$ 47,341</u>	<u>\$ 255,212</u>	<u>\$ 1,233,238</u>	<u>\$ 118,207</u>	<u>\$ 1,653,998</u>
At December 31					
Cost	\$ 47,588	\$ 451,126	\$ 3,885,756	\$ 395,751	\$ 4,780,221
Accumulated amortisation and impairment	(247)	(195,914)	(2,652,518)	(277,544)	(3,126,223)
	<u>\$ 47,341</u>	<u>\$ 255,212</u>	<u>\$ 1,233,238</u>	<u>\$ 118,207</u>	<u>\$ 1,653,998</u>

A. Goodwill is allocated to the Group's cash-generating units identified according to operating segments as follows:

	December 31, 2021					
	3C component	System and peripheral products	3C product retail	Memory module	Others	Total
Taiwan	\$ -	\$ 715,197	\$ -	\$ 8,258	\$ -	\$ 723,455
Hong Kong	-	-	377,272	-	-	377,272
All other segments	-	-	-	-	11,607	11,607
	<u>\$ -</u>	<u>\$ 715,197</u>	<u>\$ 377,272</u>	<u>\$ 8,258</u>	<u>\$ 11,607</u>	<u>\$ 1,112,334</u>
	December 31, 2020					
	3C component	System and peripheral products	3C product retail	Memory module	Others	Total
Taiwan	\$ -	\$ 715,197	\$ -	\$ 118,258	\$ -	\$ 833,455
Hong Kong	-	-	388,176	-	-	388,176
All other segments	-	-	-	-	11,607	11,607
	<u>\$ -</u>	<u>\$ 715,197</u>	<u>\$ 388,176</u>	<u>\$ 118,258</u>	<u>\$ 11,607</u>	<u>\$ 1,233,238</u>

B. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections and decisions assisted by independent valuation institutions based on financial budgets approved by the management covering a five-year period. The Group performs impairment testing annually.

C. In 2021 and 2020, the Group recognized impairment loss as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Impairment loss-Goodwill		
3C component	\$ -	\$ 422,764
Memory module	<u>110,000</u>	<u>-</u>
	<u>\$ 110,000</u>	<u>\$ 422,764</u>

D. The goodwill of memory module were amortised to PQI's identified cash generating unit. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The main assumptions for calculation is as follows:

Discount rate is a pre-tax rate measured using the Taiwan government 10-year bond yield, which is the same currency with cash flow. Risk premium will be adjusted in order to reflect the equity's incremental risk and the cash generating unit's specific systematic risk of the general investments. PQI's sales were not as expected as the original plan to develop business in the US, Europe and South Korea was suspended due to the impact of COVID-19 pandemic, and the brand penetration rate is low because it is still at the early stage of entering the Amazon platform. PQI's recoverable amount is less than the book value as assessed; therefore, the Group recognised impairment loss on goodwill amounting to \$110,000 in the statement of comprehensive income within 'other gains and losses' for the year ended December 31, 2021.

E. The goodwill of 3C component was amortised to Glory Science's identified cash generating unit. The recoverable amount is measured at the higher of fair value less costs to sell or value in use. The main assumption for calculation of value in use is the adoption of discount rate, which is a pre-tax rate measured using the Taiwan government 10-year bond yield that is the same currency with cash flow. Risk premium will be adjusted in order to reflect the equity's incremental risk and the cash generating unit's specific systematic risk of the general investments. Market comparable companies are used for calculation of fair value less costs to sell. As Glory Science is an unlisted company, a discount for lack of marketability is used for the calculation of its fair value with the main assumption discount of 40%, and the fair value of Glory Science is included in Level 3.

Due to the changes in customer orders as well as removals and replacements of old model phones, the scale of operations was reduced as a result of the poor capacity utilisation. In addition, the overall economic environment is affected by coronavirus pandemic. Based on the Group's assessment, an impairment loss of \$422,764 was recognised for the goodwill for the year ended December 31, 2020, shown as 'other gains and losses' in the statement of comprehensive income, because the recoverable amount of Glory Science is lower than the carrying amount.

(14) Non-current assets held for sale

The assets and liabilities related to solar photovoltaic equipment have been reclassified as disposal

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

(a) Assets of disposal group held for sale:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	\$ 15,599	\$ -

(b) The Group had no impairment loss recognised as a result of the remeasurement of the disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

(15) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ 4,174,848	0.64%~4%	-
Secured borrowings	50,000	1.36%~1.48%	Buildings and structures
	<u>\$ 4,224,848</u>		
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ 4,311,582	0.51%~1.29%	-
Secured borrowings	30,000	1.01%	Buildings and structures
	<u>\$ 4,341,582</u>		

(16) Short-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper	\$ 1,597,500	\$ 387,400
Discount amortisation	(978)	(178)
	<u>\$ 1,596,522</u>	<u>\$ 387,222</u>
Annual interest rate range	<u>1.22%~1.79%</u>	<u>0.87%~1.57%</u>

(17) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables on salary and bonus	\$ 1,634,734	\$ 1,636,146
Employees' compensation and remuneration for supervisors and directors	329,994	358,312
Payables on equipment	447,305	583,447
Others	2,205,501	2,200,560
	<u>\$ 4,617,534</u>	<u>\$ 4,778,465</u>

(18) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured corporate bonds	\$ 6,600,000	\$ 6,600,000
Less: Discount on bonds payable	(21,430)	(25,018)
	<u>\$ 6,578,570</u>	<u>\$ 6,574,982</u>

A. The main terms of the \$3,600,000 2nd secured corporate bonds issued by the Company on July 29, 2020 are as follows:

- (a) Total initial issue amount: \$3,600,000.
- (b) Issue price: Issue at par value, \$1,000 each.
- (c) Issue period: 5 years, from July 29, 2020 to July 27, 2025.
- (d) Coupon rate: 0.65% fixed per annum.
- (e) Interest payment method: Interest is calculated from the date of issuance at the coupon rate, is a simple interest and is paid yearly.
- (f) Principal repayment method: Pay entire amount at the maturity date.
- (g) Guarantee method:

The joint guarantor banks including CTBC Bank Co., Ltd., Taiwan Cooperative Bank Co., Ltd., Hua Nan Commercial Bank Ltd., Agricultural Bank of Taiwan Corporation and Mega International Commercial Bank Co., Ltd. provide guarantees based on a joint engagement guarantee contract and bond-fulfilling guarantee obligation contract.
- (h) Commitment:

The company should maintain the following financial ratios during the contract duration for semi-annual consolidated and annual consolidated financial statements:

 - i. Current assets to current liabilities ratio of at least 1:1;
 - ii. Liabilities not exceeding 200% of tangible net equity;
 - iii. Interest coverage of at least 400%; and
 - iv. Tangible net equity of at least NT\$15,000,000 thousand.

B. The main terms of the \$3,000,000 1st secured corporate bonds issued by the Company on June 26, 2019 are as follows:

- (a) Total initial issue amount: \$3,000,000.
- (b) Issue price: Issue at par value, \$1,000 each.
- (c) Issue period: 5 years, from June 26, 2019 to June 26, 2024.
- (d) Coupon rate: 0.80% fixed per annum.
- (e) Interest payment method: Interest is calculated from the date of issuance at the coupon rate, is a simple interest and is paid yearly.
- (f) Principal repayment method: Pay entire amount at the maturity date.
- (g) Guarantee method:

The joint guarantor banks including CTBC Bank Co., Ltd., Taiwan Cooperative Bank Co., Ltd., Mega International Commercial Bank Co., Ltd. and Chang Hwa Commercial Bank, Ltd. provide guarantees based on a joint engagement guarantee contract and bond-fulfilling guarantee obligation contract.

(h) Commitment:

The company should maintain the following financial ratios during the contract duration for semi-annual consolidated and annual consolidated financial statements:

- i. Current assets to current liabilities ratio of at least 1:1;
- ii. Liabilities not exceeding 200% of tangible net equity;
- iii. Interest coverage of at least 400%; and
- iv. Tangible net equity of at least NT\$15,000,000 thousand.

(19) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2021
Long-term loan borrowings				
Bank's unsecured borrowings				
Cheng Uei				
- including covenants	Borrowing period is from April 2021 to April 2024; pay entire amount when due	0.85%	\$ 3,500,000	\$ 500,000
- without covenants	Borrowing period is from March 2021 to July 2024; pay entire amount when due	0.77%~0.92%	2,304,750	4,701,250
FIT Holding	Borrowing period is from September 2021 to November 2023; pay entire amount of principal when due, interest is repayable monthly	1.17%~1.2%	470,000	530,000
Foxlink Image	Borrowing period is from March 2021 to December 2023; pay entire amount of principal when due, interest is repayable monthly	0.94%~0.98%	2,968,800	1,658,000
PQI	Borrowing period is from July 2021 to July 2023; pay entire amount of principal when due, interest is repayable monthly	1.25%	100,000	200,000
Glory Science	Borrowing period is from July 2019 to July 2024; pay principal and interest based on each bank's regulations	1.04%~1.5%	64,000	273,000
Shinfox	Borrowing period is from February 2019 to February 2023; pay entire amount in installments	1.71%	-	8,976
Foxwell Energy	Borrowing period is from January 2019 to December 2035; pay entire amount in installments	1.44%~1.49%	286,721	39,188
Bank's secured borrowings				
Foxwell Energy	Borrowing period is from May 2018 to February 2036; pay entire amount in installments	1.44%~1.68%	371,283	303,703
Glory Science	Borrowing period is from December 2019 to December 2024; pay principal in installments quarterly, interest is calculated monthly	1.36%	-	65,000
Medium-term and long-term syndicated loans				
Cheng Uei	Borrowing period is from November 2020 to November 2025. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.01%	4,800,000	<u>3,200,000</u>
				11,479,117
Less: Current portion				(<u>302,694</u>)
				<u>\$ 11,176,423</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2020
Long-term loan borrowings				
Bank's unsecured borrowings				
Cheng Uei				
- including covenants	Borrowing period is from September 2017 to March 2023; pay entire amount when due	0.99%~1%	\$ 1,400,000	\$ 2,600,000
- without covenants	Borrowing period is from December 2017 to November 2023; pay entire amount when due	0.87%~1.4%	2,235,550	2,981,250
FIT Holding	Borrowing period is from October 2020 to August 2022; pay entire amount of principal when due, interest is repayable monthly	1.1%~1.22%	-	400,000
Foxlink Image	Borrowing period is from February 2020 to August 2023; pay entire amount of principal when due, interest is repayable monthly	0.94%~1.1%	544,800	2,440,000
PQI	Borrowing period is from December 2019 to December 2022; pay principal based on each bank's regulations, interest is repayable monthly	1.23%~1.35%	4,200	365,800
Glory Science	Borrowing period is from April 2019 to July 2024; pay principal and interest based on each bank's regulations	1.04%~1.5%	-	387,000
Shinfox	Borrowing period is from February 2019 to February 2023; pay entire amount in installments	1.71%~1.76%	-	18,870
Foxwell Energy	Borrowing period is from January 2019 to September 2033; pay entire amount in installments	1.49%	292,755	38,451
Bank's secured borrowings				
Foxwell Energy	Borrowing period is from May 2018 to December 2034; pay entire amount in installments	1.53%~1.80%	294,832	314,397
Glory Science	Borrowing period is from December 2019 to December 2024; pay principal in installments quarterly, interest is calculated monthly	1.26%	-	80,000
Medium-term and long-term syndicated loans				
Cheng Uei	Borrowing period is from November 2020 to November 2025. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.01%	4,800,000	3,200,000
				12,825,768
Less: Current portion				(502,471)
				<u>\$ 12,323,297</u>

A. In November 2020, the Group signed a medium-term syndicated revolving NTD credit facility agreement with the Bank of Taiwan as the lead bank. The terms of agreement are summarised below:

(a) Duration of loan: The loan period of the agreement was 5 years from the agreement signing date.

- (b) Credit line and draw-down: The credit line was NT\$8,000,000 thousand, which can be drawn down in installments of at least NT\$100,000 thousand per draw-down.
 - (c) Principal repayment: The duration of each loan drawn down is either 90 days or 180 days at the Company's option. The Company, if without any default, may submit an application to the banks to draw down a new loan with principal equal to the original loan before its maturity, and the new loan is directly used to repay the original loan. The banks and the Company are not required to make remittances for such draw-down and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.
 - (d) Commitment: The Company should maintain the following financial ratios during the contract duration for semi-annual consolidated and annual consolidated financial statements:
 - i. Current assets to current liabilities ratio of at least 1:1;
 - ii. Liabilities not exceeding 200% of tangible net equity;
 - iii. Interest coverage of at least 400%; and
 - iv. Total equity of at least NT\$15,000,000 thousand.
 - (e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.
- B. The Company entered into the borrowing contracts with Bank SinoPac, Taipei Fubon and Far Eastern International Bank, and the total credit line is \$4,000,000. As of December 31, 2021, 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 1:1;
 - (b) Liabilities not exceeding 200% of tangible net equity;
 - (c) Interest coverage of at least 400%; and
 - (d) Tangible net equity of at least NT\$15,000,000 thousand.
- C. The Company entered into the borrowing contracts with Bank SinoPac, Entie Commercial Bank, TSBank and Yuanta Commercial Bank, and the total credit line is \$2,500,000. As of December 31, 2021, the borrowings that have been used amounted to \$1,338,000. 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 1:1;
 - (b) Liabilities not exceeding 200% of tangible net equity;
 - (c) Interest coverage of more than 400%;
 - (d) Tangible net equity of at least NT\$1,500,000 thousand to NT\$5,000,000 thousand; and
 - (e) Net asset value of at least NT\$1,800,000 thousand.

D. As of December 31, 2021, the borrowings that have been used amounted to as follows:

Company	Bank	Credit line	Amount of borrowings used
The Company	E. Sun Bank	\$ 300,000	\$ -
The Company	Mizuho Bank	USD 30,000,000	800,000
The Company	First Bank	600,000	600,000
The Company	Jih Sun International Bank	300,000	300,000
The Company	DBS Bank	USD 35,000,000	900,000
The Company	Export-Import Bank of Republic of China	480,000	301,250
The Company	Cathay Bank	500,000	500,000
The Company	Yuanta Commercial Bank	450,000	400,000
The Company	Entie Commercial Bank	500,000	500,000
The Company	Taiwan Cooperative Bank	500,000	-
The Company	United Overseas Bank	USD 10,000,000	-
The Company	KGI Bank	1,000,000	400,000
The Company	Panhsin Bank	300,000	-
FIT Holding, Foxlink Image, PQI and Glory Science	Jih Sun International Bank (Note)	500,000	500,000
FIT Holding, PQI	Hua Nan Commercial Bank (Note)	200,000	500,000
FIT Holding	Mega Commercial Bank	300,000	-
Foxlink Image	Hua Nan Commercial Bank	200,000	150,000
Foxlink Image	Taiwan Cooperative Bank	500,000	310,000
Foxlink Image	First Bank	250,000	113,000
Foxlink Image	Bank of Taiwan	300,000	300,000
Foxlink Image	E. Sun Bank (Note)	400,000	300,000
Foxlink Image	Cathay Bank (Note)	USD 10,000,000	-
Foxlink Image	KGI Bank (Note)	400,000	400,000
Glory Science	Hua Nan Commercial Bank	95,000	90,000
Glory Science	Chang Hwa Commercial Bank	125,000	120,000
Glory Science	Export-Import Bank of Republic of China	192,000	128,000
Shinfox	Shanghai Commercial & Savings Bank, Ltd.	8,976	8,976
Foxwell Energy	TSBank (Note)	197,745	53,836
Foxwell Energy	Mega Commercial Bank	218,791	218,791
Foxwell Energy	Bank SinoPac	584,358	70,264

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

(20) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labour Standards Act, covering all regular employees' service years prior to the enforcement of the Labour 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 Labour standards Act. 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 Company and its domestic subsidiaries contribute 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 Company and its domestic subsidiaries would assess the balance in the aforementioned labour pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 348,876)	(\$ 398,526)
Fair value of plan assets	<u>226,278</u>	<u>178,635</u>
Net defined benefit liability	<u>(\$ 122,598)</u>	<u>(\$ 219,891)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1	(\$ 398,526)	\$ 178,635	(\$ 219,891)
Current service cost	(2,787)	-	(2,787)
Interest (expense) income	(1,284)	837	(447)
Past service cost	<u>1,098</u>	<u>-</u>	<u>1,098</u>
	<u>(401,499)</u>	<u>179,472</u>	<u>(222,027)</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	1,430	1,430
Change in demographic assumptions	(289)	-	(289)
Change in financial assumptions	12,751	-	12,751
Experience adjustments	<u>26,194</u>	<u>952</u>	<u>27,146</u>
	<u>38,656</u>	<u>2,382</u>	<u>41,038</u>
Pension fund contribution	-	49,733	49,733
Paid pension	<u>13,967</u>	<u>(5,309)</u>	<u>8,658</u>
Balance at December 31	<u>(\$ 348,876)</u>	<u>\$ 226,278</u>	<u>(\$ 122,598)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 383,840)	\$ 169,942	(\$ 213,898)
Current service cost	(2,666)	-	(2,666)
Interest (expense) income	(2,774)	972	(1,802)
Past service cost	(21,862)	-	(21,862)
	<u>(411,142)</u>	<u>170,914</u>	<u>(240,228)</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	4,034	4,034
Change in financial assumptions	(14,716)	-	(14,716)
Experience adjustments	<u>1,265</u>	<u>2,182</u>	<u>3,447</u>
	<u>(13,451)</u>	<u>6,216</u>	<u>(7,235)</u>
Pension fund contribution	-	2,612	2,612
Paid pension	26,067	(1,107)	24,960
Effect of business combination	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31	<u>(\$ 398,526)</u>	<u>\$ 178,635</u>	<u>(\$ 219,891)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization 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 authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.70%~0.75%</u>	<u>0.30%~0.80%</u>
Future salary increases	<u>1.00%~5.00%</u>	<u>1.00%~5.00%</u>

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	\$ 8,250	(\$ 8,544)	(\$ 7,522)	\$ 7,264
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	\$ 10,153	(\$ 10,531)	(\$ 9,300)	\$ 8,972

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. 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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$2,615.
- (g) As of December 31, 2021, the weighted average duration of that retirement plan is 9 to 20 years.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a funded defined contribution pension plan (the “New Plan”) under the Labour Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s Mainland China subsidiaries have a funded defined contribution plan. Monthly contributions are based on the employees’ monthly salaries (the contribution ratio for the years ended December 31, 2021 and 2020 is between 10.2%~21%) and wages to an independent fund administered by the government in accordance with the pension regulations. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the abovementioned defined contribution pension plan for the years ended December 31, 2021 and 2020 were \$821,840 and \$559,506 respectively.

(21) Share capital

- A. As of December 31, 2021, the Company’s authorised common stock was \$7,000,000 (including 50,000,000 shares reserved for the issuance of employees’ warrants), and the issued and outstanding shares were both 484,823,940 shares.

B. Treasury shares

Before becoming a subsidiary, Foxlink Image Technology Co., Ltd. held the parent's capital stock for general investment purpose. The company did not purchase more equity instruments after acquiring control over Foxlink Image on October 1, 2018. As of December 31, 2021 and 2020, the detailed information of Foxlink Image's parent equity shares is as follows:

	December 31, 2021	December 31, 2020
In thousand shares	27,503	27,503
Book value	\$ 272,066	\$ 272,066

(22) Capital surplus

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 Law requires that the amount of capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021					
	Share premium	Treasury share transactions	Difference between proceeds from acquisition or disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1	\$ 9,337,850	\$ 45,078	\$ 196,481	\$ 3,336	\$ 246,001	\$ 9,828,746
Cash dividends distributed to subsidiaries	-	26,258	-	-	-	26,258
Adjustments due to not participating in the capital increase of investees proportionately	-	-	393,228	493	4,150	397,871
At December 31	\$ 9,337,850	\$ 71,336	\$ 589,709	\$ 3,829	\$ 250,151	\$ 10,252,875

	2020					
			Difference between proceeds from acquisition or disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
	Share premium	Treasury share transactions				
At January 1	\$ 9,337,850	\$ 18,820	\$ 32,813	\$ 3,374	\$ 78,860	\$ 9,471,717
Cash dividends distributed to subsidiaries	-	26,258	-	-	-	26,258
Adjustments due to not participating in the capital increase of investees proportionately	-	-	163,668	(38)	167,141	330,771
At December 31	<u>\$ 9,337,850</u>	<u>\$ 45,078</u>	<u>\$ 196,481</u>	<u>\$ 3,336</u>	<u>\$ 246,001</u>	<u>\$ 9,828,746</u>

(23) Retained earnings/Subsequent events

- A. Based on 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. The appropriation of remainder shall be proposed by the Board of Directors and be resolved by the shareholders.
- B. According to the Company's Articles of Incorporation, no more than 90% of the distributable retained earnings shall be distributed as stockholders' 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.
- C. 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 balance of the reserve exceeds 25% of the Company's paid-in capital.
- D. (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 amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- (c) As of January 1, 2018, the amounts previously set aside by the Company as special reserve for the initial application of IFRSs amounted to \$665,206. Furthermore, the Company did not reverse special reserve to retained earnings for the years ended December 31, 2021 and 2020 as a result of the use, disposal or reclassification of related assets. As of December 31, 2021

and 2020, the amount of special reserve set aside for the initial application of IFRSs all amounted to \$665,206.

- E. (a) The Company recognised dividends distributed to owners amounting to \$1,280,818 and \$1,280,818 for the years ended December 31, 2021 and 2020, respectively. Details of the appropriation of 2020's and 2019's net income which was resolved at the stockholders' meeting on July 15, 2021 and June 19, 2020 are as follows:

	<u>Year ended December 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Legal reserve	\$ 195,628	\$ -	\$ 198,736	\$ -
Special reserve	(298,188)	-	724,633	-
Cash dividends	<u>1,280,818</u>	<u>2.5</u>	<u>1,280,818</u>	<u>2.5</u>
Total	<u>\$ 1,178,258</u>	<u>\$ 2.5</u>	<u>\$ 2,204,187</u>	<u>\$ 2.5</u>

- (b) The appropriation of 2021 earnings had been proposed by the Board of Directors on March 24, 2022. Details are summarized below:

	<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividend per share (NTD)</u>
Legal reserve	\$ 94,372	\$ -
Special reserve	565,304	-
Cash dividends	<u>768,490</u>	<u>1.5</u>
Total	<u>\$ 1,428,166</u>	<u>\$ 1.5</u>

(24) Other equity items

	<u>2021</u>		
	<u>Financial assets at fair value through other comprehensive income</u>	<u>Translation of foreign financial statements</u>	<u>Total</u>
At January 1	(\$ 306,223)	(\$ 1,730,123)	(\$ 2,036,346)
Valuation adjustment			
- Group	(90,209)	-	(90,209)
- Associates	(76,177)	-	(76,177)
Currency translation differences:			
- Group	-	(404,900)	(404,900)
- Associates	-	5,981	5,981
At December 31	<u>(\$ 472,609)</u>	<u>(\$ 2,129,042)</u>	<u>(\$ 2,601,651)</u>

	2020		
	Financial assets at fair value through other comprehensive income	Translation of foreign financial statements	Total
At January 1	(\$ 255,079)	(\$ 2,079,456)	(\$ 2,334,535)
Valuation adjustment			
- Group	(55,232)	-	(55,232)
- Associates	4,088	-	4,088
Currency translation differences:			
- Group	-	331,794	331,794
- Associates	-	17,539	17,539
At December 31	(\$ 306,223)	(\$ 1,730,123)	(\$ 2,036,346)

(25) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods over time and at a point in time in the following major product lines and generates related revenue in each reportable segment:

	Years ended December 31	
	2021	2020
Systems and peripheral products	\$ 37,217,489	\$ 44,289,953
3C component	30,969,951	34,144,461
3C product retail	14,278,882	10,589,485
Others	4,334,413	528,201
Total	\$ 86,800,735	\$ 89,552,100

B. Unfulfilled construction contracts

Aggregate amount of the transaction price allocated to and the year expected to recognise revenue for the unsatisfied performance obligations in relation to the contracted significant construction contracts as of December 31, 2021 and 2020 are as follows:

Year	Year expected to recognise revenue	Contracted amount
December 31, 2021	2022~2025	\$ 54,669,266
December 31, 2020	2021~2025	52,532,010

C. Contract assets and contract liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract assets:		
Contract assets-construction contracts	<u>\$ 3,216,453</u>	<u>\$ 104,591</u>
Contract liabilities:		
Contract liabilities-advance sales receipts	\$ 601,474	\$ 630,690
Contract liabilities-construction contracts	<u>2,293</u>	<u>266,085</u>
Total	<u>\$ 603,767</u>	<u>\$ 896,775</u>

- (b) Contract assets and liabilities recognised for the aforementioned construction contracts as at December 31, 2021 and 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Aggregate costs incurred plus recognised profits	\$ 4,366,249	\$ 977,551
Less: Progress billings	(1,152,089)	(1,139,045)
Net balance sheet position for construction in progress	<u>\$ 3,214,160</u>	<u>(\$ 161,494)</u>
Presented as:		
Current contract assets	\$ 3,216,453	\$ 104,951
Current contract liabilities	(2,293)	(266,085)
Total	<u>\$ 3,214,160</u>	<u>(\$ 161,134)</u>

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue received in advance	<u>\$ 617,167</u>	<u>\$ 536,392</u>

D. Please refer to Note 9 for the information of significant construction contracts of the Group.

(26) Interest income

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	<u>\$ 77,057</u>	<u>\$ 105,872</u>

(27) Other income

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental revenue	\$ 17,182	\$ 17,185
Other revenue- other	<u>532,253</u>	<u>561,098</u>
	<u>\$ 549,435</u>	<u>\$ 578,283</u>

(28) Other gains and losses

	Years ended December 31,	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$ 3,397	(\$ 71,752)
Gain on disposal of investments	165,959	250,764
Net currency exchange losses	(65,339)	(23,201)
Impairment loss on intangible assets	(110,000)	(539,338)
Depreciation charge on investment property	(12,925)	(12,799)
Other gains and losses	(49,846)	14,151
	<u>(\$ 68,754)</u>	<u>(\$ 382,175)</u>

(29) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense	\$ 234,565	\$ 273,023
Corporate bonds	100,458	70,210
Lease liabilities	6,504	6,020
	<u>\$ 341,527</u>	<u>\$ 349,253</u>

(30) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 12,357,079	\$ 12,165,364
Depreciation expense	3,448,842	3,210,265
Amortisation charges on intangible assets	102,724	119,825
Transportation expense	649,674	677,472
Advertising costs	72,160	72,922
Operating lease payments	102,348	100,131

(31) Employee benefit expense

	Years ended December 31,	
	2021	2020
Wages and salaries	\$ 10,638,468	\$ 10,815,111
Labour and health insurance fees	512,631	398,868
Directors' remuneration	6,000	10,000
Pension costs	823,976	585,836
Other personnel expenses	376,004	355,549
	<u>\$ 12,357,079</u>	<u>\$ 12,165,364</u>

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

- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$130,000 and \$220,000, respectively; directors' and supervisors' remuneration was accrued at \$6,000 and \$10,000. The aforementioned amounts were recognised in salary expenses.
- C. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the distributable profit of current period for the year ended December 31, 2021 and percentage as prescribed by the Company's Articles of Incorporation. The Board of Directors resolved the actual appropriation amounts of \$130,000 and \$6,000 and appropriated in cash in March 24, 2022
- D. Employees' compensation and directors' and supervisors' remuneration of 2020 as resolved at the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2020.
- E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Tax payable incurred in current period	\$ 613,192	\$ 839,300
Tax on undistributed surplus earnings	43,313	3,883
Prior year income tax under (over) estimation	17,645	(149,525)
Total current tax	674,150	693,658
Deferred tax:		
Origination and reversal of temporary differences	140,813	5,809
Total deferred tax	140,813	5,809
Income tax expense	\$ 814,963	\$ 699,467

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

	Years ended December 31,	
	2021	2020
Currency translation differences	(\$ 115,177)	\$ 82,675
Remeasurement of defined benefit obligations	8,207	(1,035)
	(\$ 106,970)	\$ 81,640

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 871,908	\$ 898,488
Effect from items disallowed by tax regulation	(145,931)	(85,192)
Prior year income tax under (over) estimation underestimation	17,645	(149,525)
Effect from Alternative Minimum Tax	28,028	17,017
Tax on repatriation of capital from Taiwan's offshore companies	-	14,796
Tax on undistributed surplus earnings	43,313	3,883
Income tax expense	<u>\$ 814,963</u>	<u>\$ 699,467</u>

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Bad debts expense	\$ 18,993	(\$ 374)	\$ -	\$ 18,619
Impairment losses on slow-moving inventory	22,679	(1,157)	-	21,522
Unrealised exchange (loss) gain	42,494	(18,600)	-	23,894
Unrealised profit from sales	44,995	(20,484)	-	24,511
Unrealised appropriation of pension	236	(236)	-	-
Remeasurement of defined benefit plan	8,450	-	(8,207)	243
Currency translation differences	173,693	-	115,177	288,870
Tax losses	126,760	(23,418)	-	103,342
Others	99,688	(11,517)	-	88,171
Subtotal	<u>\$ 537,988</u>	<u>(\$ 75,786)</u>	<u>\$ 106,970</u>	<u>\$ 569,172</u>
-Deferred tax liabilities:				
Gain on investments	(\$ 731,164)	(\$ 84,559)	\$ -	(\$ 815,723)
Unrealised appropriation of pension	-	(10,738)	-	(10,738)
Others	(137,357)	30,270	-	(107,087)
Subtotal	<u>(\$ 868,521)</u>	<u>(\$ 65,027)</u>	<u>\$ -</u>	<u>(\$ 933,548)</u>
Total	<u>(\$ 330,533)</u>	<u>(\$ 140,813)</u>	<u>\$ 106,970</u>	<u>(\$ 364,376)</u>

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Bad debts expense	\$ 20,498	(\$ 1,505)	\$ -	\$ 18,993
Impairment losses on slow-moving inventory	28,035	(5,356)	-	22,679
Unrealised exchange (loss) gain	1,475	41,019	-	42,494
Unrealised profit from sales	83,826	(38,831)	-	44,995
Unrealised appropriation of pension	-	236	-	236
Remeasurement of defined benefit plan	7,415	-	1,035	8,450
Currency translation differences	256,368	-	(82,675)	173,693
Tax losses	67,739	59,021	-	126,760
Rent expense	717	(717)	-	-
Others	86,742	12,946	-	99,688
Subtotal	\$ 552,815	\$ 66,813	(\$ 81,640)	\$ 537,988
-Deferred tax liabilities:				
Gain on investments	(\$ 618,953)	(\$ 112,211)	\$ -	(\$ 731,164)
Unrealised appropriation of pension	(4,420)	4,420	-	-
Others	(172,526)	35,169	-	(137,357)
Subtotal	(\$ 795,899)	(\$ 72,622)	\$ -	(\$ 868,521)
Total	(\$ 243,084)	(\$ 5,809)	(\$ 81,640)	(\$ 330,533)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011-2021	\$ 2,922,397	\$ 2,549,278	\$ 2,090,471	2022-2031

December 31, 2020				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011-2020	\$ 3,242,054	\$ 2,829,498	\$ 2,264,569	2021-2030

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ 2,883,736	\$ 3,048,669

G. The latest year of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	<u>Status of Assessment</u>
LM, Proconn, FUII, FII,	Assessed and approved up to 2020
The company, DU Precision, WCT, FAT, Jing Jing, Zhi De Investment, Darts, PSI (Notes), Shinfox, Foxwell Energy, Shinfox Natural Gas, Foxwell Power, Staraight A, Suntain	Assessed and approved up to 2019
Staudio A, VA, Foxlink Imatge, PQI, Glorly Science	Assessed and approved up to 2018
Note: PSI has not been assessed and approved in 2018.	

(33) Earnings per share

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 921,042	484,824	\$ 1.90
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 921,042	484,824	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,287	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 921,042	488,111	\$ 1.89
	<u>Year ended December 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,967,432	484,824	\$ 4.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,967,432	484,824	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,671	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,967,432	489,495	\$ 4.02

(34) Transactions with non-controlling interest

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

In March 2021, the Group disposed of 25% of shares of its subsidiary - Shih Fong Power Co., Ltd. for a total cash consideration of \$690,000. The carrying amount of non-controlling interest in Shih Fong Power Co., Ltd. was \$588,281 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$660,512 and an increase in the equity attributable to owners of the parent by \$29,488.

In November 2021, the Group disposed of 0.74% of shares of its subsidiary - Shinfox Energy Co., Ltd. for a total cash consideration of \$112,809. The carrying amount of non-controlling interest in Shinfox Energy Co., Ltd. was \$2,827,409 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$86,340 and an increase in the equity attributable to owners of the parent by \$27,009.

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

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

The second-tier subsidiaries, Shinfox Energy Co., Ltd. and Junezhe Co., Ltd. increased its capital by issuing new shares in 2021. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 9.22% and 41.5%, respectively. The transaction increased non-controlling interest by \$2,395,862 and increased the equity attributable to owners of parent by \$356,812.

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

(35) Supplemental cash flow information

A. Investment activities with partial cash payments:

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 3,118,284	\$ 2,464,668
Add: Opening balance of payable on equipment	583,477	548,763
Less: Ending balance of payable on equipment	(447,305)	(583,447)
Cash paid during the period	<u>\$ 3,254,456</u>	<u>\$ 2,429,984</u>

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

	December 30, 2020		
	Changyuan Wind Power Ltd.	Beiyuan Wind Power Ltd.	Shinfox Power Co., Ltd.
Carrying amount of assets and liabilities of the subsidiaries			
Cash	\$ 3,287	\$ 6,400	\$ 21,108
Other current assets	37,784	38,351	114
Property, plant and equipment	729,847	740,911	24,039
Deferred income tax assets	34	28	-
Other non-current assets	5,786	2,864	2,057
Other current liabilities	(128,466)	(130,331)	(2,370)
Other non-current liabilities	(454,612)	(532,396)	-
Carrying amount of disposal of subsidiaries	193,660	125,827	44,948
Gain on disposal of subsidiaries	125,490	114,360	52
Total consolidation received from disposal of subsidiaries	319,150	240,187	45,000
Cash and cash equivalents from disposal of subsidiaries	(3,287)	(6,400)	(21,108)
Net cash charged due to disposal of subsidiaries	\$ 315,863	\$ 233,787	\$ 23,892

(36) Changes in liabilities from financing activities

2021						
	Short-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Long-term borrowings	Lease liabilities	Liabilities from financing activities - gross
At January 1	\$4,341,582	\$ 387,222	\$ 6,574,982	\$12,825,768	\$ 417,534	\$ 24,547,088
Changes in cash flow from financing activities	(115,830)	1,209,300	-	(1,346,651)	(235,401)	(488,582)
Impact of changes in foreign exchange rate	(904)	-	-	-	27,034	26,130
Interest expense	-	-	-	-	6,651	6,651
Changes in other non-cash items	-	-	3,588	-	190,344	193,932
At December 31	<u>\$4,224,848</u>	<u>\$ 1,596,522</u>	<u>\$ 6,578,570</u>	<u>\$11,479,117</u>	<u>\$ 406,162</u>	<u>\$ 24,285,219</u>
2020						
	Short-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Long-term borrowings	Lease liabilities	Liabilities from financing activities - gross
At January 1	\$2,038,744	\$ 374,942	\$ 2,987,655	\$12,907,993	\$ 520,737	\$ 18,830,071
Changes in cash flow from financing activities	2,302,838	12,280	3,584,462	(86,958)	(233,619)	5,579,003
Impact of changes in foreign exchange rate	-	-	-	4,733	(38,329)	(33,596)
Interest expense	-	-	-	-	6,020	6,020
Changes in other non-cash items	-	-	2,865	-	162,725	165,590
At December 31	<u>\$4,341,582</u>	<u>\$ 387,222</u>	<u>\$ 6,574,982</u>	<u>\$12,825,768</u>	<u>\$ 417,534</u>	<u>\$ 24,547,088</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Well Shin Technology Co., Ltd. (Well Shin)	Associate
Sharetronic Data Technology Co., Ltd. (Sharetronic)	Associate
Microlink Communications Inc. (Microlink)	Associate
Central Motion Picture Corporation (Central Motion Picture)	Associate
Deepwaters Digital Support Inc. (Deepwaters)	Associate
Dongguan Banrin Robot Technology Co., Ltd. (Banrin)	Associate
Hsin Hung International Investment Co., Ltd. (HSIN HUNG)	Other related party
Hon Hai Precision Industry Co., Ltd. (Hon Hai)	Other related party
Changde Kingplus Electronic Technology CO., LTD. (Changde Kingplus)	Other related party (Note 1)
Foxwell Energy Co., Ltd.	Other related party (Note 2)
Changyuan Wind Power Ltd.	Other related party (Note 2)
Beiyuan Wind Power Ltd.	Other related party (Note 2)
Shinfox Power Co., Ltd.	Other related party (Note 2)
Chern Feng Engineering Tech Co., Ltd. (Chern Feng)	Other related party

Note 1: On May 13, 2021, FTJ sold its equity interests in the subsidiary, CDFB, and lost its control and significant influence over CDFB. Consequently, the joint investor, Changde Kingplus, was no longer a related party since May 13, 2021.

Note 2: Changyuan Wind Power Ltd., Beiyuan Wind Power Ltd. and Shinfox Power Co., Ltd. were sold to Foxwell Energy Co., Ltd and became other related parties since November 30, 2020. FIT Holding resigned its directorship from Foxwell Energy Co., Ltd. on May 20, 2021, therefore, Foxwell Energy Co., Ltd. and its subsidiaries were non-related parties since May 20, 2021.

(2) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
- Associates	\$ 1,155	\$ 1,753
- Other related parties	1,078,879	1,462,517
	<u>\$ 1,080,034</u>	<u>\$ 1,464,270</u>

	Years ended December 31,	
	2021	2020
Sales of services:		
- Associates		
Central Motion	\$ 242	\$ 64,848
Other	788	-
- Other related parties		
Changyuan Wind Power Ltd.	3,840	33,688
Beiyuan Wind Power Ltd.	3,840	33,688
Shinfox Power Co., Ltd.	391,510	-
	<u>\$ 400,220</u>	<u>\$ 132,224</u>

- (a) All the credit terms on sales to related parties were 120 to 180 days after monthly billings. The credit terms on sales to third parties were 30 to 120 days after monthly billing or upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.
- (b) The Group's sales of services to the abovementioned related parties refer to construction revenue and service revenue from contracts such as electricity sales revenue charged from the contracted construction agreements, contracted agreements for development, design, manufacture and supervision of construction and the operation and maintenance contract for wind turbine generator system (WTGS) entered with other related parties, and the transaction price and credit terms are the same with the market situation or the general customers.

B. Operating costs

	Years ended December 31,	
	2021	2020
(a) Purchases of goods:		
- Associates	\$ 197,105	\$ 359,392
- Other related parties	1,032,795	834,247
	<u>\$ 1,229,900</u>	<u>\$ 1,193,639</u>

The purchase price in relation to the transaction made with related parties is based on mutual agreement. All purchases from related parties are at arm's-length. Payment period was 60 to 120 days after receipt of goods from suppliers.

	Years ended December 31,	
	2021	2020
(b) Construction Cost		
- Associates	\$ -	\$ 12,932
- Other related parties	14,318	-
	<u>\$ 14,318</u>	<u>\$ 12,932</u>

Except for rent expense which is calculated based on the lease agreement entered into using market quotes other payments of the transactions between the Group and the abovementioned

related parties are calculated based on the actual amount incurred and paid monthly.

C. Research and development expense - Technical Service Compensation

	Years ended December 31,	
	2021	2020
Technical service compensation:		
- Associates	\$ -	\$ 1,153

The Group entered into technical service contracts with related parties for providing the Company with research and development services. The payment terms are based on mutual agreement.

D. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
- Other related parties	\$ 244,686	\$ 522,791
- Associates	68,219	80,914
	<u>\$ 312,905</u>	<u>\$ 603,705</u>
Other receivables (Financing):		
- Associates		
Microlink	\$ 55,000	\$ 55,000
Other receivables (Others):		
- Other related parties	6,213	868
	<u>\$ 61,213</u>	<u>\$ 55,868</u>

Other receivables mainly refer to the rental income received from related parties, and the collection terms are based on mutual agreement.

E. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
- Associates	\$ 61,683	\$ 50,184
- Other related parties	110,424	110,542
	<u>\$ 172,107</u>	<u>\$ 160,726</u>
Other payables-Receipts under custody:		
- Associates	\$ -	\$ 15,612
- Other related parties	14,144	-
	<u>\$ 14,144</u>	<u>\$ 15,612</u>

F. Property transitions

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

The Group sold 100% of shares in Changyuan, Beiyuan and Shinfox Power to Foxwell Energy on November 30, 2020 and therefore lost control over the subsidiaries, of which the consideration for Changyuan and Beiyuan was reasonable after consulting with an external appraisal expert. The details of the consideration received from the transactions and assets and liabilities relating to the subsidiaries are provided in Note 6(34).

G. Lease transactions - lessee

(a) The Group leases buildings from related parties. Rental contracts are typically made for periods of 3 years. Rents are paid at the end of the month.

(b) Acquisition of right-of-use assets

		<u>Years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Associates		\$ -	\$ 17,962
Other related parties		<u>26,762</u>	<u>-</u>
		<u>\$ 26,762</u>	<u>\$ 17,962</u>

(c) Lease liability

i. Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	\$ 10,943	\$ 17,962
Other related parties	<u>22,391</u>	<u>-</u>
	<u>\$ 33,334</u>	<u>\$ 17,962</u>

ii. Interest expense

		<u>Years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Associates		\$ 211	\$ 37
Other related parties		<u>200</u>	<u>90</u>
		<u>\$ 411</u>	<u>\$ 127</u>

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 96,494	\$ 124,056
Post-employment benefits	1,997	1,837
Total	<u>\$ 98,491</u>	<u>\$ 125,893</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Property, plant and equipment	\$ 2,540,599	\$ 951,953	Short-term notes and bills, short- and long-term borrowings, Debt mortgage guarantee
Right-of-use assets	199,897	-	Debt mortgage guarantee
Repatriation of capital from Taiwan's offshore companies (shown as financial assets at amortised cost-current)	76,009	178,162	Repatriation of capital from Taiwan's offshore companies
Restricted deposits and time deposits-current (shown as financial assets at amortised cost-current)	1,885,170	5,563,959	Customs deposit, guarantee for L/C issued for purchases of materials, government grants coupon trust, collateral for letter of construction performance guarantee and guaranteed bill
Refundable deposits (shown as other current assets)	2,657	3,107	Construction performance security deposit
Restricted deposits and time deposits-non-current (shown as financial assets at amortised cost-non-current)	145,116	146,394	Litigation deposit and collateral for long-term borrowings
Refundable deposits (shown as other non-current assets)	331,480	227,033	Customs deposit, plant deposit and rental performance security deposit
	<u>\$ 5,180,928</u>	<u>\$ 7,070,608</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

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

December 31, 2020 to December 31, 2021.

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

C. 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”. According to the opinion of a lawyer appointed by

Fugang Electric (Maanshan) Co., Ltd., the investment agreement and related supplementary agreements signed with the People's Government of Ma'anshan Municipality and the Administrative Committee of Ma'anshan Economic and Technological Development Zone are an executive agreement to attract investments. Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. shall extend the loan period according to these agreements. However, the possible result of this litigation cannot be determined as of the financial reporting date.

- D. Foxwell Energy entered into a 'Transportation and Installment Contract of Wind Turbines in Wind Farm Site No. 26' with a Singapore contractor, Teras Offshore Pte. Ltd. As the contractor failed to submit the essential documents within the time frame prescribed in the contract, Foxwell Energy has the right to revoke the contract and has notified the contractor in writing of the termination of the contract. After receiving the written notice from Foxwell Energy, the contractor entrusted a lawyer on December 11, 2021 to rely and request for compensation from Foxwell Energy, and state that it will refer the matter to arbitration if the compensation is not paid. On December 24, 2021, Foxwell Energy also appointed a lawyer to send a lawyer's letter stating that it was a lawful termination of the contract and it will reserve the right to claim compensation from the contractor. As of March 24, 2022, Foxwell Energy has not yet received the notice of arbitration submitted by the contractor to the arbitration institution, and the termination of the contract has no impact on the original construction contract and subsequent performance obligations.

(2) Commitments

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equipment purchase contract		
Contract price	\$ 1,033,214	\$ 1,740,201
Outstanding amount	<u>\$ 507,771</u>	<u>\$ 622,708</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Construction contract		
Contract price	\$ 39,631,214	\$ 14,041,934
Outstanding amount	<u>\$ 34,837,318</u>	<u>\$ 13,191,348</u>

- B. As of December 31, 2021 and 2020, the letters of guarantee to be issued by the bank, which are required for the Group's performance guarantee for the property procurement and installation of Taiwan Power Company's offshore wind power project, both amounted to \$5,400,000, of which the amounts provided by the Group to banks as pledges (shown as financial assets at amortised cost) were \$1,620,000 and \$5,400,000, respectively, the endorsement and guarantee amount provided by the Company was \$4,700,000 and \$0, respectively, and the amounts pledged by the

letter of guarantee assigned by subcontractors were \$1,608,370 and \$0, respectively.

- C. As of December 31, 2021 and 2020, the letters of guarantee to be issued by the bank, which are required for performance guarantee under the contracted photovoltaic electric systems, amounted to \$100,699 and \$282,681, respectively.
- D. 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, and the "Wind Farm Property Procurement and Installation Project" amounted 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 wind turbine generator system and offshore substation as of September 30, 2024, shall complete all wind turbine generator system which shall be under the security constrained dispatch process as of September 30, 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 wind turbine generator system as well as the relevant rights and obligations of both parties. The contract period is 5 years from the time when all wind turbine generator system are under the security constrained dispatch process. As of December 31, 2021, all construction projects were completed on the schedule and there was no compensation loss incurred due to overdue projects.
- E. The Group entered into an operation and maintenance contract with Changyuan Wind Power Ltd., Beiyuan Wind Power Ltd. and Shinfox Power Co., Ltd. for wind turbine generator system and solar energy equipment. The contract specifies the terms such as the bonus and penalty of operation and maintenance which are calculated based on ceiling and floor guaranteed generating capacity as well as the relevant rights and obligations of both parties. The contract period is for 20 years from the parallel connection date. Please refer to Note 7 for the payment charged.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

- (1) On January 21, 2022, the Board of Directors of the Company resolved to grant short-term financings to the subsidiary, Foxwell Energy Corporation Ltd., to meet working capital needs. The loan facility is \$3,000,000. The loan is repayable according to the agreement, and interest is repayable at an annual interest of 1.6%.
- (2) Details of the appropriation of 2021 earnings as resolved by the Board of Directors on March 24, 2022 are provided in Note 6(23).

- (3) On March 24, 2022, the Board of Directors of the Company resolved to increase capital in the subsidiary, FOXLINK ARIZONA Inc., in the amount of USD 7 million.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,116,311	\$ 986,704
Financial assets at amortised cost/loans and receivables		
Cash and cash equivalents	8,707,603	10,993,540
Financial assets at amortised cost	2,403,421	6,553,947
Notes receivable	46,874	35,124
Accounts receivable	16,682,787	16,913,935
Other receivables	373,774	259,467
Guarantee deposits paid	334,137	230,140
	<u>\$ 29,664,907</u>	<u>\$ 35,972,857</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 4,224,848	\$ 4,341,582
Short-term notes and bills payable	1,596,522	387,222
Notes payable	150	155
Accounts payable	17,067,133	17,681,996
Other accounts payable	4,617,534	4,778,465
Corporate bonds payables	6,578,570	6,574,982
Lease liability	406,162	417,534
Long-term borrowings (including current portion)	11,479,117	12,825,768
Guarantee deposits received	38,885	25,370
	<u>\$ 46,008,921</u>	<u>\$ 47,033,074</u>

B. 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. The Group's overall risk management programme focuses on the unpredictability of financial markets and

seeks to minimise potential adverse effects on the Group's financial position and financial performance.

- (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, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange 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. 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 companies 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's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 644,628	27.68	\$ 17,843,303
RMB : NTD	61,380	4.34	266,389
HKD : NTD	34,694	3.55	123,164
EUR : NTD	513	31.32	16,067
JPY : NTD	483,152	0.24	115,956
USD : RMB	2,700	6.37	74,736
USD : HKD	111	7.80	3,072
RMB : HKD	48	1.22	208
<u>Non-monetary items</u>			
RMB : USD	\$ 29,762	0.16	\$ 129,169
RMB : HKD	258,820	1.22	1,123,279
INR : USD	102,319	0.01	38,117
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 836,634	27.68	\$ 23,158,029
RMB : NTD	85,835	4.34	372,524
HKD : NTD	19,451	3.55	69,051
EUR : NTD	18,311	31.32	573,501
JPY : NTD	43,222	0.24	10,373
USD : RMB	115,241	6.37	3,189,871
USD : HKD	136	7.80	3,764
HKD : RMB	794	0.82	2,819

December 31, 2020			
(Foreign currency: functional currency)	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 463,814	28.48	\$ 13,209,423
RMB : NTD	3,671	4.38	16,078
HKD : NTD	50,761	3.67	186,293
EUR : NTD	352	35.02	12,327
JPY : NTD	44,194	0.28	12,374
USD : RMB	4,387	6.52	124,942
EUR : RMB	41	8.00	1,436
<u>Non-monetary items</u>			
RMB : USD	\$ 960,569	1.19	\$ 1,144,680
INR : USD	100,064	0.39	39,010
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 360,412	28.48	\$ 10,264,534
RMB : NTD	556	4.38	2,435
HKD : NTD	4,465	3.67	16,387
EUR : NTD	101	35.02	3,537
JPY : NTD	8,124	0.28	2,275
USD : RMB	836	6.52	23,809

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to (\$65,339) and (\$23,201), respectively.

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

Year ended December 31, 2021				
Sensitivity Analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	178,433	\$ -
RMB : NTD	1%		2,664	-
HKD : NTD	1%		1,232	-
EUR : NTD	1%		161	-
JPY : NTD	1%		1,160	-
USD : RMB	1%		747	-
USD : HKD	1%		31	-
RMB : HKD	1%		2	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	231,580	\$ -
RMB : NTD	1%		3,725	-
HKD : NTD	1%		691	-
EUR : NTD	1%		5,735	-
JPY : NTD	1%		104	-
USD : RMB	1%		31,899	-
USD : HKD	1%		38	-
HKD : RMB	1%		28	-

Year ended December 31, 2020				
Sensitivity Analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 132,094	\$	-
RMB : NTD	1%	161		-
HKD : NTD	1%	1,863		-
EUR : NTD	1%	123		-
JPY : NTD	1%	124		-
USD : RMB	1%	1,249		-
EUR : RMB	1%	14		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 102,645	\$	-
RMB : NTD	1%	24		-
HKD : NTD	1%	164		-
EUR : NTD	1%	35		-
JPY : NTD	1%	23		-
USD : RMB	1%	238		-
HKD : RMB	1%	-		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held 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 domestic or foreign listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant. Other components of equity for the years ended December 31, 2021 and 2020 would have increased (decreased) by \$8,930 and \$7,894, respectively, as a result of gains/losses on equity securities 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 long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's interest rates of borrowings are fixed and floating rate. For the years ended December 31, 2021 and 2020, the Group's borrowings issued by floating rate are priced in New Taiwan dollars, Euro Renminbi and US dollar.

- ii. As of December 31, 2021 and 2020, if interest rates on borrowings at that date had been 1% lower/higher with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have been \$91,833 and \$102,606 lower/higher, respectively, mainly as a result of higher interest expense on 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. 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. Group treasury manages credit risk of cash in banks and other financial instruments based on the Group's credit policy. Because the Group's counterparties are determined based on the Group's internal control, only rated banks with an optimal rating and financial institutions with investment grade are accepted.
- iv. 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.
The Group adopts the assumptions under IFRS 9 and considers the industry characteristics, the default occurs when the contract payments are past due over 120 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) A breach of contract.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~120 days past due	Over 120 days	Total
<u>At September 30, 2021</u>					
Expected loss rate	0.05%	1.31%	13.46%	100%	
Total book value	\$ 15,483,718	\$ 720,848	\$ 211,679	\$ 65,145	\$ 16,481,390
Loss allowance	\$ 8,459	\$ 9,421	\$ 28,483	\$ 65,145	\$ 111,508
	Not past due	Up to 30 days past due	31~120 days past due	Over 120 days	Total
<u>At December 31, 2020</u>					
Expected loss rate	0.04%	4.71%	16.18%	100%	
Total book value	\$ 15,576,349	\$ 681,975	\$ 106,863	\$ 63,416	\$ 16,428,603
Loss allowance	\$ 5,518	\$ 32,147	\$ 17,292	\$ 63,416	\$ 118,373

viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021	2020
	Accounts receivable	Accounts receivable
At January 1	\$ 118,373	\$ 158,659
Reversal of impairment loss	(6,295)	(40,378)
Effect of foreign exchange	(570)	92
At December 31	<u>\$ 111,508</u>	<u>\$ 118,373</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. Except that the carrying amounts of notes payable, accounts payable and other payables are approximate to the amounts of contractual undiscounted cash flows and those accounts will expire within a year, the amounts of financial liabilities disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2021					
Short-term borrowings	\$ 4,322,864	\$ -	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,600,067	-	-	-	-
Lease liabilities	177,917	113,717	30,414	20,348	198,021
Long-term borrowings (including current portion)	335,993	8,598,833	1,381,087	3,302,689	189,678

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2020					
Short-term borrowings	\$ 4,380,730	\$ -	\$ -	\$ -	\$ -
Short-term notes and bills payable	392,489	-	-	-	-
Lease liabilities	183,850	92,877	75,552	29,751	127,403
Long-term borrowings (including current portion)	511,435	6,323,798	2,199,349	3,713,471	207,793

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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 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. The fair value of the Group's investment in non-hedging derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

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

- C. Financial instruments not measured at fair value

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, short-term notes and bills payable, notes payable, accounts payable, other payables and long-term borrowings are approximate to their fair values.

December 31, 2021				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	<u>\$ 6,600,000</u>	<u>\$ -</u>	<u>\$ 6,578,570</u>	<u>\$ -</u>
December 31, 2020				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	<u>\$ 6,600,000</u>	<u>\$ -</u>	<u>\$ 6,574,982</u>	<u>\$ -</u>

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 is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets :				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,116,311</u>	<u>\$ 1,116,311</u>
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets :				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,704</u>	<u>\$ 986,704</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:

	Listed shares
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. 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. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- F. For the years ended December 31, , 2021 and 2020, there was no transfer between Level 1 and Level 2.
- G. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 986,704	\$ 936,755
Recorded as unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	(254,701)	(55,232)
Acquired in the period	173,760	41,910
Decreased in the period	(96,184)	(28,191)
Transfers into level 3	310,840	72,170
Effect of exchange rate changes	(4,108)	19,292
At December 31	<u>\$ 1,116,311</u>	<u>\$ 986,704</u>

- H. For the years ended December 31, 2021 and 2020, information on transfers into Level 3 is provided in Note 6(9).
- I. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,116,311	Market comparable companies	Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 986,704	Market comparable companies	Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value

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. For financial assets and liabilities categorised within Level 3, there is no significant impact to other comprehensive income on December 31, 2021 and 2020 if the net asset value increase or decrease by 1%.

(4) Other matters

The Group's financial condition and financial performance were not affected by the Covid-19 outbreak and various preventive measures which were imposed by the government in the fourth quarter of 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

For the investees' information, refer to investees' independent auditors' attestation report.

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 \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please

refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

For the information on investees, except for current profit (loss) for the year ended December 31, 2021 that is translated using the monthly average exchange rate in 2021, others are translated using the spot rate at December 31, 2021.

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. Processing on order plants invested in Mainland China:

In 1997, the Company rented plants located in Shenzhen and Dongguan, Guangdong Province, Mainland China, respectively, through the investee, CU International Ltd. and operated the plants through processing on order. The plants were primarily engaged in the manufacture of electronic telecommunication components and electric wire, under CU International Ltd. without their own corporate entity for the operating period ended December 2017. As of March 24, 2022, the plants are still under the cancellation process.

B. Investees in Mainland China, main business activities, paid-in capital, investment method, amount remitted from Taiwan to Mainland China / amount remitted back to Taiwan, ownership, investment income (loss), investments in Mainland China as of December 31, 2021, book value, investment income remitted back and ceiling on investments in Mainland China: Please refer to table 9.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China, and price, payment terms, unreleased income/loss and other related information relating to investments in Mainland China:

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

Company name	General ledger account	Years ended December 31, 2021	
		Amount	Percentage of total amount
Dongguan Fuqiang Electronics Co., Ltd.	Purchases of goods	\$ 23,100,651	44%
Fugang Electronic (Dongguan) Co., Ltd.	Purchases of goods	\$ 14,008,282	27%
Fugang Electric (Xuzhou) Co., Ltd.	Purchases of goods	\$ 7,772,509	15%
Fushineng Electronics (Kunshan) Co., Ltd.	Purchases of goods	\$ 3,648,336	7%
Fugang Electric (Kunshan) Co., Ltd.	Purchases of goods	\$ 1,802,928	3%
Fugang Electric (Maanshan) Co., Ltd.	Purchases of goods	\$ 228,992	1%
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Purchases of goods	\$ 214,651	-

Company name	General ledger account	December 31, 2021	
		Amount	Percentage of total amount
Fugang Electronic (Dongguan) Co., Ltd.	Accounts payable	\$ 3,597,151	17%
Fugang Electric (Xuzhou) Co., Ltd.	Accounts payable	\$ 1,965,593	9%
Fushineng Electronics (Kunshan) Co., Ltd.	Accounts payable	\$ 1,146,640	5%
Fu Gang Electronic (Nan Chang) Co., Ltd.	Accounts payable	\$ 1,138,373	5%
Fugang Electric (Maanshan) Co., Ltd.	Accounts payable	\$ 245,936	1%
Fuqiang Electric (Yancheng) Co., Ltd.	Accounts payable	\$ 115	-

- (b) Balance and purpose of provision of endorsements/guarantees or collateral at the end of the period: Please refer to table 2.
- (c) Maximum balance, ending balance, interest rate range and interest for financing during the year ended December 31, 2021: Please refer to table 1.
- (d) Other transactions that have a significant impact on the profit/loss of current period or on the financial condition, such as the rendering or receiving of service:

Company name	General ledger account	Year ended December 31, 2021	
		Amount	Percentage of total amount
Dongguan Fuqiang Electronics Co., Ltd.	Raw materials purchased on behalf of others	\$ 13,156,972	40%
Fugang Electronic (Dongguan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 9,250,647	28%
Fugang Electric (Xuzhou) Co., Ltd.	Raw materials purchased on behalf of others	\$ 6,016,500	18%
Fushineng Electronics (Kunshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 2,161,887	7%
Fugang Electric (Kunshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 1,348,724	4%
Fugang Electric (Maanshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 250,834	1%
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 192,513	1%

Company name	General ledger account	Year ended December 31, 2021	
		Amount	Percentage of total amount
Dongguan Fuqiang Electronics Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 52,005	10%
Fushineng Electronics (Kunshan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 39,206	7%
Fugang Electric (Xuzhou) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 17,262	3%
Fugang Electronic (Dongguan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 5,962	1%
Fugang Electric (Maanshan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 100	-
Fugang Electric (Kunshan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 36	-

Company name	General ledger account	December 31, 2021	
		Amount	Percentage of total amount
Fugang Electric (Xuzhou) Co., Ltd.	Other receivables	\$ 2,052,881	29%
Dongguan Fuqiang Electronics Co., Ltd.	Other receivables	\$ 1,415,872	20%
Fushineng Electronics (Kunshan) Co., Ltd.	Other receivables	\$ 1,182,010	16%
Fugang Electric (Maanshan) Co., Ltd.	Other receivables	\$ 365,654	5%
Fugang Electric (Kunshan) Co., Ltd.	Other receivables	\$ 220,007	3%
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Other receivables	\$ 108,413	2%
Fu Gang Electronic (Nan Chang) Co., Ltd.	Other receivables	\$ 57,676	1%
Fuqiang Electric (Yancheng) Co., Ltd.	Other receivables	\$ 11,768	-
Fugang Electric (Yancheng) Co., Ltd.	Other receivables	\$ 431	-

(4) Major shareholders information

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 of the Group uses operating profit to measure the operating segments and as evaluation basis of the segments' performance.

(3) Segment information

The financial information of reportable segments provided to Chief Operating Decision-Maker is as follows:

Year ended December 31, 2021

	3C component department	Systems and peripheral products department	3C product retail department	Other operations	Adjustments	Total
External Revenue	\$ 30,969,951	\$ 37,217,489	\$ 14,278,882	\$ 4,334,413	\$ -	\$ 86,800,735
Revenue from Internal Customers	1,457,174	140,173	-	-	(1,597,347)	-
Segment Revenue	<u>\$ 32,427,125</u>	<u>\$ 37,357,662</u>	<u>\$ 14,278,882</u>	<u>\$ 4,334,413</u>	<u>(\$ 1,597,347)</u>	<u>\$ 86,800,735</u>
Segment Profit (loss)	<u>(\$ 81,636)</u>	<u>\$ 1,021,306</u>	<u>\$ 362,377</u>	<u>\$ 608,794</u>	<u>\$ -</u>	<u>\$ 1,910,841</u>

Year ended December 31, 2020

	3C component department	Systems and peripheral products department	3C product retail department	Other operations	Adjustments	Total
External Revenue	\$ 34,144,461	\$ 44,289,953	\$ 10,589,485	\$ 528,201	\$ -	\$ 89,552,100
Revenue from Internal Customers	1,257,634	620,966	-	59,008	(1,937,608)	-
Segment Revenue	<u>\$ 35,402,095</u>	<u>\$ 44,910,919</u>	<u>\$ 10,589,485</u>	<u>\$ 587,209</u>	<u>(\$ 1,937,608)</u>	<u>\$ 89,552,100</u>
Segment Profit	<u>\$ 677,537</u>	<u>\$ 1,544,270</u>	<u>\$ 165,215</u>	<u>\$ 7,399</u>	<u>\$ -</u>	<u>\$ 2,394,421</u>

(4) Reconciliation for segment profit (loss)

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

(5) Geographical information

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

	Years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 11,726,035	\$ 7,308,651	\$ 6,089,750	\$ 7,633,534
China	29,596,210	16,506,341	47,036,651	16,710,607
America	23,697,140	31,634	17,697,311	51,465
Hong Kong	5,520,447	1,190	3,990,822	1,624
Korea	2,461,013	32,838	1,777,075	38,658
Others	13,799,890	2,251,205	12,960,491	1,709,184
	<u>\$ 86,800,735</u>	<u>\$ 26,131,859</u>	<u>\$ 89,552,100</u>	<u>\$ 26,145,072</u>

(6) Major customer information

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

Years ended December 31,				
2021			2020	
	Revenue	Segment	Revenue	Segment
A	\$ 11,399,948	Systems and peripheral products department	\$ 11,207,137	Systems and peripheral products department
D	12,383,498	3C component department	18,404,053	3C component department
	<u>\$ 23,783,446</u>		<u>\$ 29,611,190</u>	

Cheng Uei Precision Industry Co., Ltd.
Loans to others
Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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 (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Cheng Uei Precision Industry Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Yes	\$ 4,000,000	\$ -	\$ -	1.5%	2	\$ -	Operations	\$ -	-	\$ -	\$ 4,656,856	\$ 9,313,711	
1	Fugang Electric (Kunshan) Co., Ltd.	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	Other receivables-related parties	Yes	35,016	-	-	-	2	-	"	-	-	-	3,267,839	3,267,839	
1	Fugang Electric (Kunshan) Co., Ltd.	Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	"	Yes	26,112	26,064	26,064	-	2	-	"	-	-	-	3,267,839	3,267,839	
2	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Other receivables	Yes	55,000	-	-	-	2	-	"	-	-	-	259,904	259,904	
2	World Circuit Technology Co., Ltd.	Microlink Communications Inc.	Other receivables	Yes	60,000	60,000	60,000	-	2	-	"	-	-	-	259,904	259,904	
2	World Circuit Technology Co., Ltd.	Suntain Co., Ltd.	"	Yes	40,000	40,000	40,000	-	2	-	"	-	-	-	259,904	259,904	
3	Culink Tianjin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	Other receivables-related parties	Yes	217,600	217,200	217,200	-	2	-	"	-	-	-	232,956	232,956	
4	Foxlink Energy (Tianjin) Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	169,728	169,416	169,416	-	2	-	"	-	-	-	174,294	174,294	
5	Foxlink International Investment Ltd.	Microlink Communications Inc.	Other receivables	Yes	55,000	55,000	55,000	-	2	-	"	-	-	-	3,996,642	3,996,642	
5	Foxlink International Investment Ltd.	FOXLINK VIETNAM CO., LTD	"	Yes	55,860	55,360	8,304	1%	2	-	"	-	-	-	3,996,642	3,996,642	
6	Fu Uei International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd.	"	Yes	95,000	-	-	-	2	-	"	-	-	-	2,562,191	2,562,191	
6	Fu Uei International Investment Ltd.	Foxlink International Investment Ltd.	"	Yes	30,000	30,000	30,000	-	2	-	"	-	-	-	2,562,191	2,562,191	
7	FOXLINK TECHNOLOGY LIMITED	Cheng Uei Precision Industry Co., Ltd.	"	Yes	111,400	110,720	110,720	-	2	-	"	-	-	-	808,306	808,306	
7	FOXLINK TECHNOLOGY LIMITED	CU INTERNATIONAL LTD.	"	Yes	102,860	-	-	-	2	-	"	-	-	-	808,306	808,306	
7	FOXLINK TECHNOLOGY LIMITED	CU INTERNATIONAL LTD.	"	Yes	624,917	606,192	606,192	-	2	-	"	-	-	-	808,306	808,306	
8	Foxlink Tianjin Co., Ltd.	Fugang Electronic (Kunshan) Co., Ltd.	"	Yes	390,960	390,960	390,960	-	2	-	Operations	-	-	-	1,934,192	1,934,192	
8	Foxlink Tianjin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	391,680	-	-	-	2	-	"	-	-	-	1,934,192	1,934,192	
8	Foxlink Tianjin Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	"	Yes	130,560	130,320	130,320	-	2	-	"	-	-	-	1,934,192	1,934,192	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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 (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
9	Zhi De Investment Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Other receivables	Yes	\$ 100,000	\$ -	\$ -	-	2	\$ -	Group's capital management	\$ -	-	\$ -	\$ 559,771	\$ 559,771	
9	Zhi De Investment Co., Ltd.	CU INTERNATIONAL LTD.	"	Yes	100,000	100,000	100,000	1%	2	-	Operations	-	-	-	559,771	559,771	
10	Foxlink Automotive Technology (Kunshan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	43,050	-	-	-	2	-	"	-	-	-	331,395	331,395	
11	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	Yes	590,895	195,480	195,480	-	2	-	"	-	-	-	9,201,300	9,201,300	
11	Dongguan Fuqiang Electronics Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	"	Yes	218,850	162,900	162,900	-	2	-	"	-	-	-	9,201,300	9,201,300	
12	Fugang Electronic (Dongguan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	"	Yes	253,866	251,952	251,952	-	2	-	"	-	-	-	5,839,717	5,839,717	
13	Fuzhan Electronics (Shanghai) Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	Yes	48,147	47,784	47,784	-	2	-	"	-	-	-	51,733	51,733	
14	Fushineng Electronics (Kunshan) Co., Ltd.	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	"	Yes	34,816	34,752	34,752	-	2	-	"	-	-	-	1,206,242	1,206,242	
14	Fushineng Electronics (Kunshan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	21,525	-	-	-	2	-	"	-	-	-	1,206,242	1,206,242	
15	Studio A Technology Limited	Kunshan Fugang Electric Trading Co., Ltd.	"	Yes	110,190	70,980	70,980	2%	2	-	"	-	-	-	459,713	459,713	
15	Studio A Technology Limited	AShop Co., Ltd.	"	Yes	277,900	113,488	58,128	2%	2	-	"	-	-	-	459,713	459,713	
16	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Yes	131,520	-	-	0.98%~1.20%	2	-	"	-	-	-	2,273,143	3,030,857	
16	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	"	Yes	289,344	-	-	0.98%~1.20%	2	-	"	-	-	-	2,273,143	3,030,857	
16	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	"	Yes	600,000	-	-	1.56%	2	-	"	-	-	-	2,273,143	3,030,857	
17	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	"	Yes	300,000	300,000	300,000	1.2%	2	-	"	-	-	-	1,074,528	1,074,528	
17	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Yes	218,000	217,200	217,200	1.5%	2	-	"	-	-	-	1,074,528	1,074,528	
17	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	"	Yes	600,000	-	-	0.89-1.23%	2	-	"	-	-	-	1,074,528	1,074,528	
18	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	"	Yes	254,272	-	-	1.5%	2	-	"	-	-	-	152,457	152,457	
19	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	"	Yes	28,058	27,802	27,802	3%	2	-	"	-	-	-	369,064	369,064	
19	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Yes	219,200	217,200	173,760	5%	2	-	"	-	-	-	369,064	369,064	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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 (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
20	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Yes	\$ 300,000	\$ 300,000	\$ -	Average borrowing interest rate plus 0.1%	2	\$ -	Group’s capital management	\$ -	-	\$ -	\$ 2,354,170	\$ 2,354,170	
20	Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	〃	Yes	50,000	-	-	Average borrowing interest rate plus 0.1%	2	-	〃	-	-	-	2,354,170	2,354,170	
20	Shinfox Energy Co., Ltd.	Shinfox Natural Gas Co., Ltd.	〃	Yes	60,000	-	-	Average borrowing interest rate plus 0.1%	2	-	〃	-	-	-	2,354,170	2,354,170	
21	Power Quotient Technology (Yancheng) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	〃	Yes	523,200	521,280	521,280	1.5%	2	-	〃	-	-	-	693,916	693,916	

Note 1: The numbers as follows represent the nature of loan:

(1) Business transaction is labelled as “1”.

(2) Short-term financing is labelled as “2”.

Note 2: (1) Limit on loans granted to a single party is 20% of the Company’s net asset value.

(2) Limit on loans granted to the domestic unlisted subsidiaries of the Company and FIT Holding Co., Ltd. is 40% of their net asset value.

(3) Limit on loans granted to direct or indirect holding foreign subsidiaries is 100% of their net asset value.

(4) Limit on 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.

(5) Limit on loans granted by FIT Holding Co., Ltd. to its direct or indirect holding foreign subsidiaries is 30% of FIT Holding Co., Ltd.’s net asset value on recent financial report.

Note 3: (1) Ceiling on total loans granted to the company is 40% of the Company’s net asset value.

(2) Ceiling on total loans granted to the domestic unlisted subsidiaries of the Company and FIT Holding is 40% of their net asset value.

(3) Ceiling on total loans granted to the direct or indirect holding subsidiaries is 100% of their net asset value.

(4) 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.

(5) Ceiling on total loans granted by FIT Holding Co., Ltd. to its direct or indirect holding foreign subsidiaries is 40% of their net asset value on recent financial report.

Cheng Uei Precision Industry Co., Ltd.
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 2)	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											
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INCORPORATION	The Company's third-tier subsidiary	\$ 11,642,139	\$ 924,534	\$ 896,832	\$ 144,960	\$ -	3.85	\$ 23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	The Company's second-tier subsidiary	11,642,139	1,313,100	1,303,200	1,303,200	-	5.60	23,284,277	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Straight A Inc.	The Company's third-tier subsidiary	9,313,711	428,025	415,200	142,713	-	1.78	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP Co., Ltd.	The Company's fourth-tier subsidiary	9,313,711	557,000	553,600	204,278	-	2.38	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc.	The Company's second-tier subsidiary	9,313,711	1,141,400	1,107,200	479,493	-	4.76	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Technology Limited	The Company's third-tier subsidiary	9,313,711	1,227,005	1,190,240	326,624	-	5.11	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	"	9,313,711	1,055,795	885,760	241,646	-	3.80	23,284,277	Y	N	Y	
1	Fugang Electric (Kunshan) Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.'s subsidiary	9,313,711	73,984	73,848	-	-	0.32	23,284,277	Y	N	Y	
1	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.'s subing company	11,642,139	1,201,268	1,192,211	1,192,211	-	5.12	23,284,277	N	N	Y	
2	Studio A Inc.	Studio A Technology Limited	Studio A Inc.'s subsidiary	9,313,711	265,335	262,960	-	-	1.13	23,284,277	Y	N	N	
3	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	FIT Holding Co., Ltd.'s subsidiary	11,365,716	735,642	535,638	215,638	-	7.07	11,365,716	Y	N	N	
3	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	"	11,365,716	1,419,270	1,020,320	683,320	-	13.47	11,365,716	Y	N	N	
3	FIT Holding Co., Ltd.	FIT Holding Co., Ltd.	"	10,608,001	3,000,000	3,000,000	-	-	39.59	11,365,716	Y	N	N	
3	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	FIT Holding Co., Ltd.'s third-tier subsidiary	10,608,001	515,020	-	-	-	-	11,365,716	Y	N	N	

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 2)	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											
4	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Foxlink Image Technology Co., Ltd.'s sibling company	\$ 3,760,849	\$ 600,000	\$ 600,000	\$ 500,000	\$ -	7.92	\$ 4,029,482	N	N	N	
4	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	"	3,760,849	600,000	300,000	300,000	-	3.96	4,029,482	N	N	N	
5	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Shinfox Energy Co., Ltd.'s subsidiary	8,828,139	4,700,000	4,700,000	4,700,000	-	62.03	8,828,139	Y	N	N	

Note 1: Calculation for limit on endorsements/guarantees provided for a single party is as follows:

- (1) For subsidiaries whose shares are 90% or above held by the Company, ceiling on total amount of endorsements and guarantees provided by the Company is 50% of the Company's net asset value; limit on endorsements and guarantees provided by the Company for a single party is 40% of the Company's net asset value.
- (2) For FIT Holding Co.,Ltd., limit on endorsements and guarantees for a single party is 140% of FIT Holding Co.,Ltd.'s current net asset value and for subsidiary whose equity is no less than 90% held by FIT Holding Co.,Ltd., is 150% of FIT Holding Co.,Ltd.'s net asset value.
- (3) Endorsements and guarantees are available between companies whose voting shares are more than 90% held by FIT Holding Co., Ltd. directly or indirectly. And the limit on endorsements and guarantees is 10% of FIT Holding Co., Ltd.'s net asset value except that endorsements and guarantees are between companies whose voting shares are 100% held by FIT Holding Co., Ltd. directly or indirectly.

Note 2: Calculation for limit on endorsements/guarantees provided is as follows:

- (1) The Company's and subsidiaries' endorsements and guarantees to others should not exceed 100% of the Company's net asset value.
- (2) FIT Holding Co.,Ltd.'s endorsements and guarantees to others and subsidiaries should not exceed 150% of FIT Holding Co., Ltd.'s net asset value in the latest financial statements.
- (3) Endorsements and guarantees are available between companies whose voting shares are more than 90% held by FIT Holding Co., Ltd. directly or indirectly. And the limit on endorsements and guarantees is 10% of FIT Holding Co., Ltd.'s net asset value except that endorsements and guarantees are between companies whose voting shares are 100% held by FIT Holding Co., Ltd. directly or indirectly.

Cheng Uei Precision Industry Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	
Fu Uei International Investment Ltd.	Trinity Investment Corporation	An investee of the Company	Financial assets at fair value through other comprehensive income-non-current	3,000	\$ 30,000	10.00	\$ 30,000	
Fu Uei International Investment Ltd.	ADE TECHNOLOGY INC.	"	"	500	11,500	1.45	11,500	
CULINK INTERNATIONAL Ltd.	Gamma 2 Robotics, Inc.	"	"	862	-	9.00	-	
CULINK INTERNATIONAL Ltd.	Occipital, Inc.	"	"	389	-	2.50	-	
CULINK INTERNATIONAL Ltd.	V5 Systems, Inc.	"	"	1,460	-	4.63	-	
CULINK INTERNATIONAL Ltd.	Motiv Inc.	"	"	273	-	1.70	-	
CULINK INTERNATIONAL Ltd.	LeadSun WINION Limited	"	"	3,000	83,040	40.07	83,040	
CULINK INTERNATIONAL Ltd.	MedWand Solutions Inc.	"	"	63	-	3.18	-	
FOXLINK TECHNOLOGY LIMITED	LEADSUN NEW STAR CORP.	"	"	875	17,323	12.50	17,323	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	Dongguan PowerWise Technology Co., Ltd.	"	"	1,250	43,440	4.00	43,440	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	Hebei Gellec New Energy Science&technology Co.,Ltd.	"	"	3,333	86,880	0.81	86,880	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	Changzhou Qitai No.1 Venture Capital Partnership (Limited Partnership)	"	"	20,000	86,880	6.67	86,880	
Foxlink Tianjin Co., Ltd.	Changde Fubo Intelligent Technology Co., Ltd.	"	"	-	4,127	9.50	4,127	
FIT Holding Co., Ltd.	Foxwell Energy Co., Ltd.	N/A	"	21,000	210,529	14.00	210,529	
Foxlink Image Technology Co., Ltd.	TAIWAN STAR TELECOM CORPORATION LIMITED	"	"	50,000	225,400	0.91	225,400	
Foxlink Image Technology Co., Ltd.	Wellgen Medical Co., Ltd.	"	"	1,500	18,375	15.56	18,375	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	
Power Quotient International Co., Ltd.	SAINT SONG CORP.	N/A	Financial assets at fair value through other comprehensive income-non-current	127	\$ -	1.05	\$ -	
Power Quotient International Co., Ltd.	OURS TECHNOLOGY INC.	"	"	13	-	0.21	-	
Power Quotient International Co., Ltd.	INNOPLUS Co., Ltd.	"	"	160	-	12.00	-	
Power Quotient International Co., Ltd.	TAIWAN STAR TELECOM CORPORATION LIMITED	"	"	50,000	225,400	0.91	225,400	
Power Quotient International Co., Ltd.	STACK DEVICES CORPORATION	"	"	70	-	0.11	-	
POWER QUOTIET TECHNOLOGY (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	"	"	-	73,417	12.90	73,417	
Shinfox Energy Co., Ltd.	Corvus Energy Ltd.	"	"	22	-	0.04	-	
Shinfox Energy Co., Ltd.	SEC INTERNATIONAL INC.	"	"	54	-	9.00	-	
Foxwell Energy Corporation Ltd.	Full Entertainment Marketing Co., Ltd.	"	"	300	-	3.00	-	

Cheng Uei Precision Industry Co., Ltd.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition		Disposal				Balance as at December 31, 2021	
					Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Investment accounted for using equity method	C&C INVESTMENT CORPORATION	Non-related party	95,000	\$ 1,000,903	-	\$ -	57,500	\$ 690,000	\$ 612,793	\$ -	37,500	\$ 386,629
power Quouient International Co, Ltd.	Shinfo Energy Co., Ltd.	Investment accounted for using equity method	Note 1	Subsidiary	58,743	740,111	15,861	1,364,012	1,085	112,809	42,633	70	73,519	2,953,307

Note 1 : Capital increase by cash.

Cheng Uei Precision Industry Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	FOXLINK INTERNATIONAL INC.	The Company's third-tier subsidiary	Sales	(\$ 15,017,512)	(26)	Note 1	Note 1	Note 1	\$ 3,577,247	10	
The Company	Hon Hai Precision Industry Co., Ltd..	This company's director is the second-degree relative of the Company's chairman	Sales	(1,078,566)	(2)	Note 1	Note 1	Note 1	244,686	1	
The Company	Dongguan Fuqiang Electronics Co., Ltd.	The Company's second-tier subsidiary	Purchases	23,100,651	44	Note 2	Note 2	Note 2	-	-	
The Company	Fugang Electronic (Dongguan) Co., Ltd.	"	Purchases	14,008,282	27	Note 2	Note 2	Note 2	(3,597,151)	(17)	
The Company	Fugang Electric (Kunshan) Co., Ltd.	"	Purchases	1,802,928	3	Note 2	Note 2	Note 2	-	-	
The Company	Fushineng Electronics (Kunshan) Co., Ltd.	"	Purchases	3,648,336	7	Note 2	Note 2	Note 2	(1,146,640)	(5)	
The Company	Fugang Electric (Maanshan) Co., Ltd.	"	Purchases	288,992	1	Note 2	Note 2	Note 2	(245,936)	(1)	
The Company	Well Shin Technology Co., Ltd.	The investee of the company's investment accounted for using equity method	Purchases	183,344	-	Note 2	Note 2	Note 2	(58,018)	(0)	
The Company	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	The Company's second-tier subsidiary	Purchases	7,772,509	15	Note 2	Note 2	Note 2	(1,965,593)	(9)	
The Company	Hon Hai Precision Industry Co., Ltd..	This company's chairman is the second-degree relative of the Company's chairman	Purchases	815,679	2	Note 2	Note 2	Note 2	(101,921)	(0)	
The Company	Foxlink Automotive Technology (Kunshan) Co., Ltd.	The Company's second-tier subsidiary	Purchases	214,651	-	Note 2	Note 2	Note 2	-	-	
The Company	SINOBEST BROTHERS LIMITED	"	Purchases	200,826	-	Note 2	Note 2	Note 2	(97,656)	(0)	
FOXLINK INTERNATIONAL INC.	The Company	This company is the ultimate parent company of the company	Purchases	15,017,512	100	Note 2	Note 2	Note 2	(3,577,247)	(87)	
Dongguan Fuqiang Electronics Co., Ltd.	The Company	"	Sales	(23,100,651)	(85)	Note 1	Note 1	Note 1	-	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Fugang Electronic (Dongguan) Co., Ltd.	The Company	This company is the ultimate parent company of the company	Sales	(\$ 14,008,282)	(72)	Note 1	Note 1	Note 1	\$ 3,597,151	62	
Fugang Electric (Kunshan) Co., Ltd.	The Company	"	Sales	(1,802,928)	(64)	Note 1	Note 1	Note 1	-	-	
Fushineng Electronics (Kunshan) Co., Ltd.	The Company	"	Sales	(3,648,336)	(78)	Note 1	Note 1	Note 1	1,146,640	81	
Fugang Electric (Maanshan) Co., Ltd.	The Company	"	Sales	(288,992)	(66)	Note 1	Note 1	Note 1	245,936	92	
FUGANG ELECTRIC (XUZHOU) Co., Ltd.	The Company	"	Sales	(7,772,509)	(83)	Note 1	Note 1	Note 1	1,965,593	89	
Foxlink Automotive Technology (Kunshan) Co., Ltd.	The Company	"	Sales	(214,651)	(20)	Note 1	Note 1	Note 1	-	-	
SINOBEST BROTHERS LIMITED	The Company	"	Sales	(200,826)	(90)	Note 1	Note 1	Note 1	97,656	98	
Fugang Electronic (Dongguan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	Affiliated company	Sales	(2,123,660)	(11)	Note 1	Note 1	Note 1	-	-	
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	"	Purchases	2,123,660	11	Note 2	Note 2	Note 2	-	-	
Dongguan Fuqiang Electronics Co., Ltd.	DU Precision Industry Co., Ltd.	"	Sales	(494,785)	(2)	Note 1	Note 1	Note 1	-	-	
DU Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Purchases	494,785	100	Note 2	Note 2	Note 2	-	-	
Suntain Co., Ltd.	Hon Hai Precision Industry Co., Ltd..	This company's director is the second-degree relative of the Company's chairman	Purchases	217,116	114	Note 2	Note 2	Note 2	(5,805)	(100)	
Straight A Inc.	Studio A Inc	Affiliated company	Sales	(124,144)	(12)	Note 1	Note 1	Note 1	1,601	6	
Studio A Inc	Straight A Inc.	"	Purchase	124,144	3	Note 2	Note 2	Note 2	(1,601)	-	
Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	"	Sales	(1,134,537)	(60)	Note 1	Note 1	Note 1	388,273	100	
Shanghai Fugang Electric Trading Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	"	Purchases	1,134,537	63	Note 2	Note 2	Note 2	(388,273)	(100)	
Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	"	Sales	(203,883)	(58)	Note 1	Note 1	Note 1	50,694	58	
ACCU-IMAGE TECHNOLOGY	Wei Hai Fu Kang Electric Co., Ltd.	"	Purchases	203,883	100	Note 2	Note 2	Note 2	(50,694)	(100)	
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	Sales	(771,631)	(91)	Note 1	Note 1	Note 1	253,110	48	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Foxlink Image Technology Co., Ltd.	Dongguan Fu Wei Electronics Co., Ltd.	Affiliated company	Purchases	\$ 771,631	78	Note 2	Note 2	Note 2	(\$ 253,110)	(53)	
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	Sales	(179,685)	(96)	Note 1	Note 1	Note 1	182,406	84	
Foxlink Image Technology Co., Ltd.	Dong Guan Fu Zhang Precision Industry Co., Ltd.	"	Purchases	179,685	18	Note 2	Note 2	Note 2	(182,406)	(40)	
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	Sales	(142,634)	(41)	Note 1	Note 1	Note 1	40,068	44	
Foxlink Image Technology Co., Ltd.	Wei Hai Fu Kang Electric Co., Ltd.	"	Purchases	142,634	4	Note 2	Note 2	Note 2	(40,068)	(9)	
Shinfox Energy Co. Ltd.	Shinfox Power Co., Ltd.	"	Sales	(391,510)	(9)	Note 1	Note 1	Note 1	-	-	Note 3
Shinfox Power Co., Ltd.	Shinfox Energy Co. Ltd.	"	Purchases	391,510	8	Note 1	Note 1	Note 1	-	-	Note 3
Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	"	Sales	(131,767)	43	Note 1	Note 1	Note 1	43,186	57	
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Purchases	131,767	31	Note 2	Note 2	Note 2	(43,186)	(38)	

Note 1: Please refer to Note 7(2)A. for the details.

Note 2: Please refer to Note 7(2)B. for the details.

Note 3: Shinfox Power Co., Ltd. became a non-related party since May 20, 2021. Please refer to Note 7(1) for the details.

Cheng Uei Precision Industry Co., Ltd.
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	FOXLINK INTERNATIONAL INC.	The Company's third-tier subsidiary	\$ 3,577,247	4.20	None	N/A	\$ 3,329,051	None
The Company	Fushineng Electronics (Kunshan) Co., Ltd.	The Company's second-tier subsidiary	1,182,010	Note 1	"	"	2,828	"
The Company	Hon Hai Precision Industry Co., Ltd.	The directors of the company are within the second degree relatives of the Chairman of the Company	244,686	3.36	"	"	-	"
The Company	Fugang Electric (Kunshan) Co., Ltd.	The Company's second-tier subsidiary	220,007	Note 1	"	"	16,968	"
The Company	Foxlink Automotive Technology (Kunshan) Co., Ltd.	"	108,413	Note 1	"	"	8,484	"
The Company	FUGANG ELECTRIC (XUZHOU) CO., Ltd.	"	2,052,881	Note 1	"	"	-	"
The Company	Fugang Electronic (MAANSHAN) Co., Ltd.	"	365,654	Note 1	"	"	-	"
The Company	Dongguan Fuqiang Electronics Co., Ltd.	"	1,415,872	Note 1	"	"	1,415,872	"
The Company	Sinobest Brothers Limited	The Company's subsidiary	187,333	Note 1	"	"	-	"
The Company	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	The Company's second-tier subsidiary	863,655	Note 1	"	"	-	"
Fushineng Electronics (Kunshan) Co., Ltd.	The Company	This company is the ultimate parent company of the company	1,146,640	3.18	"	"	-	"
Fu Gang Electronic (Nan Chang) Co., Ltd.	The Company	"	1,138,373	0.00	"	"	-	"
Fugang Electronic (Dongguan) Co., Ltd.	The Company	"	3,597,151	3.89	"	"	-	"
Fugang Electronic (MAANSHAN) Co., Ltd.	The Company	"	245,936	1.18	"	"	-	"
FUGANG ELECTRIC (XUZHOU) CO., Ltd.	The Company	"	1,965,593	3.95	"	"	-	"
Zhi De Investment Co., Ltd.	CU INTERNATIONAL Ltd.	Affiliated company	100,000	Note 1	100,000	Overdue receivable are expected to be gradually collected in 2022	-	"
CU INTERNATIONAL Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	129,715	Note 1	None	N/A	-	"

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Fugang Electronic (Dongguan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	Affiliated company	\$ 272,902	Note 1	None	N/A	\$ -	None
Fugang Electronic (Dongguan) Co., Ltd.	Fugang Electronic (MAANSHAN) Co., Ltd.	"	255,127	Note 1	\$ 251,952	Overdue receivable are expected to be gradually collected in 2022	-	"
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (MAANSHAN) Co., Ltd.	"	322,323	Note 1	162,900	"	-	"
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	200,031	Note 1	195,480	"	-	"
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	1,809,038	0.00	None	N/A	-	"
Culink Tianjin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	217,200	Note 1	217,200	Overdue receivable are expected to be gradually collected in 2022	-	"
Fugang Electric (Kunshan) Co., Ltd.	Fugang Electronic (MAANSHAN) Co., Ltd.	"	317,176	Note 1	None	N/A	-	"
Fugang Electric (Tianjin) Ltd.	Fugang Electronic (Kunshan) Co., Ltd.	"	390,960	Note 1	390,960	Overdue receivable are expected to be gradually collected in 2022	-	"
Foxlink Energy (Tianjin) Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	169,416	Note 1	169,416	"	-	"
Foxlink Tianjin Co., Ltd.	CU INTERNATIONAL Ltd.	"	349,616	Note 1	None	N/A	-	"
Foxlink Tianjin Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	"	157,150	Note 1	130,320	Overdue receivable are expected to be gradually collected in 2022	-	"
FUQIANG ELECTRIC (MAANSHAN) CO., LTD.	CU INTERNATIONAL Ltd.	"	615,400	Note 1	606,192	"	-	"
Foxlink Technology Limited	The Company	"	110,720	Note 1	110,720	"	-	"
Studio A Inc.	Dongguan Fuqiang Electronics Co., Ltd.	"	133,091	0.35	None	N/A	-	"
VA Product Inc.	STUDIO A TECHNOLOGY LIMITED	"	388,273	2.92	"	"	-	"
Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	"	300,000	Note 1	"	"	-	"
Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	217,200	Note 1	"	"	-	"
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	335,949	0.06	"	"	-	"
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	129,751	Note 1	"	"	-	"
Glory Science Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	"	256,028	Note 1	"	"	-	"

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Glorytek (Suzhou) Co., Ltd.	Dongguan Fu Wei Electronics Co., Ltd.	Affiliated company	\$ 137,293	0.00	None	N/A	\$ -	None
Dongguan Fu Wei Electronics Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	178,452	Note 1	"	"	-	"
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	253,110	3.57	"	"	90,372	"
Shinfox Energy Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	182,406	1.26	"	"	19,603	"
Power Quotient Technology (Yancheng) Co.,	Glorytek (Suzhou) Co., Ltd.	"	521,280	Note 1	"	"	-	"

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

Cheng Uei Precision Industry Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INC.	1	Sales	\$ 15,017,512	Sales prices are based on the mutual agreement	17
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INC.	1	Accounts receivable	3,577,247	The collections depend on the financial situation after offsetting the receivables against the payables	4
0	Cheng Uei Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	1	Purchases	23,100,651	Purchase prices are based on the mutual agreement	27
0	Cheng Uei Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	1	Other receivables	1,415,872	The collections depend on the financial situation after offsetting the receivables against the payables	2
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	1	Purchases	1,802,928	Purchase prices are based on the mutual agreement	2
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	1	Other receivables	220,007	The collections depend on the financial situation after offsetting the receivables against the payables	-
0	Cheng Uei Precision Industry Co., Ltd.	Fushineng Electronics (Kunshan) Co., Ltd.	1	Purchases	3,648,336	Purchase prices are based on the mutual agreement	4
0	Cheng Uei Precision Industry Co., Ltd.	Fushineng Electronics (Kunshan) Co., Ltd.	1	Other receivables	1,182,010	The collections depend on the financial situation after offsetting the receivables against the payables	1
0	Cheng Uei Precision Industry Co., Ltd.	Fushineng Electronics (Kunshan) Co., Ltd.	1	Accounts payable	1,146,640	//	1
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	1	Purchases	14,008,282	Purchase prices are based on the mutual agreement	16
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	1	Accounts payable	3,597,151	The collections depend on the financial situation after offsetting the receivables against the payables	4
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electronic (Xuzhou) Co., Ltd.	1	Other receivables	108,413	//	-
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronic (Nan Chang) Co., Ltd.	1	Accounts payable	1,138,373	//	1
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK TECHNOLOGY LIMITED	1	Other payables	110,720	//	-
0	Cheng Uei Precision Industry Co., Ltd.	CU INTERNATIONAL Ltd.	1	Prepaid expenses	385,519	//	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	1	Purchases	\$ 288,992	Purchase prices are based on the mutual agreement	-
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	1	Other receivables	365,654	The collections depend on the financial situation after offsetting the receivables against the payables	-
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	1	Accounts payable	245,936	//	-
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	1	Other receivables	2,052,881	//	2
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	1	Purchases	7,772,509	Purchase prices are based on the mutual agreement	9
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	1	Accounts payable	1,965,593	The collections depend on the financial situation after offsetting the receivables against the payables	2
0	Cheng Uei Precision Industry Co., Ltd.	Foxlink Automotive Technology (Kunshan) Co., Ltd.	1	Purchases	214,651	Purchase prices are based on the mutual agreement	-
0	Cheng Uei Precision Industry Co., Ltd.	SINOBEST BROTHERS LIMITED	1	Other receivables	187,333	The collections depend on the financial situation after offsetting the receivables against the payables	-
0	Cheng Uei Precision Industry Co., Ltd.	SINOBEST BROTHERS LIMITED	1	Purchases	200,826	Purchase prices are based on the mutual agreement	-
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	1	Other receivables	863,655	The collections depend on the financial situation after offsetting the receivables against the payables	1
1	CU INTERNATIONAL Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	3	Other receivables	129,715	//	-
1	CU INTERNATIONAL Ltd.	Foxlink Tianjin Co., Ltd.	3	Other payables	349,616	//	-
1	CU INTERNATIONAL Ltd.	FOXLINK TECHNOLOGY LIMITED	3	Other payables	615,400	//	1
1	CU INTERNATIONAL Ltd.	Zhi De Investment Co., Ltd.	3	Other payables	100,000	//	-
2	Fugang Electric (Kunshan) Co., Ltd.	Foxlink Automotive Technology (Kunshan) Co., Ltd.	3	Prepaid expenses	204,875	//	-
2	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Other receivables	317,176	//	-
2	Fugang Electric (Kunshan) Co., Ltd.	Fugang Electronic (Tianjin) Co., Ltd.	3	Other receivables	390,960	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	3	Purchases	2,123,660	Purchase prices are based on the mutual agreement	2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	3	Other payables	\$ 272,902	The collections depend on the financial situation after offsetting the receivables against the payables	-
3	Dongguan Fuqiang Electronics Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Other receivables	322,323	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	FUQIANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Accounts payable	133,091	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	3	Other receivables	200,031	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	3	Accounts receivable	1,809,038	//	2
3	Dongguan Fuqiang Electronics Co., Ltd.	Foxlink Energy (Tianjin) Ltd.	3	Other payables	169,416	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Culink Tianjin Co., Ltd.	3	Other payables	217,200	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	DU Precision Industry Co., Ltd.	3	Sales	494,785	Purchase prices are based on the mutual agreement	1
3	Dongguan Fuqiang Electronics Co., Ltd.	Foxlink Tianjin Co., Ltd.	3	Other payables	157,150	The collections depend on the financial situation after offsetting the receivables against the payables	-
4	Fugang Electronic (Dongguan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Other receivables	255,127	//	-
5	Straight A Inc.	Studio A Inc.	3	Sales	124,144	Sales prices are based on the mutual agreement	-
6	Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	3	Sales	1,134,537	//	1
6	Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	3	Accounts receivable	388,273	The collections depend on the financial situation after offsetting the receivables against the payables	-
7	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	3	Other receivables	300,000	Based on the company's policy	-
7	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	217,200	//	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
8	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	\$ 256,028	Based on the company's policy	-
8	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	335,949	//	-
8	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	129,751	//	-
9	Glorytek (Yacheng) Co., Lt.	Glory Science Co., Ltd.	3	Sales	131,767	//	-
10	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yacheng) Co., Lt.	3	Other receivables	178,452	The collections depend on the financial situation after offsetting the receivables against the payables	-
11	PQI (Xuzhou) New Energy Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	3	Accounts receivable	137,293	Based on the company's policy	-
12	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales	771,631	The flexible collection based on the financial situation	1
12	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	253,110	//	-
13	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales	179,685	//	-
13	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	182,406	//	-
14	Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Sales	203,883	//	-
14	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales	142,634	//	-
15	Power Quotient Technology (Yancheng) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	521,280	Based on the company's policy	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 (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosure of the transactions of related party over \$100 million only and the related party transactions for counterparty are not disclosed.

Note 5: Transaction prices and terms are determined based on mutual agreement as no similar transaction can be compared with.

Cheng Uei Precision Industry Co., Ltd.

Information on investees

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	CU INTERNATIONAL LTD.	British Virgin IS.	Manufacture of electronic telecommunication components and reinvestment business	\$ 12,753,560	\$ 12,483,874	460,750	100	\$ 23,132,826	\$ 645,282	\$ 549,909	
The Company	CULINK INTERNATIONAL LTD.	British Virgin IS.	Reinvestment business	892,071	892,071	32,228	100	1,010,256	203,186	203,186	
The Company	Foxlink International Investment Ltd.	Taiwan	General investments holdings	3,350,000	2,950,000	408,750	100	3,662,947	(101,158)	(101,158)	
The Company	Fu Uei International Investment Ltd.	Taiwan	General investments holdings	3,550,000	2,850,000	355,000	100	2,528,381	(150,235)	(150,555)	
The Company	Well Shin Technology Co., Ltd.	Taiwan	Manufacture and sale of electric wire and cable as well as electronic telecommunication components	270,065	270,065	22,282	18.84	1,157,286	345,312	65,064	
The Company	Darts Technologies Corporation	Taiwan	Manufacture of electronic telecommunication and wireless components	762,566	762,566	42,086	97	772,985	63,022	61,131	
The Company	DU Precision Industry Co., Ltd.	Taiwan	Sale of raw materials and products of various connectors	600,000	600,000	60,000	100	48,910	627	627	
The Company	FOXLINK TECHNOLOGY LIMITED.	HONG KONG	Reinvestment business	307,698	307,698	86,700	100	819,914	5,274	5,274	
The Company	Suntain Co., Ltd.	Taiwan	Electroplating processing services	190,810	90,810	19,500	100	217,009	44,056	44,056	
The Company	SINOBEST BROTHERS LIMITED	HONG KONG	Reinvestment business	573,087	573,087	20,704	91.19	422,713	(21,884)	(19,956)	
FOXLINK TECHNOLOGY LIMITED.	SINOBEST BROTHERS LIMITED	HONG KONG	Reinvestment business	55,038	55,013	2,000	8.81	40,834	(21,884)	(1,928)	
SINOBEST BROTHERS LIMITED	FOXLINK MYANMAR COMPANY LIMITED	Myanmar	Manufacture of electronic	628,447	628,447	22,704	100	483,022	(27,631)	(27,631)	
DU Precision Industry Co., Ltd.	CELINK INTERNATIONAL LTD.	British Virgin IS.	Sale of raw materials and products of various connectors	457,716	457,716	16,536	100	-	-	-	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Darts Technologies Corporation	BENEFIT RIGHT LTD.	British Virgin IS.	General investments holdings	\$ 272,537	\$ 272,537	9,846	100	\$ 814,866	\$ 67,995	\$ 67,995	
BENEFIT RIGHT LTD.	POWER CHANNEL LIMITED	HONG KONG	General investments holdings	213,413	213,413	6	64.25	761,442	106,986	67,911	
CU INTERNATIONAL LTD.	NEW START INDUSTRIES LTD.	British Virgin IS.	Reinvestment business	238,048	238,048	8,600	100	3,017,487	6,704	6,704	
CU INTERNATIONAL LTD.	FOXLINK TECHNICAL INDIA PRIVATE LIMITED	INDIA	Manufacture of electronic	89,351	89,351	209,400	34.30	58,706	(22,076)	(7,557)	
CU INTERNATIONAL LTD.	SOLTERAS LIMITED	British Virgin IS.	Reinvestment business	55,360	55,360	1,960	-	-	-	-	
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Foxlink Automotive Technology Co., Ltd.	Taiwan	Manufacture of electronic	35,707	35,707	5,000	100	47,636	1,725	1,725	
CULINK INTERNATIONAL LTD.	PACIFIC WEALTH LIMITED	Cayman Islands	General investments holdings	27,680	27,680	1,000	100	(91,848)	13,581	13,581	
CULINK INTERNATIONAL LTD.	Foxlink Technical India Private Ltd.	INDIA	Manufacture of electronic	150,405	150,405	21,546	65.70	96,875	(22,076)	(14,477)	
CULINK INTERNATIONAL LTD.	Foxlink Powerbank International Technology Private Ltd.	INDIA	Manufacture of electronic telecommunication components	600	600	160	0.73	601	521	-	
CULINK INTERNATIONAL LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	INDIA	Manufacture	600	600	160	0.73	598	(265)	(3)	
PACIFIC WEALTH LIMITED	FOXLINK INTERNATIONAL, INC	USA	Sales of electronic telecommunication components	13,840	13,840	500	100	(91,848)	13,581	13,581	
Foxlink Technical India Private Ltd.	Tegna Electronics Private Limited	INDIA	Manufacture	11,180	11,180	3,001	10	12,773	3,736	194	
Foxlink International Investment Ltd.	FIT Holding Co., Ltd.	Taiwan	General investments holdings	1,517,670	1,517,670	58,303	23.67	1,705,377	434,013	63,043	
Foxlink International Investment Ltd.	Yixin Precision Industry Co., Ltd.	Taiwan	Manufacture of electronic telecommunication components and electronic machinery equipment	60,000	60,000	6,000	75	-	-	-	
Foxlink International Investment Ltd.	Microlink Communications Inc.	Taiwan	Manufacture and sale of telecommunication equipment and apparatus	80,000	80,000	6,857	21.43	(21,511)	909	195	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Foxlink International Investment Ltd.	World Circuit Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components and flexible printed circuit	\$ 469,500	\$ 469,500	15,650	69.56	\$ 180,778	(\$ 4,272)	(\$ 2,971)	
Foxlink International Investment Ltd.	Linkmedia Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components	-	25,000	-	-	-	-	-	
Foxlink International Investment Ltd.	Proconn Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components	-	227,952	-	-	-	(471)	(236)	
Foxlink International Investment Ltd.	Central Motion Picture Corporation	Taiwan	Motion picture production	900,000	900,000	15,000	13.60	1,524,391	(854,561)	(116,207)	
Foxlink International Investment Ltd.	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	INDIA	Manufacture of electronic	160,662	60,662	31,439	13.50	79,383	(262,424)	(49,985)	
Foxlink International Investment Ltd.	CYNC Design Co., Ltd.	Taiwan	Sales of electronic telecommunication components	10,000	10,000	1,000	15.38	9,984	(44)	(7)	
Foxlink International Investment Ltd.	FOXLINK VIETNAM CO., LTD.	Vietnam	Manufacture of electronic	36,089	-	1,300	100	14,782	(20,570)	(20,570)	
Foxlink Image Technology Co., Ltd.	Central Motion Picture Corporation	Taiwan	Sales of electronic telecommunication components	257,656	257,656	4,294	3.89	187,916	(854,561)	(33,238)	
World Circuit Technology Co., Ltd.	VALUE SUCCESS LTD.	British Virgin IS.	Holding company and reinvestment business	177,152	177,152	5,000	100	30,353	(105)	(105)	
VALUE SUCCESS LTD.	CAPITAL GUARDIAN LIMITED	HONG KONG	Sales of electronic telecommunication components	177,152	177,152	3,005	100	30,291	(105)	(105)	
CAPITAL GUARDIAN LIMITED	World Circuit Technology (Hong Kong) Limited	HONG KONG	Sales of electronic telecommunication components	30,926	30,926	-	100	34,203	(105)	(105)	
Fu Uei International Investment Ltd.	FIT Holding Co., Ltd.	Taiwan	General investments holdings	557,248	557,248	14,690	5.97	377,666	434,013	15,683	
Fu Uei International Investment Ltd.	Studio A Inc.	Taiwan	Sales of electronic telecommunication components	96,200	96,200	13,196	51	364,448	151,685	77,359	
Fu Uei International Investment Ltd.	VA Product Inc.	Taiwan	Sales of electronic telecommunication components	16,642	16,642	2,400	100	17,645	6,739	6,739	
Fu Uei International Investment Ltd.	Proconn Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components	-	4,050	-	-	-	(471)	(6)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Fu Uei International Investment Ltd.	Zhi De Investment Co., Ltd.	Taiwan	General investments holdings	\$ 2,184,388	\$ 2,184,388	170,918	100	\$ 548,623	\$ 22,814	\$ 22,814	
Fu Uei International Investment Ltd.	CMPC Cultural & Creative Co., Ltd.	Taiwan	Venture capital industry	150,000	150,000	15,000	42.86	115,149	477	(2,108)	
Fu Uei International Investment Ltd.	Shinfox Energy Co., Ltd.	Taiwan	Mechanical installation and piping engineering	373,810	130,000	13,335	9.10	535,714	455,838	45,338	
Fu Uei International Investment Ltd.	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	INDIA	Manufacture of electronic	728,621	133,640	201,379	86.50	508,483	(262,424)	(212,439)	
Zhi De Investment Co., Ltd.	FIT Holding Co., Ltd.	Taiwan	General investments holdings	1,767,112	1,767,112	21,056	8.55	417,289	434,013	22,767	
Studio A Inc.	Tayih Digital Technology Co., Ltd.	Taiwan	Manufacture of electronic	3,000	3,000	300	60	-	-	-	
Studio A Inc.	Straight A Inc.	Taiwan	Sales of electronic telecommunication components	66,600	66,600	6,660	100	118,120	38,344	38,344	
Studio A Inc.	Studio A Technology Limited	HONG KONG	Sales of electronic telecommunication components	9,050	9,050	2,550	51	234,454	92,472	47,161	
Studio A Inc.	Jing Jing Technology Co., Ltd.	Taiwan	Sales of electronic telecommunication components	3,700	3,700	370	100	7,952	(11)	(11)	
Studio A Inc.	Junezhe Co., Ltd	Taiwan	Dredging industry	100,000	-	10,000	25	101,932	7,727	2,865	
Studio A Technology Limited	Studio A Macau Limited	MACAO	Sales of electronic telecommunication components	1,775	1,775	-	100	1,381	(243)	(242)	
Studio A Technology Limited	ASHOP CO., LTD	South Korea	Sales of electronic telecommunication components	4,152	4,152	10	100	13,797	8,633	8,633	
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sale of optical instruments	2,214,868	2,214,868	95,970	100	381,144	(386,782)	(386,782)	
FIT Holding Co., Ltd.	Foxlink Image Technology Co., Ltd.	Taiwan	Manufacture and sale of image scanners and multifunction printers	3,011,140	3,011,140	164,994	100	3,426,039	510,733	504,520	
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture of electronic	3,372,180	2,172,180	444,691	100	4,414,241	396,198	395,957	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity	\$ 299,952	\$ 760,000	37,500	16.3	\$ 386,629	(\$ 8,560)	(\$ 1,481)	
FIT Holding Co., Ltd.	Synergy Co., Ltd.	Taiwan	Optoelectronics Industry 、Renewable energy and Energy technical services	36,760	\$ -	3,676	36.76	35,845	(2,488)	(915)	
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin IS	Manufacture and sale of image scanners and multifunction printers	1,001,376	1,001,376	13,241	100	1,531,815	173,844	173,844	
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity	957,600	957,600	79,800	34.7	954,227	(8,560)	(2,970)	
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	HONG KONG	Holding company and reinvestment business	135,632	135,632	4	35.75	527,626	106,986	165,772	
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin IS	General investments holdings	1,379,545	1,379,545	40,700	100	335,032	(274,232)	(274,232)	
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments holdings	780,074	780,074	25,051	100	525,662	(161,299)	(161,299)	
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin IS	Sales agent	494,837	494,837	16,000	100	(171,357)	(113,038)	(113,038)	
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	INDIA	Manufacture	99,927	99,927	21,773	99.27	81,351	108	79	
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	Tegna Electronics Private Limited	INDIA	Manufacture	11,181	11,181	3,001	10	12,759	3,736	374	
Power Quotient International Co., Ltd.	Power Quotient International(H.K.) Co., Ltd.	HONG KONG	Sales of electronic telecommunication components	376,549	376,549	106,100	100	(4,638)	(87)	(87)	
Power Quotient International Co., Ltd.	PQI JAPAN CO., LTD	Japan	Sales of electronic telecommunication components	23,129	23,129	24	100	(155,683)	-	-	
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD	British Virgin IS	Specialized investments holding	300,687	300,687	10,863	100	84,000	458,114	458,114	
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin IS	Specialized investments holding	2,864,027	2,864,027	13	100	1,122,827	102,062	102,062	
Power Quotient International Co., Ltd.	PQI Mobility Inc.	Samoa	Specialized investments holding	276,800	276,800	10,000	100	693,916	4,315	4,315	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sale of medical instruments	\$ 10,000	\$ 10,000	1,000	100	\$ 13,053	\$ 3,926	\$ 3,926	
Power Quotient International Co., Ltd.	Shinfox Energy Co., Ltd.	Taiwan	Energy service management	1,880,146	561,482	73,519	50.18	2,953,307	455,939	228,790	
Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	3,000,000	672,000	300,000	100	3,099,949	88,453	88,453	
Shinfox Energy Co., Ltd.	Shinfox Natural Gas Co., Ltd.	Taiwan	Energy service management	120,000	120,000	12,000	80	89,973	(16,878)	(13,502)	
Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	99,000	99,000	9,900	99	102,258	2,082	2,061	
Shinfox Energy Co., Ltd.	Junezhe Co., Ltd	Taiwan	Dredging industry	134,000	-	13,400	33.5	136,595	7,747	2,595	
Shinfox Energy Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	30,000	-	3,000	100.0	29,954	(46)	(46)	
Shinfox Energy Co., Ltd.	Chung Chia Power Co., Ltd.	Taiwan	Steam power cogeneration	180,000	-	12,000	20	177,038	(18,476)	(3,695)	
SYSCOM DEVELOPMENT CO., LTD	PQI CORPORATION	USA	Sales of electronic telecommunication components	-	199,360	-	-	-	455,779	-	
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	INDIA	Sales of electronic telecommunication components	93,087	93,087	21,790	99.27	81,641	4	4	
Apix LIMITED	Sinocity Industries Limited	HONG KONG	Sales of electronic telecommunication components	2,395,575	2,395,575	6,000	100	886,953	79,406	79,406	
Apix LIMITED	Perennial Ace Limited	British Virgin IS	Specialized investments holding	589,584	589,584	No shares were issued	100	235,746	22,656	22,656	
Sinocity Industries Limited	DG Lifestyle Store Limited	MACAO	Sales of electronic telecommunication components	345	345	100	100	(717)	(1,351)	(1,351)	
Perennial Ace Limited	Studio A Technology Limited	HONG KONG	Sales of electronic telecommunication components	4,998	4,998	1,225	24.5	112,630	92,472	22,656	
Foxlink Powerbank International Technology Private Limited	Tegna Electronics Private Limited	INDIA	Manufacture	11,181	11,181	3,001	10	12,585	3,736	374	

Cheng Uei Precision Industry Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of year ended December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Fugang Electronic (Dongguan) Co., Ltd.	Manufacture and sale of electronic telecommunication components	\$ 1,477,171	Investment through an existing company in the third area	\$ 1,198,881	\$ -	\$ -	\$ 1,198,881	\$ 165,380	100	\$ 165,380	\$ 5,839,719	\$ -	
Culink Tianjin Co., Ltd.	"	110,720	"	27,680	-	-	27,680	1,651	100	1,651	232,957	-	
Fugang Electric (Kunshan) Co., Ltd.	"	3,363,120	"	3,363,120	-	-	3,363,120	(282,433)	100	(282,433)	3,283,599	-	
Dong Guan Fu Shi Chang Co., Ltd.	"	3,321	"	3,322	-	-	3,322	-	100	-	2,436	-	
Dongguan Fuqiang Electronics Co., Ltd.	"	3,288,661	Investment through an existing company in the third area and the investee company in Mainland China	2,735,061	-	-	2,735,061	821,982	100	821,982	9,135,857	-	
Foxlink Automotive Technology (Kunshan) Co., Ltd.	"	188,063	"	83,040	-	-	83,040	31,281	100	31,281	331,393	-	
Foxlink Energy (Tianjin) Ltd.	"	110,720	Investment through an existing company in the third area	110,720	-	-	110,720	1,695	100	1,695	174,294	-	
Fushineng Electronics (Kunshan) Co., Ltd.	"	332,160	"	332,160	-	-	332,160	225,969	100	225,969	1,246,995	-	
Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	"	124,560	"	124,560	-	-	124,560	(9,495)	100	(9,495)	70,837	-	
Fu Gang Electronic (Nan Chang) Co., Ltd.	"	1,384,000	Investment through an existing company in the third area and the investee company in Mainland China	1,384,000	-	-	1,384,000	(28,014)	100	(28,014)	1,110,651	-	
Fugang Electric (YANCHENG) Co., Ltd.	"	83,040	Investment through an existing company in the third area	66,432	-	-	66,432	933	80	747	50,145	-	
FUQIANG ELECTRIC (YANCHENG) Co., Ltd.	"	276,800	"	276,800	-	-	276,800	(5,353)	100	(5,353)	(24,487)	-	
Foxlink Tianjin Co., Ltd.	"	498,240	"	143,936	-	-	143,936	(74,628)	100	(74,628)	1,930,618	-	
Kunshan Fugang Investment Co., Ltd.	Reinvestment business	830,400	Investment through the investee company in Mainland China	830,400	-	-	830,400	96,906	100	96,906	1,665,152	-	
FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	Manufacture and sale of electronic telecommunication components	842,334	Investment through an existing company in the third area and the investee company in Mainland China	276,800	-	-	276,800	(241,496)	100	(241,496)	(113,104)	-	
Fuzhan Electronics (Shanghai) Co., Ltd.	"	415,200	Investment through the investee company in Mainland China	220,333	-	-	220,333	(197)	100	(197)	54,565	-	
Kunshan Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	169,612	"	-	-	-	-	21,799	51	11,118	11,087	-	
Kunshan Fu Shi You Trading Co., Ltd.	"	60,816	"	-	-	-	-	(44)	51	(44)	13,180	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of year ended December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	\$ 8,688	Investment through the investee company in Mainland China	\$ -	\$ -	\$ -	\$ -	\$ 23,839	51	\$ 23,839	(\$ 77,113)	\$ -	
Shanghai Standard Information Technology Co., Ltd.	"	4,344	"	-	-	-	-	(7,152)	51	(7,152)	(6,304)	-	
Sharetronic Data Technology Co., Ltd.	Manufacture and sale of electronic telecommunication components	672,965	Investment through an existing company in the third area	213,413	-	-	213,413	546,838	19.94	106,988	1,123,279	-	
FUQIANG ELECTRIC (MAANSHAN) Co., Ltd.	"	138,400	Investment through the investee company in Mainland China	-	-	-	-	(1,631)	100	(1,631)	138,966	-	
FUGANG ELECTRIC (XUZHOU) Co., Ltd.	"	1,826,880	Investment through an existing company in the third area	747,360	276,800	-	1,024,160	395,760	100	322,994	1,784,941	-	
Dongguan Banrin Robot Technology Co., Ltd.	Manufacture and sale of automated equipment	130,320	Investment through the investee company in Mainland China	-	-	-	-	19,879	31.03	6,169	129,169	-	
Suzhou Keyu Rui Automobile Technology Co., Ltd.	Manufacture	10,860	"	-	-	-	-	(2,673)	55.56	(1,587)	23,755	-	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	General investments holding	434,400	Investment through an existing company in the third area	-	-	-	-	(6,163)	50	(3,081)	426,531	-	
Changde Fubo Intelligent Technology Co, Ltd.	Manufacture and sale of automated equipment	30,408	Investment through the investee company in Mainland China	-	-	-	-	-	Note 3	-	-	-	
Dong Guan HanYang Computer Co., Ltd.	Manufacture of image scanners and multifunction printers and investment of real estate	168,926	Investment through an existing company in the third area	168,926	-	-	168,926	25,470	100	25,470	271,194	-	
Dong Guan Fu Zhang Precision Industry Co.,Ltd.	Mould development and moulding tool manufacture	224,547	"	165,125	-	-	165,125	(44,262)	100.00	(44,262)	214,762	-	
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	221,440	"	138,400	-	-	138,400	10,438	100	10,438	258,992	-	
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sale of image scanners, multifunction and parts printers	166,080	"	146,935	-	-	146,935	(147,083)	100	(147,083)	362,626	-	
Glorytek (Suzhou) Co., Ltd.	Manufacture	387,520	"	399,490	-	-	399,490	(104,137)	100	(104,534)	369,064	-	
Glorytek (Yancheng) Co., Ltd.	"	249,120	"	256,815	-	-	256,815	(111,457)	100	(113,028)	(415,158)	-	
Yancheng Yaowei Technology Co., Ltd.	"	43,440	Investment through the investee company in Mainland China	-	-	-	-	(506)	100	(506)	141,835	-	
Glorytek (Yancheng) Co., Ltd.	"	937,292	Investment through an existing company in the third area and the investee company in Mainland China	326,960	-	-	326,960	(163,866)	100	(164,476)	461,742	-	
POWER QUOTIENT TECHNOLOGY (YANCHENG) Co., Ltd.	Manufacture and sale of electronic telecommunication components	553,600	Investment through an existing company in the third area	Note 1	-	-	-	4,315	100	4,315	693,916	-	
PQI (Xuzhou) New Energy Co., Ltd.	Manufacture and sale of electronic telecommunication components	43,440	"	Note 2	-	-	-	109	100	109	43,561	-	
Kunshan Jiuwei Info Tech Co., Ltd.	Supply chain finance energy service management	1,384	Direct investment	1,384	-	-	1,384	4,401	100	4,401	18,014	-	

Note 1: The financing amount remitted to PQI's indirect investment of POWER QUOTIET TECHNOLOGY (YANCHENG) Co., Ltd. was through an existing company in the third area.

Note 2: The financing amount remitted to PQI's indirect investment of PQI (Xuzhou) New Energy Co., Ltd. were through POWER QUOTIET TECHNOLOGY (YANCHENG) Co., Ltd.

Note 3: Changde Fubo Intelligent Technology Co., Ltd. was formerly the Group's subsidiary, as the Group sold its shares in May 2021 which decreased the share interest down to 9.5%. After the assessment, the Group lost control and significant influence over Changde Fubo Intelligent Technology Co., and reclassified it as financial assets at fair value through other comprehensive income.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Cheng Uei Precision Industry Co., Ltd.	\$ 12,414,817	\$ 13,656,369	The Company's investment in Mainland China is not subject to an upper limit as the Company obtained the certificate of scope of operations issued by Industrial Development Bureau, MOEA in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008.
Foxlink Image Technology Co., Ltd.	749,282	896,275	1,611,792
Glory Science Co., Ltd.	983,265	1,161,176	229,053
Power Quotient International Co., Ltd.	1,384	604,670	4,637,498

Note 1: It was the reinvestment in Mainland China through an existing company in the third area by cash and the investment was approved by the Investment Commission of MOEA.

Note 2: Investment income (loss) recognised by the Company for the year ended December 31, 2021 was audited by independent auditors.

Note 3: The Company's investment in Mainland China is not subject to an upper limit as the Company obtained the scope of operations certificate of being qualified for operating headquarters issued by Industrial

Development Bureau, MOEA in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008.

Note 4: The investments through the investee company in Mainland China of the Company including: Dongguan Fuqiang Electronics Co., Ltd., Fugang Electric (MAANSHAN) Co., Ltd.,

Fuzhan Electronics (Shanghai) Co., Ltd., Fu Gang Electronic (Nan Chang) Co., Ltd., Foxlink Automotive Technology (Kunshan) Co., Ltd., Kunshan Fugang Electric Trading Co., Ltd.,

Kunshan Fu Shi You Trading Co., Ltd., Shanghai Fugang Electric Trading Co., Ltd., Shanghai Standard Information Technology Co., Ltd., Fuqiang Electric (MAANSHAN) Co., Ltd.,

Dongguan Banrin Robot Technology Co., Ltd., Suzhou Keyu Rui Automobile Technology Co., Ltd., and Changde Fubo Intelligent Technology Co., Ltd.,

except for the investment via the holding companies in Mainland China, other investments shall not be approved by Investment Commission of MOEA.

Cheng Uei Precision Industry Co., Ltd.
Major shareholders information
December 31, 2021

Table 10

Number of major shareholders	Shares	
	Name of shares held	Ownership (%)
HSIN HUNG International Investment Co., Ltd.	100,535,228	19.62%
CENTRAL MOTION PICTURE CORPORATION	32,584,000	6.36%
Foxlink Image Technology Co., Ltd.	27,503,000	5.36%

**CHENG UEI PRECISION INDUSTRY CO.,
LTD.**

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS’

REPORT

DECEMBER 31, 2021 AND 2020

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

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 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 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 audits of the parent company only financial statements 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 Note 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 the principal amounting to RMB 274,450 thousand and interest amounting to RMB 139,489 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 Company'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 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)

ASSETS			December 31, 2021		December 31, 2020	
			AMOUNT	%	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)

LIABILITIES AND EQUITY			December 31, 2021		December 31, 2020	
Notes			AMOUNT	%	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		2,036,346	4	2,334,534	4
3350	Unappropriated earnings		5,547,850	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 earnings per share amount)

			Years ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
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		<u>1,946,283</u>	<u>4</u>	<u>3,394,211</u>	<u>5</u>
	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		<u>305,921</u>	<u>1</u>	<u>1,848,239</u>	<u>2</u>
	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)	<u>705,095</u>	<u>1</u>	<u>357,576</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>812,538</u>	<u>1</u>	<u>512,593</u>	<u>1</u>
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		<u>\$ 921,042</u>	<u>2</u>	<u>\$ 1,967,432</u>	<u>3</u>
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		<u>30,170</u>	<u>-</u>	<u>(11,130)</u>	<u>-</u>
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)	<u>99,730</u>	<u>-</u>	<u>(87,333)</u>	<u>-</u>
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		<u>\$ 385,907</u>	<u>1</u>	<u>\$ 2,254,491</u>	<u>3</u>
	Basic earnings per share (in dollars)	6(27)				
9750	Basic earnings per share		<u>\$ 1.90</u>		<u>\$ 4.06</u>	
	Diluted earnings per share (in dollars)	6(26)				
9850	Diluted earnings per share		<u>\$ 1.89</u>		<u>\$ 4.02</u>	

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
<u>Year ended December 31,2020</u>										
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		<u>\$ 5,123,269</u>	<u>\$ 9,828,746</u>	<u>\$ 3,002,026</u>	<u>\$ 2,334,534</u>	<u>\$ 5,782,390</u>	<u>(\$ 1,730,123)</u>	<u>(\$ 306,223)</u>	<u>(\$ 272,066)</u>	<u>\$ 23,762,553</u>
<u>Year ended December 31,2021</u>										
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		-	-	-	(298,188)	298,188	-	-	-	-
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		<u>\$ 5,123,269</u>	<u>\$ 10,252,875</u>	<u>\$ 3,197,654</u>	<u>\$ 2,036,346</u>	<u>\$ 5,547,850</u>	<u>(\$ 2,129,042)</u>	<u>(\$ 472,609)</u>	<u>(\$ 272,066)</u>	<u>\$ 23,284,277</u>

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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,118,459	\$ 2,360,832
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(6)(7)(8)(22)(24)	186,269	145,054
Amortisation	6(9)(24)	10,519	9,131
Expected credit loss (gain)	12(2)	12,567	(1,884)
Interest expense	6(23)	212,326	241,029
Interest income	6(20)	(31,274)	(27,004)
Gain on long-term equity investment accounted for under the equity method	6(5)	(705,095)	(357,576)
Gain on disposal of property, plant and equipment	6(22)	142	(3,912)
Loss from disposal of investments accounted for under the equity method	6(22)	-	15,849
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable	(	1,400)	(585)
Accounts receivable		190,852	125,845
Accounts receivable - related parties	(	526,854)	(679,481)
Other receivables		17,761	28,433
Other receivables - related parties	(	694,390)	1,415,997
Inventories		479,251	1,194,412
Prepayments	(	57,890)	442,729
Other non-current assets		19,788	(22,959)
Changes in operating liabilities			
Current contract liabilities	(	247,561)	(24,960)
Accounts payable		117,267	133,062
Accounts payable - related parties		457,194	(3,022,541)
Other payables	(	2,014,064)	1,174,713
Current refund liabilities	(	7,869)	(4,744)
Other current liabilities, others		1,010	495
Other non-current liabilities	(	54,352)	1,483
Cash (outflow) inflow generated from operations	(	1,517,344)	3,143,418
Interest received		31,274	27,004
Interest paid	(	207,448)	(223,399)
Income tax paid	(	412,379)	(53,036)
Dividend received		55,706	69,757
Net cash flows (used in) from operating activities	(	2,050,191)	2,963,744
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other receivables - related parties		4,000,000	(4,000,000)
Acquisition of long-term equity investment- subsidiary	(	1,471,337)	(492,115)
Proceeds from liquidation of investments accounted for under the equity method		-	27,066
Prepayments for long-term investments	6(5)	-	(73,672)
Acquisition of property, plant and equipment	6(28)	(116,941)	(181,904)
Proceeds from disposal of property, plant and equipment and investment property		1,879	91,639
Acquisition of intangible assets	6(9)	(18,982)	(6,380)
Net cash flows from (used in) investing activities		2,394,619	(4,635,366)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	26,552,276	-
Repayment of short-term borrowings	6(29)	(25,413,428)	-
Increase in other payables - related parties	6(29)	(24,280)	(856,522)
Repayments of lease liabilities	6(29)	(34,936)	(22,676)
Proceeds from issuance of bonds	6(12)	-	3,600,000
Increase in long-term borrowings	6(29)	10,493,000	18,482,000
Repayment of long-term borrowings	6(29)	(10,873,000)	(18,030,750)
Cash dividends paid	6(17)	(1,280,818)	(1,280,818)
Net cash flows (used in) from financing activities	(	581,186)	1,891,234
Net (decrease) increase in cash and cash equivalents	(	236,758)	219,612
Cash and cash equivalents at beginning of year	6(1)	472,041	252,429
Cash and cash equivalents at end of year	6(1)	\$ 235,283	\$ 472,041

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

CHENG UEI PRECISION INDUSTRY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANIZATION

Cheng Uei Precision Industry Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986 and has begun operations on July 31, 1986. The Company is engaged in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

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

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

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

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

The above standards and interpretations have no significant impact to the 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. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Financial assets at fair value through other comprehensive income.
 - c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligations.
- 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 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

- a) 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:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(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 pay off 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 paid off within the normal operating cycle;
 - b) Liabilities arising mainly from trading activities;
 - c) Liabilities that are to be paid off 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 and cash equivalents

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

(6) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company 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.

(7) 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 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.

(8) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(9) 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 fixed production overheads based on actual 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.

(10) Investments accounted for under the 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. 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 Company.
- 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 recognise loss continuously in proportion to its ownership.
- 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 Company loses control of a subsidiary, the Company 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 Company 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.

- F. 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 under the equity method and are initially recognised at cost.
- G. 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 statutory/constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity are not recognised in 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 change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- I. 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.
- J. 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.
- K. 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.

- L. 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.
- M. 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 equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(11) 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 Company 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. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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	20~50 years
Machinery and equipment	1~5 years
Office equipment	3 years
Miscellaneous equipment	3~8 years

(12) 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 Company. 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.

The Company 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.

(13) 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 20 ~ 50 years.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(15) Impairment of non-financial assets

- A. 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. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortised cost where no impairment loss was 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 shall be 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. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a Group of cash generating units that expects to benefit from business combination that will produce goodwill.

(16) 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.

(17) 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.

(18) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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.

(21) Employee benefits

A. Pensions

a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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. 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 defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurement 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.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation 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.

(22) 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 charge is calculated on the basis of the tax laws 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 income 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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income 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 income 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 income 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.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(23) 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, are included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. 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.

(25) Revenue recognition

- A. The Company manufactures and sells electronic telecommunication component products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognised when the Company 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. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.
- B. The goods are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice.
- 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.

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:

Critical accounting estimates and assumptions

A. Evaluation of inventories

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

B. Impairment assessment of investments accounted for under the equity method

The Company assesses the impairment of an investment accounted for under the 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 or fair value less costs of disposal, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 920	\$ 857
Checking accounts and demand deposits	230,054	467,368
Time deposits	4,309	3,816
Total	<u>\$ 235,283</u>	<u>\$ 472,041</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) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	\$ 10,057,338	\$ 10,248,190
Less: Loss allowance	(34,576)	(22,009)
	<u>\$ 10,022,762</u>	<u>\$ 10,226,181</u>

- A. The information on the Company's ageing analysis of accounts receivable is provided in Note 12(2).
- B. As of December 31, 2021 and 2020, accounts and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$10,374,035.
- C. The quality information of accounts receivable is based on customers' credit ranking and recoverable period of receivables in order to calculate the accrual of impairment. The Company's internal credit ranking policy is that the Company's business and management segment assesses periodically whether the credit ranking of existing customers is appropriate and adjusts to obtain the latest information when necessary. Customers' credit ranking assessment is based on industrial operating scale, profitability and ranking assessed by financial insurance institutions. The Company has insured accounts receivable of certain customers and the Company will receive 80%~90% compensation if bad debts occur.
- D. The Company does not hold any collateral as security.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(3) Transfer of financial assets

- A. The Company entered into a factoring agreement with the banks to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable, and the related information is as follows:

December 31, 2021								
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount advanced for advance	Interest rate of amount advanced	Collateral Provided	
Citibank	\$ 434,486	\$ 434,486	\$ 434,486	\$ 434,486	\$ -	1.08%~1.20%	None	
Mega International Commercial Bank	550,224	550,224	1,384,000	495,202	55,022	0.95%	None	
Bank of Taiwan	293,306	293,306	3,321,600	263,975	29,331	0.52%	None	

December 31, 2020							
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount advanced for advance	Interest rate of amount advanced	Collateral Provided
Citibank	\$ 686,806	\$ 686,806	\$ 686,806	\$ 686,806	\$ -	1.11%~1.22%	None
Mega International Commercial Bank	456,848	456,848	1,424,000	411,163	45,685	0.9%~1.1%	None
Bank of Taiwan	564,295	564,295	3,417,600	507,865	56,430	0.74%	None

B. For the years ended December 31, 2021 and 2020, the Company issued promissory notes to some banks for the factoring agreements signed.

(4) Inventories

December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 143,233	(\$ 6,920)	\$ 136,313
Work in progress	34,896	(873)	34,023
Finished goods	918,163	(22,079)	896,084
	<u>\$ 1,096,292</u>	<u>(\$ 29,872)</u>	<u>\$ 1,066,420</u>
December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 28,757	(\$ 7,260)	\$ 21,497
Work in progress	13,771	(1,125)	12,646
Finished goods	1,543,160	(31,632)	1,511,528
	<u>\$ 1,585,688</u>	<u>(\$ 40,017)</u>	<u>\$ 1,545,671</u>

The cost of inventories recognised as expense for the year:

Years ended December 31,		
	2021	2020
Cost of inventories sold	\$ 56,741,684	\$ 65,770,133
Gain on reversal of decline in market value	(10,145)	(28,792)
Others (revenue from sale of scraps)	(2,963)	(314)
	<u>\$ 56,728,576</u>	<u>\$ 65,741,027</u>

The Company reversed a previous inventory write-down because inventories with net realisable value lower than its cost were partially sold by the Company for the years ended December 31, 2021 and 2020.

(5) Investments accounted for under the equity method

Investee	December 31, 2021		December 31, 2020	
	Amount	Ownership percentage (%)	Amount	Ownership percentage (%)
CU INTERNATIONAL LTD.	\$ 23,132,826	100%	\$ 22,397,403	100%
Foxlink International Investment Ltd.	3,662,947	100%	3,321,768	100%
Fu Uei International Investment Ltd.	2,528,381	100%	1,774,257	100%
Well Shin Technology Co., Ltd.	1,157,286	18.84%	1,154,245	18.84%
CULINK INTERNATIONAL LTD.	1,010,256	100%	901,356	100%
Foxlink Technology Ltd.	819,914	100%	861,843	100%
Darts Technologies Corporation	772,985	97%	772,831	97%
Sinobest Brothers Limited	422,713	91.19%	598,341	100%
Suntain Co., Ltd.	217,009	100%	68,440	100%
DU Precision Industry Co., Ltd.	48,910	100%	48,283	100%
	33,773,227		31,898,767	
Add : Current prepayments for investments				
-JOURN TA BROTHERS LIMITED	151,907		151,907	
Total	<u>\$ 33,925,134</u>		<u>\$ 32,050,674</u>	

A. Please refer to Note 4(3) in the 2021 consolidated financial statements for the information regarding the Company's subsidiaries.

B. The gain on investments accounted for under the equity method amounted to \$705,095 and \$357,576 for the years ended December 31, 2021 and 2020, respectively, and were valued based on the investees' audited financial statements for the corresponding period.

C. Associates

(a) The basic information of the associates that are material to the Company is summarised below:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2021	December 31, 2020		
Well Shin Technology Co., Ltd.	Taiwan	18.84%	18.84%	Note	Equity method

Note: As the Company's management holds several seats in the Board of Directors of Well Shin Technology Co., Ltd., the Company is assessed to have significant influence.

(b) Summarised financial information of the associates that are material to the Company is as follows:

Balance sheet

	Well Shin Technology Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	\$ 2,506,723	\$ 2,174,993
Non-current assets	5,889,561	5,881,825
Current liabilities	(1,888,571)	(1,565,431)
Non-current liabilities	(559,919)	(559,732)
Total net assets	\$ 5,947,794	\$ 5,931,655
Share in associate's net assets	\$ 1,120,697	\$ 1,117,656
Goodwill	36,589	36,589
Carrying amount of the associates	\$ 1,157,286	\$ 1,154,245

Statement of comprehensive income

	Well Shin Technology Co., Ltd.	
	Years ended December 31,	
	2021	2020
Revenue	\$ 4,069,703	\$ 3,540,586
Profit for the year from continuing operations	\$ 345,312	\$ 424,076
Other comprehensive income (loss), net of tax	(33,535)	29,294
Total comprehensive income	\$ 311,777	\$ 453,370
Dividends received from associates	\$ 55,706	\$ 66,847

D. The fair value of the Company's material associates with quoted market prices is as follows:

	December 31, 2021	December 31, 2020
Well Shin Technology Co., Ltd.	\$ 1,074,013	\$ 1,129,719

- E. As of December 31, 2021, the registration of the Company's prepayment for investments- JOURN TA BROTHERS LIMITED amounting to \$151,907 has not yet been completed.
- F. Central Motion Picture Corporation, an equity-method investment of the Company, was a litigating party contesting the decision No. 107007 rendered by Ill-gotten Party Assets Settlement Committee on October 9, 2018. Please refer to Note 9 (1)(a) for details on the lawsuit.
- G. Fugang Electric (Maanshan) Co., Ltd., an equity-method investment of the Company, has a lawsuit. On November 19, 2021, Ma'anshan Intermediate People's Court in Anhui Province rendered a first-instance decision. Please refer to Note 9 (1)(b) for details on the lawsuit.

(6) Property, plant and equipment

	2021					
	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
At January 1						
Cost	\$ 412,428	\$ 1,774,021	\$ 144,706	\$ 21,286	\$ 152,535	\$ 2,504,976
Accumulated depreciation and impairment	-	(503,522)	(53,502)	(10,896)	(79,764)	(647,684)
	<u>\$ 412,428</u>	<u>\$ 1,270,499</u>	<u>\$ 91,204</u>	<u>\$ 10,390</u>	<u>\$ 72,771</u>	<u>\$ 1,857,292</u>
Opening net book amount	\$ 412,428	\$ 1,270,499	\$ 91,204	\$ 10,390	\$ 72,771	\$ 1,857,292
Additions	-	-	37,143	24,999	42,867	105,009
Disposals	-	-	(1,108)	-	(913)	(2,021)
Reclassifications	-	-	11,051	-	12,472	23,523
Depreciation charge	-	(35,589)	(77,370)	(9,096)	(24,121)	(146,176)
Closing net book amount	<u>\$ 412,428</u>	<u>\$ 1,234,910</u>	<u>\$ 60,920</u>	<u>\$ 26,293</u>	<u>\$ 103,076</u>	<u>\$ 1,837,627</u>
At December 31						
Cost	\$ 412,428	\$ 1,774,021	\$ 111,099	\$ 42,575	\$ 175,584	\$ 2,515,707
Accumulated depreciation and impairment	-	(539,111)	(50,179)	(16,282)	(72,508)	(678,080)
	<u>\$ 412,428</u>	<u>\$ 1,234,910</u>	<u>\$ 60,920</u>	<u>\$ 26,293</u>	<u>\$ 103,076</u>	<u>\$ 1,837,627</u>

2020						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
At January 1						
Cost	\$ 412,428	\$ 1,837,910	\$ 220,266	\$ 18,063	\$ 159,836	\$ 2,648,503
Accumulated depreciation and impairment	-	(479,972)	(166,715)	(6,581)	(114,280)	(767,548)
	<u>\$ 412,428</u>	<u>\$ 1,357,938</u>	<u>\$ 53,551</u>	<u>\$ 11,482</u>	<u>\$ 45,556</u>	<u>\$ 1,880,955</u>
Opening net book amount	\$ 412,428	\$ 1,357,938	\$ 53,551	\$ 11,482	\$ 45,556	\$ 1,880,955
Additions	-	-	124,004	4,191	35,510	163,705
Disposals	-	(34,128)	(35,274)	(599)	(2,960)	(72,961)
Reclassifications	-	(16,381)	695	-	18,171	2,485
Depreciation charge	-	(36,929)	(51,772)	(4,685)	(23,506)	(116,892)
Closing net book amount	<u>\$ 412,428</u>	<u>\$ 1,270,500</u>	<u>\$ 91,204</u>	<u>\$ 10,389</u>	<u>\$ 72,771</u>	<u>\$ 1,857,292</u>
At December 31						
Cost	\$ 412,428	\$ 1,774,021	\$ 144,706	\$ 21,286	\$ 152,535	\$ 2,504,976
Accumulated depreciation and impairment	-	(503,522)	(53,502)	(10,896)	(79,764)	(647,684)
	<u>\$ 412,428</u>	<u>\$ 1,270,499</u>	<u>\$ 91,204</u>	<u>\$ 10,390</u>	<u>\$ 72,771</u>	<u>\$ 1,857,292</u>

The Company has no property, plant and equipment pledged to others as collateral.

(7) Leasing arrangements-lessee

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 34,592	\$ 45,743
Buildings	58,398	54,144
	<u>\$ 92,990</u>	<u>\$ 99,887</u>
	<u>Year ended December 31,</u>	<u>Year ended December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Depreciation</u>	<u>Depreciation</u>
	<u>expense</u>	<u>expense</u>
Land	\$ 13,674	\$ 13,492
Buildings	22,508	10,180
	<u>\$ 36,182</u>	<u>\$ 23,672</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$31,130 and \$54,896, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,642	\$ 1,091
Expense on short-term lease contracts	12,893	2,629
Expense on leases of low-value assets	639	-

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases amounted to \$50,110 and \$26,396 respectively.

(8) Investment property

	<u>2021</u>	<u>2020</u>
	<u>Buildings and structures</u>	<u>Buildings and structures</u>
At January 1		
Cost	\$ 198,101	\$ 218,652
Accumulated depreciation and impairment	(37,783)	(39,079)
	<u>\$ 160,318</u>	<u>\$ 179,573</u>
Opening net book amount	\$ 160,318	\$ 179,573
Disposals	-	(14,765)
Depreciation charge	(3,911)	(4,490)
Closing net book amount	<u>\$ 156,407</u>	<u>\$ 160,318</u>
At December 31		
Cost	\$ 198,101	\$ 198,101
Accumulated depreciation and impairment	(41,694)	(37,783)
	<u>\$ 156,407</u>	<u>\$ 160,318</u>

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

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from the lease of the investment property	<u>\$ 24,235</u>	<u>\$ 23,210</u>
Direct operating expenses arising from the investment property that generated rental income in the year	<u>\$ 3,911</u>	<u>\$ 4,490</u>

- B. Investment property is stated initially at its cost and is depreciated on a straight-line basis over its estimated useful life. The fair value of the investment property held by the Company as at December 31, 2021 and 2020 was \$261,506 and \$277,601, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby, market prices did not change significantly.
- C. There was no impairment loss on investment property.
- D. The investment property was not pledged to others as collateral.

(9) Intangible assets

	2021	2020
	Software	Software
At January 1		
Cost	\$ 19,927	\$ 31,621
Accumulated amortisation and impairment	(8,156)	(17,099)
	<u>\$ 11,771</u>	<u>\$ 14,522</u>
Opening net book amount	\$ 11,771	\$ 14,522
Additions	18,982	6,380
Amortisation charge	(10,519)	(9,131)
Disposals	-	-
Closing net book amount	<u>\$ 20,234</u>	<u>\$ 11,771</u>
At December 31		
Cost	\$ 35,530	\$ 19,927
Accumulated amortisation and impairment	(15,296)	(8,156)
	<u>\$ 20,234</u>	<u>\$ 11,771</u>

(10) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank loan			
Credit loan	<u>\$ 1,138,848</u>	0.64%~0.72%	-
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank loan			
Credit loan	<u>\$ -</u>	-	-

(11) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payable for purchases made by related parties on behalf of the Company	\$ 7,863,637	\$ 9,804,719
Financing payable to related parties	170,720	195,000
Payables on salary and bonus	294,050	290,819
Employees' compensation and remuneration for supervisors and directors	139,422	231,694
Payables on equipment	20,086	32,018
Others	225,300	207,951
	<u>\$ 8,713,215</u>	<u>\$ 10,762,201</u>

Please refer to Note 7 and table 1 of Note 13 for the details of financing payable to related parties.

(12) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured corporate bonds	\$ 6,600,000	\$ 6,600,000
Less: Discount on bonds payable	(21,430)	(25,018)
	<u>\$ 6,578,570</u>	<u>\$ 6,574,982</u>

A. The main terms of the \$3,600,000 2nd secured corporate bonds issued by the Company on July 29, 2020 are as follows:

- (a) Total initial issue amount: \$3,600,000.
- (b) Issue price: Issue at par value, \$1,000 each.
- (c) Issue period: 5 years, from July 29, 2020 to July 27, 2025.
- (d) Coupon rate: 0.65% fixed per annum.
- (e) Interest payment method: Interest is calculated from the date of issuance at the coupon rate, is a simple interest and is paid yearly.
- (f) Principal repayment method: Pay entire amount at the maturity date.
- (g) Guarantee method:

The joint guarantor banks including CTBC Bank Co., Ltd., Taiwan Cooperative Bank Co., Ltd., Hua Nan Commercial Bank Ltd., Agricultural Bank of Taiwan Corporation and Mega International Commercial Bank Co., Ltd. provide guarantees based on a joint engagement guarantee contract and bond-fulfilling guarantee obligation contract.

- (h) Commitment:

The company should maintain the following financial ratios during the contract duration for semi-annual consolidated and annual consolidated financial statements:

- i. Current assets to current liabilities ratio of at least 1:1;
- ii. Liabilities not exceeding 200% of tangible net equity;
- iii. Interest coverage of at least 400%; and
- iv. Tangible net equity of at least NT\$15,000,000 thousand.

B. The main terms of the \$3,000,000 1st secured corporate bonds issued by the Company on June 26, 2019 are as follows:

- a) Total initial issue amount: \$3,000,000.
- b) Issue price: Issue at par value, \$1,000 each.
- c) Issue period: 5 years, from June 26, 2019 to June 26, 2024.
- d) Coupon rate: 0.80% fixed per annum.
- e) Interest payment method: Interest is calculated from the date of issuance at the coupon rate, is a simple interest and is paid yearly.
- f) Principal repayment method: Pay entire amount at the maturity date.
- g) Guarantee method:

The joint guarantor banks including CTBC Bank Co., Ltd. Taiwan Cooperative Bank Co., Ltd., Mega International Commercial Bank Co., Ltd. and Chang Hwa Commercial Bank, Ltd. provide guarantees based on a joint engagement guarantee contract and bond-fulfilling guarantee obligation contract.

- h) Commitment:

The company should maintain the following financial ratios during the contract duration for semi-annual parent company only and annual parent company only financial statements:

- i. Current assets to current liabilities ratio of at least 1:1;
- ii. Liabilities not exceeding 200% of tangible net equity;
- iii. Interest coverage of at least 400%; and
- iv. Tangible net equity of at least NT\$15,000,000 thousand.

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2021
Long-term loan borrowings				
Bank's unsecured borrowings				
- including covenants	Borrowing period is from April 2021 to April 2024 pay entire amount when due	0.85%	\$ 3,500,000	\$ 500,000
- without covenants	Borrowing period is from March 2021 to July 2024 pay entire amount when due	0.77%~0.92%	2,304,750	4,701,250
Medium-term and long-term syndicated loans	Borrowing period is from November 2020 to November 2025. The Company may issue a drawing application before the maturity date of borrowing to repay the loan principal that was originally expired.	1.01%	4,800,000	3,200,000
				8,401,250
Less: Current portion				-
				<u>\$ 8,401,250</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2020
Long-term loan borrowings				
Bank's unsecured borrowings				
- including covenants	Borrowing period is from September 2017 to March 2023 pay entire amount when due	0.99%~1%	\$ 1,400,000	\$ 2,600,000
- without covenants	Borrowing period is from December 2017 to November 2023 pay entire amount when due	0.87%~1.4%	2,235,500	2,981,250
Medium-term and long-term syndicated loans	Borrowing period is from November 2020 to November 2025. The Company may issue a drawing application before the maturity date of borrowing to repay the loan principal that was originally expired.	1.79%	4,800,000	3,200,000
				8,781,250
Less: Current portion				-
				<u>\$ 8,781,250</u>

A. In November 2020, the Company signed a medium-term syndicated revolving NTD credit facility agreement with the Bank of Taiwan as the lead bank. The terms of agreement are summarised below:

- (a) Duration of loan: The loan period of the agreement was 5 years from the agreement signing date.
- (b) Credit line and draw-down: The credit line was \$8,000,000, which can be drawn down in installments of at least NT\$100,000 thousand per draw-down.
- (c) Principal repayment: The duration of each loan drawn down is either 90 days or 180 days at the Company's option. The Company, if without any default, may submit an application to the banks to draw down a new loan with principal equal to the old one before its maturity, and the new loan is directly used to repay the original loan. The banks and the Company are not required to make remittances for such draw-down and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.
- (d) Commitment: The Company should maintain the following financial ratios during the contract duration for semi-annual parent company only and annual parent company only financial statements:
 - i. Current assets to current liabilities ratio of at least 1:1;
 - ii. Liabilities not exceeding 200% of tangible net equity;
 - iii. Interest coverage of at least 400%; and
 - iv. Tangible net equity of at least NT\$15,000,000 thousand.
- (e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.

B. The Company entered into the borrowing contracts with Bank SinoPac, Taipei Fubon and Far Eastern International Bank, and the total credit line is \$4,000,000. As of December 31, 2021, the borrowings that have been used amounted to \$500,000. In the duration period of these contracts, the financial ratios in the semi-annual parent company only and annual parent company only

financial statements shall be as follows:

- (a) Current assets to current liabilities ratio of at least 1:1;
 - (b) Liabilities not exceeding 200% of tangible net equity;
 - (c) Interest coverage of at least 400%; and
 - (d) Tangible net equity of at least NT\$15,000,000 thousand.
- C. As of December 31, 2021, the borrowings that have been used amounted to as follows:

Company	Bank	Credit line	Amount of borrowings used
The Company	E.Sun Bank	\$ 300,000	\$ -
The Company	Mizuho Bank	USD 30,000,000	800,000
The Company	First Bank	600,000	600,000
The Company	Jih Sun International Bank	300,000	300,000
The Company	DBS Bank	USD 35,000,000	900,000
The Company	Export-Import Bank of Republic of China	480,000	301,250
The Company	Cathay Bank	500,000	500,000
The Company	Yuanta Commercial Bank	450,000	400,000
The Company	En Tie Commerical Bank	500,000	500,000
The Company	Taiwan Cooperative Bank	500,000	-
The Company	United Overseas Bank	USD 10,000,000	-
The Company	KGI Commercial Bank Co., Ltd.	1,000,000	400,000
The Company	Panhsin Bank	300,000	-

(14) Pensions

- A.(a) The Company has a defined benefit pension plan in accordance with the Labour Standards Act, covering all regular employees' service years prior to the enforcement of the Labour 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 Labour standards Act. 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 Company 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 Company would assess the balance in the aforementioned labour pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	(\$ 314,531)	(\$ 359,082)
Fair value of plan assets	110,060	64,298
Net defined benefit liability	(\$ 204,471)	(\$ 294,784)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2021</u>			
Balance at January 1	(\$ 359,082)	\$ 64,298	(\$ 294,784)
Current service cost	(2,097)	-	(2,097)
Interest (expense) income	(1,077)	193	(884)
Past service cost	-	-	-
	(362,256)	64,491	(297,765)
Remeasurements:			
Change in demographic assumptions	(264)	-	(264)
Change in financial assumptions	12,105	-	12,105
Experience adjustments	22,249	953	23,202
	34,090	953	35,043
Pension fund contribution	-	49,593	49,593
Number of benefits paid	4,977	(4,977)	-
Paid pension	8,658	-	8,658
	13,635	44,616	58,251
Balance at December 31	(\$ 314,531)	\$ 110,060	(\$ 204,471)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 338,787)	\$ 59,231	(\$ 279,556)
Current service cost	(2,626)	-	(2,626)
Interest (expense) income	(2,372)	415	(1,957)
Past service cost	(22,567)	-	(22,567)
	(366,352)	59,646	(306,706)
Remeasurements:			
Change in financial assumptions	(13,862)	-	(13,862)
Experience adjustments	(3,829)	2,182	(1,647)
	(17,691)	2,182	(15,509)
Pension fund contribution	-	2,470	2,470
Paid pension	24,961	-	24,961
Balance at December 31	(\$ 359,082)	\$ 64,298	(\$ 294,784)

(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 securitization 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 authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2021	2020
Discount rate	0.7%	0.3%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	\$ 7,087	(\$ 7,326)	(\$ 6,374)	(\$ 6,210)
December 31, 2020				
Effect on present value of defined benefit obligation	\$ 8,754	(\$ 9,066)	(\$ 7,919)	(\$ 7,703)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. 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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$2,473.

(g) As of December 31, 2021, the weighted average duration of that retirement plan is 9 years.

B. Effective July 1, 2005, the Company has established a funded defined contribution pension plan (the “New Plan”) under the Labour 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 Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

The pension costs under the abovementioned defined contribution pension plan for the years ended December 31, 2021 and 2020 were \$37,811 and \$34,569, respectively.

(15) Share capital

A. As of December 31, 2021, the Company’s authorised common stock was \$7,000,000 (including 50,000,000 shares reserved for the issuance of employees’ warrants), and the issued and outstanding shares were both 512,326,940 shares, with a par value of \$10 (in dollars) per share.

B. Treasury shares

Before becoming a subsidiary, Foxlink Image Technology Co., Ltd. held parent’s capital stock for general investment purpose. The company did not purchase more equity instruments after acquiring control over Foxlink Image on October 1, 2018. As of December 31, 2021 and 2020, the detailed information of Foxlink Image’s parent equity shares is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
In thousand shares	<u>27,503</u>	<u>27,503</u>
Book value	<u>\$ 272,066</u>	<u>\$ 272,066</u>

(16) Capital surplus

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 Law requires that the amount of capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021					
	Share premium	Treasury share transactions	Difference between proceeds from acquisition or disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1	\$ 9,337,850	\$ 45,078	\$ 196,481	\$ 3,336	\$ 246,001	\$ 9,828,746
Cash dividends distributed to subsidiaries	-	26,258	-	-	-	26,258
Adjustments due to not participating in the capital increase of investees proportionately	-	-	393,228	493	4,150	397,871
At December 31	<u>\$ 9,337,850</u>	<u>\$ 71,336</u>	<u>\$ 589,709</u>	<u>\$ 3,829</u>	<u>\$ 250,151</u>	<u>\$ 10,252,875</u>
	2020					
	Share premium	Treasury share transactions	Difference between proceeds from acquisition or disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1	\$ 9,337,850	\$ 18,820	\$ 32,813	\$ 3,374	\$ 78,860	\$ 9,471,717
Cash dividends distributed to subsidiaries	-	26,258	-	-	-	26,258
Adjustments due to not participating in the capital increase of investees proportionately	-	-	163,668	(38)	167,141	330,771
At December 31	<u>\$ 9,337,850</u>	<u>\$ 45,078</u>	<u>\$ 196,481</u>	<u>\$ 3,336</u>	<u>\$ 246,001</u>	<u>\$ 9,828,746</u>

(17) Retained earnings/Subsequent events

- A. Based on 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. The appropriation of remainder shall be proposed by the Board of Directors and be resolved by the shareholders.
- B. According to the Company's Articles of Incorporation, no more than 90% of the distributable

retained earnings shall be distributed as stockholders' 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.

- C. 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 balance of the reserve exceeds 25% of the Company's paid-in capital.
- D. (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 amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- (c) As of January 1, 2018, the amounts previously set aside by the Company as special reserve for the initial application of IFRSs amounted to \$665,206. Furthermore, the Company did not reverse special reserve to retained earnings for the years ended December 31, 2021 and 2020 as a result of the use, disposal or reclassification of related assets. As of December 31, 2021, and 2020, the amount of special reserve set aside all amounted to \$665,206.
- E. (a) Details of the appropriation of 2020's and 2019's net income which was resolved at the stockholders' meeting on July 15, 2021 and June 19, 2020 are as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Legal reserve	\$ 195,628	\$ -	\$ 198,736	\$ -
Special reserve	(298,188)	-	724,633	-
Cash dividends	1,280,818	2.5	1,280,818	2.5
Total	<u>\$ 1,178,258</u>	<u>\$ 2.5</u>	<u>\$ 2,204,187</u>	<u>\$ 2.5</u>

- (b) The appropriation of 2021 earnings had been proposed by the Board of Directors on March 24, 2022. Details are summarized below:

	Year ended December 31, 2021	
	Amount	Dividend per share (NTD)
Legal reserve	\$ 94,372	\$ -
Special reserve	565,304	-
Cash dividends	768,490	1.50
Total	<u>\$ 1,428,166</u>	<u>\$ 1.50</u>

(18) Other equity items

	2021		
	Financial assets at fair value through other comprehensive income	Currency Translation	Total
At January 1	(\$ 306,223)	(\$ 1,730,123)	(\$ 2,036,346)
Valuation adjustment	(166,386)	-	(166,386)
Currency translation differences:			
- Company	-	(404,899)	(404,899)
- Associates	-	5,980	5,980
At December 31	<u>(\$ 472,609)</u>	<u>(\$ 2,129,042)</u>	<u>(\$ 2,601,651)</u>

	2020		
	Financial assets at fair value through other comprehensive income	Currency Translation	Total
At January 1	(\$ 255,079)	(\$ 2,079,456)	(\$ 2,334,535)
Valuation adjustment	(51,144)	-	(51,144)
Currency translation differences:			
- Company	-	331,794	331,794
- Associates	-	17,539	17,539
At December 31	<u>(\$ 306,223)</u>	<u>(\$ 1,730,123)</u>	<u>(\$ 2,036,346)</u>

(19) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods over time and at a point in time in the following major product lines and generates related revenue in each reportable segment:

	Years ended December 31,	
	2021	2020
3C component	\$ 24,667,759	\$ 31,110,857
Systems and peripheral products	34,007,100	38,024,381
Total revenue from external customer contracts	<u>\$ 58,674,859</u>	<u>\$ 69,135,238</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities:		
Contract liabilities-advance sales receipts	\$ <u>104,902</u>	\$ <u>352,463</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue received in advance	\$ <u>352,463</u>	\$ <u>377,423</u>

(20) Interest income

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
Interest income	\$ <u>31,274</u>	\$ <u>27,004</u>

(21) Other income

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
Revenue from technical service compensation	\$ 303,451	\$ 231,596
Revenue from management service fees	37,218	28,558
Rental revenue	36,515	36,867
Others	11,181	20,594
	\$ <u>388,365</u>	\$ <u>317,615</u>

Please refer to Note 7(2)D for details of revenue from technical service compensation.

(22) Other gains and losses

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2021</u>	<u>2020</u>
Net currency exchange (losses) gains	(\$ 95,079)	\$ 57,446
Loss on disposal of investments	-	(15,849)
Depreciation charge on investment property	(3,911)	(4,490)
Net (loss) gain on disposal of property, plant and equipment	(142)	3,912
Others	(738)	10,408
	\$ <u>99,870</u>	\$ <u>51,427</u>

(23) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 110,226	\$ 169,728
Lease liabilities	100,458	70,210
Corporate bonds	1,642	1,091
	<u>\$ 212,326</u>	<u>\$ 241,029</u>

(24) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 1,147,602	\$ 1,211,109
Depreciation expense	182,358	140,564
Amortisation charges	10,519	9,131
Transportation expenses	220,213	324,648
Operating lease payments	13,532	2,629

(25) Employee benefit expense

	Years ended December 31,	
	2021	2020
Wages and salaries	\$ 971,396	\$ 1,013,906
Labour and health insurance fees	74,835	66,235
Pension costs	40,792	61,720
Directors' remuneration	6,000	10,000
Other personnel expenses	54,579	59,248
	<u>\$ 1,147,602</u>	<u>\$ 1,211,109</u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$130,000 and \$220,000, respectively; directors' and supervisors' remuneration was accrued at \$6,000 and \$10,000, respectively. The aforementioned amounts were recognised in salary expenses.
- C. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the distributable profit of current year for the year ended December 31, 2020 and percentage as prescribed by the Company's Articles of Incorporation. The Board of Directors resolved the actual appropriation amounts of \$130,000 and \$6,000 and appropriated in cash in March 24, 2022.

- D. Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved at the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2021.
- E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Tax payable incurred in current period	\$ 41,888	\$ 436,887
Tax on undistributed surplus earnings	38,901	-
Prior year income tax under (over) estimation	20,577	(40,283)
Total current tax	101,366	396,604
Deferred tax:		
Origination and reversal of temporary differences	96,051	(3,204)
Income tax expense	<u>\$ 197,417</u>	<u>\$ 393,400</u>

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

	Years ended December 31,	
	2021	2020
Currency translation differences	(\$ 99,730)	\$ 87,333
Remeasurement of defined benefit obligations	7,008	(3,102)
	<u>(\$ 92,722)</u>	<u>\$ 84,231</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 223,692	\$ 472,166
Effect from items disallowed by tax regulation	(85,753)	(38,483)
Tax on undistributed surplus earnings	38,901	
Prior year income tax under (over) estimation	20,577	(40,283)
Income tax expense	<u>\$ 197,417</u>	<u>\$ 393,400</u>

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Bad debts expense	\$ 3,562	\$ -	\$ -	\$ 3,562
Unrealised loss on slow-moving inventories	8,003	(2,028)	-	5,975
Unrealised profit from sales	17,667	(14,058)	-	3,609
Pension costs	3,862	(3,862)	-	-
Remeasurement of defined benefit plan	17,481	-	(7,008)	10,473
Unused compensated absences	7,293	511	-	7,804
Unrealised exchange loss	37,623	(24,772)	-	12,851
Currency translation differences	115,179	-	99,730	214,909
Others	4,235	(4,235)	-	-
Subtotal	<u>\$ 214,905</u>	<u>(\$ 48,444)</u>	<u>\$ 92,722</u>	<u>\$ 259,183</u>
-Deferred tax liabilities:				
Unrealised exchange gain	(\$ 597,970)	(\$ 40,163)	\$ -	(\$ 638,133)
Pension costs	-	(7,192)	-	(7,192)
Others	-	(252)	-	(252)
Subtotal	<u>(\$ 597,970)</u>	<u>(\$ 47,607)</u>	<u>\$ -</u>	<u>(\$ 645,577)</u>
Total	<u>(\$ 383,065)</u>	<u>(\$ 96,051)</u>	<u>\$ 92,722</u>	<u>(\$ 386,394)</u>
	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Bad debts expense	\$ 3,562	\$ -	\$ -	\$ 3,562
Unrealised loss on slow-moving inventories	13,762	(5,759)	-	8,003
Unrealised profit from sales	43,689	(26,022)	-	17,667
Pension costs	3,919	(57)	-	3,862
Rent expense	122	(122)	-	-
Remeasurement of defined benefit plan	14,379	-	3,102	17,481
Unused compensated absences	8,235	(942)	-	7,293
Tax losses	-	37,623	-	37,623
Currency translation differences	202,512	-	(87,333)	115,179
Others	3,825	410	-	4,235
Subtotal	<u>\$ 294,005</u>	<u>\$ 5,131</u>	<u>(\$ 84,231)</u>	<u>\$ 214,905</u>
-Deferred tax liabilities:				
Unrealised exchange gain	(\$ 15,273)	\$ 15,273	\$ -	\$ -
Gain on investments	(580,770)	(17,200)	-	(597,970)
Subtotal	<u>(\$ 596,043)</u>	<u>(\$ 1,927)</u>	<u>\$ -</u>	<u>(\$ 597,970)</u>
Total	<u>(\$ 302,038)</u>	<u>\$ 3,204</u>	<u>(\$ 84,231)</u>	<u>(\$ 383,065)</u>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(27) Earnings per share

Year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 921,042	484,824	\$ 1.90
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 921,042	484,824	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,287	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 921,042	488,111	\$ 1.89
Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,967,432	484,824	\$ 4.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,967,432	484,824	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,671	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,967,432	489,495	\$ 4.02

(28) Supplemental cash flow information

Investment activities with partial cash payments:

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 105,009	\$ 163,705
Add: Opening balance of payable on equipment	32,018	50,217
Less: Ending balance of payable on equipment	(20,086)	(32,018)
Cash paid during the year	<u>\$ 116,941</u>	<u>\$ 181,904</u>

(29) Changes in liabilities from financing activities

	2021				
	Corporate bonds payable	Long-term borrowings	Lease liabilities	Other payables to related parties	Liabilities from financing activities - gross
At January 1	\$ 6,574,982	\$ 8,781,250	\$ 101,492	\$ 195,000	\$ 15,652,724
Changes in cash flow from financing activities	-	(380,000)	(34,936)	(24,280)	(439,216)
Interest expense paid	-	-	(1,642)	-	(1,642)
Changes in other non-cash items	3,588	-	30,927	-	34,515
At December 31	<u>\$ 6,578,570</u>	<u>\$ 8,401,250</u>	<u>\$ 95,841</u>	<u>\$ 170,720</u>	<u>\$ 15,246,381</u>

	2020				
	Corporate bonds payable	Long-term borrowings	Lease liabilities	Other payables to related parties	Liabilities from financing activities - gross
At January 1	\$ 2,987,655	\$ 8,330,000	\$ 69,272	\$ 1,051,522	\$ 12,438,449
Changes in cash flow from financing activities	3,584,462	451,250	(23,767)	(856,522)	3,155,423
Interest expense paid	-	-	1,091	-	1,091
Changes in other non-cash items	2,865	-	54,896	-	57,761
At December 31	<u>\$ 6,574,982</u>	<u>\$ 8,781,250</u>	<u>\$ 101,492</u>	<u>\$ 195,000</u>	<u>\$ 15,652,724</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
CU International Ltd. (CU)	The subsidiary
Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	The subsidiary
Fugang Electronic (Dongguan) Co., Ltd. (FGEDG)	The subsidiary
Fugang Electric (Kunshan) Co., Ltd. (FGEKS)	The subsidiary
Kunshan Fugang Electric Trading Co., Ltd. (KFET)	The subsidiary
Foxlink Tianjin Co., Ltd. (FTJ)	The subsidiary

Names of related parties	Relationship with the Group
Foxlink Automotive Technology (Kunshan) Co., Ltd. (KAFE)	The subsidiary
Fushineng Electronics (Kunshan) Co., Ltd. (FSNK)	The subsidiary
Fu Gang Electronic (Nan Chang) Co., Ltd. (FENC)	The subsidiary
Fugang Electric (Yancheng) Co., Ltd. (FG YANCHENG)	The subsidiary
Fuqiang Electric (Yancheng) Co., Ltd. (FQ YANCHENG)	The subsidiary
Fugang Electric (Maanshan) Co., Ltd. (FG MAANSHAN)	The subsidiary
Fugang Electric (Xuzhou) Co., Ltd. (FG XuZhou)	The subsidiary
World Circuit Technology Co., Ltd. (WCT)	The subsidiary
Power Quotient International Co., Ltd. (PQI)	The subsidiary
Foxlink International Inc. (FOXLINK)	The subsidiary
Fu Uei International Investment Ltd. (FUII)	The subsidiary
Studio A Inc. (Studio A)	The subsidiary
Sinobest Brothers Limited (SINOBEST)	The subsidiary
Foxlink India Electric Private Limited (FIE)	The subsidiary
Foxlink Technical India Private Limited (FOXLINK INDIA)	The subsidiary
Straight A Inc. (Straight A)	The subsidiary
Studio A Technology Limited (Studio A Hong Kong)	The subsidiary
Ashop Co., Ltd. (ASHOP)	The subsidiary
Shinfox Energy Co., Ltd. (Shinfox)	The subsidiary
Foxwell Energy Corporation Ltd. (Foxwell Energy)	The subsidiary
Foxlink Technology Ltd. (FT)	The subsidiary
Suntain Co., Ltd. (Suntain)	The subsidiary
FIT Holding Co., Ltd. (FIT Holding)	The subsidiary
Foxlink Image Technology Co., Ltd. (Foxlink Image)	The subsidiary
Glory Science Co., Ltd. (Glory Science)	The subsidiary
Well Shin Technology Co., Ltd. (Well Shin)	Associate
Microlink Communications Inc. (Microlink)	Associate
Sharetronic Data Technology Co., Ltd. (Sharetronic)	Associate
Hsin Hung International Investment Co., Ltd. (HSIN HUNG)	Other related party
Hon Hai Precision Industry Co., Ltd. (Hon Hai)	Other related party

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2021	2020
Sales of goods:		
- Subsidiaries		
FOXLINK	\$ 15,017,512	\$ 14,660,823
Others	16,156	74,098
- Other related parties	1,078,566	1,450,887
	<u>\$ 16,112,234</u>	<u>\$ 16,185,808</u>

- (a) All the credit terms on sales to related parties were 120 to 180 days after monthly billings. The credit terms on sales to third parties were 30 to 120 days after monthly billing or upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.
- (b) The Company purchased goods from the abovementioned subsidiaries and sold to the customers after selling raw materials to the factories located in Mainland China for finished goods production for the years ended December 31, 2021 and 2020. Revenue and operating cost of sales of raw materials amounting to \$33,064,425 and \$40,394,110, respectively, were excluded from purchase or sales of goods as they were offset in the aforementioned transactions. The collections depend on the financial situation after offsetting the receivables against the payables.

B. Purchases of goods

	Years ended December 31,	
	2021	2020
Purchases of goods:		
- Subsidiaries		
DGFQ	\$ 23,100,651	\$ 25,932,277
FGEDG	14,008,282	13,145,389
FG XuZhou	7,772,509	5,622,875
FGEKS	1,802,928	2,441,043
Others	4,402,649	3,221,643
- Associates	183,344	335,935
- Other related parties	815,679	695,476
	<u>\$ 52,086,042</u>	<u>\$ 51,394,638</u>

The purchase price in relation to the transaction made with related parties and all purchases from related parties are at arm's-length. Payment period was 60 to 120 days after receipt of goods from suppliers.

C. Research and development expense - Technical Service Compensation

	Years ended December 31,	
	2021	2020
Technical service compensation:		
- Subsidiaries	\$ -	\$ 28,322
- Associates	-	1,153
	<u>\$ -</u>	<u>\$ 29,475</u>

The Company entered into technical service contracts with related parties for providing the Company with research and development services. The payment terms are based on mutual agreement.

D. Non-operating income - other income

	Years ended December 31,	
	2021	2020
Other income		
- Subsidiaries		
DGFAQ	\$ 303,451	\$ 231,596
Suntain	20,235	25,264
Others	54,506	46,054
	<u>\$ 378,192</u>	<u>\$ 302,914</u>

The Company charged technical service compensation and management service fees from CU, Foxlink Image, Suntain, Microlink and DGFAQ, respectively, and collected the net balance after offsetting with payables to related parties and considering the financial situation.

E. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
- Subsidiaries		
FOXLINK	\$ 3,577,247	\$ 3,071,851
Others	16,722	38,742
- Associates	420	427
- Other related parties	244,686	201,200
	<u>\$ 3,839,075</u>	<u>\$ 3,312,220</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables-purchases on behalf of others		
- Subsidiaries		
FG XuZhou	\$ 2,052,881	\$ 2,180,418
DGFQ	1,415,872	1,135,780
FSNK	1,182,010	1,492,710
FIE	863,655	266,362
Others	998,731	644,072
Other receivables- capital transaction receivables		
- Subsidiaries		
Foxwell Energy	-	4,000,000
Other receivables-revenue from technical service compensation and management service fees		
- Subsidiaries	22,069	89,740
Other receivables, others		
- Subsidiaries	44,407	79,533
- Associates	2,187	2,187
	<u>\$ 6,581,812</u>	<u>\$ 9,890,802</u>

The receivables for raw materials as well as fixtures and equipment, purchased by the Company on behalf of the subsidiaries, were excluded from the purchases or sales of goods of the Company. The details are provided in Note 13(3). The receivables and prepayments exceeding normal granting periods were transferred to other receivables in accordance with the regulation.

F. Prepayments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments:		
- Subsidiaries		
CU	\$ 385,519	\$ 345,878
- Other related parties	140	140
	<u>\$ 385,659</u>	<u>\$ 346,018</u>

Prepayments mainly refer to prepayments to suppliers and the related transactions were based on financial situation of the Company.

G. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
- Subsidiaries		
FGEDG	\$ 3,597,151	\$ 3,306,302
FG XuZhou	1,965,593	1,658,738
FSNK	1,146,640	1,412,157
FENC	1,138,373	1,171,748
Others	326,410	179,886
- Associates	58,060	46,460
- Other related parties	101,921	101,663
	<u>\$ 8,334,148</u>	<u>\$ 7,876,954</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables-other financing payable		
- Subsidiaries		
FT	\$ 110,720	\$ -
FUII	-	95,000
Zhi De Investment	-	100,000
VALUE SUCCESS	60,000	-
Other payables-Receipts under custody		
- Subsidiaries	42,984	56,236
- Associates	14,144	15,612
	<u>\$ 227,848</u>	<u>\$ 266,848</u>

Details of accounts payable are provided in the abovementioned Note 7(2)B., and other payables refer to financing and receipts under custody.

H. Lease transactions - lessee

(a) The Company leases buildings from other related parties. The lease term was 3 years and rent was paid at the beginning of every month.

(b) Acquisition of right-of-use assets

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ -	\$ 54,896
Other related parties	26,763	-
	<u>\$ 26,763</u>	<u>\$ 54,896</u>

(d) Lease liability

i. Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 37,446	\$ 54,932
Other related parties	22,391	-
	<u>\$ 59,837</u>	<u>\$ 54,932</u>

ii. Interest expense

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 758	\$ -
Other related parties	200	-
	<u>\$ 958</u>	<u>\$ -</u>

I. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
- Subsidiaries		
Glory Science	\$ -	\$ 68,041
Others	204	12,794
	<u>\$ 204</u>	<u>\$ 80,835</u>

The Company purchased equipment from subsidiaries for the years ended December 31, 2021 and 2020. The payment terms are based on mutual agreement.

(b) Disposal of property, plant and equipment and investment property:

	<u>Year ended December 31, 2021</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Subsidiaries	<u>\$ 1,880</u>	<u>(\$ 6)</u>
	<u>Year ended December 31, 2020</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Subsidiaries	<u>\$ 91,567</u>	<u>\$ 4,656</u>

For the years ended December 31, 2021 and 2020, the Company sold equipment to subsidiaries, the collection terms were based on mutual agreement.

J. Loans to related parties

Interest income:

	Years ended December 31,	
	2021	2020
- Subsidiaries		
Foxwell Energy	\$ 29,753	\$ 22,126

K. Endorsements and guarantees

	December 31, 2021	December 31, 2020
- Subsidiaries		
DGFQ	\$ 1,303,200	\$ 1,313,100
Studio A Hong Kong	1,190,240	1,224,640
Studio A	1,107,200	1,139,200
KFET	855,760	1,053,760
FOXLINK	896,832	922,752
Others	968,800	854,400
	<u>\$ 6,322,032</u>	<u>\$ 6,507,852</u>

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 86,921	\$ 112,385
Post-employment benefits	1,889	1,621
Total	<u>\$ 88,810</u>	<u>\$ 114,006</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Refundable deposits (Shown as other non-current assets)	<u>\$ 12,228</u>	<u>\$ 12,219</u>	Customs deposit

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)Contingencies

(a) Central Motion Picture Corporation (the “Central Motion Picture”), an equity-method investment of the Company, was determined to be an affiliate organisation of the Kuomintang by the Ill-gotten Party Assets Settlement Committee (the “Ill-gotten Party”) in its written disposition, Dang-Chan-Chu-Zi No. 107007, issued on October 9, 2018. Under paragraph 1, Article 5 and Article 9 of the Act Governing the Settlement of Ill-gotten Properties by Political Parties and Their Affiliate Organisations (the “Act”), properties were held by the Central Motion Picture when the Act was released on August 10, 2016 are considered as an unjustly received properties. The presumed ill-gotten party assets as prescribed in the preceding paragraph 1 of Article 5 are prohibited from being transferred or disposed since from the date of promulgation of this Act. However, this limit is not applicable if it is necessary to perform its legal duties or other justifiable reasons. The properties held by the Central Motion Picture are considered as unjustly received properties; however, their existing rights in leases, superficies, mortgage or pawnage are not affected if Ill-gotten Party considers such assets as unjustly received assets and then orders the bona fide third party to transfer such assets to the State, local self-governing bodies, or original owners. Under Article 16, the Central Motion Picture may file an administrative litigation (an action for revocation) in the Taipei High Administrative Court within two months after the aforementioned written disposition was served. In addition, the Central Motion Picture may file for a suspension of execution under Paragraph 2, Article 116 of the Administrative Litigation Act. On December 12, 2018, Central Motion Picture Corporation submitted cause of action to the Taipei High Administrative Court, which ruled to approve the suspension of execution in January 2020. However, Ill-gotten Party subsequently filed an appeal against the ruling, and it was dismissed by the High Administrative Court in February 2020.

Meanwhile, the Central Motion Picture filed a revocation action with the Taipei High Court, and it was pending approval as of January 14, 2020. The Central Motion Picture and the Ill-gotten Party entered into an administrative contract on August 24, 2021 and settled at the Taipei High Court on September 17, 2021. The original copy of the written disposition will be cancelled if the Central Motion Picture remits \$950 million to an account designated by the Ill-gotten Party by October 23, 2021. The Central Motion Picture remitted the payment on September 24, 2021, and the litigation procedure was terminated.

(b)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". According to the opinion of a lawyer appointed by FG MAANSHAN, the investment agreement and related supplementary agreements signed with the People's Government of Ma'anshan Municipality and the Administrative Committee of Ma'anshan Economic and Technological Development Zone are an executive agreement to attract investments. Maanshan Economic and Technological Development Zone Construction Investment Co., Ltd. shall extend the loan period according to these agreements. However, the possible result of this litigation cannot be determined as of the financial reporting date.

(2)Commitments

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	<u>\$ 18,824</u>	<u>\$ 22,746</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

- (1) On January 21, 2022, the Board of Directors of the Company resolved to grant short-term financings to the subsidiary, Foxwell Energy Corporation Ltd., to meet working capital needs. The loan facility is \$3,000,000. The loan is repayable according to the agreement, and interest is repayable at an annual interest of 1.6%.
- (2) Details of the appropriation of 2021 earnings as resolved by the Board of Directors on March 24, 2022 are provided in Note 6(17).
- (3) On March 24, 2022, the Board of Directors of the Company resolved to increase capital in the subsidiary, FOXLINK ARIZONA Inc., in the amount of USD 7 million.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortised cost/loans and receivables		
Cash and cash equivalents	\$ 235,283	\$ 472,041
Notes receivable	1,984	585
Accounts receivable	13,861,837	13,538,401
Other receivables	6,671,314	9,994,685
Guarantee deposits paid	12,228	12,219
	<u>\$ 20,782,646</u>	<u>\$ 24,017,931</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,138,848	\$ -
Accounts payable	9,039,596	8,465,135
Other accounts payable	8,713,215	10,762,201
Bonds payable	6,578,570	6,574,982
Long-term borrowings (including current portion)	8,401,250	8,781,520
Lease liability	95,841	101,492
Guarantee deposits received	2,953	2,864
	<u>\$ 32,831,425</u>	<u>\$ 34,688,194</u>

B. Risk management policies

- (a) The Company'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. 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.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and

hedges financial risks in close co-operation with the Company'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, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require Company entities to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company 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 Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 601,620	27.68	\$ 16,652,842
RMB : NTD	594	4.34	2,580
HKD : NTD	399	3.55	1,416
EUR : NTD	345	31.32	10,805
JPY : NTD	9,571	0.24	2,302
SGD : NTD	16	20.46	327
GBP : NTD	1	37.30	19
<u>Non-monetary items</u>			
USD : NTD	\$ 36,498	27.68	\$ 1,010,256
HKD : NTD	6,868,260	3.55	24,375,453
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 791,891	27.68	\$ 21,919,543
RMB : NTD	2,458	4.34	10,678
HKD : NTD	1,553	3.55	5,512
EUR : NTD	413	31.32	12,935
JPY : NTD	24,990	0.24	6,010

December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 469,645	28.48	\$ 13,375,490
RMB : NTD	2,683	4.38	11,743
HKD : NTD	2,273	3.67	8,349
EUR : NTD	4,569	35.02	160,006
JPY : NTD	85,886	0.28	23,730
SGD : NTD	31	21.56	668
<u>Non-monetary items</u>			
USD : NTD	31,973	28.48	910,597
HKD : NTD	\$ 6,517,309	3.67	\$ 23,938,076
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 514,969	28.48	\$ 14,666,317
RMB : NTD	556	4.38	2,434
HKD : NTD	4,447	3.67	16,334
EUR : NTD	101	35.02	3,537
JPY : NTD	7,990	0.28	2,208

- iv. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for years ended December 31, 2021 and 2020 amounted to (\$95,079) and \$57,446, respectively.

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

Year ended December 31, 2021				
Sensitivity Analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	166,528	\$ -
RMB : NTD	1%		26	-
HKD : NTD	1%		14	-
EUR : NTD	1%		108	-
JPY : NTD	1%		23	-
SGD : NTD	1%		3	-
GBP : NTD	1%		1	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	219,195	\$ -
RMB : NTD	1%		107	-
HKD : NTD	1%		55	-
EUR : NTD	1%		129	-
JPY : NTD	1%		60	-

Year ended December 31, 2020				
Sensitivity Analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	133,755	\$ -
RMB : NTD	1%		117	-
HKD : NTD	1%		83	-
EUR : NTD	1%		1,600	-
JPY : NTD	1%		237	-
SGD : NTD	1%		7	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	146,663	\$ -
RMB : NTD	1%		24	-
HKD : NTD	1%		163	-
EUR : NTD	1%		35	-
JPY : NTD	1%		22	-

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. The Company's interest rates of borrowings are fixed and floating rate. For the years ended December 31, 2021 and 2020, the Company's borrowings issued by floating rate are priced in New Taiwan dollars.
- ii. As of December 31, 2021 and 2020, if interest rates on borrowings at that date had been 1% lower/higher with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have been \$67,210 and \$70,250 lower/higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company 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. According to the Company's credit policy, each local entity in the Company 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. Company treasury manages credit risk of cash in banks and other financial instruments based on the Company's credit policy. Because the Company's counterparties are determined based on the Company's internal control, only rated banks with an optimal rating and financial institutes with investment grade are accepted.
- iv. The Company 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.
The Company adopts the assumptions under IFRS 9 and considers the industry characteristics, the default occurs when the contract payments are past due over 120 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) A breach of contract.
- vi. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

- vii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~120 days past due	Over 120 days	Total
<u>At December 31, 2021</u>					
Expected loss rate	0.07%	1.41%	17.63%	100.00%	
Total book value	\$ 9,616,265	\$ 408,241	\$ 8,195	\$ 24,637	\$ 10,057,338
Loss allowance	\$ 4,679	\$ 4,205	\$ 1,055	\$ 24,637	\$ 34,576
	Not past due	Up to 30 days past due	31~120 days past due	Over 120 days	Total
<u>At December 31, 2020</u>					
Expected loss rate	0.10%	1.44%	17.29%	100.00%	
Total book value	\$ 9,826,628	\$ 390,175	\$ 30,172	\$ 1,215	\$ 10,248,190
Loss allowance	\$ 9,652	\$ 5,778	\$ 5,364	\$ 1,215	\$ 22,009

- viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021	2020
	Accounts receivable	Accounts receivable
At January 1	\$ 22,009	\$ 23,893
Provision for impairment (gain on reversal of impairment loss)	12,567 (	1,884)
Effect of foreign exchange	-	-
At December 31	<u>\$ 34,576</u>	<u>\$ 22,009</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

- ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2021					
Short-term borrowings	\$ 1,143,415	\$ -	\$ -	\$ -	\$ -
Lease liabilities	42,883	41,378	8,898	-	-
Long-term borrowings (including current portion)	-	3,926,383	1,309,800	3,232,320	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2020					
Lease liabilities	\$ 31,618	\$ 33,204	\$ 31,847	\$ 7,717	\$ -
Long-term borrowings (including current portion)	-	4,100,744	1,212,000	3,584,051	-

- iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Other matters

The Group's financial condition and financial performance were not affected by the Covid-19 outbreak and various preventive measures which were imposed by the government in 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

For the investees' information, refer to investees' independent accountant attestation report.

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 \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

(2) Information on investees

For the information on investees, except for current profit (loss) for the year ended December 31, 2021 is translated using the monthly average exchange rate in 2021, others are translated using the spot rate at December 31, 2021.

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. Processing on order plant invested in Mainland China:

In 1997, the Company rented plants located in Shenzhen and Dongguan, Guangdong Province, Mainland China, respectively, through the investee, CU International Ltd. and operated the plants through processing on order. The plants were primarily engaged in the manufacture of electronic telecommunication components and electric wire, under Cu International Ltd. without their own corporate entity for the operating period ended December 2017. As of March 24, 2022, the plants are still under the cancellation process.

B. Investee in Mainland China, main business activities, paid-in capital, investment method, amount remitted from Taiwan to Mainland China / amount remitted back to Taiwan, ownership, investment income (loss), investments in Mainland China as of December 31, 2020, book value, investment income remitted back and ceiling on investments in Mainland China: Please refer to table 9.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China, and price, payment terms, unreleased income/loss and other related information relating to investments in Mainland China:

- (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

Company name	General ledger account	Year ended December 31, 2021	
		Amount	Ownership (%)
Dongguan Fuqiang Electronics Co., Ltd.	Purchases of goods	<u>\$ 23,100,651</u>	<u>44%</u>
Fugang Electronic (Dongguan) Co., Ltd.	Purchases of goods	<u>\$ 14,008,282</u>	<u>27%</u>
Fugang Electric (Xuzhou) Co., Ltd.	Purchases of goods	<u>\$ 7,772,509</u>	<u>15%</u>
Fushineng Electronics (Kunshan) Co., Ltd.	Purchases of goods	<u>\$ 3,648,336</u>	<u>7%</u>
Fugang Electric (Kunshan) Co., Ltd.	Purchases of goods	<u>\$ 1,802,928</u>	<u>3%</u>
Fugang Electric (Maanshan) Co., Ltd.	Purchases of goods	<u>\$ 288,992</u>	<u>1%</u>
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Purchases of goods	<u>\$ 214,651</u>	<u>-</u>

Company name	General ledger account	December 31, 2021	
		Amount	Ownership (%)
Fugang Electronic (Dongguan) Co., Ltd.	Accounts payable	<u>\$ 3,597,151</u>	<u>17%</u>
Fugang Electric (Xuzhou) Co., Ltd.	Accounts payable	<u>\$ 1,965,593</u>	<u>9%</u>
Fushineng Electronics (Kunshan) Co., Ltd.	Accounts payable	<u>\$ 1,146,640</u>	<u>5%</u>
Fu Gang Electronic (Nan Chang) Co., Ltd.	Accounts payable	<u>\$ 1,138,373</u>	<u>5%</u>
Fugang Electric (Maanshan) Co., Ltd.	Accounts payable	<u>\$ 245,936</u>	<u>1%</u>
Fuqiang Electric (Yancheng) Co., Ltd.	Accounts payable	<u>\$ 115</u>	<u>-</u>

- (b) Balance and purpose of provision of endorsements/guarantees or collateral at the end of the period: Please refer to table 2.
- (c) Maximum balance, ending balance, interest rate range and interest for financing during the period and at December 31, 2021: Please refer to table 1.

- (d) Other transactions that have a significant impact on the profit/loss of current period or on the financial condition, such as the rendering or receiving of service:

		Year ended December 31, 2021	
Company name	General ledger account	Amount	Ownership (%)
Dongguan Fuqiang Electronics Co., Ltd.	Raw materials purchased on behalf of others	\$ 13,156,972	40%
Fugang Electronic (Dongguan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 9,250,647	28%
Fugang Electric (Xuzhou) Co., Ltd.	Raw materials purchased on behalf of others	\$ 6,016,887	18%
Fushineng Electronics (Kunshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 2,161,887	7%
Fugang Electric (Kunshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 1,348,724	4%
Fugang Electric (Maanshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 250,834	1%
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Raw materials purchased on behalf of others	\$ 192,513	1%
		Year ended December 31, 2021	
Company name	General ledger account	Amount	Ownership (%)
Dongguan Fuqiang Electronics Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 52,005	10%
Fushineng Electronics (Kunshan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 39,206	7%
Fugang Electric (Xuzhou) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 17,262	3%
Fugang Electronic (Dongguan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 5,962	1%
Fugang Electric (Maanshan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 100	-
Fugang Electric (Kunshan) Co., Ltd.	Fixture and equipment purchased on behalf of others	\$ 36	-

Company name	General ledger account	December 31, 2021	
		Amount	Ownership (%)
Fugang Electric (Xuzhou) Co., Ltd.	Other receivables	\$ 2,052,881	29%
Dongguan Fuqiang Electronics Co., Ltd.	Other receivables	\$ 1,415,872	20%
Fushineng Electronics (Kunshan) Co., Ltd.	Other receivables	\$ 1,182,010	16%
Fugang Electric (Maanshan) Co., Ltd.	Other receivables	\$ 365,654	5%
Fugang Electric (Kunshan) Co., Ltd.	Other receivables	\$ 220,007	3%
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Other receivables	\$ 108,413	2%
Fu Gang Electronic (Nan Chang) Co., Ltd.	Other receivables	\$ 57,676	1%
Fuqiang Electric (Yancheng) Co., Ltd.	Other receivables	\$ 11,768	-
Fugang Electric (Yancheng) Co., Ltd.	Other receivables	\$ 431	-

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

None.

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021

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

Item	Description	Amount
Cash on hand and petty cash		\$ 920
Checking accounts		
NTD deposits		3,893
HKD deposits	HKD 241 thousand; conversion rate was 3.55	855
Demand deposits		
NTD deposits		124,546
USD deposits	USD 3.381 thousand; conversion rate was 27.68	93,580
JPY deposits	JPY 9,080 thousand; conversion rate was 0.24	2,184
RMB deposits	RMB 547 thousand; conversion rate was 4.34	2,377
EUR deposits	EUR 40 thousand; conversion rate was 31.32	1,242
HKD deposits	HKD 300 thousand; conversion rate was 3.55	1,064
SGD deposits	SGD 15 thousand; conversion rate was 20.46	313
Time deposits		
NTD deposits		600
USD deposits	USD 134 thousand; conversion rate was 27.68	3,709
		<u>\$ 235,283</u>

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021

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

Client Name	Description	Amount	Note
<u>Non-related parties</u>			
GOERTEK TECHNOLOGY VINA CO., LTD.		\$ 1,023,935	
Luxshare Precision Limited		917,664	
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.		853,980	
Pegatron Corporation		566,722	
Avary Holding (Shenzhen) Co., Limited		559,485	
Others		6,135,552	Balance of each client has not exceeded 5% of total account balance
		<u>10,057,338</u>	
Less: Allowance for bad debts		(34,576)	
		<u>10,022,762</u>	
<u>Related parties</u>			
FOXLINK		3,577,247	
Hon Hai		244,686	
Others		17,142	
		<u>3,839,075</u>	
		<u>\$ 13,861,837</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2021

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

Item	Amount		Note
	Cost	Market Value	
Manufactures	\$ 918,163	\$ 935,424	Net realisable value
Work in progress	34,896	31,908	"
Material	143,233	127,865	"
	<u>1,096,292</u>	<u>\$ 1,095,197</u>	
Less: Allowance for loss on slow-moving inventories and valuation loss	(29,872)		
	<u>\$ 1,066,420</u>		

CHENG UEI PRECISION INDUSTRY CO.,LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Investee	Opening Balance		Addition		Decrease		Ending Balance			Net Assets Value		Valuation Basis	For collateralize and pledge
	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount (Note 1)	No. of shares (in thousands)	Amount (Note 2)	No. of shares (in thousands)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount		
CU INTERNATIONAL LTD.	451,007	\$ 22,397,403	9,743	\$ 902,169	- (\$ 166,746)		460,750	0%	\$ 23,132,826	-	\$ 23,220,188	Equity method	None
CULINK INTERNATIONAL LTD.	32,228	901,356	-	203,186	- (94,286)		32,228	0%	1,010,256	-	1,010,256	Equity method	None
Foxlink International Investment Ltd.	368,750	3,321,768	40,000	557,600	- (216,421)		408,750	0%	3,662,947	-	3,935,013	Equity method	None
Fu Uei International Investment Ltd.	285,000	1,774,257	70,000	965,266	- (211,142)		355,000	0%	2,528,381	-	2,540,664	Equity method	None
Well Shin Technology Co., Ltd.	22,282	1,154,245	-	65,369	- (62,328)		22,282	0.00%	1,157,286	-	1,074,013	Equity method	None
Darts Technologies Corporation	35,995	772,831	6,091	64,092	- (63,938)		42,086	0%	772,985	-	772,985	Equity method	None
SINOBEST BROTHERS LIMITED	20,704	598,341	-	-	- (175,628)		20,704	0.00%	422,713	-	422,713	Equity method	None
DU Precision Industry Co., Ltd.	60,000	48,283	-	627	-	-	60,000	0%	48,910	-	70,613	Equity method	None
FOXLINK TECHNOLOGY LTD.	86,700	861,843	10,000	6,538	-	-	96,700	0%	868,381	-	808,307	Equity method	None
Suntain Co., Ltd.	9,500	68,440	-	148,569	- (48,467)		9,500	0%	168,542	-	217,009	Equity method	None
		31,898,767		2,913,416	(1,038,956)				33,773,227		34,071,761		
Current prepayments for investments		151,907		-	-	-			151,907		-		
-JOURN TA		<u>\$ 32,050,674</u>		<u>\$ 2,913,416</u>	<u>(\$ 1,038,956)</u>				<u>\$ 33,925,134</u>		<u>\$ 34,071,761</u>		

Note 1: Addition in the year including gain on investment, changes in net asset value of investees' equity, accumulated translation adjustment, unrealised gain or loss on financial instrument and amount of investment increase.

Note 2: Decrease in the year including loss from investment, accumulated translation adjustment, distribution of cash dividends, changes in net asset value of investees' equity, disposal of investment and share returned from capital decrease of investee.

CHENG UEI PRECISION INDUSTRY CO.,LTD.
MOVEMENT SUMMARY OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Opening Balance	Addition	Decrease	Transfers	Ending Balance	For collateralize and pledge	Note
Lands	\$ 412,428	\$ -	\$ -	\$ -	\$ 412,428	None	
Buildings and structures	1,774,021	-	-	-	1,774,021	"	
Machinery and equipment	144,706	37,143	(81,801)	11,051	111,099	"	
Office equipment	21,286	24,999	(3,710)	-	42,575	"	
Other equipment	152,535	42,867	(32,290)	12,472	175,584	"	
	<u>\$ 2,504,976</u>	<u>\$ 105,009</u>	<u>(\$ 117,801)</u>	<u>\$ 23,523</u>	<u>\$ 2,515,707</u>		
<u>Investment property</u>							
Buildings and structures	<u>\$ 198,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,101</u>	"	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
MOVEMENT SUMMARY OF ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND
INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Opening Balance	Addition	Decrease	Transfers	Ending Balance	Note
Buildings and structures	\$ 503,522	\$ 35,589	\$ -	\$ -	\$ 539,111	
Machinery and equipment	53,502	77,370	(80,693)	-	50,179	
Office equipment	10,896	9,096	(3,710)	-	16,282	
Other equipment	79,764	24,121	(31,377)	-	72,508	
	<u>\$ 647,684</u>	<u>\$ 146,176</u>	<u>(\$ 115,780)</u>	<u>\$ -</u>	<u>\$ 678,080</u>	
<u>Investment property</u>						
Buildings and structures	<u>\$ 37,783</u>	<u>\$ 3,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,694</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021

<u>Type of borrowings</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of Interest</u>		<u>Credit Line</u>	<u>Collateral</u>	<u>Note</u>
				<u>Rate</u>				
Unsecured		<u>\$ 1,138,848</u>		0.64%~0.72%		\$ -	None	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021

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

Client Name	Description	Amount	Note
<u>Non-related parties</u>			
DSM Engineering Plastics (Jiangsu) Co., Ltd		\$ 34,818	
Others		670,630	Balance of each client has not exceeded 5% of total account balance
		<u>\$ 705,448</u>	
<u>Related parties</u>			
FGEDG		3,597,151	
FG XuZhou		1,965,593	
FSNK		1,146,640	
FENC		1,138,373	
Others		486,391	
		<u>8,334,148</u>	
		<u>\$ 9,039,596</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2021

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

Creditor	Description	Amount	Contract Period	Interest Rate	and pledge	Note
Bank of Taiwan	Unsecured syndicate credit long-term borrowing	\$ 320,000	2020/11/23~2025/11/22	0.00%	None	
Taiwan Cooperative Bank	"	240,000	"	"	"	
Land Bank	"	240,000	"	"	"	
Taipei Fubon Bank	"	240,000	"	"	"	
BANK SINOPAC CO., LTD.	"	240,000	"	"	"	
Yuanta Commercial Bank	"	240,000	"	"	"	
Hua Nan Commercial Bank	"	240,000	"	"	"	
Cathay Bank	"	240,000	"	"	"	
Mega Bank	"	240,000	"	"	"	
Agricultural Bank of Taiwan	"	160,000	"	"	"	
E.SUN BANK	"	200,000	"	"	"	
KGI Commercial Bank Co., Ltd.	"	240,000	"	"	"	
Far Eastern International Bank	"	120,000	"	"	"	
The Shanghai Commercial & Savings Bank, Ltd.	"	240,000	"	"	"	
		<u>3,200,000</u>				
Far Eastern International Bank	Mid and long term unsecured borrowings	\$ 500,000	2021/4/22~2024/4/22	0.85%	None	
KGI Commercial Bank Co., Ltd.	"	400,000	2021/10/19~2023/10/19	0.89%	"	
Mizuho Bank	"	800,000	2021/12/13~2025/12/13	0.77%	"	
Cathay Bank	"	500,000	2021/3/31~2023/3/31	0.86%	"	
DBS Bank	"	900,000	2021/2/25~2023/2/25	0.83%	"	
First Bank	"	600,000	2021/12/1~2023/12/1	0.85%	"	
Yuanta Commercial Bank	"	400,000	2021/12/27~2023/12/16	0.85%	"	
Export-Import Bank of Republic of China	"	143,750	2015/11/29~2023/11/29	0.92%	"	
Export-Import Bank of Republic of China	"	157,500	2019/7/11~2024/7/11	0.87%	"	
Jih Sun International Bank	"	300,000	2021/5/3~2023/5/13	0.85%	"	
En Tie Commerical Bank	"	500,000	2021/3/10~2024/3/10	0.86%	"	
		<u>5,201,250</u>				
Total		<u>\$ 8,401,250</u>				

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Volume	Amount	Note
Electronic equipment (including components and other electronic related products)		\$ 58,798,656	
Less: Sales returns		(4,477)	
Sales discounts and allowances		(119,320)	
		<u>\$ 58,674,859</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Amount	Note
Raw materials at the beginning	\$ 28,757	
Add: Materials purchased for the year	4,849,103	
Less: Raw materials at the end	(143,233)	
Transferred to expenses	(1,580)	
Raw materials used in the year	4,733,047	
Direct labor	44,824	
Manufacturing Expenses	322,853	
Manufacturing costs	5,100,724	
Add: Work in progress at the beginning	13,771	
Less: Work in progress at the end	(34,896)	
Transferred to expenses	(87)	
Cost of finished goods	5,079,512	
Add: Finished goods at the beginning	1,543,160	
Finished goods purchased for the year	51,037,175	
Less: Finished goods at the end	(918,163)	
Manufacturing and selling costs	56,741,684	
Less: Revenue from sales of scraps	(2,963)	
Gain on reversal of decline in market value	(10,145)	
Total operating costs	<u>\$ 56,728,576</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Amount	Note
Freight	\$ 145,118	
Indirect labor	96,156	
Depreciation expense	36,264	
Processing fees	22,515	
Others	22,800	
	<u>\$ 322,853</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF SALES AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Amount	Note
Wages and Salaries	\$ 75,430	
Freight	38,729	
Taxes	19,480	
Others	21,978	
	<u>\$ 155,617</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Amount	Note
Wages and Salaries	\$ 301,079	
Depreciation expense	122,679	
Donation expense	37,011	
Insurance expense	31,482	
Freight	31,253	
Professional service fee	23,317	
Others	168,899	
	<u>\$ 715,720</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Item	Amount	Note
Wages and salaries	\$ 496,224	
Insurance expense	41,437	
Depreciation expense	23,375	
Research and development expenses	27,328	
Others	168,094	
	<u>\$ 756,458</u>	

CHENG UEI PRECISION INDUSTRY CO.,LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Function Nature	Year ended December 31, 2021			Year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and Salaries	98,663	872,733	971,396	90,974	922,932	1,013,906
Labour and health insurance fees	8,038	66,797	74,835	6,565	59,670	66,235
Pension costs	4,057	36,735	40,792	2,369	59,351	61,720
Directors' remuneration	-	6,000	6,000	-	10,000	10,000
Other personnel expenses	6,623	47,956	54,579	5,749	53,499	59,248
Depreciation expense (Note 1)	36,264	146,094	182,358	57,271	83,293	140,564
Amortisation charge	253	10,266	10,519	195	8,936	9,131

Note 1: For the years ended December 31, 2021 and 2020, the Company's depreciation expense recognised in non-operating expenses and loss amounted to \$3,911 and \$4,490, respectively.

Note 2: For the years ended December 31, 2021 and 2020, the Company had 840 and 782 employees, including 5 and 5 non-employee directors, respectively.

Note 3: For the years ended December 31, 2021 and 2020, the average employee benefit expense amounted to \$1,368 and \$1,546, respectively.

Note 4: For the years ended December 31, 2021 and 2020, the average employee salary expenses amounted to \$1,163 and \$1,305, respectively. For the year ended December 31, 2021, the average change in adjustments on salary expenses was (11%).

Note 5: The Company's policies on salary and remuneration (including directors, independent directors, managers and employees).

(a) For payment to directors and independent directors, the correlation between the Company's policy, standard and combination, procedures of setting remuneration, operating performance and future risk are as follows:

CHENG UEI PRECISION INDUSTRY CO.,LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- i. The Company's remuneration of directors were paid based on the common standard of the Company's conference attendance fees and traveling fee approved by the Board of Directors.
 - ii. According to Article 23 of the Company's Articles of Incorporation: income before tax deduct income before employees' compensation and directors' remuneration, after offsetting deficits, if any, shall be distributed as employees' compensation not lower than 6% and directors' remuneration not higher than 3% after resolving by the Board of Directors.
- (b) For payment to managers, the correlation between the Company's policy, standard and combination, procedures of setting remuneration, operating performance and future risk are as follows:
- i. The Company's remuneration for managers shall based on the Company's regulation of performance assessment, individual's performance and operating contribution to the Company's operation taking into consideration the market standard within the same industry, and reported to the directors for approval after being reviewed by salary and remuneration committee.
 - ii. According to Article 23 of the Company's Articles of Incorporation: income before tax deduct income before employees' compensation and directors' remuneration, after offsetting deficits, if any, shall be distributed as employees' compensation not lower than 6% and directors' remuneration not higher than 3% after resolving by the Board of Directors.
- (c) For payment to employees, the correlation between the Company's policy, standard and combination, procedures of setting remuneration, operating performance and future risk are as follows:
- i. The Company's compensation for employees were determined based on individual ability, contribution to the company and performance which have positive correlation with operating performance.

The Company has adequately controlled the future risk, the policies of compensation also related with future risk. Whole combination of salary and compensation includes basic salary, bonus and employees' compensation and allowance.

CHENG UEI PRECISION INDUSTRY CO.,LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

As for the standard of compensation payment, basic salary were determined based on the market competitiveness of their positions and the Company's policy. Bonus and employees' compensation were determined through linking with employees' and segments' target or the Company's operating performance. The benefits were designed to meet employees' requirements under the related regulations in order to share the Company's operating result with employees.

- ii. According to Article 23 of the Company's Articles of Incorporation: income before tax deduct income before employees' compensation and directors' remuneration, after offsetting deficits, if any, shall be distributed as employees' compensation not lower than 6% and directors' remuneration not higher than 3% after resolving by the Board of Directors.

Cheng Uei Precision Industry Co., Ltd.
Loans to others
Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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 (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Cheng Uei Precision Industry Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Yes	\$ 4,000,000	\$ -	\$ -	1.5%	2	\$ -	Operations	\$ -	-	\$ -	\$ 4,656,856	\$ 9,313,711	
1	Fugang Electric (Kunshan) Co., Ltd.	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	Other receivables-related parties	Yes	35,016	-	-	-	2	-	"	-	-	-	3,267,839	3,267,839	
1	Fugang Electric (Kunshan) Co., Ltd.	Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	"	Yes	26,112	26,064	26,064	-	2	-	"	-	-	-	3,267,839	3,267,839	
2	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Other receivables	Yes	55,000	-	-	-	2	-	"	-	-	-	259,904	259,904	
2	World Circuit Technology Co., Ltd.	Microlink Communications Inc.	Other receivables	Yes	60,000	60,000	60,000	-	2	-	"	-	-	-	259,904	259,904	
2	World Circuit Technology Co., Ltd.	Suntain Co., Ltd.	"	Yes	40,000	40,000	40,000	-	2	-	"	-	-	-	259,904	259,904	
3	Culink Tianjin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	Other receivables-related parties	Yes	217,600	217,200	217,200	-	2	-	"	-	-	-	232,956	232,956	
4	Foxlink Energy (Tianjin) Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	169,728	169,416	169,416	-	2	-	"	-	-	-	174,294	174,294	
5	Foxlink International Investment Ltd.	Microlink Communications Inc.	Other receivables	Yes	55,000	55,000	55,000	-	2	-	"	-	-	-	3,996,642	3,996,642	
5	Foxlink International Investment Ltd.	FOXLINK VIETNAM CO., LTD	"	Yes	55,860	55,360	8,304	1%	2	-	"	-	-	-	3,996,642	3,996,642	
6	Fu Uei International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd.	"	Yes	95,000	-	-	-	2	-	"	-	-	-	2,562,191	2,562,191	
6	Fu Uei International Investment Ltd.	Foxlink International Investment Ltd.	"	Yes	30,000	30,000	30,000	-	2	-	"	-	-	-	2,562,191	2,562,191	
7	FOXLINK TECHNOLOGY LIMITED	Cheng Uei Precision Industry Co., Ltd.	"	Yes	111,400	110,720	110,720	-	2	-	"	-	-	-	808,306	808,306	
7	FOXLINK TECHNOLOGY LIMITED	CU INTERNATIONAL LTD.	"	Yes	102,860	-	-	-	2	-	"	-	-	-	808,306	808,306	
7	FOXLINK TECHNOLOGY LIMITED	CU INTERNATIONAL LTD.	"	Yes	624,917	606,192	606,192	-	2	-	"	-	-	-	808,306	808,306	
8	Foxlink Tianjin Co., Ltd.	Fugang Electronic (Kunshan) Co., Ltd.	"	Yes	390,960	390,960	390,960	-	2	-	Operations	-	-	-	1,934,192	1,934,192	
8	Foxlink Tianjin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	391,680	-	-	-	2	-	"	-	-	-	1,934,192	1,934,192	
8	Foxlink Tianjin Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	"	Yes	130,560	130,320	130,320	-	2	-	"	-	-	-	1,934,192	1,934,192	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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 (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
9	Zhi De Investment Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	Other receivables	Yes	\$ 100,000	\$ -	\$ -	-	2	\$ -	Group's capital management	\$ -	-	\$ -	\$ 559,771	\$ 559,771	
9	Zhi De Investment Co., Ltd.	CU INTERNATIONAL LTD.	"	Yes	100,000	100,000	100,000	1%	2	-	Operations	-	-	-	559,771	559,771	
10	Foxlink Automotive Technology (Kunshan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	43,050	-	-	-	2	-	"	-	-	-	331,395	331,395	
11	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	Yes	590,895	195,480	195,480	-	2	-	"	-	-	-	9,201,300	9,201,300	
11	Dongguan Fuqiang Electronics Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	"	Yes	218,850	162,900	162,900	-	2	-	"	-	-	-	9,201,300	9,201,300	
12	Fugang Electronic (Dongguan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	"	Yes	253,866	251,952	251,952	-	2	-	"	-	-	-	5,839,717	5,839,717	
13	Fuzhan Electronics (Shanghai) Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	Yes	48,147	47,784	47,784	-	2	-	"	-	-	-	51,733	51,733	
14	Fushineng Electronics (Kunshan) Co., Ltd.	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	"	Yes	34,816	34,752	34,752	-	2	-	"	-	-	-	1,206,242	1,206,242	
14	Fushineng Electronics (Kunshan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Yes	21,525	-	-	-	2	-	"	-	-	-	1,206,242	1,206,242	
15	Studio A Technology Limited	Kunshan Fugang Electric Trading Co., Ltd.	"	Yes	110,190	70,980	70,980	2%	2	-	"	-	-	-	459,713	459,713	
15	Studio A Technology Limited	AShop Co., Ltd.	"	Yes	277,900	113,488	58,128	2%	2	-	"	-	-	-	459,713	459,713	
16	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Yes	131,520	-	-	0.98%~1.20%	2	-	"	-	-	-	2,273,143	3,030,857	
16	FIT Holding Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	"	Yes	289,344	-	-	0.98%~1.20%	2	-	"	-	-	-	2,273,143	3,030,857	
16	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	"	Yes	600,000	-	-	1.56%	2	-	"	-	-	-	2,273,143	3,030,857	
17	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	"	Yes	300,000	300,000	300,000	1.2%	2	-	"	-	-	-	1,074,528	1,074,528	
17	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Yes	218,000	217,200	217,200	1.5%	2	-	"	-	-	-	1,074,528	1,074,528	
17	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	"	Yes	600,000	-	-	0.89-1.23%	2	-	"	-	-	-	1,074,528	1,074,528	
18	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	"	Yes	254,272	-	-	1.5%	2	-	"	-	-	-	152,457	152,457	
19	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	"	Yes	28,058	27,802	27,802	3%	2	-	"	-	-	-	369,064	369,064	
19	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Yes	219,200	217,200	173,760	5%	2	-	"	-	-	-	369,064	369,064	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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 (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
20	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables	Yes	\$ 300,000	\$ 300,000	\$ -	Average borrowing interest rate plus 0.1%	2	\$ -	Group's capital management	\$ -	-	\$ -	\$ 2,354,170	\$ 2,354,170	
20	Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	"	Yes	50,000	-	-	Average borrowing interest rate plus 0.1%	2	-	"	-	-	-	2,354,170	2,354,170	
20	Shinfox Energy Co., Ltd.	Shinfox Natural Gas Co., Ltd.	"	Yes	60,000	-	-	Average borrowing interest rate plus 0.1%	2	-	"	-	-	-	2,354,170	2,354,170	
21	Power Quotient Technology (Yancheng) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	"	Yes	523,200	521,280	521,280	1.5%	2	-	"	-	-	-	693,916	693,916	

Note 1: The numbers as follows represent the nature of loan:

- (1) Business transaction is labelled as “1”.
- (2) Short-term financing is labelled as “2”.

Note 2: (1) Limit on loans granted to a single party is 20% of the Company’s net asset value.

- (2) Limit on loans granted to the domestic unlisted subsidiaries of the Company and FIT Holding Co., Ltd. is 40% of their net asset value.
- (3) Limit on loans granted to direct or indirect holding foreign subsidiaries is 100% of their net asset value.
- (4) Limit on 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.
- (5) Limit on loans granted by FIT Holding Co., Ltd. to its direct or indirect holding foreign subsidiaries is 30% of FIT Holding Co., Ltd.’s net asset value on recent financial report.

Note 3: (1) Ceiling on total loans granted to the company is 40% of the Company’s net asset value.

- (2) Ceiling on total loans granted to the domestic unlisted subsidiaries of the Company and FIT Holding is 40% of their net asset value.
- (3) Ceiling on total loans granted to the direct or indirect holding subsidiaries is 100% of their net asset value.
- (4) 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.
- (5) Ceiling on total loans granted by FIT Holding Co., Ltd. to its direct or indirect holding foreign subsidiaries is 40% of their net asset value on recent financial report.

Cheng Uei Precision Industry Co., Ltd.
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 2)	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											
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INCORPORATION	The Company's third-tier subsidiary	\$ 11,642,139	\$ 924,534	\$ 896,832	\$ 144,960	\$ -	3.85	\$ 23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	The Company's second-tier subsidiary	11,642,139	1,313,100	1,303,200	1,303,200	-	5.60	23,284,277	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Straight A Inc.	The Company's third-tier subsidiary	9,313,711	428,025	415,200	142,713	-	1.78	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP Co., Ltd.	The Company's fourth-tier subsidiary	9,313,711	557,000	553,600	204,278	-	2.38	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc.	The Company's second-tier subsidiary	9,313,711	1,141,400	1,107,200	479,493	-	4.76	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Technology Limited	The Company's third-tier subsidiary	9,313,711	1,227,005	1,190,240	326,624	-	5.11	23,284,277	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	"	9,313,711	1,055,795	885,760	241,646	-	3.80	23,284,277	Y	N	Y	
1	Fugang Electric (Kunshan) Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.'s subsidiary	9,313,711	73,984	73,848	-	-	0.32	23,284,277	Y	N	Y	
1	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.'s subing company	11,642,139	1,201,268	1,192,211	1,192,211	-	5.12	23,284,277	N	N	Y	
2	Studio A Inc.	Studio A Technology Limited	Studio A Inc.'s subsidiary	9,313,711	265,335	262,960	-	-	1.13	23,284,277	Y	N	N	
3	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	FIT Holding Co., Ltd.'s subsidiary	11,365,716	735,642	535,638	215,638	-	7.07	11,365,716	Y	N	N	
3	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	"	11,365,716	1,419,270	1,020,320	683,320	-	13.47	11,365,716	Y	N	N	
3	FIT Holding Co., Ltd.	FIT Holding Co., Ltd.	"	10,608,001	3,000,000	3,000,000	-	-	39.59	11,365,716	Y	N	N	
3	FIT Holding Co., Ltd.	Foxwell Energy Corporation Ltd.	FIT Holding Co., Ltd.'s third-tier subsidiary	10,608,001	515,020	-	-	-	-	11,365,716	Y	N	N	

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 2)	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											
4	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	Foxlink Image Technology Co., Ltd.'s sibling company	\$ 3,760,849	\$ 600,000	\$ 600,000	\$ 500,000	\$ -	7.92	\$ 4,029,482	N	N	N	
4	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	"	3,760,849	600,000	300,000	300,000	-	3.96	4,029,482	N	N	N	
5	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Shinfox Energy Co., Ltd.'s subsidiary	8,828,139	4,700,000	4,700,000	4,700,000	-	62.03	8,828,139	Y	N	N	

Note 1: Calculation for limit on endorsements/guarantees provided for a single party is as follows:

- (1) For subsidiaries whose shares are 90% or above held by the Company, ceiling on total amount of endorsements and guarantees provided by the Company is 50% of the Company's net asset value; limit on endorsements and guarantees provided by the Company for a single party is 40% of the Company's net asset value.
- (2) For FIT Holding Co.,Ltd., limit on endorsements and guarantees for a single party is 140% of FIT Holding Co.,Ltd.'s current net asset value and for subsidiary whose equity is no less than 90% held by FIT Holding Co.,Ltd., is 150% of FIT Holding Co.,Ltd.'s net asset value.
- (3) Endorsements and guarantees are available between companies whose voting shares are more than 90% held by FIT Holding Co., Ltd. directly or indirectly. And the limit on endorsements and guarantees is 10% of FIT Holding Co., Ltd.'s net asset value except that endorsements and guarantees are between companies whose voting shares are 100% held by FIT Holding Co., Ltd. directly or indirectly.

Note 2: Calculation for limit on endorsements/guarantees provided is as follows:

- (1) The Company's and subsidiaries' endorsements and guarantees to others should not exceed 100% of the Company's net asset value.
- (2) FIT Holding Co.,Ltd.'s endorsements and guarantees to others and subsidiaries should not exceed 150% of FIT Holding Co., Ltd.'s net asset value in the latest financial statements.
- (3) Endorsements and guarantees are available between companies whose voting shares are more than 90% held by FIT Holding Co., Ltd. directly or indirectly. And the limit on endorsements and guarantees is 10% of FIT Holding Co., Ltd.'s net asset value except that endorsements and guarantees are between companies whose voting shares are 100% held by FIT Holding Co., Ltd. directly or indirectly.

Cheng Uei Precision Industry Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	
Fu Uei International Investment Ltd.	Trinity Investment Corporation	An investee of the Company	Financial assets at fair value through other comprehensive income-non-current	3,000	\$ 30,000	10.00	\$ 30,000	
Fu Uei International Investment Ltd.	ADE TECHNOLOGY INC.	"	"	500	11,500	1.45	11,500	
CULINK INTERNATIONAL Ltd.	Gamma 2 Robotics, Inc.	"	"	862	-	9.00	-	
CULINK INTERNATIONAL Ltd.	Occipital, Inc.	"	"	389	-	2.50	-	
CULINK INTERNATIONAL Ltd.	V5 Systems, Inc.	"	"	1,460	-	4.63	-	
CULINK INTERNATIONAL Ltd.	Motiv Inc.	"	"	273	-	1.70	-	
CULINK INTERNATIONAL Ltd.	LeadSun WINION Limited	"	"	3,000	83,040	40.07	83,040	
CULINK INTERNATIONAL Ltd.	MedWand Solutions Inc.	"	"	63	-	3.18	-	
FOXLINK TECHNOLOGY LIMITED	LEADSUN NEW STAR CORP.	"	"	875	17,323	12.50	17,323	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	Dongguan PowerWise Technology Co., Ltd.	"	"	1,250	43,440	4.00	43,440	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	Hebei Gellec New Energy Science&technology Co.,Ltd.	"	"	3,333	86,880	0.81	86,880	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	Changzhou Qitai No.1 Venture Capital Partnership (Limited Partnership)	"	"	20,000	86,880	6.67	86,880	
Foxlink Tianjin Co., Ltd.	Changde Fubo Intelligent Technology Co., Ltd.	"	"	-	4,127	9.50	4,127	
FIT Holding Co., Ltd.	Foxwell Energy Co., Ltd.	N/A	"	21,000	210,529	14.00	210,529	
Foxlink Image Technology Co., Ltd.	TAIWAN STAR TELECOM CORPORATION LIMITED	"	"	50,000	225,400	0.91	225,400	
Foxlink Image Technology Co., Ltd.	Wellgen Medical Co., Ltd.	"	"	1,500	18,375	15.56	18,375	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	
Power Quotient International Co., Ltd.	SAINT SONG CORP.	N/A	Financial assets at fair value through other comprehensive income-non-current	127	\$ -	1.05	\$ -	
Power Quotient International Co., Ltd.	OURS TECHNOLOGY INC.	"	"	13	-	0.21	-	
Power Quotient International Co., Ltd.	INNOPLUS Co., Ltd.	"	"	160	-	12.00	-	
Power Quotient International Co., Ltd.	TAIWAN STAR TELECOM CORPORATION LIMITED	"	"	50,000	225,400	0.91	225,400	
Power Quotient International Co., Ltd.	STACK DEVICES CORPORATION	"	"	70	-	0.11	-	
POWER QUOTIET TECHNOLOGY (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	"	"	-	73,417	12.90	73,417	
Shinfox Energy Co., Ltd.	Corvus Energy Ltd.	"	"	22	-	0.04	-	
Shinfox Energy Co., Ltd.	SEC INTERNATIONAL INC.	"	"	54	-	9.00	-	
Foxwell Energy Corporation Ltd.	Full Entertainment Marketing Co., Ltd.	"	"	300	-	3.00	-	

Cheng Uei Precision Industry Co., Ltd.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition		Disposal				Balance as at December 31, 2021	
					Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Investment accounted for using equity method	C&C INVESTMENT CORPORATION	Non-related party	95,000	\$ 1,000,903	-	\$ -	57,500	\$ 690,000	\$ 612,793	\$ -	37,500	\$ 386,629
power Quouient International Co, Ltd.	Shinfo Energy Co., Ltd.	Investment accounted for using equity method	Note 1	Subsidiary	58,743	740,111	15,861	1,364,012	1,085	112,809	42,633	70	73,519	2,953,307

Note 1 : Capital increase by cash.

Cheng Uei Precision Industry Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	FOXLINK INTERNATIONAL INC.	The Company's third-tier subsidiary	Sales	(\$ 15,017,512)	(26)	Note 1	Note 1	Note 1	\$ 3,577,247	10	
The Company	Hon Hai Precision Industry Co., Ltd..	This company's director is the second-degree relative of the Company's chairman	Sales	(1,078,566)	(2)	Note 1	Note 1	Note 1	244,686	1	
The Company	Dongguan Fuqiang Electronics Co., Ltd.	The Company's second-tier subsidiary	Purchases	23,100,651	44	Note 2	Note 2	Note 2	-	-	
The Company	Fugang Electronic (Dongguan) Co., Ltd.	"	Purchases	14,008,282	27	Note 2	Note 2	Note 2	(3,597,151)	(17)	
The Company	Fugang Electric (Kunshan) Co., Ltd.	"	Purchases	1,802,928	3	Note 2	Note 2	Note 2	-	-	
The Company	Fushineng Electronics (Kunshan) Co., Ltd.	"	Purchases	3,648,336	7	Note 2	Note 2	Note 2	(1,146,640)	(5)	
The Company	Fugang Electric (Maanshan) Co., Ltd.	"	Purchases	288,992	1	Note 2	Note 2	Note 2	(245,936)	(1)	
The Company	Well Shin Technology Co., Ltd.	The investee of the company's investment accounted for using equity method	Purchases	183,344	-	Note 2	Note 2	Note 2	(58,018)	(0)	
The Company	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	The Company's second-tier subsidiary	Purchases	7,772,509	15	Note 2	Note 2	Note 2	(1,965,593)	(9)	
The Company	Hon Hai Precision Industry Co., Ltd..	This company's chairman is the second-degree relative of the Company's chairman	Purchases	815,679	2	Note 2	Note 2	Note 2	(101,921)	(0)	
The Company	Foxlink Automotive Technology (Kunshan) Co., Ltd.	The Company's second-tier subsidiary	Purchases	214,651	-	Note 2	Note 2	Note 2	-	-	
The Company	SINOBEST BROTHERS LIMITED	"	Purchases	200,826	-	Note 2	Note 2	Note 2	(97,656)	(0)	
FOXLINK INTERNATIONAL INC.	The Company	This company is the ultimate parent company of the company	Purchases	15,017,512	100	Note 2	Note 2	Note 2	(3,577,247)	(87)	
Dongguan Fuqiang Electronics Co., Ltd.	The Company	"	Sales	(23,100,651)	(85)	Note 1	Note 1	Note 1	-	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Fugang Electronic (Dongguan) Co., Ltd.	The Company	This company is the ultimate parent company of the company	Sales	(\$ 14,008,282)	(72)	Note 1	Note 1	Note 1	\$ 3,597,151	62	
Fugang Electric (Kunshan) Co., Ltd.	The Company	"	Sales	(1,802,928)	(64)	Note 1	Note 1	Note 1	-	-	
Fushineng Electronics (Kunshan) Co., Ltd.	The Company	"	Sales	(3,648,336)	(78)	Note 1	Note 1	Note 1	1,146,640	81	
Fugang Electric (Maanshan) Co., Ltd.	The Company	"	Sales	(288,992)	(66)	Note 1	Note 1	Note 1	245,936	92	
FUGANG ELECTRIC (XUZHOU) Co., Ltd.	The Company	"	Sales	(7,772,509)	(83)	Note 1	Note 1	Note 1	1,965,593	89	
Foxlink Automotive Technology (Kunshan) Co., Ltd.	The Company	"	Sales	(214,651)	(20)	Note 1	Note 1	Note 1	-	-	
SINOBEST BROTHERS LIMITED	The Company	"	Sales	(200,826)	(90)	Note 1	Note 1	Note 1	97,656	98	
Fugang Electronic (Dongguan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	Affiliated company	Sales	(2,123,660)	(11)	Note 1	Note 1	Note 1	-	-	
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	"	Purchases	2,123,660	11	Note 2	Note 2	Note 2	-	-	
Dongguan Fuqiang Electronics Co., Ltd.	DU Precision Industry Co., Ltd.	"	Sales	(494,785)	(2)	Note 1	Note 1	Note 1	-	-	
DU Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	Purchases	494,785	100	Note 2	Note 2	Note 2	-	-	
Suntain Co., Ltd.	Hon Hai Precision Industry Co., Ltd..	This company's director is the second-degree relative of the Company's chairman	Purchases	217,116	114	Note 2	Note 2	Note 2	(5,805)	(100)	
Straight A Inc.	Studio A Inc	Affiliated company	Sales	(124,144)	(12)	Note 1	Note 1	Note 1	1,601	6	
Studio A Inc	Straight A Inc.	"	Purchase	124,144	3	Note 2	Note 2	Note 2	(1,601)	-	
Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	"	Sales	(1,134,537)	(60)	Note 1	Note 1	Note 1	388,273	100	
Shanghai Fugang Electric Trading Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	"	Purchases	1,134,537	63	Note 2	Note 2	Note 2	(388,273)	(100)	
Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	"	Sales	(203,883)	(58)	Note 1	Note 1	Note 1	50,694	58	
ACCU-IMAGE TECHNOLOGY	Wei Hai Fu Kang Electric Co., Ltd.	"	Purchases	203,883	100	Note 2	Note 2	Note 2	(50,694)	(100)	
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	Sales	(771,631)	(91)	Note 1	Note 1	Note 1	253,110	48	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Foxlink Image Technology Co., Ltd.	Dongguan Fu Wei Electronics Co., Ltd.	Affiliated company	Purchases	\$ 771,631	78	Note 2	Note 2	Note 2	(\$ 253,110)	(53)	
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	Sales	(179,685)	(96)	Note 1	Note 1	Note 1	182,406	84	
Foxlink Image Technology Co., Ltd.	Dong Guan Fu Zhang Precision Industry Co., Ltd.	"	Purchases	179,685	18	Note 2	Note 2	Note 2	(182,406)	(40)	
Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	Sales	(142,634)	(41)	Note 1	Note 1	Note 1	40,068	44	
Foxlink Image Technology Co., Ltd.	Wei Hai Fu Kang Electric Co., Ltd.	"	Purchases	142,634	4	Note 2	Note 2	Note 2	(40,068)	(9)	
Shinfox Energy Co. Ltd.	Shinfox Power Co., Ltd.	"	Sales	(391,510)	(9)	Note 1	Note 1	Note 1	-	-	Note 3
Shinfox Power Co., Ltd.	Shinfox Energy Co. Ltd.	"	Purchases	391,510	8	Note 1	Note 1	Note 1	-	-	Note 3
Glorytek (Yancheng) Co., Ltd.	Glory Science Co., Ltd.	"	Sales	(131,767)	43	Note 1	Note 1	Note 1	43,186	57	
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	Purchases	131,767	31	Note 2	Note 2	Note 2	(43,186)	(38)	

Note 1: Please refer to Note 7(2)A. for the details.

Note 2: Please refer to Note 7(2)B. for the details.

Note 3: Shinfox Power Co., Ltd. became a non-related party since May 20, 2021. Please refer to Note 7(1) for the details.

Cheng Uei Precision Industry Co., Ltd.
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	FOXLINK INTERNATIONAL INC.	The Company's third-tier subsidiary	\$ 3,577,247	4.20	None	N/A	\$ 3,329,051	None
The Company	Fushineng Electronics (Kunshan) Co., Ltd.	The Company's second-tier subsidiary	1,182,010	Note 1	"	"	2,828	"
The Company	Hon Hai Precision Industry Co., Ltd.	The directors of the company are within the second degree relatives of the Chairman of the Company	244,686	3.36	"	"	-	"
The Company	Fugang Electric (Kunshan) Co., Ltd.	The Company's second-tier subsidiary	220,007	Note 1	"	"	16,968	"
The Company	Foxlink Automotive Technology (Kunshan) Co., Ltd.	"	108,413	Note 1	"	"	8,484	"
The Company	FUGANG ELECTRIC (XUZHOU) CO., Ltd.	"	2,052,881	Note 1	"	"	-	"
The Company	Fugang Electronic (MAANSHAN) Co., Ltd.	"	365,654	Note 1	"	"	-	"
The Company	Dongguan Fuqiang Electronics Co., Ltd.	"	1,415,872	Note 1	"	"	1,415,872	"
The Company	Sinobest Brothers Limited	The Company's subsidiary	187,333	Note 1	"	"	-	"
The Company	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	The Company's second-tier subsidiary	863,655	Note 1	"	"	-	"
Fushineng Electronics (Kunshan) Co., Ltd.	The Company	This company is the ultimate parent company of the company	1,146,640	3.18	"	"	-	"
Fu Gang Electronic (Nan Chang) Co., Ltd.	The Company	"	1,138,373	0.00	"	"	-	"
Fugang Electronic (Dongguan) Co., Ltd.	The Company	"	3,597,151	3.89	"	"	-	"
Fugang Electronic (MAANSHAN) Co., Ltd.	The Company	"	245,936	1.18	"	"	-	"
FUGANG ELECTRIC (XUZHOU) CO., Ltd.	The Company	"	1,965,593	3.95	"	"	-	"
Zhi De Investment Co., Ltd.	CU INTERNATIONAL Ltd.	Affiliated company	100,000	Note 1	100,000	Overdue receivable are expected to be gradually collected in 2022	-	"
CU INTERNATIONAL Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	129,715	Note 1	None	N/A	-	"

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Fugang Electronic (Dongguan) Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	Affiliated company	\$ 272,902	Note 1	None	N/A	\$ -	None
Fugang Electronic (Dongguan) Co., Ltd.	Fugang Electronic (MAANSHAN) Co., Ltd.	"	255,127	Note 1	\$ 251,952	Overdue receivable are expected to be gradually collected in 2022	-	"
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (MAANSHAN) Co., Ltd.	"	322,323	Note 1	162,900	"	-	"
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	200,031	Note 1	195,480	"	-	"
Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	"	1,809,038	0.00	None	N/A	-	"
Culink Tianjin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	217,200	Note 1	217,200	Overdue receivable are expected to be gradually collected in 2022	-	"
Fugang Electric (Kunshan) Co., Ltd.	Fugang Electronic (MAANSHAN) Co., Ltd.	"	317,176	Note 1	None	N/A	-	"
Fugang Electric (Tianjin) Ltd.	Fugang Electronic (Kunshan) Co., Ltd.	"	390,960	Note 1	390,960	Overdue receivable are expected to be gradually collected in 2022	-	"
Foxlink Energy (Tianjin) Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	"	169,416	Note 1	169,416	"	-	"
Foxlink Tianjin Co., Ltd.	CU INTERNATIONAL Ltd.	"	349,616	Note 1	None	N/A	-	"
Foxlink Tianjin Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	"	157,150	Note 1	130,320	Overdue receivable are expected to be gradually collected in 2022	-	"
FUQIANG ELECTRIC (MAANSHAN) CO., LTD.	CU INTERNATIONAL Ltd.	"	615,400	Note 1	606,192	"	-	"
Foxlink Technology Limited	The Company	"	110,720	Note 1	110,720	"	-	"
Studio A Inc.	Dongguan Fuqiang Electronics Co., Ltd.	"	133,091	0.35	None	N/A	-	"
VA Product Inc.	STUDIO A TECHNOLOGY LIMITED	"	388,273	2.92	"	"	-	"
Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	"	300,000	Note 1	"	"	-	"
Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	217,200	Note 1	"	"	-	"
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	335,949	0.06	"	"	-	"
Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	129,751	Note 1	"	"	-	"
Glory Science Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	"	256,028	Note 1	"	"	-	"

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Glorytek (Suzhou) Co., Ltd.	Dongguan Fu Wei Electronics Co., Ltd.	Affiliated company	\$ 137,293	0.00	None	N/A	\$ -	None
Dongguan Fu Wei Electronics Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	"	178,452	Note 1	"	"	-	"
Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	253,110	3.57	"	"	90,372	"
Shinfox Energy Co., Ltd.	Foxlink Image Technology Co., Ltd.	"	182,406	1.26	"	"	19,603	"
Power Quotient Technology (Yancheng) Co.,	Glorytek (Suzhou) Co., Ltd.	"	521,280	Note 1	"	"	-	"

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

Cheng Uei Precision Industry Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INC.	1	Sales	\$ 15,017,512	Sales prices are based on the mutual agreement	17
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INC.	1	Accounts receivable	3,577,247	The collections depend on the financial situation after offsetting the receivables against the payables	4
0	Cheng Uei Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	1	Purchases	23,100,651	Purchase prices are based on the mutual agreement	27
0	Cheng Uei Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	1	Other receivables	1,415,872	The collections depend on the financial situation after offsetting the receivables against the payables	2
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	1	Purchases	1,802,928	Purchase prices are based on the mutual agreement	2
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	1	Other receivables	220,007	The collections depend on the financial situation after offsetting the receivables against the payables	-
0	Cheng Uei Precision Industry Co., Ltd.	Fushineng Electronics (Kunshan) Co., Ltd.	1	Purchases	3,648,336	Purchase prices are based on the mutual agreement	4
0	Cheng Uei Precision Industry Co., Ltd.	Fushineng Electronics (Kunshan) Co., Ltd.	1	Other receivables	1,182,010	The collections depend on the financial situation after offsetting the receivables against the payables	1
0	Cheng Uei Precision Industry Co., Ltd.	Fushineng Electronics (Kunshan) Co., Ltd.	1	Accounts payable	1,146,640	//	1
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	1	Purchases	14,008,282	Purchase prices are based on the mutual agreement	16
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	1	Accounts payable	3,597,151	The collections depend on the financial situation after offsetting the receivables against the payables	4
0	Cheng Uei Precision Industry Co., Ltd.	Fugang Electronic (Xuzhou) Co., Ltd.	1	Other receivables	108,413	//	-
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronic (Nan Chang) Co., Ltd.	1	Accounts payable	1,138,373	//	1
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK TECHNOLOGY LIMITED	1	Other payables	110,720	//	-
0	Cheng Uei Precision Industry Co., Ltd.	CU INTERNATIONAL Ltd.	1	Prepaid expenses	385,519	//	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	1	Purchases	\$ 288,992	Purchase prices are based on the mutual agreement	-
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	1	Other receivables	365,654	The collections depend on the financial situation after offsetting the receivables against the payables	-
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	1	Accounts payable	245,936	//	-
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	1	Other receivables	2,052,881	//	2
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	1	Purchases	7,772,509	Purchase prices are based on the mutual agreement	9
0	Cheng Uei Precision Industry Co., Ltd.	FUGANG ELECTRIC (XUZHOU) Co., Ltd.	1	Accounts payable	1,965,593	The collections depend on the financial situation after offsetting the receivables against the payables	2
0	Cheng Uei Precision Industry Co., Ltd.	Foxlink Automotive Technology (Kunshan) Co., Ltd.	1	Purchases	214,651	Purchase prices are based on the mutual agreement	-
0	Cheng Uei Precision Industry Co., Ltd.	SINOBEST BROTHERS LIMITED	1	Other receivables	187,333	The collections depend on the financial situation after offsetting the receivables against the payables	-
0	Cheng Uei Precision Industry Co., Ltd.	SINOBEST BROTHERS LIMITED	1	Purchases	200,826	Purchase prices are based on the mutual agreement	-
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	1	Other receivables	863,655	The collections depend on the financial situation after offsetting the receivables against the payables	1
1	CU INTERNATIONAL Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	3	Other receivables	129,715	//	-
1	CU INTERNATIONAL Ltd.	Foxlink Tianjin Co., Ltd.	3	Other payables	349,616	//	-
1	CU INTERNATIONAL Ltd.	FOXLINK TECHNOLOGY LIMITED	3	Other payables	615,400	//	1
1	CU INTERNATIONAL Ltd.	Zhi De Investment Co., Ltd.	3	Other payables	100,000	//	-
2	Fugang Electric (Kunshan) Co., Ltd.	Foxlink Automotive Technology (Kunshan) Co., Ltd.	3	Prepaid expenses	204,875	//	-
2	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Other receivables	317,176	//	-
2	Fugang Electric (Kunshan) Co., Ltd.	Fugang Electronic (Tianjin) Co., Ltd.	3	Other receivables	390,960	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	3	Purchases	2,123,660	Purchase prices are based on the mutual agreement	2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	3	Other payables	\$ 272,902	The collections depend on the financial situation after offsetting the receivables against the payables	-
3	Dongguan Fuqiang Electronics Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Other receivables	322,323	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	FUQIANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Accounts payable	133,091	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	3	Other receivables	200,031	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	3	Accounts receivable	1,809,038	//	2
3	Dongguan Fuqiang Electronics Co., Ltd.	Foxlink Energy (Tianjin) Ltd.	3	Other payables	169,416	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	Culink Tianjin Co., Ltd.	3	Other payables	217,200	//	-
3	Dongguan Fuqiang Electronics Co., Ltd.	DU Precision Industry Co., Ltd.	3	Sales	494,785	Purchase prices are based on the mutual agreement	1
3	Dongguan Fuqiang Electronics Co., Ltd.	Foxlink Tianjin Co., Ltd.	3	Other payables	157,150	The collections depend on the financial situation after offsetting the receivables against the payables	-
4	Fugang Electronic (Dongguan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	3	Other receivables	255,127	//	-
5	Straight A Inc.	Studio A Inc.	3	Sales	124,144	Sales prices are based on the mutual agreement	-
6	Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	3	Sales	1,134,537	//	1
6	Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	3	Accounts receivable	388,273	The collections depend on the financial situation after offsetting the receivables against the payables	-
7	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	3	Other receivables	300,000	Based on the company's policy	-
7	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	217,200	//	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
8	Glory Science Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	\$ 256,028	Based on the company's policy	-
8	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Accounts receivable	335,949	//	-
8	Glory Science Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	3	Other receivables	129,751	//	-
9	Glorytek (Yacheng) Co., Lt.	Glory Science Co., Ltd.	3	Sales	131,767	//	-
10	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yacheng) Co., Lt.	3	Other receivables	178,452	The collections depend on the financial situation after offsetting the receivables against the payables	-
11	PQI (Xuzhou) New Energy Co., Ltd.	Glorytek (Suzhou) Co., Ltd.	3	Accounts receivable	137,293	Based on the company's policy	-
12	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales	771,631	The flexible collection based on the financial situation	1
12	Dongguan Fu Wei Electronics Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	253,110	//	-
13	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales	179,685	//	-
13	Dong Guan Fu Zhang Precision Industry Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Accounts receivable	182,406	//	-
14	Wei Hai Fu Kang Electric Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	3	Sales	203,883	//	-
14	Wei Hai Fu Kang Electric Co., Ltd.	Foxlink Image Technology Co., Ltd.	3	Sales	142,634	//	-
15	Power Quotient Technology (Yancheng) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	3	Other receivables	521,280	Based on the company's policy	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 (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosure of the transactions of related party over \$100 million only and the related party transactions for counterparty are not disclosed.

Note 5: Transaction prices and terms are determined based on mutual agreement as no similar transaction can be compared with.

Cheng Uei Precision Industry Co., Ltd.
Information on investees
Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	CU INTERNATIONAL LTD.	British Virgin IS.	Manufacture of electronic telecommunication components and reinvestment business	\$ 12,753,560	\$ 12,483,874	460,750	100	\$ 23,132,826	\$ 645,282	\$ 549,909	
The Company	CULINK INTERNATIONAL LTD.	British Virgin IS.	Reinvestment business	892,071	892,071	32,228	100	1,010,256	203,186	203,186	
The Company	Foxlink International Investment Ltd.	Taiwan	General investments holdings	3,350,000	2,950,000	408,750	100	3,662,947	(101,158)	(101,158)	
The Company	Fu Uei International Investment Ltd.	Taiwan	General investments holdings	3,550,000	2,850,000	355,000	100	2,528,381	(150,235)	(150,555)	
The Company	Well Shin Technology Co., Ltd.	Taiwan	Manufacture and sale of electric wire and cable as well as electronic telecommunication components	270,065	270,065	22,282	18.84	1,157,286	345,312	65,064	
The Company	Darts Technologies Corporation	Taiwan	Manufacture of electronic telecommunication and wireless components	762,566	762,566	42,086	97	772,985	63,022	61,131	
The Company	DU Precision Industry Co., Ltd.	Taiwan	Sale of raw materials and products of various connectors	600,000	600,000	60,000	100	48,910	627	627	
The Company	FOXLINK TECHNOLOGY LIMITED.	HONG KONG	Reinvestment business	307,698	307,698	86,700	100	819,914	5,274	5,274	
The Company	Suntain Co., Ltd.	Taiwan	Electroplating processing services	190,810	90,810	19,500	100	217,009	44,056	44,056	
The Company	SINOBEST BROTHERS LIMITED	HONG KONG	Reinvestment business	573,087	573,087	20,704	91.19	422,713	(21,884)	(19,956)	
FOXLINK TECHNOLOGY LIMITED.	SINOBEST BROTHERS LIMITED	HONG KONG	Reinvestment business	55,038	55,013	2,000	8.81	40,834	(21,884)	(1,928)	
SINOBEST BROTHERS LIMITED	FOXLINK MYANMAR COMPANY LIMITED	Myanmar	Manufacture of electronic	628,447	628,447	22,704	100	483,022	(27,631)	(27,631)	
DU Precision Industry Co., Ltd.	CELINK INTERNATIONAL LTD.	British Virgin IS.	Sale of raw materials and products of various connectors	457,716	457,716	16,536	100	-	-	-	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Darts Technologies Corporation	BENEFIT RIGHT LTD.	British Virgin IS.	General investments holdings	\$ 272,537	\$ 272,537	9,846	100	\$ 814,866	\$ 67,995	\$ 67,995	
BENEFIT RIGHT LTD.	POWER CHANNEL LIMITED	HONG KONG	General investments holdings	213,413	213,413	6	64.25	761,442	106,986	67,911	
CU INTERNATIONAL LTD.	NEW START INDUSTRIES LTD.	British Virgin IS.	Reinvestment business	238,048	238,048	8,600	100	3,017,487	6,704	6,704	
CU INTERNATIONAL LTD.	FOXLINK TECHNICAL INDIA PRIVATE LIMITED	INDIA	Manufacture of electronic	89,351	89,351	209,400	34.30	58,706	(22,076)	(7,557)	
CU INTERNATIONAL LTD.	SOLTERAS LIMITED	British Virgin IS.	Reinvestment business	55,360	55,360	1,960	-	-	-	-	
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Foxlink Automotive Technology Co., Ltd.	Taiwan	Manufacture of electronic	35,707	35,707	5,000	100	47,636	1,725	1,725	
CULINK INTERNATIONAL LTD.	PACIFIC WEALTH LIMITED	Cayman Islands	General investments holdings	27,680	27,680	1,000	100	(91,848)	13,581	13,581	
CULINK INTERNATIONAL LTD.	Foxlink Technical India Private Ltd.	INDIA	Manufacture of electronic	150,405	150,405	21,546	65.70	96,875	(22,076)	(14,477)	
CULINK INTERNATIONAL LTD.	Foxlink Powerbank International Technology Private Ltd.	INDIA	Manufacture of electronic telecommunication components	600	600	160	0.73	601	521	-	
CULINK INTERNATIONAL LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	INDIA	Manufacture	600	600	160	0.73	598	(265)	(3)	
PACIFIC WEALTH LIMITED	FOXLINK INTERNATIONAL, INC	USA	Sales of electronic telecommunication components	13,840	13,840	500	100	(91,848)	13,581	13,581	
Foxlink Technical India Private Ltd.	Tegna Electronics Private Limited	INDIA	Manufacture	11,180	11,180	3,001	10	12,773	3,736	194	
Foxlink International Investment Ltd.	FIT Holding Co., Ltd.	Taiwan	General investments holdings	1,517,670	1,517,670	58,303	23.67	1,705,377	434,013	63,043	
Foxlink International Investment Ltd.	Yixin Precision Industry Co., Ltd.	Taiwan	Manufacture of electronic telecommunication components and electronic machinery equipment	60,000	60,000	6,000	75	-	-	-	
Foxlink International Investment Ltd.	Microlink Communications Inc.	Taiwan	Manufacture and sale of telecommunication equipment and apparatus	80,000	80,000	6,857	21.43	(21,511)	909	195	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Foxlink International Investment Ltd.	World Circuit Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components and flexible printed circuit	\$ 469,500	\$ 469,500	15,650	69.56	\$ 180,778	(\$ 4,272)	(\$ 2,971)	
Foxlink International Investment Ltd.	Linkmedia Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components	-	25,000	-	-	-	-	-	
Foxlink International Investment Ltd.	Proconn Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components	-	227,952	-	-	-	(471)	(236)	
Foxlink International Investment Ltd.	Central Motion Picture Corporation	Taiwan	Motion picture production	900,000	900,000	15,000	13.60	1,524,391	(854,561)	(116,207)	
Foxlink International Investment Ltd.	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	INDIA	Manufacture of electronic	160,662	60,662	31,439	13.50	79,383	(262,424)	(49,985)	
Foxlink International Investment Ltd.	CYNC Design Co., Ltd.	Taiwan	Sales of electronic telecommunication components	10,000	10,000	1,000	15.38	9,984	(44)	(7)	
Foxlink International Investment Ltd.	FOXLINK VIETNAM CO., LTD.	Vietnam	Manufacture of electronic	36,089	-	1,300	100	14,782	(20,570)	(20,570)	
Foxlink Image Technology Co., Ltd.	Central Motion Picture Corporation	Taiwan	Sales of electronic telecommunication components	257,656	257,656	4,294	3.89	187,916	(854,561)	(33,238)	
World Circuit Technology Co., Ltd.	VALUE SUCCESS LTD.	British Virgin IS.	Holding company and reinvestment business	177,152	177,152	5,000	100	30,353	(105)	(105)	
VALUE SUCCESS LTD.	CAPITAL GUARDIAN LIMITED	HONG KONG	Sales of electronic telecommunication components	177,152	177,152	3,005	100	30,291	(105)	(105)	
CAPITAL GUARDIAN LIMITED	World Circuit Technology (Hong Kong) Limited	HONG KONG	Sales of electronic telecommunication components	30,926	30,926	-	100	34,203	(105)	(105)	
Fu Uei International Investment Ltd.	FIT Holding Co., Ltd.	Taiwan	General investments holdings	557,248	557,248	14,690	5.97	377,666	434,013	15,683	
Fu Uei International Investment Ltd.	Studio A Inc.	Taiwan	Sales of electronic telecommunication components	96,200	96,200	13,196	51	364,448	151,685	77,359	
Fu Uei International Investment Ltd.	VA Product Inc.	Taiwan	Sales of electronic telecommunication components	16,642	16,642	2,400	100	17,645	6,739	6,739	
Fu Uei International Investment Ltd.	Proconn Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic telecommunication components	-	4,050	-	-	-	(471)	(6)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Fu Uei International Investment Ltd.	Zhi De Investment Co., Ltd.	Taiwan	General investments holdings	\$ 2,184,388	\$ 2,184,388	170,918	100	\$ 548,623	\$ 22,814	\$ 22,814	
Fu Uei International Investment Ltd.	CMPC Cultural & Creative Co., Ltd.	Taiwan	Venture capital industry	150,000	150,000	15,000	42.86	115,149	477	(2,108)	
Fu Uei International Investment Ltd.	Shinfox Energy Co., Ltd.	Taiwan	Mechanical installation and piping engineering	373,810	130,000	13,335	9.10	535,714	455,838	45,338	
Fu Uei International Investment Ltd.	FOXLINK INDIA ELECTRIC PRIVATE LIMITED	INDIA	Manufacture of electronic	728,621	133,640	201,379	86.50	508,483	(262,424)	(212,439)	
Zhi De Investment Co., Ltd.	FIT Holding Co., Ltd.	Taiwan	General investments holdings	1,767,112	1,767,112	21,056	8.55	417,289	434,013	22,767	
Studio A Inc.	Tayih Digital Technology Co., Ltd.	Taiwan	Manufacture of electronic	3,000	3,000	300	60	-	-	-	
Studio A Inc.	Straight A Inc.	Taiwan	Sales of electronic telecommunication components	66,600	66,600	6,660	100	118,120	38,344	38,344	
Studio A Inc.	Studio A Technology Limited	HONG KONG	Sales of electronic telecommunication components	9,050	9,050	2,550	51	234,454	92,472	47,161	
Studio A Inc.	Jing Jing Technology Co., Ltd.	Taiwan	Sales of electronic telecommunication components	3,700	3,700	370	100	7,952	(11)	(11)	
Studio A Inc.	Junezhe Co., Ltd	Taiwan	Dredging industry	100,000	-	10,000	25	101,932	7,727	2,865	
Studio A Technology Limited	Studio A Macau Limited	MACAO	Sales of electronic telecommunication components	1,775	1,775	-	100	1,381	(243)	(242)	
Studio A Technology Limited	ASHOP CO., LTD	South Korea	Sales of electronic telecommunication components	4,152	4,152	10	100	13,797	8,633	8,633	
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sale of optical instruments	2,214,868	2,214,868	95,970	100	381,144	(386,782)	(386,782)	
FIT Holding Co., Ltd.	Foxlink Image Technology Co., Ltd.	Taiwan	Manufacture and sale of image scanners and multifunction printers	3,011,140	3,011,140	164,994	100	3,426,039	510,733	504,520	
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture of electronic	3,372,180	2,172,180	444,691	100	4,414,241	396,198	395,957	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity	\$ 299,952	\$ 760,000	37,500	16.3	\$ 386,629	(\$ 8,560)	(\$ 1,481)	
FIT Holding Co., Ltd.	Synergy Co., Ltd.	Taiwan	Optoelectronics Industry 、Renewable energy and Energy technical services	36,760	\$ -	3,676	36.76	35,845	(2,488)	(915)	
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin IS	Manufacture and sale of image scanners and multifunction printers	1,001,376	1,001,376	13,241	100	1,531,815	173,844	173,844	
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity	957,600	957,600	79,800	34.7	954,227	(8,560)	(2,970)	
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	HONG KONG	Holding company and reinvestment business	135,632	135,632	4	35.75	527,626	106,986	165,772	
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin IS	General investments holdings	1,379,545	1,379,545	40,700	100	335,032	(274,232)	(274,232)	
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments holdings	780,074	780,074	25,051	100	525,662	(161,299)	(161,299)	
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin IS	Sales agent	494,837	494,837	16,000	100	(171,357)	(113,038)	(113,038)	
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	INDIA	Manufacture	99,927	99,927	21,773	99.27	81,351	108	79	
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	Tegna Electronics Private Limited	INDIA	Manufacture	11,181	11,181	3,001	10	12,759	3,736	374	
Power Quotient International Co., Ltd.	Power Quotient International(H.K.) Co., Ltd.	HONG KONG	Sales of electronic telecommunication components	376,549	376,549	106,100	100	(4,638)	(87)	(87)	
Power Quotient International Co., Ltd.	PQI JAPAN CO., LTD	Japan	Sales of electronic telecommunication components	23,129	23,129	24	100	(155,683)	-	-	
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD	British Virgin IS	Specialized investments holding	300,687	300,687	10,863	100	84,000	458,114	458,114	
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin IS	Specialized investments holding	2,864,027	2,864,027	13	100	1,122,827	102,062	102,062	
Power Quotient International Co., Ltd.	PQI Mobility Inc.	Samoa	Specialized investments holding	276,800	276,800	10,000	100	693,916	4,315	4,315	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousand shares)	Ownership (%)	Book value			
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sale of medical instruments	\$ 10,000	\$ 10,000	1,000	100	\$ 13,053	\$ 3,926	\$ 3,926	
Power Quotient International Co., Ltd.	Shinfox Energy Co., Ltd.	Taiwan	Energy service management	1,880,146	561,482	73,519	50.18	2,953,307	455,939	228,790	
Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	3,000,000	672,000	300,000	100	3,099,949	88,453	88,453	
Shinfox Energy Co., Ltd.	Shinfox Natural Gas Co., Ltd.	Taiwan	Energy service management	120,000	120,000	12,000	80	89,973	(16,878)	(13,502)	
Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	99,000	99,000	9,900	99	102,258	2,082	2,061	
Shinfox Energy Co., Ltd.	Junezhe Co., Ltd	Taiwan	Dredging industry	134,000	-	13,400	33.5	136,595	7,747	2,595	
Shinfox Energy Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	30,000	-	3,000	100.0	29,954	(46)	(46)	
Shinfox Energy Co., Ltd.	Chung Chia Power Co., Ltd.	Taiwan	Steam power cogeneration	180,000	-	12,000	20	177,038	(18,476)	(3,695)	
SYSCOM DEVELOPMENT CO., LTD	PQI CORPORATION	USA	Sales of electronic telecommunication components	-	199,360	-	-	-	455,779	-	
SYSCOM DEVELOPMENT CO., LTD	Foxlink Powerbank International Technology Private Limited	INDIA	Sales of electronic telecommunication components	93,087	93,087	21,790	99.27	81,641	4	4	
Apix LIMITED	Sinocity Industries Limited	HONG KONG	Sales of electronic telecommunication components	2,395,575	2,395,575	6,000	100	886,953	79,406	79,406	
Apix LIMITED	Perennial Ace Limited	British Virgin IS	Specialized investments holding	589,584	589,584	No shares were issued	100	235,746	22,656	22,656	
Sinocity Industries Limited	DG Lifestyle Store Limited	MACAO	Sales of electronic telecommunication components	345	345	100	100	(717)	(1,351)	(1,351)	
Perennial Ace Limited	Studio A Technology Limited	HONG KONG	Sales of electronic telecommunication components	4,998	4,998	1,225	24.5	112,630	92,472	22,656	
Foxlink Powerbank International Technology Private Limited	Tegna Electronics Private Limited	INDIA	Manufacture	11,181	11,181	3,001	10	12,585	3,736	374	

Cheng Uei Precision Industry Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of year ended December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Fugang Electronic (Dongguan) Co., Ltd.	Manufacture and sale of electronic telecommunication components	\$ 1,477,171	Investment through an existing company in the third area	\$ 1,198,881	\$ -	\$ -	\$ 1,198,881	\$ 165,380	100	\$ 165,380	\$ 5,839,719	\$ -	
Culink Tianjin Co., Ltd.	"	110,720	"	27,680	-	-	27,680	1,651	100	1,651	232,957	-	
Fugang Electric (Kunshan) Co., Ltd.	"	3,363,120	"	3,363,120	-	-	3,363,120	(282,433)	100	(282,433)	3,283,599	-	
Dong Guan Fu Shi Chang Co., Ltd.	"	3,321	"	3,322	-	-	3,322	-	100	-	2,436	-	
Dongguan Fuqiang Electronics Co., Ltd.	"	3,288,661	Investment through an existing company in the third area and the investee company in Mainland China	2,735,061	-	-	2,735,061	821,982	100	821,982	9,135,857	-	
Foxlink Automotive Technology (Kunshan) Co., Ltd.	"	188,063	"	83,040	-	-	83,040	31,281	100	31,281	331,393	-	
Foxlink Energy (Tianjin) Ltd.	"	110,720	Investment through an existing company in the third area	110,720	-	-	110,720	1,695	100	1,695	174,294	-	
Fushineng Electronics (Kunshan) Co., Ltd.	"	332,160	"	332,160	-	-	332,160	225,969	100	225,969	1,246,995	-	
Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	"	124,560	"	124,560	-	-	124,560	(9,495)	100	(9,495)	70,837	-	
Fu Gang Electronic (Nan Chang) Co., Ltd.	"	1,384,000	Investment through an existing company in the third area and the investee company in Mainland China	1,384,000	-	-	1,384,000	(28,014)	100	(28,014)	1,110,651	-	
Fugang Electric (YANCHENG) Co., Ltd.	"	83,040	Investment through an existing company in the third area	66,432	-	-	66,432	933	80	747	50,145	-	
FUQIANG ELECTRIC (YANCHENG) Co., Ltd.	"	276,800	"	276,800	-	-	276,800	(5,353)	100	(5,353)	(24,487)	-	
Foxlink Tianjin Co., Ltd.	"	498,240	"	143,936	-	-	143,936	(74,628)	100	(74,628)	1,930,618	-	
Kunshan Fugang Investment Co., Ltd.	Reinvestment business	830,400	Investment through the investee company in Mainland China	830,400	-	-	830,400	96,906	100	96,906	1,665,152	-	
FUGANG ELECTRIC (MAANSHAN) Co., Ltd.	Manufacture and sale of electronic telecommunication components	842,334	Investment through an existing company in the third area and the investee company in Mainland China	276,800	-	-	276,800	(241,496)	100	(241,496)	(113,104)	-	
Fuzhan Electronics (Shanghai) Co., Ltd.	"	415,200	Investment through the investee company in Mainland China	220,333	-	-	220,333	(197)	100	(197)	54,565	-	
Kunshan Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	169,612	"	-	-	-	-	21,799	51	11,118	11,087	-	
Kunshan Fu Shi You Trading Co., Ltd.	"	60,816	"	-	-	-	-	(44)	51	(44)	13,180	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of year ended December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	\$ 8,688	Investment through the investee company in Mainland China	\$ -	\$ -	\$ -	\$ -	\$ 23,839	51	\$ 23,839	(\$ 77,113)	\$ -	
Shanghai Standard Information Technology Co., Ltd.	"	4,344	"	-	-	-	-	(7,152)	51	(7,152)	(6,304)	-	
Sharetronic Data Technology Co., Ltd.	Manufacture and sale of electronic telecommunication components	672,965	Investment through an existing company in the third area	213,413	-	-	213,413	546,838	19.94	106,988	1,123,279	-	
FUQIANG ELECTRIC (MAANSHAN) Co., Ltd.	"	138,400	Investment through the investee company in Mainland China	-	-	-	-	(1,631)	100	(1,631)	138,966	-	
FUGANG ELECTRIC (XUZHOU) Co., Ltd.	"	1,826,880	Investment through an existing company in the third area	747,360	276,800	-	1,024,160	395,760	100	322,994	1,784,941	-	
Dongguan Banrin Robot Technology Co., Ltd.	Manufacture and sale of automated equipment	130,320	Investment through the investee company in Mainland China	-	-	-	-	19,879	31.03	6,169	129,169	-	
Suzhou Keyu Rui Automobile Technology Co., Ltd.	Manufacture	10,860	"	-	-	-	-	(2,673)	55.56	(1,587)	23,755	-	
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	General investments holding	434,400	Investment through an existing company in the third area	-	-	-	-	(6,163)	50	(3,081)	426,531	-	
Changde Fubo Intelligent Technology Co, Ltd.	Manufacture and sale of automated equipment	30,408	Investment through the investee company in Mainland China	-	-	-	-	-	Note 3	-	-	-	
Dong Guan HanYang Computer Co., Ltd.	Manufacture of image scanners and multifunction printers and investment of real estate	168,926	Investment through an existing company in the third area	168,926	-	-	168,926	25,470	100	25,470	271,194	-	
Dong Guan Fu Zhang Precision Industry Co.,Ltd.	Mould development and moulding tool manufacture	224,547	"	165,125	-	-	165,125	(44,262)	100.00	(44,262)	214,762	-	
Wei Hai Fu Kang Electric Co., Ltd.	Manufacture and sale of parts and moulds of photocopiers and scanners	221,440	"	138,400	-	-	138,400	10,438	100	10,438	258,992	-	
Dongguan Fu Wei Electronics Co., Ltd.	Manufacture and sale of image scanners, multifunction and parts printers	166,080	"	146,935	-	-	146,935	(147,083)	100	(147,083)	362,626	-	
Glorytek (Suzhou) Co., Ltd.	Manufacture	387,520	"	399,490	-	-	399,490	(104,137)	100	(104,534)	369,064	-	
Glorytek (Yancheng) Co., Ltd.	"	249,120	"	256,815	-	-	256,815	(111,457)	100	(113,028)	(415,158)	-	
Yancheng Yaowei Technology Co., Ltd.	"	43,440	Investment through the investee company in Mainland China	-	-	-	-	(506)	100	(506)	141,835	-	
Glorytek (Yancheng) Co., Ltd.	"	937,292	Investment through an existing company in the third area and the investee company in Mainland China	326,960	-	-	326,960	(163,866)	100	(164,476)	461,742	-	
POWER QUOTIENT TECHNOLOGY (YANCHENG) Co., Ltd.	Manufacture and sale of electronic telecommunication components	553,600	Investment through an existing company in the third area	Note 1	-	-	-	4,315	100	4,315	693,916	-	
PQI (Xuzhou) New Energy Co., Ltd.	Manufacture and sale of electronic telecommunication components	43,440	"	Note 2	-	-	-	109	100	109	43,561	-	
Kunshan Jiuwei Info Tech Co., Ltd.	Supply chain finance energy service management	1,384	Direct investment	1,384	-	-	1,384	4,401	100	4,401	18,014	-	

Note 1: The financing amount remitted to PQI's indirect investment of POWER QUOTIET TECHNOLOGY (YANCHENG) Co., Ltd. was through an existing company in the third area.

Note 2: The financing amount remitted to PQI's indirect investment of PQI (Xuzhou) New Energy Co., Ltd. were through POWER QUOTIET TECHNOLOGY (YANCHENG) Co., Ltd.

Note 3: Changde Fubo Intelligent Technology Co., Ltd. was formerly the Group's subsidiary, as the Group sold its shares in May 2021 which decreased the share interest down to 9.5%. After the assessment, the Group lost control and significant influence over Changde Fubo Intelligent Technology Co., and reclassified it as financial assets at fair value through other comprehensive income.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Cheng Uei Precision Industry Co., Ltd.	\$ 12,414,817	\$ 13,656,369	The Company's investment in Mainland China is not subject to an upper limit as the Company obtained the certificate of scope of operations issued by Industrial Development Bureau, MOEA in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008.
Foxlink Image Technology Co., Ltd.	749,282	896,275	1,611,792
Glory Science Co., Ltd.	983,265	1,161,176	229,053
Power Quotient International Co., Ltd.	1,384	604,670	4,637,498

Note 1: It was the reinvestment in Mainland China through an existing company in the third area by cash and the investment was approved by the Investment Commission of MOEA.

Note 2: Investment income (loss) recognised by the Company for the year ended December 31, 2021 was audited by independent auditors.

Note 3: The Company's investment in Mainland China is not subject to an upper limit as the Company obtained the scope of operations certificate of being qualified for operating headquarters issued by Industrial

Development Bureau, MOEA in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008.

Note 4: The investments through the investee company in Mainland China of the Company including: Dongguan Fuqiang Electronics Co., Ltd., Fugang Electric (MAANSHAN) Co., Ltd.,

Fuzhan Electronics (Shanghai) Co., Ltd., Fu Gang Electronic (Nan Chang) Co., Ltd., Foxlink Automotive Technology (Kunshan) Co., Ltd., Kunshan Fugang Electric Trading Co., Ltd.,

Kunshan Fu Shi You Trading Co., Ltd., Shanghai Fugang Electric Trading Co., Ltd., Shanghai Standard Information Technology Co., Ltd., Fuqiang Electric (MAANSHAN) Co., Ltd.,

Dongguan Banrin Robot Technology Co., Ltd., Suzhou Keyu Rui Automobile Technology Co., Ltd., and Changde Fubo Intelligent Technology Co., Ltd.,

except for the investment via the holding companies in Mainland China, other investments shall not be approved by Investment Commission of MOEA.

Cheng Uei Precision Industry Co., Ltd.
Major shareholders information
December 31, 2021

Table 10

Number of major shareholders	Shares	
	Name of shares held	Ownership (%)
HSIN HUNG International Investment Co., Ltd.	100,535,228	19.62%
CENTRAL MOTION PICTURE CORPORATION	32,584,000	6.36%
Foxlink Image Technology Co., Ltd.	27,503,000	5.36%

- VI. In the most recent year and as of the publication date of the annual report, whether any financial difficulties occur at the Company that affects the Company's financial status: None.

VII. Financial status and financial performance review analysis and risk issues

I. Review and analysis financial status

(1) Comparative analysis table of financial status

Unit: NTD Thousand

Item	Year	2021	2020	Difference	
				Amount	%
Current assets		50,288,129	49,290,306	997,823	2.02%
Property, plant and equipment		21,024,968	20,850,423	174,545	0.84%
Intangible assets		1,467,557	1,653,998	-186,441	-11.27%
Other assets		10,345,617	10,467,375	-121,758	-1.16%
Total assets		83,126,271	82,262,102	864,169	1.05%
Current liabilities		29,954,063	30,262,765	-308,702	-1.02%
Non-current liabilities:		20,671,320	21,915,449	-1,244,129	-5.68%
Total liabilities		50,625,383	52,178,214	-1,552,831	-2.98%
Equity attributable to owners of parent		23,284,277	23,762,553	-478,276	-2.01%
Capital stock		5,123,269	5,123,269	-	-
Additional paid-in capital		10,252,875	9,828,746	424,129	4.32%
Retained earnings		10,781,850	11,180,950	-399,100	-3.57%
Other equity interest		-2,601,651	-2,036,346	-565,305	-27.76%
Treasury shares		-272,066	-272,066	-	-
Non-controlling interests		9,216,611	6,321,335	2,895,276	45.80%
Total equity		32,500,888	30,083,888	2,417,000	8.03%

Reasons for increases or decreases in amounts in the last two years.

1. Other equity interests decreased by 27.76% mainly due to the decrease in foreign exchange differences in 2021.
2. Non-controlling interests increased by 45.80% mainly due to the fact that the Company disposed of the equity of subsidiaries and that subsidiaries conducted cash capital increase, and the Company did not subscribe in proportion to the shareholding.

II. Review and analysis of financial performance:

Unit: NTD Thousand

Item	Year	2021	2020	Difference	
				Amount	%
Operating revenue		86,800,735	89,552,100	-2,751,365	-3.07%
Operating costs		77,225,461	79,778,673	-2,553,212	-3.20%
Operating gross profit		9,575,274	9,773,427	-198,153	-2.03%
Operating Expenses		7,664,433	7,379,006	285,427	3.87%
Operating profit		1,910,841	2,394,421	-483,580	-20.20%
Non-operating income and expenses		242,626	189,414	53,212	28.09%
Net profit before tax		2,153,467	2,583,835	-430,368	-16.66%
Income tax expense		814,963	699,467	115,496	16.51%
Net profit for the period		1,338,504	1,884,368	-545,864	-28.97%
Reasons for increases or decreases in amounts in the last two years.					
1. Operating profit decreased by 20.20% mainly due to the decrease of operating income and the increase of operating expenses in 2021.					
2. Non-operating income and expenses increased by 28.09% mainly due to the decrease in impairment loss of intangible assets in 2021.					
3. The net profit for the period decreased by 28.97% mainly due to the decrease in operating profit, which was caused by the decline in operating income.					

III. Cash flow review and analysis

Unit: NTD Thousand

Beginning cash balance	Annual net cash flows from operating activities	Annual cash outflows from investment and financing activities	Effect of exchange rate fluctuations	Cash surplus (insufficiency) amount	Remedial measures for cash shortages	
					Investment plan	Financing plan
10,993,540	(3,550,197)	1,525,940	(261,680)	8,707,603	-	-
1. Analysis of the changes in cash flows for the most recent year: (1) Operating activities: NTD (3,550,197) thousand (2) Investing activities: NTD 22,370 thousand (3) Financing activities: NTD 1,503,570 thousand 2. Remedial measures and liquidity analysis for cash shortage: None. 3. Analysis of cash liquidity in the coming year: With the Company's substantial growth in operations and increased profits in recent years, cash flows in the coming year will be sound.						

IV. The impact of major capital expenditures in recent years on financial operations

Unit: NTD Thousand

Year	Capital expenditure items	Sources of funds	Total funds	Effect on financial operations
2021	Acquisition of property, plant and equipment	Own funds and bank financing	3,254,426	Build additional factories and purchase production equipment to expand the scale of production and sales to meet market and customer needs.

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

1. Reinvestment analysis table

December 31, 2021; Unit: NTD thousand

Description Item	Investment amount	Policy	Profit or loss Primary reasons	Improvement program
CU International Ltd.	12,753,560	Investments in mainland companies via reinvestment in companies located in a third region	Profit of NTD 645,282 thousand	-
Culink International Ltd.	892,071	Investments in Singapore and US companies via reinvestment in companies located in a third region	Profit of NTD 203,186 thousand	-
Foxlink International Investment Ltd.	3,350,000	Controlling stakes and investments in other companies	Loss of NTD 101,158 thousand	Strengthen management of the investee target company

Description Item	Investment amount	Policy	Profit or loss Primary reasons	Improvement program
Fu Uei International Investment Ltd.	3,550,000	Controlling stakes and investments in other companies	Loss of NTD 150,235 thousand	Strengthen management of the investee target company
Well Shin Technology Co., Ltd.	270,065	Expanding the scale of operations to take full advantage of vertical integration	Profit of NTD 345,312 thousand	-
Darts Technologies Corporation	762,566	Expanding the scale of operations to take full advantage of vertical integration	Profit of NTD 63,022 thousand	-
DU Precision Industry Co., Ltd.	600,000	Expanding the scale of operations to take full advantage of vertical integration	Profit of NTD 627 thousand	-
Foxlink Technology Ltd.	307,698	Expanding the scale of operations to take full advantage of vertical integration	Profit of NTD 5,274 thousand	
Suntain Co., Ltd.	190,810	Expanding the scale of operations to take full advantage of vertical integration	Profit of NTD 44,056 thousand	
Sinobest Brothers Limited	573,087	Investments in Myanmar companies via reinvestment in companies located in a third region	Loss of NTD 21,884 thousand	Improve and enhance the operational efficiency of Myanmar companies

2. The Company's investment plan for the next year is expected to focus on expanding production capacity in response to market demand.

VI. Risk management

- (I) Most recent year impact of interest rate, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures:
 1. Although the amount of bank borrowings increased in 2021 compared with 2020, the annual interest expense of NTD 341,527 thousand was equivalent to the interest expense of NTD 349,253 thousand seen in 2020 due to a decline in market interest rates. In the future, the Company will regularly evaluate deposit and borrowing interest rates between banks and maintain good relationships with correspondent banks to obtain more favorable borrowing rates. At the same time, we will pay close attention to changes in interest rates to maintain the flexibility of financial operations.

2. The Company's 2021 exchange loss was NTD 65,339 thousand mainly due to the appreciation of the New Taiwan Dollar. However, based on the inconsistency of exchange rate changes in the market, it is difficult to accurately predict the future direction of exchange rate changes. Therefore, the Company's consistent practice is to reduce the net position exposed to the risk of exchange rate fluctuations as its main principle. At the same time, we will closely monitor market exchange rate fluctuations, and undertake forward foreign exchange transactions for risky positions to hedge risks. This will be done to reduce the impact of exchange rate fluctuations on the company's profits and losses.
 3. Prices of raw materials such as international crude oil and basic metals have gradually risen in recent years, which has put pressure on the Company's overall material costs. In 2021, domestic water, oil, and electricity prices gradually increased. The Company thus will pay close attention to rising prices. At the same time, a relatively medium- to long-term procurement strategy will be formulated to reduce the impact of inflation on the Company's profits and losses.
- (II) In the past year, policies for engagement in high risk and high leverage investment, loaning funds to others, guarantees/endorsements, and derivative trade, the main reason for profit or loss, and the response in the future:
1. Since its establishment, the Company has been committed to operations in its industry and has not engaged in high risk and high leverage investment behavior.
 2. The Company's conduct of loans of funds to others and of endorsements and guarantees are all handled in accordance with the company's Operational Procedures for Loaning Funds to Others and Implementation Measures for Endorsements and Guarantees.
 3. The Company did not engage in derivative operations in 2021. Any future derivative transactions will be for the purpose of hedging and will be handled in accordance with the Procedures for the Acquisition or Disposal of Assets.
- (III) The most recent annual research and development plans, current progress of ongoing R&D plans, R&D expenses to be reinvested, estimated time before mass production is completed, and main factors influencing the success of future R&D:
1. The main future research and development directions and strategies of the Company will be:
 - (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.

2. Cases that have been developed and completed as of the first quarter of this year:
 - (1) ANC Wireless Gaming Headset
 - (2) Dual Cavity design for headset driver
 - (3) Mass production of electric scooter battery modules
 - (4) Power supply modules
 - (5) USB 4.0 Hi-Fi Cable
 - (6) E-Bike, E-Scooter batteries
3. This year's planned development of ongoing cases is as follows, and it is expected that mass production and shipments will be attained by the end of this year.
 - (1) Stylus Pen for Education
 - (2) ANC Wireless Gaming Headset
 - (3) AR/MR Controller
 - (4) Wireless 7.1 headset
 - (5) Development of integrated communication technology for charging stations, EV, grid, and backend operations
 - (6) Development of the back-end cloud system of charging stations
 - (7) Assembly process of consumable wearable electronics
 - (8) USB 4.0 Hi-Fi Cable
 - (9) Charging stations for E-Bike and E-Scooter
 - (10) Energy storage system
 - (11) Robotic arm technology development
 - (12) 5G module application development
 - (13) Physical movement detection for remote fitness sessions
 - (14) Development of technology to combine real and virtual scenes for AR glasses
4. Actual consolidated R&D expenses of the Company and its subsidiaries came to NTD 2,259,829 thousand in 2021, equivalent to approximately 2.60% of consolidated operating income of the year. This marked a decrease of 0.06% from the consolidated R&D expenses of NTD 2,386,034 thousand seen in 2020. Through the first quarter of 2021, actual consolidated research and development expenses were approximately NTD 512,469, accounting for 2.89% of operating income. Moreover, it is estimated that the total R&D expenditures to be invested this year will be 2.7% of this year's operating income, and the total amount is seen reaching NT\$27 billion. Therefore, R&D expenditures yet to be invested this year come to approximately NT\$22 billion.

(IV) In the past year, the impact of important domestic and foreign policies and legal changes on the Company's financial business and corresponding measures:
The Company has a legal unit that keeps an eye on important domestic and foreign policies and changes in laws to propose impact assessments and response plans. At the same time, the Company has also appointed external legal counsel to make inquiries and deal with legal issues related to the Company.

- (V) Effect of changes in technology (including information and communication security risks) and industrial changes on the Company's financial operations and countermeasures:
1. The advancement of science and technology is set to transform human life as well as impact the ecology of the industry. The changes in and rise and

fall of the industry are closely related to the Company's future development. In the past, our Company has developed from its start in the information industry to take its place in the communications industry, and is now set to expand into the consumer electronics industry. The Company has thus always been able to keep abreast of technological information and changes in this industry to understand market needs and trends in this industry, so as to set out strategies that are beneficial to the Company's long-term development.

2. Information security risk assessment analysis

The Company has formulated an information security policy to strengthen information security management, ensuring the confidentiality, integrity, and availability of the information assets. It has done so in order to provide an information environment for the continuous operation of the Company's business, as well as freedom from internal and external threats whether deliberate or accidental. The Company has also formulated information security risk assessment procedures and conducts regular annual assessments.

(1) Information security policy scope

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

(2) Information security policy responsibilities

- A. The Company has established an inter-departmental information security management team. The staff work of this group is the responsibility of the information unit, coordinating matters related to information security management.
- B. Supervisors at all levels of the Company should actively participate in and support the information security management system, and achieve cost policies through the relevant standards and procedures that have been established.
- C. All personnel of the company, outsourced service vendors and visitors should abide by these policies.
- D. When any personnel of the Company or outsourced service providers discover an information and security incident, the contact person of the information security team should be notified, and the person in charge of the information security team should be informed. At the same time, the information security contact person should report information security incidents or discovered weaknesses through the notification mechanism, and should also record them.
- E. Any act that endangers information security will be investigated for civil, criminal and administrative responsibilities according to the seriousness of the circumstances or will be dealt with in accordance with the relevant regulations of the Company.

The information security team's operations are to be implemented in accordance with the Company's procedures to ensure data integrity and security. As the results of the information security risk assessment are still optimal, the Company's information security has therefore experienced no major adverse effects and no major operational risks in

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

- (VI) In the most recent year, the impact of corporate image change on corporate crisis management and countermeasures:

The Company has been committed to operations in its industry and with the goal of establishing a positive social image of the Company and exerting its social responsibility. Nothing has happened that would damage our corporate image.

- (VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

In the most recent year and up to the date of publication of the annual report, the Company has not had any mergers or acquisitions.

- (VIII) Expected benefits and possible risks of plant expansion and countermeasures:

In order to meet the needs of future business growth, the company will continue to expand the production capacity of each production base to expand its market share.

- (IX) Risks arising from purchase or sales concentration and countermeasures:

Sales: As the company's products are diversified, including cables, connectors, batteries, power modules and other system products, the application scope of terminal products covers communication and consumer electronics products and the sales target is mainly international brand manufacturers; therefore, risk is relatively low. At the same time, the company's products have gradually changed from OEM and ODM to JDM (joint design manufacturing with customers) in recent years, thus providing customers with multiple technical resources. Therefore, the close integration of customer relationships also greatly enhances the Company's R&D strength and competitiveness; and even in the face of an oligopolistic market for end products, the Company can also expand various new product areas and achieve the goal of stable growth in its annual performance.

Purchasing: Except for agency sales involving finished products bought back from subsidiaries, the Company requires a wide range of raw materials in view of the diversified nature of its products. As a result, actual purchasing counterparties are quite spread out and there is no risk of concentration.

- (X) The influence and risk of the massive transfer of shares or the replacement of the directors, supervisors, or major shareholders holding more than 10% of the shares issued by the Company, and the response:

In the most recent year and up to the date of publication of the annual report, the Company has not faced the aforementioned situation.

- (XI) The impact, risks and countermeasures of a change of management rights on the Company:

In the most recent year and up to the date of publication of the annual report, there has not been such a concern.

(XII) Litigation or non-litigation events:

1. The Company's current major litigation or non-litigation events or administrative disputes still being adjudicated:

The Company	Counterparty	Year dispute began	Summary of facts	Targeted amount	Jurisdiction
Fugang Electric (Maanshan) Co., Ltd. Fugang Electric (Kunshan) Co., Ltd.	Maanshan Economic and Technology Development Area Construction and Investment Co., Ltd.	2021	<p>*Plaintiff's claims Fugang Electric (Maanshan) Co., Ltd. signed a loan contract with the plaintiff. The loan failed to be repaid at the end of the loan term, and the plaintiff demanded the return of the principal of RMB 274.45 million and the payment of interest at twice the benchmark loan interest rate for the same period stipulated by People's Bank of China</p> <p>Because Fugang Electric (Kunshan) Co., Ltd. is the joint guarantor of the loan, it should be jointly and severally responsible for repayment.</p> <p>*Defendant's claims 1. As per the investment agreement signed between Cheng Uei Precision Industry Co., Ltd., Fugang Electric (Maanshan) Co., Ltd., and the Ma'anshan economic and Technological Development Zone Management Committee (hereinafter referred to as the "Management Committee"), the Management Committee provided a subsidy to Fugang Electric (Maanshan) Co., Ltd. in the form of a loan through Maanshan Economic and Technology Development Area Construction and Investment Co., Ltd., and it is agreed that after the first phase of the project is completed and put into operation, the loan will be fully converted into a subsidy. Therefore, the legal basis in this case</p>	RMB 274.45 million plus interest	The People's Court of Ma'anshan Municipality and the Anhui Provincial Higher People's Court

			<p>should be an administrative agreement rather than a loan contract, so it should be an administrative case rather than a civil case and should not be handled through civil proceedings.</p> <p>2. As per the Supplementary Agreement 6 signed by Cheng Uei Precision Industry Co., Ltd., Fugang Electric (Maanshan) Co., Ltd., and the Management Committee, the first phase of the project has been completed and officially put into operation, and the loan has been converted into a subsidy, and there is no obligation to repay it.</p> <p>3. In short, even if the loan involved has not been converted into a subsidy, as per the Supplementary Agreement 6, the loan term will be extended by three years. If the tax assessment criteria are not met at the end of the loan term, the loan will be automatically extended until the assessment criteria are met, and whether the loan needs to be repaid will not be determined until 2038.</p> <p>4. As per the terms of the loan agreement, only when the plaintiff claims to rescind the contract can it request the return the principal in advance and an interest payment at double the interest rate. In fact, the plaintiff has never claimed to rescind the contract, and the default interest should interpreted as liquidated damages. Also, the doubling of interest rate is too high, higher than the legal requirements.</p> <p>5. Fugang Electric (Kunshan) Co., Ltd.'s liability as a joint guarantor has expired.</p>		
--	--	--	---	--	--

			<p>*The defendant received the first-instance judgment from the Intermediate People's Court of Ma'anshan Municipality on November 22, 2021, and the verdict is as follows:</p> <p>1. The defendant shall pay the loan principal of RMB 2,774.45 million and the interest of RMB 139,488,900. With RMB 150 million as the amount, interest shall be paid at the annual rate of interest of 10.8% from April 16, 2021 to the principal repayment date. With RMB 124.45 million as the amount, interest shall be paid at the annual rate of interest of 9.5% from April 16, 2021 to the principal repayment date.</p> <p>2. Other claims were rejected.</p> <p>* In response to the first-instance judgment, the defendant, Fugang Electric (Maanshan) Co., Ltd., has appealed to the Anhui Provincial Higher People's Court on December 6, 2021. The case is still being tried, and the result is yet to be known.</p>		
Shih Fong Power Co., Ltd.	* Shanli tribe, Taiping tribe, and indigenous peoples	2020	The Shanli tribe, the Taiping tribe, and indigenous peoples filed a case for the suspension of the extended construction permit of Shih Fong Power Co., Ltd.'s power plant issued by the Bureau of Energy, Ministry of Economic Affairs: The first instance of this case has been approved by the Taipei High Administrative Court, referenced 2021-Ting No. 79, to suspend the extended construction permit issued by the Ministry of Economic Affairs on December 31, 2020 until the conclusion of the	NA	The Supreme Administrative Court and the Petitions and Appeals Committee

			<p>administrative proceedings, and the court rejected the remaining claims. The Ministry of Economic Affairs and Shih Fong Power Co., Ltd. refused to accept the judgment and filed an appeal with the Supreme Administrative Court prior to a deadline stipulated in law. The case is still being tried, and the result is yet to be known.</p> <p>* The Shanli tribe, the Taiping tribe, and indigenous peoples filed a petition to revoke the extended construction permit of Shih Fong Power Co., Ltd.'s power plant, issued by the Bureau of Energy, Ministry of Economic Affairs: This petition case is under review by the Petitions and Appeals Committee, Executive Yuan, and the decision has not come out yet. Shih Fong Power Co., Ltd.'s application for stating opinions has been passed.</p>		
--	--	--	---	--	--

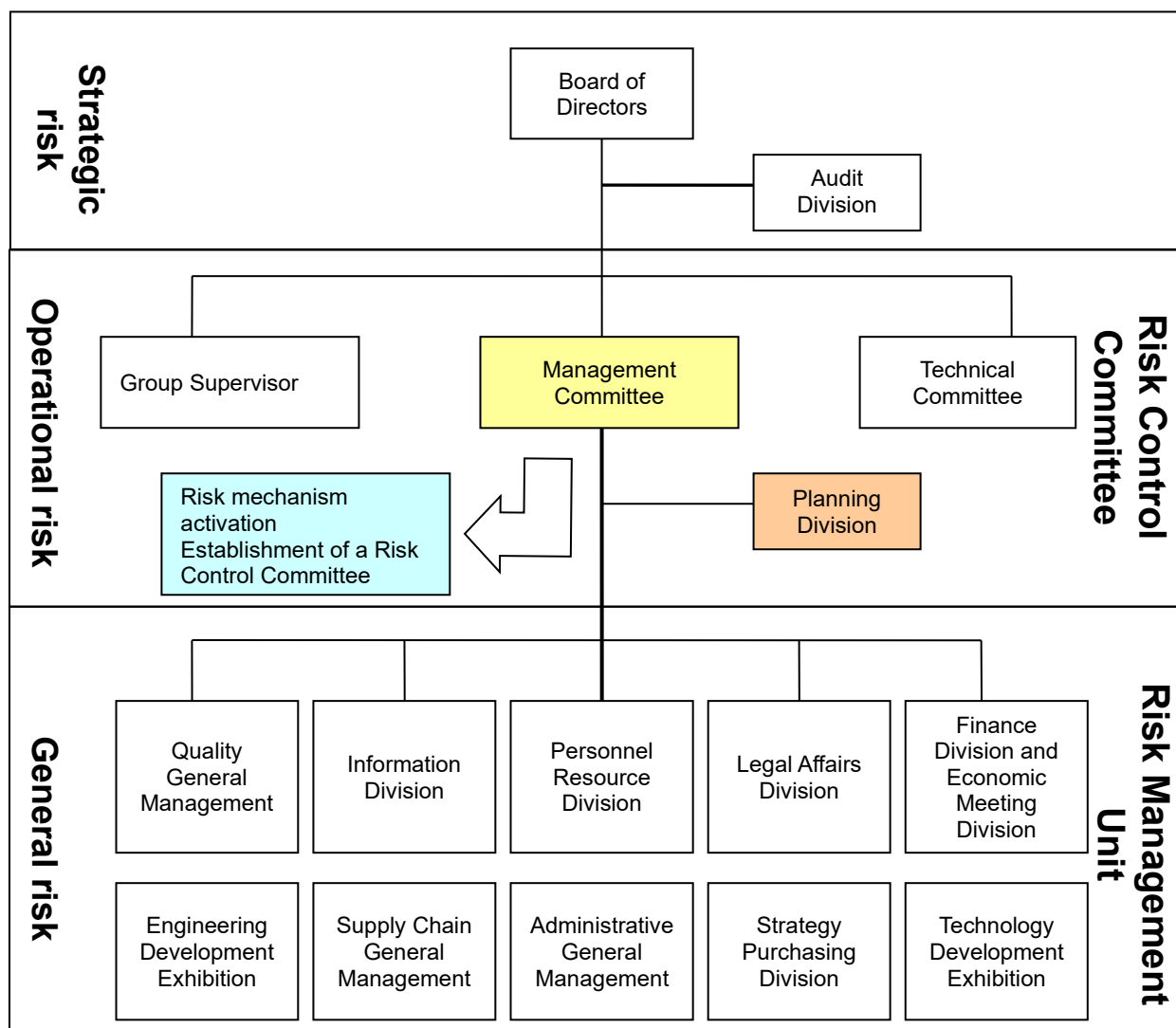
2. Major litigation or non-litigation events impacting the Company and its directors, supervisors, general managers, substantive persons in charge, and major shareholders whose shareholding ratio exceeds 10%, and major litigation or non-litigation events or administrative disputes confirmed or still being adjudicated for affiliated companies, where the outcomes may have a significant impact on shareholders' equity or the price of securities: None.

(XIII) Other important risks and countermeasures: None.

1. Risk management policy of the Company:

In order to strengthen its risk management mechanisms and improve internal response to various risk issues, the Company has formulated its Risk Management Measures. These clearly define risk items, risk levels, notification and management procedures, risk control management organizational structure, supervision and tracking rights and responsibilities, and so on. This is done to enhance the Company's internal risk management awareness and reduce the possibility of risk. It is further hoped that the impact of risk items can be reduced so as to achieve the Company's vision and business goals.

2. Risk management organization framework:



3. Functional description of each organizational unit:
 Management Committee: Comprehensively coordinates the operation of various functional organizations; discuss and suggest optimal countermeasures
 Finance and Accounting Division: Financial risk assessment and control
 Information Division: Evaluation and control of information systems and computer hardware and software equipment
 Administrative Management Division: Evaluation and control of general affairs and industrial safety system planning
 Human Resources Division: Evaluation and control of talent cultivation and personnel management
 Legal Affairs Division: Evaluation and control of legal risks
 Spokesperson: The Company's unified external contact window

VII. Other important matters:

(I) Status of advanced training for directors:

Position	Name	Training date		Organizer Unit	Course Designation	Training Hours
		From	Until			
Director	Chen-P han Pu	2021.10.01	2021.10.01	Accounting Research and Development Foundation	Enterprises' Information Security Protection and Information Architecture Audit Control Practice	6
Director	Chen-P han Pu	2021.11.15	2021.11.15	Accounting Research and Development Foundation	The Latest Policy Development and Internal Control Management Practice for Self-Prepared Financial Reports	6
Director	Chien-C hung Fu	2021.11.17	2021.11.17	Accounting Research and Development Foundation	Discussion on Corporate Governance from the Practical Cases of Competition for Management Rights	3
Director	Jing-Mi Tang	2021.11.03	2021.11.03	Securities & Futures Institute	2021 Insider Trading Prevention Seminar	3
Director	Jui-Hsia Wan	2021.08.26	2021.08.26	Professional Education Committee, National Federation of CPA Associations of ROC	Accounting Treatment of Investment in Associates	3
Director	Jui-Hsia Wan	2021.09.17	2021.09.17	Professional Education Committee, National Federation of CPA	Cryptocurrency and Anti-Money Laundering	3

Position	Name	Training date		Organizer Unit	Course Designation	Training Hours
		From	Until			
				Associations of ROC		
Director	Jui-Hsia Wan	2021.10.05	2021.10.05	Professional Education Committee, National Federation of CPA Associations of ROC	Introduction to Valuation of Enterprises	3
Director	Jui-Hsia Wan	2021.12.21	2021.12.21	Professional Education Committee, National Federation of CPA Associations of ROC	Special Practical Issues of Business Registration	4

(II) Personnel involved in financial information transparency, participating in training or obtaining licenses:

1. Participation in training:

Year	Organizer	Course title	Course Hours	The Company's number of participating staff
2021	Accounting Research and Development Foundation	Enterprises' Information Security Protection and Information Architecture Audit Control Practice	6	2
2021	Accounting Research and Development Foundation	The Latest Policy Development and Internal Control Management Practice for Self-Prepared Financial Reports	6	2
2021	Accounting Research and Development Foundation	How to Analyze Enterprises' Critical Financial Information and Strengthen the Crisis Early Warning Ability	6	1
2021	Accounting Research and Development Foundation	Common Defects, Preparation Process, and Practice of Preparation of Financial Reports by Enterprises Themselves	6	2
2021	The Institute of Internal Auditors	Common Internal Control Defects and Cases Under Each Type of Operating Cycle	6	1
2021	The Institute of Internal Auditors	How to Use Digital Technology to Explore and Improve Operating Processes and Fraud Detection	6	1
2021	Accounting Research and Development Foundation	The Process and Practice of Preparing Financial Reports by Enterprises Themselves	3	1

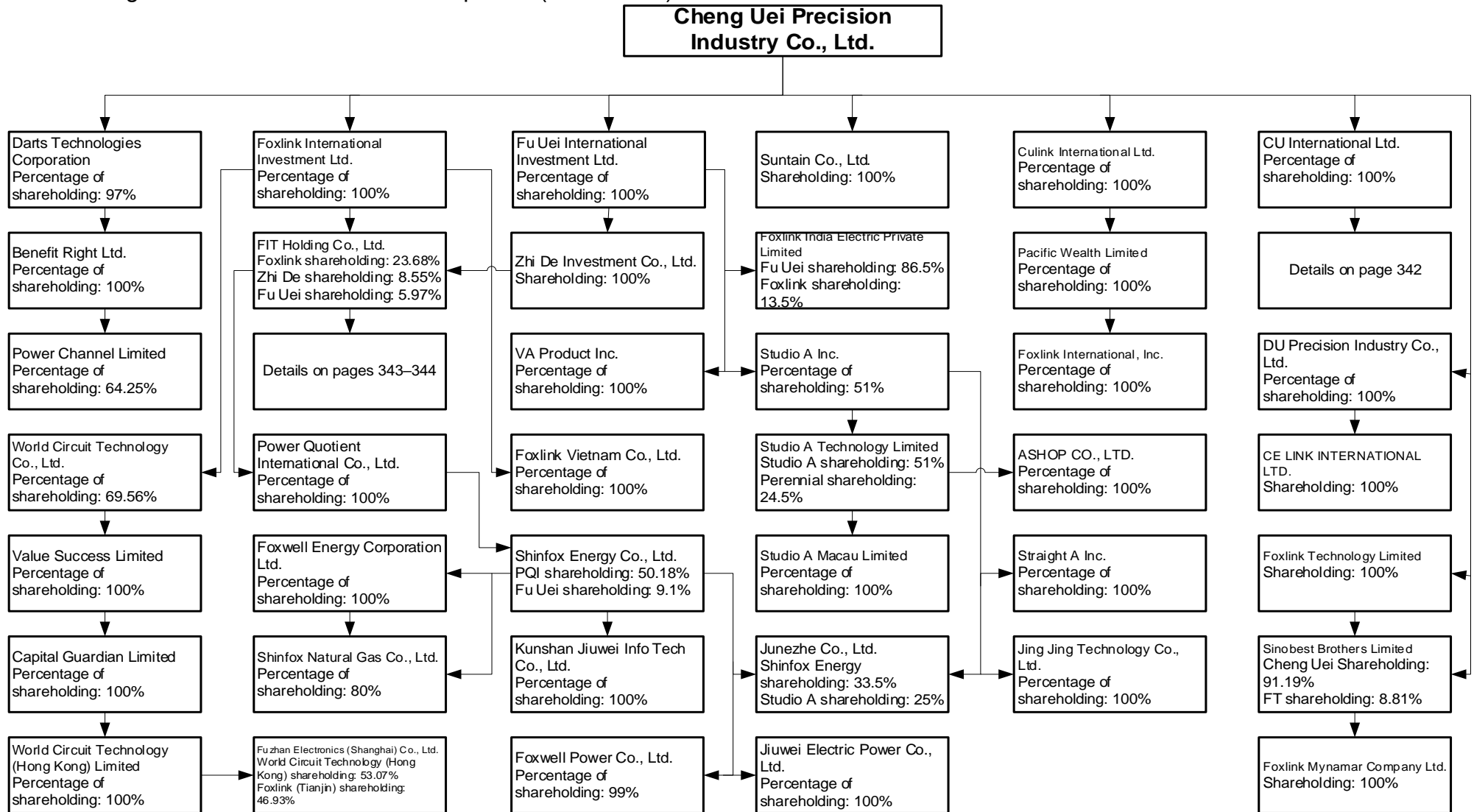
Year	Organizer	Course title	Course Hours	The Company's number of participating staff
2021	Accounting Research and Development Foundation	New Corporate Sustainable Development Policy and Aspects of Climate Governance	3	1
2021	Accounting Research and Development Foundation	Enterprises in Cooperation with CPAs in Auditing : The Responsibility for Identifying Fraud in the Audit of Financial Reports	3	1
2021	Accounting Research and Development Foundation	Aspects of New Sustainable Development Policy, Climate Governance, and Low-Carbon Management	6	1

2. Circumstances of obtaining licenses:
Two individuals in the Internal Audit Department of the Company have obtained international internal auditor certificates.

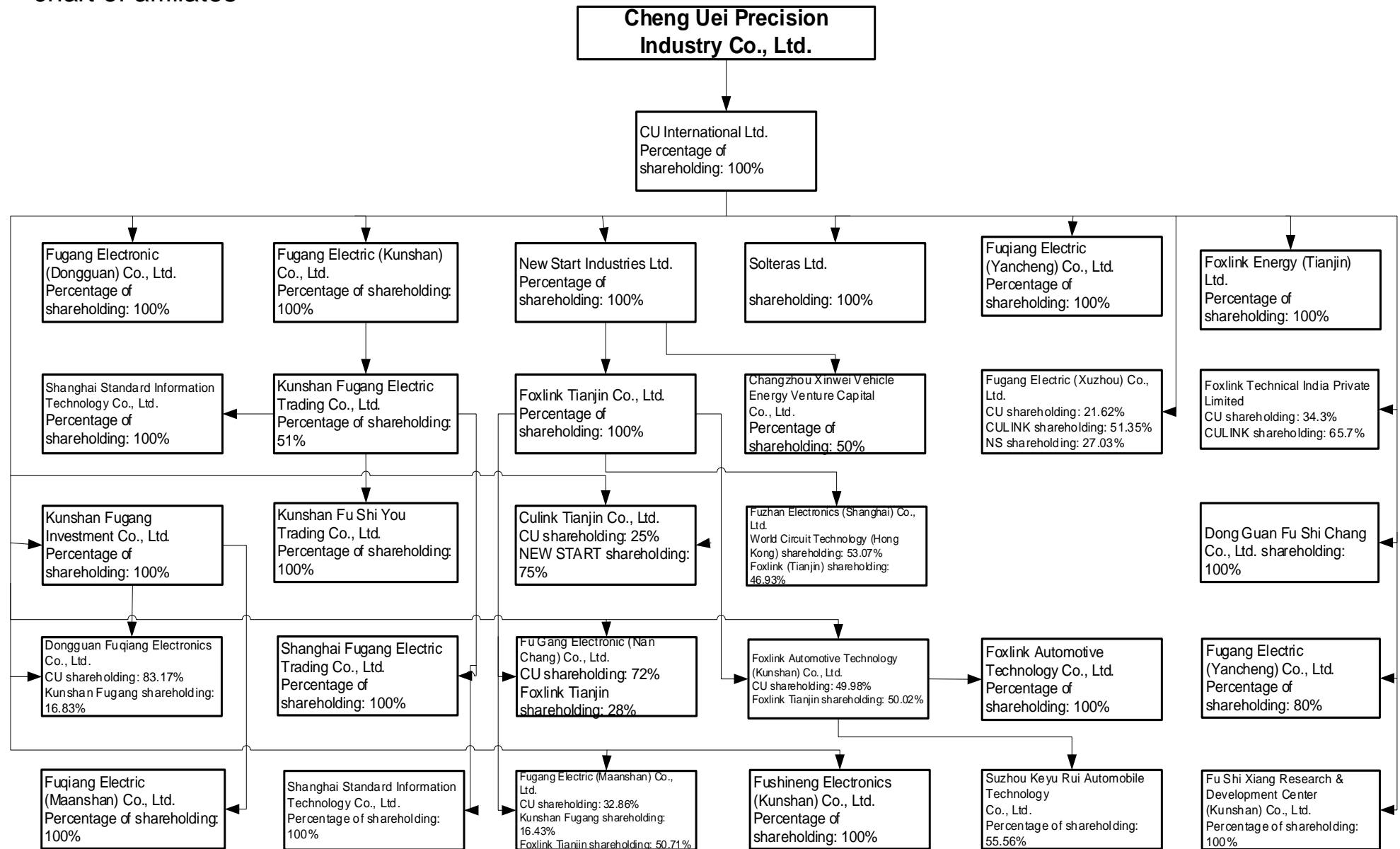
VIII. Special Disclosures

I. Related information of affiliated companies:

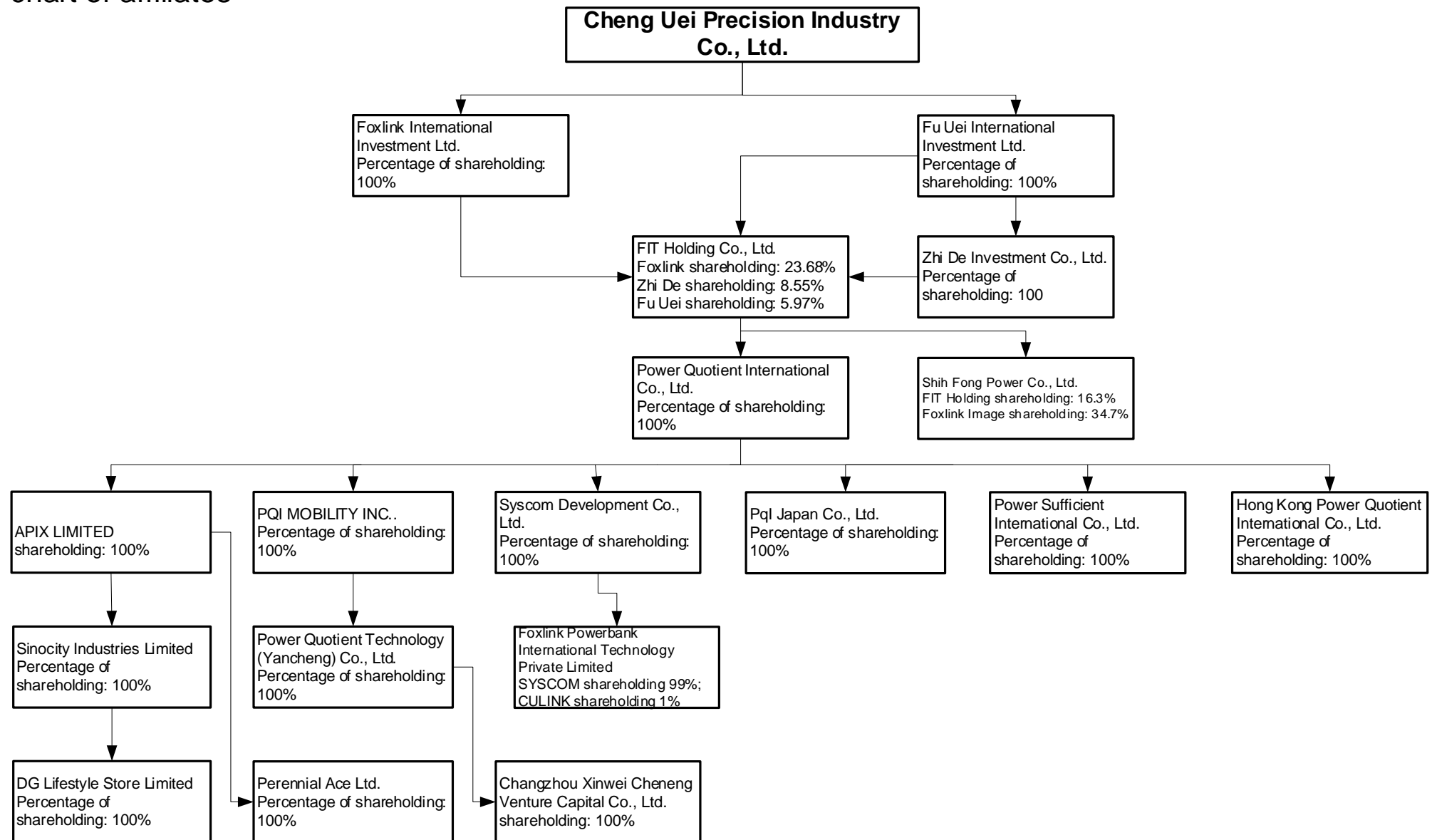
1. Organization chart of affiliated companies (2021.12.31)



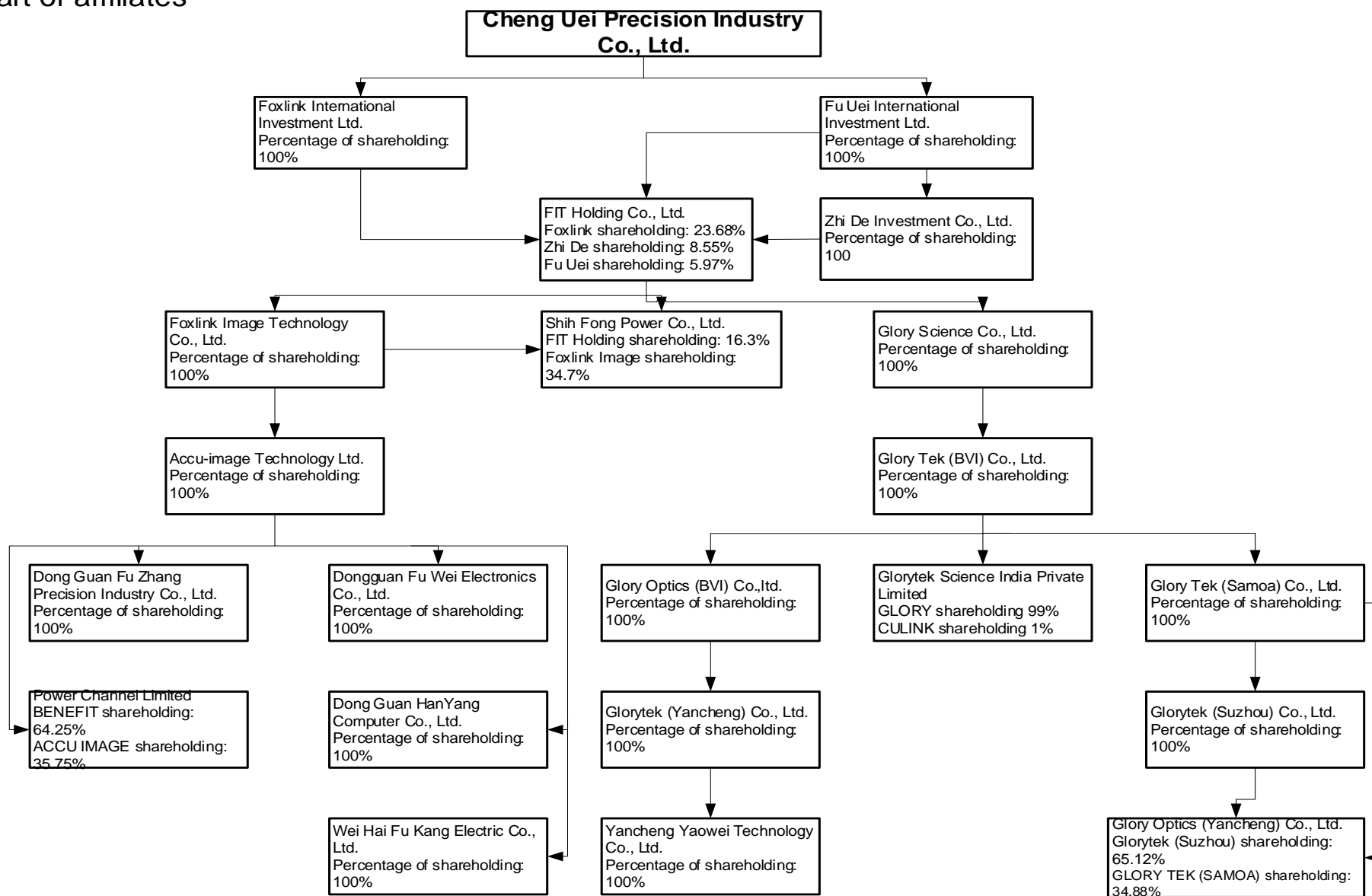
Organization chart of affiliates



Organization chart of affiliates



Organization chart of affiliates



2. Basic information of each affiliated company

December 31, 2021; Unit: NTD thousand

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
CU INTERNATIONAL LTD.	1996.11.06	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	12,753,560	Manufacturing and reinvestment of electronic components and related businesses
CULINK INTERNATIONAL LTD.	1996.10.30	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	892,071	Investment in related business
PACIFIC WEALTH LTD.	1997.08.01	Huntlaw Building, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	27,680	General investing
FOXLINK INTERNATIONAL, INC.	1994.07.15	360 N. Pastoria Ave., Sunnyvale CA 94085	13,840	Shipping center and marketing business
Foxlink International Investment Ltd.	2000.03.20	6th Floor, No. 260, Bade Road Section 2, Zhongshan District, Taipei City	4,087,500	General investing
NEW START INDUSTRIES LTD.	1998.12.18	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	238,048	Investment in related business
Foxlink Tianjin Co., Ltd.	1998.10.30	Jinnan Economic Development Zone, Tianjin City, Hebei Province, China	498,240	Manufacturing and trading of electronic components
Fugang Electronic (Dongguan) Co., Ltd.	1997.12.17	Room 101, Building 1, No.132 South Dongkeng Avenue, Dongkeng Town, Dongguan City, Guangdong Province, China	1,477,171	Electronic component manufacturing
Fugang Electric (Kunshan) Co., Ltd.	2002.04.03	Jinxi Development Zone, Jinxi Town, Kunshan City, Jiangsu Province, China	3,363,120	Electronic component manufacturing
Dong Guan Fu Shi Chang Co., Ltd.	2002.06.25	Yinhe Industrial Zone, Keji Road, Qingxi Town, Dongguan City, Guangdong Province, China	3,321	Electronic component manufacturing
Culink Tianjin Co., Ltd.	2002.11.08	No. 33, Fifth Avenue, Jinnan Economic Development Zone, Tianjin	110,720	Manufacturing and trading of electronic components

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
World Circuit Technology Co., Ltd.	2003.09.15	No. 28-1, Zhongshan Road, Tucheng District, New Taipei City	225,000	Manufacturing and trading of flex PCBs and electronic components
VALUE SUCCESS LTD.	2003.04.15	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	177,152	Holding and reinvestment business
Fu Uei International Investment Ltd.	2004.11.15	6th Floor, No. 260, Bade Road Section 2, Zhongshan District, Taipei City	3,550,000	General investing
Dongguan Fuqiang Electronics Co., Ltd.	2005.02.24	Room 101, Building 1, No. 136, Dongkeng Keji Road, Dongkeng Town, Dongguan City, Guangdong Province, China	3,288,661	Manufacturing and trading of electronic components
Foxlink Energy (Tianjin) Ltd.	2004.11.23	No. 137, Huanghai Road, Tianjin Economic and Technological Development Zone	110,720	Manufacturing and trading of electronic components
Foxlink Automotive Technology (Kunshan) Co., Ltd.	2005.09.08	No. 2-18, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province, China	188,063	Manufacturing and trading of electronic components
CAPITAL GUARDIAN LTD.	2004.07.01	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	177,152	Holding and reinvestment business
World Circuit Technology (Hong Kong) Limited	1999.07.02	Units 901-4,9/F., Lu Plaza, No. 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong	30,926	Trading of electronic components
Fuzhan Electronics (Shanghai) Co., Ltd.	2004.11.08	No. 1089, Chuanqiao Road, Jinqiao Export Processing Zone, Pudong, Shanghai, China	415,200	Manufacturing and trading of electronic components
Darts Technologies Corporation	2002.09.23	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	433,874	Manufacturing and trading of wired and wireless communication equipment
SOLTERAS LTD.	2006.04.06	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	55,360	General investing

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
DU Precision Industry Co., Ltd.	2007.08.09	No. 28, Zhongshan Road, Tucheng District, New Taipei City	600,000	Trading of various connector materials and products
CE LINK INTERNATIONAL LTD.	2007.07.31	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	457,716	Trading of various connector materials and products
BENEFIT RIGHT LTD.	2007.08.15	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	272,537	General investing
Studio A Inc.	2007.03.22	6th Floor, No. 260, Bade Road Section 2, Zhongshan District, Taipei City	258,750	Trading of electronic components
Straight A Inc.	2009.08.25	6th Floor, No. 260, Bade Road Section 2, Zhongshan District, Taipei City	66,600	Trading of electronic components
Fushineng Electronics (Kunshan) Co., Ltd.	2007.09.06	No. 6, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province	332,160	Manufacturing and trading of electronic components
VA Product Inc.	2001.05.22	6th Floor, No. 260, Bade Road Section 2, Zhongshan District, Taipei City	24,000	Trading of electronic components
FOXLINK TECHNOLOGY LIMITED	2000.03.01	Unit 901-4, 9/F., Lu Plaza 2 Wing Yip Street, Kwun Tong, Kowloon Hong Kong	307,698	Reinvestment related business
Studio A Technology Limited	2010.02.11	Shop 101-102, First Floor, Frontline Touch, 310 Gloucester Road, Causeway Bay, Hong Kong	14,048	Trading of electronic components
Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	2010.02.10	North side of Jindong Road, Jinxi Town, Kunshan City, Jiangsu Province	124,560	Manufacturing and trading of electronic components
Zhi De Investment Co., Ltd.	1998.07.10	6th Floor, No. 260, Bade Road Section 2, Zhongshan District, Taipei City	1,709,183	General investing
Kunshan Fugang Electric Trading Co., Ltd.	2010.10.09	No. 6, Zhengwei West Road, Jinxi Town, Kunshan City, Jiangsu Province	169,612	Trading of electronic components
ASHOP CO., LTD.	1999.10.12	B1-23 Coex Mall, 159. Samseong-dong, Gangnam-gu, Seoul Korea	2,350	Trading of electronic components
Fu Gang Electronic (Nan	2010.11.09	No. 189, Huoju 3rd Road, Xingao	1,384,000	Manufacturing and trading of

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
Chang) Co., Ltd.		District, Nanchang City, Jiangxi Province		electronic components
Shinfox Energy Co., Ltd.	2007.04.27	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	1,465,000	Energy service management
Jing Jing Technology Co., Ltd.	2010.11.17	6th Floor, No. 260, Bade Road Section 2, Zhongshan District, Taipei City	3,700	Trading of electronic components
Power Quotient International Co., Ltd.	1997.12.31	8F, No. 49, Sec.4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	4,446,905	Manufacturing and trading of electronic components
Hong Kong Power Quotient International Co., Ltd.	1999.09.29	Unit 2018, Shatin Galleria, 18-24 Shan Mei Street, Fotan, New Territories, Hong Kong	376,549	Trading of electronic components
SYSCOM DEVELOPMENT CO.,LTD	2000.11.09	Office of Insinger Corporate Services Limited, Road Town, Tortola, British Virgin Islands.	300,687	Professional investment company
Power Quotient Technology (Yancheng) Co., Ltd.	2001.04.12	Room 815, Commercial Building, Comprehensive Bonded Zone, No. 18, Hope Avenue South Road, Yancheng Economic and Technological Development Zone, Jiangsu Province, China	553,600	Manufacturing and trading of electronic components
PQI JAPAN CO.,LTD.	2002.04.09	5-1208 BIWAJIMA-TYO, NISHI-KU, NAGOYA CITY 451-0053, JAPAN	23,129	Trading of electronic components
Fugang Electric (Yancheng) Co., Ltd.	2011.08.05	Room 803, Commercial Building, Comprehensive Bonded Zone, No. 18, Hope Avenue South Road, Yancheng Economic and Technological Development Zone, Jiangsu Province	83,040	Manufacturing and trading of electronic components
Kunshan Fu Shi You Trading Co., Ltd.	2011.09.19	No. 2, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province, China	60,816	Trading of electronic components
Studio A Macau Limited	2011.10.03	17th Floor B, No. 369 Avenida Da Praia Grande, Macau	1,775	Trading of electronic components
Shanghai Fugang Electric	2011.11.15	Room 102-20, No.438 South Ruijin	8,688	Trading of electronic

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
Trading Co., Ltd.		Road, Xuhui District, Shanghai, China		components
Fuqiang Electric (Yancheng) Co., Ltd.	2011.11.11	2# Standard Factory Building in Yancheng Comprehensive Bonded Zone, Jiangsu Province	276,800	Manufacturing and trading of electronic components
Sinocity Industries Limited	1991.12.10	Room 3906, Cable Building, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	2,395,575	Trading of electronic products
APIX LIMITED	2012.12.13	Portcullis TrustNet Chambers, P.O Box 3444 Road Town, Tortola, British Virgin Islands	2,864,027	Professional investment company
PQI MOBILITY INC.	2012.12.14	Portcullis TrustNet Chambers, P.O Box 1225 Apia, Samoa	276,800	Professional investment company
DG Lifestyle Store Limited	2007.09.13	Shop 2109&2111, 3rd Floor, Shoppes at Venetian, Coloane Road, Macau	345	Trading of electronic products
PERENNIAL ACE LTD.	2012.01.17	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	589,584	Professional investment company
Foxwell Energy Corporation Ltd.	2013.02.08	No. 49, Zhongyang Road Section 4, Tucheng District, New Taipei City	3,000,000	Energy service management
Suntain Co., Ltd.	1991.04.30	4F, No.11, Minquan St., Tu Cheng Dist., New Taipei City	195,000	Electroplating service
Fugang Electric (Maanshan) Co., Ltd.	2013.01.17	No. 2161, Zhengwei Road, Ma'anshan Economic and Technological Development Zone	842,334	Manufacturing and trading of electronic components
Kunshan Fugang Investment Co., Ltd.	2014.03.04	No. 2, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province, China	830,400	Investment in related business
Shinfox Natural Gas Co., Ltd.	2014.04.11	6F, No. 49, Sec.4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	150,000	Energy service management
Fuqiang Electric (Maanshan) Co., Ltd.	2013.03.13	1st Floor, Comprehensive Building, No. 259, Huxi Avenue South Road, Ma'anshan Economic and Technological Development Zone	138,400	Manufacturing and trading of electronic components

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
Power Sufficient International Co., Ltd.	2014.11.21	8F, No. 49, Zhongyang Road Section 4, Tucheng District, New Taipei City	10,000	Medical equipment sales
POWER CHANNEL LIMITED	2003.09.05	Room 1904, 19th Floor, Donghui Commercial Building, 109-111 Gloucester Road, Wanchai, Hong Kong.	213,413	General investing
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	Supply chain finance energy service management
Foxlink Automotive Technology Co., Ltd.	2008.02.27	3F, No. 49, Sec.4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	50,000	Manufacturing and trading of electronic components
FOXLINK TECHNICAL INDIA PRIVATE LIMITED	2017.08.03	A-13, Sector 64, Noida Gautam Buddha Nagar, Uttar Pradesh, India	239,756	Manufacturing and trading of electronic components
Fugang Electric (Xuzhou) Co., Ltd.	2017.10.26	North side of Shenda Road, Xuzhou Economic and Technological Development Zone	1,826,880	Manufacturing and trading of electronic components
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	2018.01.16	A-13, Sector 64, Noida Gautam Buddha Nagar, Uttar Pradesh, India	93,786	Trading of electronic components
FIT Holding Co., Ltd.	2018.10.01	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	2,462,421	General investing
Foxlink Image Technology Co., Ltd.	1997.03.25	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	1,649,940	Manufacturing and trading of image scanners and electronic communication parts, etc.
Glory Science Co., Ltd.	2000.06.29	No. 22, Houke S. Rd., Houli Dist., Taichung City	959,704	Manufacturing and trading of optical instruments
ACCU-IMAGE TECHNOLOGY LIMITED	2000.07.18	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	366,512	Manufacturing and trading of image scanners and multi-function printers, etc.
Dongguan Fu Wei Electronics Co., Ltd.	2014.01.10	Yinhe Industrial Zone, Zhonghe Management Zone, Qingxi Town, Dongguan	166,080	Sales and purchase of image scanners, multi-function printers and their accessories

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
Wei Hai Fu Kang Electric Co., Ltd.	2011.07.12	No. 373, Shuangdao Road, Shuangdao Bay, Weihai High District	221,440	Manufacturing and sales of parts and molds such as photocopiers and scanners
Dong Guan Fu Zhang Precision Industry Co., Ltd.	2011.06.01	Yinhe Industrial Zone, Zhonghe Management Zone, Qingxi Town, Dongguan	224,547	Mold development and plastic parts
Dong Guan HanYang Computer Co., Ltd.	2000.11.24	Yinhe Industrial Zone, Zhonghe Management Zone, Qingxi Town, Dongguan	168,926	Manufacturing of image scanners and multi-function printers; investment in real estate
Glory Science (BVI) Co., Ltd.	2003.11.03	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	1,262,422	General investing
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 Science (Samoa) Co., Ltd.	2003.10.31	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	780,074	General investing
Glorytek (Yancheng) Co., Ltd.	2011.11.11	1 Standard Factory Building in Yancheng Comprehensive Bonded Zone, Jiangsu Province	271,521	Trading and manufacturing business
Glorytek (Suzhou) Co., Ltd.	2004.01.09	Building 2, No. 2, Zhengwei Road, Jinxi Town, Kunshan City, Jiangsu Province	443,174	Trading and manufacturing business
Yancheng Yaowei Technology Co., Ltd.	2015.11.05	No. 50, Jiuhuashan Road, Yancheng Technology Development Zone, Jiangsu Province	49,931	Trading and manufacturing business
Glory Optics (Yancheng) Co., Ltd.	2017.05.23	Room 919, No. 18, Hope Avenue South Road, Yancheng Technology Development Zone, Jiangsu Province	976,388	Trading and manufacturing business
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	2017.08.14	C-3 in Unit No.532, Logix Technova, Tower B Plot No.A-4, Sector-132	100,194	Trading and manufacturing business

Enterprise Name	Date of establishment	Address	Paid-in capital amount	Main business or production items
		Noida Gautam Buddha Nagar-201301		
Suzhou Keyu Rui Automobile Technology Co., Ltd.	2016.01.22	No. 1088, Jindong Road, Jinxi Town, Kunshan City, Jiangsu Province	10,860	Trading and manufacturing business
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	2018.12.14	Room 405, Block E, Building 3, High-Tech Park, Xinbei District, Changzhou City	434,400	General investing
SINOBEST BROTHERS LIMITED	2011.08.10	Room 902-4, 9th Floor, Zhen Wan Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong	628,125	Reinvestment related business
FOXLINK MYANMAR COMPANY LIMITED	2013.07.25	Plot C-8, Mingaladon Industrial Park, Mingaladon Township, Yangon, Myanmar	628,447	Manufacturing and trading of electronic components
Shih Fong Power Co., Ltd.	1995.01.18	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	2,300,000	Hydropower
Foxwell Power Co., Ltd.	2019.06.28	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	100,000	Energy service management
FOXLINK INDIA ELECTRIC PRIVATE LIMITED	2020.03.18	Plot 2, EMC I, Vikruthamala Village Yerpedu Mandal, Tirupati Airport Road CHITTOR Chittoor AP 517520 India.	889,283	Manufacturing and trading of electronic components
Changzhou Xinwei Cheneng Venture Capital Co., Ltd.	2020.06.18	North side of Shenda Road, Xuzhou Economic and Technological Development Zone	43,440	Manufacturing and trading of electronic components
Junezhe Co., Ltd.	2021.02.26	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	400,000	Dredging business
FOXLINK VIETNAM CO., LTD.	2020.12.09	Standard Factory C, lot Va.04b, Road 24 & 17, Industrial Park, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, District 7, Ho Chi Minh City, Vietnam	36,089	Manufacturing and trading of electronic components
Jiuwei Electric Power Co., Ltd.	2021.10.10	No. 49, Sec. 4, Zhongyang Rd., Tu Cheng Dist., New Taipei City	30,000	Natural gas power generation business

3. The information of identical shareholders presumed to have control and subsidiary relationship: None.
4. The industries covered by the business of the overall related company: Including manufacturing, investment, trading, etc.

5. Information on directors, supervisors and general managers of related companies

December 31, 2021 Unit: Shares

Enterprise Name	Position	Name or representative	Shareholding	
			Shares	Percentage of shareholding
CU INTERNATIONAL LTD.	DIRECTOR	Chen-Phan Pu	-	-
	DIRECTOR	Kufn Lin	-	-
CULINK INTERNATIONAL LTD.	DIRECTOR	Chen-Phan Pu	-	-
	DIRECTOR	Kufn Lin	-	-
PACIFIC WEALTH LTD.	DIRECTOR	CULINK INTERNATIONAL LTD.	-	-
FOXLINK INTERNATIONAL, INC.	DIRECTOR	Chen-Phan Pu	-	-
Foxlink International Investment Ltd.	Chairperson	T.C. Gou (Note 1)	408,750,000	100.00%
	Director	Liu Su-Fang (Note 1)	408,750,000	100.00%
	Director	Kufn Lin (Note 1)	408,750,000	100.00%
	Supervisor	Chen-Phan Pu (Note 1)	408,750,000	100.00%
NEW START INDUSTRIES LTD.	DIRECTOR	Chen-Phan Pu	-	-
	DIRECTOR	Kufn Lin	-	-
Foxlink Tianjin Co., Ltd.	Legal representative	Chen-Phan Pu	-	-
Fugang Electronic (Dongguan) Co., Ltd.	Legal representative	Chen-Phan Pu	-	-
Fugang Electric (Kunshan) Co., Ltd.	Legal representative	Kufn Lin	-	-
Dong Guan Fu Shi Chang Co., Ltd.	Legal representative	Lan Chia-Cheng	-	-
Culink Tianjin Co., Ltd.	Legal representative	Kufn Lin	-	-
World Circuit Technology Co., Ltd.	Chairperson	Liu Su-Fang (Note 2)	15,650,000	69.56%
	Supervisor	Chen-Phan Pu	-	-
VALUE SUCCESS LTD.	DIRECTOR	Kufn Lin	-	-
Fu Uei International Investment Ltd.	Chairperson	Kufn Lin (Note 1)	355,000,000	100.00%
	Director	Teng Ching-Yueh (Note 1)		
	Director	Liu Su-Fang (Note 1)		
	Supervisor	Chen-Phan Pu (Note 1)		
Dongguan Fuqiang Electronics Co., Ltd.	Legal representative	Kufn Lin	-	-
Foxlink Energy (Tianjin) Ltd.	Legal representative	Kufn Lin	-	-

Enterprise Name	Position	Name or representative	Shareholding	
			Shares	Percentage of shareholding
Foxlink Automotive Technology (Kunshan) Co., Ltd.	Legal representative	Kuo Shou-Fu	-	-
CAPITAL GUARDIAN LTD.	DIRECTOR	Kufn Lin	-	-
	DIRECTOR	Chen-Phan Pu	-	-
World Circuit Technology (Hong Kong) Limited	DIRECTOR	Kufn Lin	-	-
Fuzhan Electronics (Shanghai) Co., Ltd.	Legal representative	Hsu Jen-Chieh	-	-
Darts Technologies Corporation	Chairperson	Liu Su-Fang (Note 1)	42,085,742	97.00%
	Director	Teng Ching-Yueh (Note 1)	42,085,742	97.00%
	Director	Kufn Lin (Note 1)	42,085,742	97.00%
	Supervisor	Chen-Phan Pu (Note 16)	1,301,621	3.00%
SOLTERAS LTD.	DIRECTOR	Liu Su-Fang	-	-
DU Precision Industry Co., Ltd.	Chairperson	T.C. Gou (Note 1)	60,000,000	100.00%
CE LINK INTERNATIONAL LTD.	DIRECTOR	Chen-Phan Pu	-	-
	DIRECTOR	Chang Shao-Liang	-	-
BENEFIT RIGHT LTD.	DIRECTOR	Kufn Lin	-	-
	DIRECTOR	Leu Tzu-Keng	-	-
Studio A Inc.	Chairperson	T.C. Gou (Note 3)	13,196,250	51.00%
	Director	Kuan Hsin (Note 11)	12,678,750	49.00%
	Director	Kufn Lin (Note 3)	13,196,250	51.00%
	Supervisor	Chen-Phan Pu	-	-
	Supervisor	Su Yu-Lan	-	-
Straight A Inc.	Chairperson	Cheng Ying-Lung (Note 4)	6,660,000	100.00%
	Director	Kufn Lin (Note 4)	6,660,000	100.00%
	Director	Fu Chih-Fang (Note 4)	6,660,000	100.00%
	Supervisor	Chen-Phan Pu (Note 4)	6,660,000	100.00%
Fushineng Electronics (Kunshan) Co., Ltd.	Legal representative	Chen-Phan Pu	-	-
VA Product Inc.	Chairperson	Kufn Lin (Note 3)	2,400,000	100.00%
	Director	Liu Su-Fang (Note 3)	2,400,000	100.00%
	Director	Cheng Ying-Lung (Note 3)	2,400,000	100.00%

Enterprise Name	Position	Name or representative	Shareholding	
			Shares	Percentage of shareholding
	Supervisor	Chen-Phan Pu (Note 3)	2,400,000	100.00%
FOXLINK TECHNOLOGY LIMITED	DIRECTOR	Kufn Lin	-	-
Studio A Technology Limited	DIRECTOR	Cheng Ying-Lung	-	-
	DIRECTOR	Kufn Lin	-	-
Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	Corporate representative	Kufn Lin	-	-
Zhi De Investment Co., Ltd.	Chairperson	Liu Su-Fang (Note 3)	170,918,308	100.00%
	Director	Kufn Lin (Note 3)	170,918,308	100.00%
	Director	Luo Chi-Wei (Note 3)	170,918,308	100.00%
	Supervisor	Chen-Phan Pu (Note 3)	170,918,308	100.00%
Kunshan Fugang Electric Trading Co., Ltd.	Legal representative	Kufn Lin	-	-
ASHOP CO., LTD.	DIRECTOR	Cheng Ying-Lung	-	-
		Kufn Lin		
		Koh, Hyunlim		
Fu Gang Electronic (Nan Chang) Co., Ltd.	Legal representative	Chen-Phan Pu	-	-
Shinfox Energy Co., Ltd.	Chairperson	T.C. Gou (Note 6)	73,518,610	50.18%
	Director	Kufn Lin (Note 6)	73,518,610	50.18%
	Director	Hu Hui-Sen (Note 6)	73,518,610	50.18%
	Director	Tu Tze-Chun	-	-
	Independent Director	Wang Shu-Fen	-	-
	Independent Director	Ong Chung-Hsiung	-	-
	Independent Director	Liu Wen-Shuai	-	-
Jing Jing Technology Co., Ltd.	Chairperson	Cheng Ying-Lung (Note 4)	370,000	100.00%
	Director	Kufn Lin (Note 4)	370,000	100.00%
	Director	Fu Chih-Fang (Note 4)	370,000	100.00%
	Supervisor	Chen-Phan Pu (Note 4)	370,000	100.00%
Power Quotient International Co., Ltd.	Chairperson	T.C. Gou (Note 5)	444,690,529	100.00%
Hong Kong Power Quotient	Director	Liu Su-Fang (Note 6)	106,100,000	100.00%

Enterprise Name	Position	Name or representative	Shareholding	
			Shares	Percentage of shareholding
International Co., Ltd.				
SYSCOM DEVELOPMENT CO.,LTD	Director	Liu Su-Fang (Note 6)	10,862,980	100.00%
Power Quotient Technology (Yancheng) Co., Ltd.	Director	Liu Su-Fang (Note 8)	(Capital contribution USD 20,000 thousand, unissued shares)	100.00%
PQI JAPAN CO.,LTD.	Director	Liu Su-Fang (Note 6)	24,300	100.00%
Fugang Electric (Yancheng) Co., Ltd.	Legal representative	Kufn Lin	-	-
Kunshan Fu Shi You Trading Co., Ltd.	Legal representative	Cheng Ying-Lung	-	-
Studio A Macau Limited	DIRECTOR	Cheng Ying-Lung	-	-
	DIRECTOR	Kufn Lin	-	-
Shanghai Fugang Electric Trading Co., Ltd.	Legal representative	Kufn Lin	-	-
Fuqiang Electric (Yancheng) Co., Ltd.	Legal representative	Kufn Lin	-	-
Sinocity Industries Limited	Director	Liu Su-Fang (Note 9)	6,000,000	100.00%
	Director	Cheng Ying-Lung	-	-
APIX LIMITED	Director	Liu Su-Fang (Note 6)	12,501	100.00%
PQI MOBILITY INC.	Director	Liu Su-Fang (Note 6)	10,000,000	100.00%
DG Lifestyle Store Limited	Director	Cheng Ying-Lung (Note 19)	100,000	100.00%
PERENNIAL ACE LTD.	Director	Liu Su-Fang (Note 9)	(Capital contribution USD 21,300 thousand, unissued shares)	100.00%
Foxwell Energy Corporation Ltd.	Chairperson	Hu Hui-Sen (Note 10)	300,000,000	100.00%
	Director	Kufn Lin (Note 10)	300,000,000	100.00%
	Director	Liu Su-Fang (Note 10)	300,000,000	100.00%
	Supervisor	Chen-Phan Pu (Note 10)	300,000,000	100.00%
Suntain Co., Ltd.	Director	Chen-Phan Pu (Note 1)	19,500,000	100.00%
Fugang Electric (Maanshan) Co., Ltd.	Legal representative	Kufn Lin	-	-

Enterprise Name	Position	Name or representative	Shareholding	
			Shares	Percentage of shareholding
Kunshan Fugang Investment Co., Ltd.	Legal representative	Kufn Lin	-	-
Shinfox Natural Gas Co., Ltd.	Chairperson	T.C. Gou (Note 10)	12,000,000	80.00%
	Director	Hu Hui-Sen (Note 10)	12,000,000	80.00%
	Director	Kufn Lin (Note 10)	12,000,000	80.00%
	Director	Kuei-Lung Liao (Note 10)	12,000,000	80.00%
	Director	Yi-chiu Chemical & Technical Co., Ltd.	3,000,000	20.00%
	Supervisor	Chen-Phan Pu	-	-
Fuqiang Electric (Maanshan) Co., Ltd.	Legal representative	Kufn Lin	-	-
Power Sufficient International Co., Ltd.	Chairperson	Liu Su-Fang (Note 6)	1,000,000	100.00%
POWER CHANNEL LIMITED	DIRECTOR	Kufn Lin	-	-
Kunshan Jiuwei Info Tech Co., Ltd.	Legal representative	Hu Hui-Sen	-	-
Foxlink Automotive Technology Co., Ltd.	Chairperson	Kuo Shou-Fu (Note 14)	5,000,000	100.00%
FOXLINK TECHNICAL INDIA PRIVATE LIMITED	DIRECTOR	Kufn Lin	-	-
	DIRECTOR	WU HSIANG CHIN	-	-
	DIRECTOR	PRANAV NEGI	-	-
Fugang Electric (Xuzhou) Co., Ltd.	Legal representative	Chen-Phan Pu	-	-
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	Director	Liu Su-Fang (Note 7)	217,900,000	99.27%
	Director	WU HSIANG CHIN	-	-
FIT Holding Co., Ltd.	Chairperson	T.C. Gou (Note 2)	58,303,464	23.68%
	Director	Kufn Lin (Note 2)	58,303,464	23.68%
	Director	Cheng Ying-Lung (Note 2)	58,303,464	23.68%
	Director	Lin Hui-Chuan (Note 3)	14,690,257	5.97%
	Director	Wang Hsiu-Ming (Note 3)	14,690,257	5.97%
	Director	Hu Hui-Sen (Note 3)	14,690,257	5.97%
	Independent Director	Chen Tzu-Chien	-	-
	Independent Director	Chiang Chen-Jung	-	-

Enterprise Name	Position	Name or representative	Shareholding	
			Shares	Percentage of shareholding
	Independent Director	Wang Wei-Lin	-	-
Foxlink Image Technology Co., Ltd.	Chairperson	T.C. Gou (Note 5)	164,993,974	100.00%
Glory Science Co., Ltd.	Chairperson	T.C. Gou (Note 5)	95,970,371	100.00%
ACCU-IMAGE TECHNOLOGY LIMITED	DIRECTOR	Kufn Lin (Note 17)	13,241,034	100%
Dongguan Fu Wei Electronics Co., Ltd.	Legal representative	Kufn Lin (Note 18)	6,000,000	100%
Wei Hai Fu Kang Electric Co., Ltd.	Legal representative	Kufn Lin (Note 18)	8,000,000	100%
Dong Guan Fu Zhang Precision Industry Co., Ltd.	Legal representative	Kufn Lin (Note 18)	8,112,257	100%
Dong Guan HanYang Computer Co., Ltd.	Legal representative	Kufn Lin (Note 18)	47,598,184	100%
Glory Science (BVI) Co., Ltd.	Director	Kufn Lin	-	-
Glory Optics (BVI) Co., Ltd.	Director	Kufn Lin	-	-
Glory Science (Samoa) Co., Ltd.	Director	Kufn Lin	-	-
Glorytek (Yancheng) Co., Ltd.	Legal representative	Kufn Lin	-	-
Glorytek (Suzhou) Co., Ltd.	Legal representative	Kufn Lin	-	-
Yancheng Yaowei Technology Co., Ltd.	Legal representative	Kufn Lin	-	-
Glory Optics (Yancheng) Co., Ltd.	Legal representative	Kufn Lin	-	-
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	Director	Kufn Lin	-	-
	Director	WU HSIANG CHIN	-	-
Suzhou Keyu Rui Automobile Technology Co., Ltd.	Legal representative	Kufn Lin	-	-
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	Legal representative	Ting Hsueh-Wen	-	-
SINOBEST BROTHERS LIMITED	DIRECTOR	Kufn Lin	-	-
FOXLINK MYANMAR COMPANY LIMITED	DIRECTOR	Kufn Lin	-	-
Shih Fong Power Co., Ltd.	Chairperson	T.C. Gou (Note 5)	37,500,000	16.30%
	Director	Hu Hui-Sen (Note 5)	37,500,000	16.30%

Enterprise Name	Position	Name or representative	Shareholding	
			Shares	Percentage of shareholding
	Director	Kufn Lin (Note 5)	37,500,000	16.30%
	Director	Chiang-Chang Ju (Note 22)	57,500,000	25.00%
	Director		46,000,000	20.00%
	Supervisor	Peng Shao-Po (Note 20)	79,800,000	34.70%
		Chen-Phan Pu (Note 17)		
Foxwell Power Co., Ltd.	Chairperson	Hu Hui-Sen (Note 10)	9,900,000	99.00%
	Director	Kufn Lin (Note 10)	9,900,000	99.00%
	Director	Hao Hsia-Peng (Note 10)	9,900,000	99.00%
	Supervisor	Chen-Phan Pu	-	-
Shanghai Standard Information Technology Co., Ltd.	Legal representative	Cheng Ying-Lung	-	-
FOXLINK INDIA ELECTRIC PRIVATE LIMITED	DIRECTOR	Kufn Lin	-	-
	DIRECTOR	WU HSIANG CHIN	-	-
	DIRECTOR	BENSON CHO F	-	-
Changzhou Xinwei Cheneng Venture Capital Co., Ltd.	Legal representative	Spencer Yeh (Note 13)	(Capital contribution CNY 10,000 thousand, unissued shares)	-
Junezhe Co., Ltd.	Chairperson	Hu Hui-Sen (Note 10)	13,400,000	33.50%
	Director	Cheng Ying-Lung (Note 4)	10,000,000	25.00%
	Director	Yueh-E Tsai (Note 21)	16,600,000	41.50%
	Supervisor	Sheng-Feng Kuo	-	-
FOXLINK VIETNAM CO., LTD.	Legal representative	Cheng-Chieh Lin (Note 2)	1,300,000	100%
Jiuwei Electric Power Co., Ltd.	Chairperson	Hu Hui-Sen (Note 10)	3,000,000	100%

Note 1: Representative of Cheng Uei Precision Industry Co., Ltd.

Note 2: Representative of Foxlink International Investment Ltd.

Note 3: Representative of Fu Uei International Investment Ltd.

Note 4: Representative of Studio A Inc.

Note 5: Representative of FIT Holding Co., Ltd.

Note 6: Representative of Power Quotient International Co., Ltd.

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

Note 8: Representative of PQI Mobility Inc.

Note 9: Representative of Apix Limited
Note 10: Representative of Shinfox Energy Co., Ltd.
Note 11: Representative of British Virgin Islands Shanglong Yin Co., Ltd.
Note 12: Representative of Foxlink Taiwan Industry Co., Ltd.
Note 13: Representative of Power Quotient Technology (Yancheng) Co., Ltd.
Note 14: Representative of Foxlink Automotive Technology (Kunshan) Co., Ltd. of China
Note 15: Representative of Foxwell Energy Corporation Ltd.
Note 16: Representative of Zhengfa Investment Co., Ltd.
Note 17: Representative of Foxlink Image Technology Co., Ltd.
Note 18: Representative: of Accu-Image Technology Limited
Note 19: Representative of Sinocity Industries Limited
Note 20: Representative of the National Development Fund, Executive Yuan of the R.O.C.
Note 21: Representative of Chern Feng Engineering Tech Co., Ltd.
Note 22: C&C Investment Corporation in Japan

6. Overview of operations of affiliated companies

(1) The financial status and financial performance of each affiliated company in 2021:

December 31, 2021; Unit: NTD thousand

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
CU INTERNATIONAL LTD.	12,753,560	24,876,289	1,656,101	23,220,188	822	-250,030	645,282	Note
CULINK INTERNATIONAL LTD.	892,071	1,024,148	13,893	1,010,256	0	-86	203,186	Note
PACIFIC WEALTH LTD.	27,680	0	0	0	0	0	13,581	Note
FOXLINK INTERNATIONAL, INC.	13,840	4,091,503	4,183,621	-92,118	15,453,915	18,924	13,581	27.16
Foxlink International Investment Ltd.	4,087,500	3,987,042	52,071	3,934,971	0	-605	-101,58	-0.25
NEW START INDUSTRIES LTD.	238,048	3,018,740	2,815	3,015,924	0	0	6,704	Note
Foxlink Tianjin Co., Ltd.	498,240	1,938,464	4,271	1,934,193	0	-24,782	-74,628	Note
Fugang Electronic (Dongguan) Co., Ltd.	1,477,171	10,472,778	4,633,059	5,839,719	19,390,965	189,655	165,380	Note
Fugang Electric (Kunshan) Co., Ltd.	3,363,120	9,242,178	5,958,579	3,283,599	2,807,230	-546,456	-282,433	Note
Dong Guan Fu Shi Chang Co., Ltd.	3,321	3,174	738	2,436	0	0	0	Note
Culink Tianjin Co., Ltd.	110,720	234,980	2,023	232,958	0	-45	1,651	Note
World Circuit Technology Co., Ltd.	225,000	259,976	72	259,904	0	-150	-4,272	-0.19
VALUE SUCCESS LTD.	177,152	30,353	0	30,353	0	0	-105	Note
Fu Uei International Investment Ltd.	3,550,000	2,540,787	123	2,540,664	0	-1,130	-150,235	-0.42
Dongguan Fuqiang Electronics Co., Ltd.	3,288,661	21,741,490	12,605,634	9,135,856	27,197,827	781,300	821,982	Note
Foxlink Energy (Tianjin) Ltd.	110,720	174,433	139	174,294	0	-45	1,695	Note
Foxlink Automotive Technology (Kunshan) Co., Ltd.	188,063	831,869	500,476	331,393	1,046,398	32,687	31,281	Note
CAPITAL GUARDIAN LTD.	177,152	34,203	0	34,202	0	0	-105	Note
World Circuit Technology (Hong Kong) Limited	30,926	34,203	0	34,203	0	0	-105	Note
Fuzhan Electronics (Shanghai) Co., Ltd.	415,200	51,735	1	51,734	0	-174	-197	Note
Darts Technologies Corporation	433,874	815,821	20,235	795,586	0	-120	63,022	1.50
SOLTERAS LTD.	55,360	0	0	0	0	0	0	Note

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
DU Precision Industry Co., Ltd.	600,000	227,693	157,080	70,613	4,048	3,850	627	0.01
CELINK INTERNATIONAL LTD.	457,716	0	0	0	0	0	0	Note
BENEFIT RIGHT LTD.	272,537	818,195	3,329	814,866	0	0	67,995	Note
Studio A Inc.	258,750	1,550,556	856,830	693,726	5,028,992	82,430	151,685	5.86
Straight A Inc.	66,600	296,916	178,796	118,120	1,036,331	47,673	38,344	5.76
Fushineng Electronics (Kunshan) Co., Ltd.	332,160	3,006,718	1,759,723	1,246,995	4,655,920	262,503	225,969	Note
VA Product Inc.	24,000	34,435	16,790	17,645	69,393	6,654	6,739	2.81
FOXLINK TECHNOLOGY LIMITED	307,698	781,686	-26,621	808,307	20,633	0	5,274	Note
Studio A Technology Limited	14,048	883,627	423,913	459,714	2,352,237	92,417	92,472	Note
Fu Shi Xiang Research & Development Center (Kunshan) Co., Ltd.	124,560	97,936	27,099	70,837	5,454	-9,496	-9,495	Note
Zhi De Investment Co., Ltd.	1,709,183	548,623	82	548,541	0	-86	22,814	0.13
Kunshan Fugang Electric Trading Co., Ltd.	169,612	541,344	520,651	20,693	1,817,504	2,012	21,799	Note
ASHOP CO., LTD.	2,350	339,433	325,636	13,797	2,198,384	17,946	8,633	Note
Fu Gang Electronic (Nan Chang) Co., Ltd.	1,384,000	1,175,500	64,849	1,110,651	58	-17,249	-28,014	Note
Shinfox Energy Co., Ltd.	1,465,000	7,913,705	2,028,279	5,885,426	2,714,079	460,650	455,939	3.78
Jing Jing Technology Co., Ltd.	3,700	7,982	30	7,952	0	-33	-11	-0.03
Power Quotient International Co., Ltd.	4,446,905	5,382,957	881,189	4,501,768	49,865	-540,141	396,198	0.89
Hong Kong Power Quotient International Co., Ltd.	376,549	604	5,242	-4,638	0	-59	-87	0.00
SYSCOM DEVELOPMENT CO.,LTD	300,687	85,004	404	84,600	0	-214	494,976	45.57
Power Quotient Technology (Yancheng) Co., Ltd.	553,600	695,600	1,684	693,916	0	-958	4,315	Note
PQI JAPAN CO.,LTD.	23,129	2,937	158,620	-155,683	0	0	0	0.00
Fugang Electric (Yancheng) Co., Ltd.	83,040	64,225	1,574	62,681	0	-22	933	Note
Kunshan Fu Shi You Trading Co., Ltd.	60,816	12,670	-510	13,180	1,443	7	-44	Note

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Studio A Macau Limited	1,775	1,381	0	1,381	0	-243	-243	Note
Shanghai Fugang Electric Trading Co., Ltd.	8,688	106,913	186,620	-79,707	1,184,880	21,855	23,839	Note
Fuqiang Electric (Yancheng) Co., Ltd.	276,800	95,021	119,508	-24,487	0	-6,530	-5,353	Note
Sinocity Industries Limited	2,395,575	1,221,181	334,228	886,953	1,975,330	92,293	79,406	Note
APIX LIMITED	2,864,027	1,465,892	343,065	1,122,827	1,988,219	90,711	102,062	8,164.31
PQI MOBILITY INC.	276,800	695,600	1,684	693,916	0	-977	4,315	0.43
DG Lifestyle Store Limited	345	47,290	48,007	-717	141,001	-1,582	-1,351	Note
PERENNIAL ACE LTD.	589,584	235,746	0	235,746	0	0	22,656	Not applicable
Foxwell Energy Corporation Ltd.	3,000,000	4,978,473	1,843,840	3,134,633	1,501,696	142,857	88,453	0.83
Suntain Co., Ltd.	195,000	323,425	106,416	217,009	444,926	49,366	44,056	Note
Fugang Electric (Maanshan) Co., Ltd.	842,334	2,429,327	2,543,858	-114,531	434,237	-259,638	-241,496	Note
Kunshan Fugang Investment Co., Ltd.	830,400	1,665,202	50	1,665,152	0	-107	96,906	Note
Shinfox Natural Gas Co., Ltd.	150,000	130,100	17,634	112,466	1,048	-21,275	-16,878	-1.13
Fuqiang Electric (Maanshan) Co., Ltd.	138,400	139,108	142	138,966	0	-1,134	-1,631	Note
Power Sufficient International Co., Ltd.	10,000	13,274	221	13,053	0	-1	3,926	3.93
POWER CHANNEL LIMITED	213,413	1,123,279	0	1,123,279	0	0	106,986	Note
Kunshan Jiuwei Info Tech Co., Ltd.	1,536	20,148	2,134	18,014	22,245	4,427	4,401	Note
Foxlink Automotive Technology Co., Ltd.	50,000	57,219	9,584	47,636	2,831	1,245	1,725	0.34
FOXLINK TECHNICAL INDIA PRIVATE LIMITED	239,756	212,936	57,331	155,605	3,292	-23,895	-22,076	-0.10
Fugang Electric (Xuzhou) Co., Ltd.	1,826,880	4,792,649	3,011,869	1,780,779	9,317,039	368,361	395,760	Note
FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED	93,786	82,645	404	82,241	0	-213	-19	Not applicable
FIT Holding Co., Ltd.	2,462,421	9,113,419	1,536,275	7,577,144	512,752	470,061	434,012	1.76
Foxlink Image Technology Co., Ltd.	1,649,940	7,190,297	4,503,977	2,686,320	4,264,206	320,617	510,733	3.10

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Glory Science Co., Ltd.	959,704	2,155,058	1,773,914	381,144	229,476	-153,776	-386,782	-4.03
ACCU-IMAGE TECHNOLOGY LIMITED	366,512	1,651,906	120,091	1,531,815	283,361	23,080	173,844	Note
Dongguan Fu Wei Electronics Co., Ltd.	166,080	495,643	133,017	362,626	850,969	-142,335	-147,083	Note
Wei Hai Fu Kang Electric Co., Ltd.	221,440	347,020	88,028	258,992	349,425	5,807	10,438	Note
Dong Guan Fu Zhang Precision Industry Co., Ltd.	224,547	296,042	81,280	214,762	187,599	-40,882	-44,262	Note
Dong Guan HanYang Computer Co., Ltd.	168,926	272,992	1,798	271,194	0	-14,391	25,470	Note
Glory Science (BVI) Co., Ltd.	1,262,422	438,285	0	438,285	0	0	-274,232	Note
Glory Optics (BVI) Co., Ltd.	494,837	-169,785	0	-169,785	0	-7	-113,038	Note
Glory Science (Samoa) Co., Ltd.	780,074	526,272	0	526,272	0	0	-161,299	Note
Glorytek (Yancheng) Co., Ltd.	271,521	593,249	1,006,835	-413,587	190,490	-108,706	-111,457	Note
Glorytek (Suzhou) Co., Ltd.	443,174	525,797	156,336	369,462	0	-947	-104,137	Note
Yancheng Yaowei Technology Co., Ltd.	49,931	141,835	0	141,835	0	-529	-506	Note
Glory Optics (Yancheng) Co., Ltd.	976,388	1,371,062	908,709	462,353	78,895	-168,886	-163,866	Note
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	100,194	82,801	474	82,327	0	-179	108	0.00
Suzhou Keyu Rui Automobile Technology Co., Ltd.	10,860	12,576	140	12,436	0	-2,201	-2,673	Note
Changzhou Xinwei Vehicle Energy Venture Capital Co., Ltd.	434,400	849,391	0	849,391	0	-6,163	-6,163	Note
SINOBEST BROTHERS LIMITED	628,125	642,827	179,280	463,547	222,852	6,476	-21,884	Note
FOXLINK MYANMAR COMPANY LIMITED	628,447	501,776	18,755	483,022	71,803	-30,233	-27,631	-1.22
Shih Fong Power Co., Ltd.	2,300,000	2,461,545	18,590	2,442,955	0	-10,705	-8,560	-0.04
Foxwell Power Co., Ltd.	100,000	218,625	115,284	103,341	157,250	2,498	2,082	0.21
Shanghai Standard Information	4,344	3,509	9,814	-6,304	4,348	6,180	-7,152	Note

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Technology Co., Ltd.								
FOXLINK INDIA ELECTRIC PRIVATE LIMITED	889,283	1,397,896	810,029	587,867	357,208	-259,245	-262,424	-1.13
Changzhou Xinwei Cheneng Venture Capital Co., Ltd.	43,440	43,549	1	43,548	0	-19	109	Note
Junezhe Co., Ltd.	400,000	416,530	8,803	407,727	44,527	9,659	7,727	0.25
FOXLINK VIETNAM CO., LTD.	36,089	70,270	55,488	14,782	0	-19,880	-20,570	-15.82
Jiuwei Electric Power Co., Ltd.	30,000	29,984	30	29,954	0	-47	-46	-0.02

Note: As a limited company, this is not applicable

- (2) Consolidated financial statements of affiliated enterprises: For the consolidated financial statements of the parent and subsidiary companies, please refer to pages 144 to 278 of this book.
- (3) Report on relationships of affiliated companies: Not applicable

II. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report: None.

III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report:

Units: NTD thousands; thousand

shares; %

Subsidiary name	Paid-in capital amount	Sources of funds	Percentage of shareholding of the Company	Date of acquisition or disposal	Number and amount of shares acquired	Disposal of shares and amount	Investment gains and losses	Number and amount of shares held as of the publication date of the annual report	Setting of pledges	The Company's endorsement/guarantee amounts for subsidiaries	The company's loan amounts to subsidiaries
Foxlink Image Technology Co., Ltd.	1,649,940	Own funds	38.19% (Note)	2018.10.1	27,503 thousand shares NTD 272,066 thousand	0	0	27,503 thousand shares NTD 272,066 thousand	None	0	0

Note: A 100% owned subsidiary of FIT Holding Co., Ltd.

IV. Other necessary supplementary explanations: None.

V. In the most recent year and as of the printing date of the annual report, matters that have a significant impact on shareholders' equity or securities prices: None.

Cheng Uei Precision Industry Co., Ltd.

Chairman: T.C. Gou