

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

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

FIT HOLDING CO., LTD.
DECEMBER 31, 2023 AND 2022 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23004813

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

Opinion

We have audited the accompanying parent company only balance sheets of FIT HOLDING CO., LTD. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies

In our opinion, based on our audits and reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of FIT HOLDING CO., LTD. as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of FIT HOLDING CO., LTD. in accordance with the Norm of Professional Ethics for Certified Public

Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

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

Recognition of construction revenue - assessment on the stage of completion

Description

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

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

How our audit addressed the matter

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

- A. Obtained an understanding on the nature of business and industry, and assessed the reasonableness of internal process applied to estimate total construction cost, including the basis for estimating the expected total cost for construction contracts

of the same nature.

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

Investments accounted for under the equity method - Valuation of goodwill impairment

Description

Please refer to Note 4(21) in the consolidated financial statements for accounting policies on impairment loss on non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(13) in the consolidated financial statements for details of intangible assets. The amount of goodwill was generated from the acquisition of subsidiaries, Power Quotient International Co., Ltd. and Foxlink Image Technology Co., Ltd., As of December 31, 2023, the balance of goodwill amounted to NT\$ 320,570 thousand and NT\$ 611,761 thousand, respectively. The Company valued the impairment of goodwill through the discounted cash flow method which measures the cash generating unit's recoverable amount. As the assumptions of expected future cash flows involved subjective judgement and a high degree of uncertainty which would cause a material impact on the valuation result, the valuation of goodwill impairment was identified as one of the key audit matters.

How our audit addressed the matter

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

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

Investments accounted for under equity method - Valuation of property, plant and equipment impairment

Description

Please refer to Note 4(21) in the consolidated financial statements for accounting policies on impairment loss on non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied to property, plant and equipment impairment valuation, and Note 6(9) in the consolidated financial statements for details of property, plant and equipment.

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

which would cause a material impact on the valuation result, the valuation of property, plant and equipment impairment was identified as one of the key audit matters.

How our audit addressed the matter

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

- A. Obtained an understanding and assessed the reasonableness of valuation of property, plant and equipment impairment policies and procedures.
- B. Examined the external appraiser's qualification and assessed the independence, competence and objectiveness.
- C. Verified whether the list of properties for the external appraiser is correct.
- D. Assessed that the valuation method used in the appraisal report was appropriate.
- E. Tested the external appraisal report's valuation basis adequacy.

Other matter - Reference to the reports of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates and the information disclosed in Note 13, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$33,401 thousand and NT\$203,442 thousand, constituting 0.32% and 1.94% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the share of loss of associates and joint ventures accounted for under the equity method amounted to NT\$48 thousand and NT(\$9,441) thousand, constituting 0.01% and (2.00%) of the total comprehensive income for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Chou, Hsiao-Tzu

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

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

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

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

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

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

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(4)	\$ 582,566	100	\$ 551,836	100
5000	Operating costs		-	-	-	-
5900	Net operating margin		582,566	100	551,836	100
	Operating expenses	6(13)				
6200	General and administrative expenses		(26,958)	(5)	(25,669)	(5)
6000	Total operating expenses		(26,958)	(5)	(25,669)	(5)
6900	Operating profit		555,608	95	526,167	95
	Non-operating income and expenses					
7100	Interest income	6(3) and 7	4,637	1	13,090	3
7010	Other income		170	-	168	-
7020	Other gains and losses		(543)	-	4,728	1
7050	Finance costs		(40,420)	(7)	(31,891)	(6)
7900	Profit before income tax		519,452	89	512,262	93
7950	Income tax benefit	6(14)	48,464	9	17,327	3
8200	Profit for the year		<u>\$ 567,916</u>	<u>98</u>	<u>\$ 529,589</u>	<u>96</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		\$ 330,782	57	(\$ 183,950)	(34)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		330,782	57	(183,950)	(34)
	Components of other comprehensive income that will be reclassified to profit or loss					
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(48,647)	(9)	125,346	23
8360	Components of other comprehensive income that will be reclassified to profit or loss		(48,647)	(9)	125,346	23
8300	Other comprehensive (loss) income for the year		<u>\$ 282,135</u>	<u>48</u>	<u>(\$ 58,604)</u>	<u>(11)</u>
8500	Total comprehensive income for the year		<u>\$ 850,051</u>	<u>146</u>	<u>\$ 470,985</u>	<u>85</u>
9750	Total basic earnings per share (in dollars)	6(15)	\$ 2.31		\$ 2.15	
9850	Total diluted earnings per share (in dollars)		\$ 2.30		\$ 2.14	

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

FIT HOLDING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Retained earnings				Other equity interest			
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year 2022									
Balance at January 1, 2022		\$ 2,462,421	\$ 4,890,319	\$ 8,985	\$ 8,361	\$ 427,826	(\$ 303,305)	\$ 82,537	\$ 7,577,144
Profit		-	-	-	-	529,589	-	-	529,589
Other comprehensive income (loss)		-	-	-	-	11,301	125,346	(195,251)	(58,604)
Total comprehensive income (loss)		-	-	-	-	540,890	125,346	(195,251)	470,985
Cash dividends paid from additional paid-in capital	6(11)	-	(246,242)	-	-	-	-	-	(246,242)
Appropriation and distribution of retained earnings	6(12)								
Legal reserve appropriated		-	-	42,083	-	(42,083)	-	-	-
Special reserve appropriated		-	-	-	220,768	(220,768)	-	-	-
Cash dividends to shareholders		-	-	-	-	(123,121)	-	-	(123,121)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method		-	2,127	-	-	-	-	-	2,127
Changes in investees' capital increase not recognized by shareholding percentage		-	194,140	-	-	-	-	-	194,140
Compensation costs		-	1,653	-	-	-	-	-	1,653
Balance at December 31, 2022		\$ 2,462,421	\$ 4,841,997	\$ 51,068	\$ 229,129	\$ 582,744	(\$ 177,959)	(\$ 112,714)	\$ 7,876,686
Year 2023									
Balance at January 1, 2023		\$ 2,462,421	\$ 4,841,997	\$ 51,068	\$ 229,129	\$ 582,744	(\$ 177,959)	(\$ 112,714)	\$ 7,876,686
Profit		-	-	-	-	567,916	-	-	567,916
Other comprehensive income (loss)		-	-	-	-	412	(48,647)	330,370	282,135
Total comprehensive income (loss)		-	-	-	-	568,328	(48,647)	330,370	850,051
Cash dividends paid from additional paid-in capital	6(11)	-	(123,121)	-	-	-	-	-	(123,121)
Appropriation and distribution of retained earnings	6(12)								
Legal reserve appropriated		-	-	54,089	-	(54,089)	-	-	-
Special reserve appropriated		-	-	-	69,906	(69,906)	-	-	-
Cash dividends to shareholders		-	-	-	-	(369,363)	-	-	(369,363)
Adjustments to share of changes in equity of associates and joint ventures accounted for using the equity method	6(4)	-	119,631	-	-	-	-	-	119,631
Changes in ownership interests in subsidiaries	6(4)	-	148,215	-	-	-	-	-	148,215
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(4)	-	17,320	-	-	-	-	-	17,320
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(418,283)	-	418,283	-
Balance at December 31, 2023		\$ 2,462,421	\$ 5,004,042	\$ 105,157	\$ 299,035	\$ 239,431	(\$ 226,606)	\$ 635,939	\$ 8,519,419

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

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

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

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

FIT HOLDING CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

FIT Holding Co., Ltd. (the “Company”) is a holding company established by Glory Science Co., Ltd. (Glory Science), Power Quotient International Co., Ltd. (PQI) and Foxlink Image Technology Co., Ltd. (Foxlink Image) through a share swap in accordance with the regulations on October 1, 2018. The Company’s shares were listed on the Taiwan Stock Exchange (TSE) and approved by the regulatory authority on the same date. The Company acquired 100% shares of Glory Science, PQI and Foxlink Image through share swap by exchanging 1 common share of PQI with 0.194 common share of the Company, 1 common share of Foxlink Image with 0.529 common share of the Company and 1 common share of Glory Science with 1 common share of the Company. The Company is primarily engaged in establishing the management mechanism for the Group, supervising the subsidiaries’ operation, and integrating the resources and platforms to improve the Group’s overall operational efficiency. Cheng Uei Precision Industry Co., Ltd. became the ultimate parent company of the Company after acquiring over half of the seats in the Company’s Board of Directors due to the abovementioned share swaps.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 7, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

B. Translation of foreign operations

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

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

(4) Classification of current and non-current items

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

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

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

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

(5) Cash equivalents

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(7) Financial assets at amortised cost

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

(8) Impairment of financial assets

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

(9) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(10) Intangible assets

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

(11) Impairment of non-financial assets

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

(12) Borrowings

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

(13) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

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

(14) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(15) Dividends

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. Details of Significant Accounts

(1) Cash and cash equivalents

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

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

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

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Unlisted stocks	<u>\$ 210,529</u>	<u>\$ 210,529</u>

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

(3) Financial assets at amortised cost

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

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

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

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

(4) Investments accounted for using the equity method

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

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

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

(5) Intangible assets

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

Details of amortisation on intangible assets are as follows:

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

(6) Pensions

The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$187 and \$196, respectively.

(7) Short-term borrowings

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

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

(8) Short-term notes and bills payable

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

(9) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Undrawn borrowing facilities</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
-including covenants				
Unsecured borrowings	Borrowing period is from October 2023 to October 2025; principal is repayable in full amount at the maturity date; interest is repayable monthlv.	2.06%	-	\$ 300,000
Unsecured borrowings	Borrowing period is from September 2023 to September 2025; principal is repayable in full amount at the maturity date; interest is repayable	1.90%	-	200,000
-without covenants				
Unsecured borrowings	Borrowing period is from September 2023 to September 2026; principal is repayable in full amount at the maturity date; interest is repayable	2.00%		300,000
Unsecured borrowings	Borrowing period is from May 2023 to May 2027; principal is repayable in full amount at the maturity date; interest is repayable monthly.	2.01%		300,000
				<u>\$ 1,100,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Undrawn borrowing facilities</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
-including covenants				
Unsecured borrowings	Borrowing period is from February 2022 to February 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.51%	-	\$ 300,000
Unsecured borrowings	Borrowing period is from June 2022 to June 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	2%	70,000	130,000
Unsecured borrowings	Borrowing period is from September 2022 to September 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.8%~2.05%	-	200,000
-without covenants				
Unsecured borrowings	Borrowing period is from August 2022 to August 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.63%	-	200,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Undrawn borrowing facilities	December 31, 2022
Unsecured borrowings	Borrowing period is from May 2022 to May 2024; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.825%	-	300,000
Unsecured borrowings	Borrowing period is from July 2021 to May 2023; principal is repayable in full amount at the maturity date; interest is repayable monthly.	1.875%	-	300,000
				<u>1,430,000</u>
Less : Current portion (shown as other current liabilities)				<u>(200,000)</u>
				<u>\$ 1,230,000</u>

A. The Company entered into the borrowing contracts with Bank SinoPac, Entie Commercial Bank, Ltd. , Yuanta Commercial Bank Co., Ltd. , and Far Eastern International Bank, and the total credit line is \$1,800,000. As of December 31, 2023, the borrowings that have been used amounted to \$500,000. In the duration period of these contracts, the financial ratios in the semi-annual consolidated and annual consolidated financial statements shall be as follows:

- (a) Current assets to current liabilities ratio of at least 0.8:1;
- (b) Liabilities not exceeding 200% of tangible net equity;
- (c) Interest coverage of at least 300% to 500%;
- (d) Tangible net equity of at least NT\$5,000,000 thousand to NT\$ 8,000,000 thousand; and
- (e) Net equity of at least NT\$1,800,000 thousand.

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

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

(10) Share capital

As described in Note 1, the Company acquired 100% of the shares of Glory Science, PQI and Foxlink Image through share swap by exchanging 1 common share of Glory Science into 1 common share of the Company, 1 common share of PQI converted to 0.194 common share of the Company and 1 common share of Foxlink Image converted to 0.529 common share of the Company. As of December 31, 2023, the Company's authorised capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 30,000 thousand shares reserved for employee stock options), and the paid-in capital was \$2,462,421 with a par value of \$10 (in dollars) per share. Ordinary shares outstanding at December 31, 2023 amounted to 246,242 thousand shares.

(11) Capital surplus

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

2022

	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	\$ 3,783,055	\$ 204,782	\$ 837,883	\$ 64,599	\$ 4,890,319
Capital surplus used to issue cash to shareholders	(246,242)	-	-	-	(246,242)
Transactions with non-controlling interest	-	-	194,140	-	194,140
Compensation cost of employee share options	-	-	1,653	-	1,653
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	522	1,605	2,127
At December 31	<u>\$ 3,536,813</u>	<u>\$ 204,782</u>	<u>\$ 1,034,198</u>	<u>\$ 66,204</u>	<u>\$ 4,841,997</u>

- A. In accordance with IFRS Q&A issued by the Accounting Research and Development Foundation (ARDF) on October 26, 2018 and ARDF Interpretation 100-390, as described in Note 4, the share swap transactions between the Company and Glory Science were considered as a reorganisation under common control on October 1, 2018.
- B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- C. The shareholders resolved that the Company distribute cash by using capital surplus of \$123,121 (NT\$ 0.5 (in dollars) per share) and \$246,242 (NT\$ 1 (in dollars) per share) on March 13, 2023 and March 24, 2022, respectively.
- D. Details of the Company's changes in capital surplus in 2023 are shown in Note 6(4).

(12) Retained earnings

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

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

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

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

C. Special reserve

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

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

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

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

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

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

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

(13) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense		
Wages and salaries	\$ 14,237	\$ 11,218
Directors' remuneration	2,810	6,780
Labour and health insurance fees	501	521
Pension costs	187	196
Other personnel expenses	169	240
	<u>\$ 17,904</u>	<u>\$ 18,955</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the year ended December 31, 2023, employees' compensation was accrued at \$33,920; while directors' and supervisors' remuneration was accrued at \$4,080. The aforementioned amounts were recognised in salary expenses.
- C. In accordance with the resolution of the board of directors, the employees' remuneration and directors' remuneration for the 2022 amounted to \$34,000 and \$3,860, respectively. There was a difference of \$1,140 compared to the employees' remuneration of \$34,000 and directors' remuneration of \$5,000 recognized in the financial report for 2022. This difference has been adjusted in the income statement for 2023 and will be disbursed in cash.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(14) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

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

B. Reconciliation between income tax benefit and accounting profit

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

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

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ -	\$ -	2028

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	\$ 4,103	\$ -	\$ -	2028

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

(15) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 567,916	246,242	\$ 2.31
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 567,916	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	583	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 567,916	246,825	\$ 2.30
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 529,589	246,242	\$ 2.15
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 529,589	246,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,435	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 529,589	247,677	\$ 2.14

7. Related Party Transactions

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Receivables from related parties:

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

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

B. Loans to /from related parties:

(a) Outstanding balance:

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

(b) Interest income

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

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

(3) Key management compensation

None.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

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

Details are summarized below:

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

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

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

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

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

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
<u>Financial assets at amortised cost</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 210,529</u>	<u>\$ 210,529</u>
Financial assets at amortised cost		
Cash and cash equivalents	35,387	7,224
Financial assets at amortised cost	<u>-</u>	<u>27,330</u>
	<u>\$ 35,387</u>	<u>\$ 34,554</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortised cost</u>		
Short-term borrowings	\$ 514,000	\$ 1,128,000
Short-term notes and bills payable	299,867	-
Other accounts payable	56,225	49,567
Long-term borrowings	<u>1,100,000</u>	<u>1,430,000</u>
	<u>\$ 1,970,092</u>	<u>\$ 2,607,567</u>

B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company's foreign exchange rate risk mainly arises from recognised assets and liabilities

- ii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023					
	Foreign currency amount		Book value		
	(In thousands)		Exchange rate		(NTD)
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
RMB:NTD	\$	6,697	\$	4.3270	\$ 28,978

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

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

Year ended December 31, 2023			
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	1%	\$ 290	-

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:NTD	1%	\$ 15	-

Price risk

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

Cash flow and fair value Interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If interest rate of had increased/decreased by 0.1% or with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,531 and \$2,046, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by the counterparties of financial instruments on the contract obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a good credit rating are accepted.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the Company. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Company does not breach agreement related to liabilities.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant

maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Less than 1 year	Between 2 and 5 years	Over 5 years
December 31, 2023			
Short-term borrowings	\$ 523,235	\$ -	\$ -
Short-term notes and bills payable	300,000	-	-
Other payables	56,225	-	-
Long-term borrowings	21,980	1,132,181	-
	<u>\$ 901,440</u>	<u>\$ 1,132,181</u>	<u>\$ -</u>

Non-derivative financial liabilities

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

(3) Fair value information

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

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

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

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

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

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	210,529	210,529
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	210,529	210,529

- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

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

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

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Consolidated Financial Statement Note 6(2) and Note 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions conducted with investees in Mainland China directly or indirectly

through other companies in the third areas

- (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Note 13(1) G.
- (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Note 13(1) G.
- (c) The amount of property transactions and the amount of the resulting gains or losses: None.
- (d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2022: Please refer to 13(1) B.
- (e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and as at December 31, 2022: Please refer to Note 13(1) A.
- (f) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service: None.

(4) Major shareholders information

Please refer to table 10.

14. Segment Information

None.

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

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2023								Item	Value	(Note 2)		
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	\$ 900,000	\$ -	\$ -	1.93%	2	\$ -	Operations	\$ -	-	\$ -	\$ 2,555,825	\$ 3,407,767	
1	Foxlink Image Technology Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	266,700	173,080	118,992	2.50%	2	-	Operations	-	-	-	1,378,304	1,378,304	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	Other receivables	Y	500,000	500,000	-	2.00%	2	-	Operations	-	-	-	1,378,304	1,378,304	
2	Glorytek (Suzhou) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables - related parties	Y	28,448	-	-	3%	2	-	Operations	-	-	-	284,865	284,865	
2	Glorytek (Suzhou) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables - related parties	Y	222,250	216,350	154,041	3%	2	-	Operations	-	-	-	284,865	284,865	
3	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	Other receivables - related parties	Y	600,000	-	-	Average borrowing rate plus 0.1%	2	-	Group capital movement	-	-	-	4,463,022	4,463,022	
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glory Optics (Yancheng) Co., Ltd.	Other receivables	Y	533,400	333,179	333,179	2.50%	2	-	Group capital movement	-	-	-	703,240	703,240	
4	Power Quotient Technology (YANCHENG) Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	221,100	216,350	216,350	2.50%	2	-	Group capital movement	-	-	-	703,240	703,240	
5	Dong Guan HanYang Computer Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	Other receivables	Y	88,660	86,540	-	3.65%	2	-	Operations	-	-	-	326,156	326,156	

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

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

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

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

FIT HOLDING CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 1)											
0	FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	2	\$ 51,116,514	\$ 1,636,002	\$ 1,320,000	\$ 1,025,000	\$ -	15.49	\$ 51,116,514	Y	N	N	
0	FIT Holding Co., Ltd.	Glory Science Co., Ltd.	2	51,116,514	1,223,350	990,000	680,000	-	11.62	51,116,514	Y	N	N	
0	FIT Holding Co., Ltd.	Glorytek (Yancheng) Co., Ltd.	2	51,116,514	131,340	129,810	129,810	-	1.52	51,116,514	Y	N	Y	
1	Foxlink Image Technology Co., Ltd.	Power Quotient International Co., Ltd.	4	20,674,572	1,925,000	1,365,000	1,225,000	-	16.02	20,674,572	N	N	N	
1	Foxlink Image Technology Co., Ltd.	Glory Science Co., Ltd.	4	20,674,572	440,000	440,000	350,000	-	5.16	20,674,572	N	N	N	
2	Shinfox Energy Co. Ltd.	Foxwell Energy Corporation Ltd.	2	66,945,324	31,200,000	31,200,000	23,453,750	-	366.22	66,945,324	N	N	N	
2	Shinfox Energy Co. Ltd.	Shinfox Far East Company Pte. Ltd.	2	62,482,302	630,000	630,000	-	-	7.39	66,945,324	N	N	N	
3	Foxwell Energy Corporation Ltd.	Xinwei Power Co., Ltd.	2	14,227,534	113,200	113,200	113,200	-	1.33	14,227,534	N	N	N	

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

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

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

- (1) Limit on total endorsements is 600% of the Company's net asset.
- (2) Limit on endorsements to a single party is 600% of the Company's net asset.
- (3) Limit on total endorsements granted by the Company and its subsidiaries is 600% of the Company's net asset.
- (4) Total limit on the Company's and its subsidiaries endorsement/guarantee to a singal party is 600% of the Company's net assets and to the subsidiaries that the Company owned more than 90% (included) voting shares is 600% of the Company's net assets.
- (5) For business transaction with the Company, the guarantee amount should not exceed 150% of the amount of business transaction, which is the higher between sales and purchases.
- (6) The companies whose voting rights are 90% owned directly and indirectly by the Company can provide endorsement/guarantee each other with a limat of 10% of the Company's net assets, but not available for the companies whose voting rights are 100% owned directly and indirectly by the Company.
- (7) The Company's subsidiary who prepared to provide endorsement/guarantee to others due to business transaction shall implement in accordance with the Company's procedures, and the calculation of the Company's net assets shall use the subsidiary's net assets.
- (8) For subsidiaries whose shares are 90% or above held by Foxwell Energy, ceiling on total amount of endorsements and guarantees provided by the Company is 150% of the Company's net asset value; limit on endorsements and guarantees provided by the Company for a single party is 140% of the Company's net asset value.

FIT HOLDING CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares				
				(in thousands)	Book value	Ownership (%)	Fair value	Footnote
FIT Holding Co., Ltd.	LeadsunFox Greenery Investment Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	22,500	\$ 210,529	12.00	\$ 210,529	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,631	160,767	0.04	160,767	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Central Motion Picture Corporation	Investee of the Company's parent company which is accounted for using equity method	Financial assets at fair value through other comprehensive income-non-current	4,294	155,396	4.00	155,396	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	The Company's parent company	Financial assets at fair value through other comprehensive income-non-current	49,503	2,390,996	9.66	2,390,996	Not pledged as collateral
Foxlink Image Technology Co., Ltd.	Wellgen Medical Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,500	-	14.09	-	Not pledged as collateral
Power Quotient International Co., Ltd.	SAINT SONG CORP.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	127	-	1.05	-	Not pledged as collateral
Power Quotient International Co., Ltd.	OURS TECHNOLOGY INC.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	13	-	0.21	-	Not pledged as collateral
Power Quotient International Co., Ltd.	INNOPLUS CO., LTD.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	160	-	12.00	-	Not pledged as collateral
Power Quotient International Co., Ltd.	Taiwan Mobile Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	1,631	160,767	0.04	160,767	Not pledged as collateral
Power Quotient International Co., Ltd.	STACK DEVICES CORP.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	70	-	0.11	-	Not pledged as collateral

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co.,Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	-	73,150	12.90	73,150	Not pledged as collateral
Shinfox Co., Ltd.	Corvus Energy Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	22	-	0.04	-	Not pledged as collateral
Foxwell Energy Corporation Ltd.	Full Entertainment Marketing Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	300	-	3.00	-	Not pledged as collateral
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	Not applicable	Financial assets at fair value through profit or loss-current	43	383	-	383	Not pledged as collateral
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	Not applicable	Financial assets at fair value through profit or loss-current	1	15	-	15	Not pledged as collateral
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Mildef Crete Inc.	Not applicable	Financial assets at fair value through profit or loss-current	10	869	0.02	869	Not pledged as collateral
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Wuxi EASTERN Rainbow Environmental Protection Engineering Co., Ltd.	Not applicable	Financial assets at fair value through other comprehensive income-non-current	-	649	10	649	Not pledged as collateral

FIT HOLDING CO., LTD.

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

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

Note1 : The entity is the Company's subsidiary

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

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

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

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

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

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Table 8

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

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Investment income (loss) recognized by the Company			Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	for the year ended December 31, 2023		
FIT Holding Co., Ltd.	Glory Science Co., Ltd.	Taiwan	Manufacture and sales of optical instruments	\$ 2,814,868	\$ 2,814,868	60,000,001	100.00	\$ 426,601	(\$ 279,500)	(\$ 279,500)		Subsidiary
FIT Holding Co., Ltd.	Foxlink Image Technology Co., Ltd.	Taiwan	Manufacture of image scanners and multifunction printers	3,011,140	3,011,140	164,993,974	100.00	4,173,056	602,151	595,939		Subsidiary
FIT Holding Co., Ltd.	Power Quotient International Co., Ltd.	Taiwan	Manufacture and sales of telecommunication electronic components	3,372,180	3,372,180	444,690,529	100.00	5,213,291	264,600	264,161		Subsidiary
FIT Holding Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	299,952	299,952	37,500,000	16.30	388,100	11,763	1,918		Subsidiary
FIT Holding Co., Ltd.	Synergy Co., Ltd.	Taiwan	Optoelectronics Industry 、Renewable energy and Energy technical services	36,760	36,760	3,676,000	36.76	33,401	130	48		Investee
Foxlink Image Technology Co., Ltd.	ACCU-IMAGE TECHNOLOGY LIMITED	British Virgin Islands	Manufacture of image scanners and multifunction printers	1,325,746	1,325,746	20,241,034	100.00	2,274,747	130,291	-		Second-tier subsidiary
Foxlink Image Technology Co., Ltd.	Shih Fong Power Co., Ltd.	Taiwan	Hydroelectricity generation	957,600	957,600	79,800,000	34.70	957,357	11,763	-		Investee
ACCU-IMAGE TECHNOLOGY LIMITED	POWER CHANNEL LIMITED	Hong Kong	Holding and reinvesting businesses	131,724	131,724	3,575	35.75	753,722	165,112	-		Investee
Glory Science Co., Ltd.	GLORY TEK (BVI) CO., LTD.	British Virgin Islands	General investments business	1,458,482	1,249,688	47,499,819	100.00	120,592	(227,607)	-		Second-tier subsidiary
GLORY TEK (BVI) CO., LTD.	GLORY TEK (SAMOA) CO., LTD.	Samoa	General investments business	977,974	769,180	31,850,628	100.00	471,929	(124,162)	-		Third-tier subsidiary

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company	Footnote	
										for the year ended December 31, 2023		
GLORY TEK (BVI) CO., LTD.	GLORY OPTICS (BVI) CO., LTD.	British Virgin Islands	Trading	491,280	491,280	16,000,000	100.00	(393,565)	(103,618)	-	Third-tier subsidiary	
GLORY TEK (BVI) CO., LTD.	GLORYTEK SCIENCE INDIA PRIVATE LIMITED	India	Trading and manufacturing	103,349	103,349	21,773,105	99.27	80,173	174	-	Third-tier subsidiary	
GLORYTEK SCIENCE INDIA PRIVATE LIMITED	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,086	11,086	3,001,000	10.00	12,543	5,832	-	Investee	
Power Quotient International Co., Ltd.	Power Quotient International (H.K.) Co., Ltd.	Hong Kong	Sales of electronic telecommunication components	416,867	416,867	106,100,000	100.00	703,509	4,361	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	PQI JAPAN CO., LTD	Japan	Sales of electronic telecommunication components	23,129	23,129	24,300	100.00	2,330	132,257	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	SYSCOM DEVELOPMENT CO., LTD.	British Virgin Islands	Specialised investments holding	333,548	333,548	10,862,980	100.00	82,893	198	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Apix LIMITED	British Virgin Islands	Specialised investments holding	3,177,022	3,177,022	12,501	100.00	1,157,709	20,723	-	Second-tier subsidiary	
Power Quotient International Co., Ltd.	Power Sufficient International Co., Ltd.	Taiwan	Sales of medical equipment	10,000	10,000	1,000,000	100.00	13,044	(116)	-	Second-tier subsidiary Note2	
Power Quotient International Co., Ltd.	Shinfox Co., Ltd.	Taiwan	Energy service management	3,646,600	3,646,600	102,951,145	47.63	5,314,342	636,385	-	Second-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	8,670,000	6,100,000	867,000,000	100.00	9,454,493	763,402	-	Third-tier subsidiary	
Shinfox Co., Ltd.	SHINFOX NATURAL GAS CO., LTD.	Taiwan	Energy service management	360,000	360,000	36,000,000	80.00	273,993	(33,373)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Foxwell Power Co., Ltd.	Taiwan	Energy service management	656,590	672,600	46,539,000	77.57	753,148	53,170	-	Third-tier subsidiary	
Shinfox Co., Ltd.	Jiuwei Power Co., Ltd.	Taiwan	Natural gas power generation business	1,100,000	1,100,000	110,000,000	100.00	1,086,475	(6,154)	-	Third-tier subsidiary	
Shinfox Co., Ltd.	CHUNG CHIA POWER Co., Ltd.	Taiwan	Combined Heat and Power	-	180,000	-	0.00	-	(731)	-	Investee Note1	
Shinfox Co., Ltd.	Elegant Energy TECH Co., Ltd	Taiwan	Energy technical services	200,000	200,000	500,000	100.00	146,872	(1,068)	-	Third-tier subsidiary	

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

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	Investment income (loss)	Footnote
				December 31, 2023	December 31, 2022				for the year ended December 31, 2023	recognized by the Company for the year ended December 31, 2023	
Sinocity Industries Co., Ltd.	DG LIFESTYLE STORE LIMITED	Macau	Sales of electronic product	381	381	100,000	100.00	(11,985)	(2,122)	-	Fourth-tier subsidiary
Perennial Ace Limited	Studio A Technology Limited	Hong Kong	Sales of electronic product	4,998	4,998	1,225,000	24.50	105,982	(181)	-	Investee
Foxlink Powerbank International Technology Private Limited	TEGNA ELECTRONICS PRIVATE LIMITED	India	Trading and manufacturing	11,086	11,086	3,001,000	10.00	12,542	5,832	-	Investee

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

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

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

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: Directly go to the Mainland China for investment.

Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 3: As the investment is invested through an existing company in Mainland China, which then invested in the investee.

Note 4: An investee established in the third area and a reinvestee in Mainland China invested by an investee in Mainland China.

Note 5: The capital of an indirect investment of PQI, Power Quotient Technology (YANCHENG) Co., Ltd., was remitted by the financing from the investee in the third party.

Note 6: The capital of an indirect investment of PQI (Xuzhou) New Energy Co., Ltd. , was remitted by a capital from Power Quotient Technology (YANCHENG) Co., Ltd.

Note 7: It was recognised based on the investee's financial statements audited by the independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Foxlink Image Technology Co., Ltd.	\$ 1,045,726	\$ 1,208,785	\$ 2,067,457
Glory Science Co., Ltd.	1,191,311	1,288,075	256,314
Power Quotient International Co., Ltd.	23,171	692,386	7,384,801

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

Table 10

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

FIT HOLDING CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 1

Name	Beginning Balance		Addition (Note 1)		Decrease (Note 1)		Ending Balance			Market Value or Net Assets Value (Note 2)		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Power Quotient International Co., Ltd.	444,690,529	\$ 4,861,812	-	\$ 351,479	-	\$ -	444,690,529	100%	\$ 5,213,291	11.92	\$ 5,302,873	None
Foxlink Image Technology Co., Ltd.	164,993,974	3,575,292	-	597,764	-	-	164,993,974	100%	4,173,056	20.88	3,445,762	None
Glory Science Co., Ltd.	60,000,001	695,925	-	-	-	(269,324)	60,000,001	100%	426,601	7.11	426,601	None
Shih Fong Power Co., Ltd.	37,500,000	386,182	-	1,918	-	-	37,500,000	16.30%	388,100	10.66	399,779	None
Synergy Co., Ltd.	3,676,000	<u>33,353</u>	-	<u>48</u>	-	<u>-</u>	3,676,000	37%	<u>33,401</u>	9.09	<u>33,401</u>	None
		<u>\$ 9,552,564</u>		<u>\$ 951,209</u>		<u>(\$ 269,324)</u>			<u>\$ 10,234,449</u>		<u>\$ 9,608,416</u>	

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

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

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

STATEMENT 2

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Unsecured borrowings	Bank SinoPac	\$ 321,000	2023/12/28~2024/01/11	1.95%	1,000,000	None	The credit line was shared by short-term and longterm borrowings.
Unsecured	Hua Nan Commercial	130,000	2023/11/10~2024/01/10	1.85%	200,000	None	
Unsecured borrowings	KGI Commercial Bank Co., Ltd.	63,000	2023/12/04~2024/03/04	1.88%	100,000	None	
		<u>\$ 514,000</u>					

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

STATEMENT 3

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

FIT HOLDING CO., LTD.

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

STATEMENT 4

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

Note:

1. As at December 31, 2023 and 2022, the Company had 17 and 20 employees, including 8 and 9 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee benefit expense in current year was \$1,677 ((Total employee benefit expense in current year–Total Directors' remuneration)/(Number of employees in current year–Number of non-employee directors in current year)).
 Average employee benefit expense in previous year was \$1,107 ((Total employee benefit expense in previous year–Total Directors' remuneration)/(Number of employees in previous year–Number of non-employee directors in previous year)).
 - (2) Average employee salaries in current year was \$1,582 (Total employee salaries in current year/(Number of employees in current year–Number of non-employee directors in current year)).
 Average employee salaries in previous year was \$1,020 (Total employee salaries in previous year/(Number of employees in previous year–Number of non-employee directors in previous year)).

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

STATEMENT 4

- (3) Adjustments of average employee salaries was 55% ((Average employee salaries in current year – Average employee salaries in previous year) / Average employee salaries in previous year).
- (4) There was no supervisors' remuneration in current and previous years. (The Company has no supervisors' remuneration as it has set up an audit committee)
- (5) The Company's remuneration policy (including directors, supervisors, managers, and employees) is as follows:
 - A. Relevance between the policy, standard and portfolio and established procedures of the remuneration that the Company paid to directors and independent directors and operational performance and future risk;
 - (a) Directors' remuneration of the Company was paid in accordance with the standards of attendance allowance and travel fee payments approved by the Board of Directors as well as the general pay levels.
 - (b) In accordance with Article 26 of the Company's Articles of Incorporation: a ratio of distributable profit of the current year's profit before tax that excludes employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration, which will be resolved by the Board of Directors. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.
 - B. Relevance between the policy, standard and portfolio and established procedures of the remuneration that the Company paid to managers and operational performance and future risk;
 - (a) Managers' remuneration of the Company was determined in accordance with requirements stated in the performance evaluation regulations of the Company, depending on personal performance and contribution to the Company's overall operation and by reference to the general pay levels of the industry and was conducted after being reviewed by the remuneration committee and reported to the Board of Directors for approval.

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

STATEMENT 4

(b) In accordance with Article 26 of the Company's Articles of Incorporation: a ratio of distributable profit of the current year's profit before tax that excludes employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration, which will be resolved by the Board of Directors. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.

C. Relevance between the policy, standard and portfolio and established procedures of the remuneration that the Company paid to employees and operational performance and future risk;

(a) Employees' remuneration included monthly salary (including meal allowances), annual salary adjustment for personal performance, performance bonus, holiday bonus and earnings bonus. Salary payment of the Company's employees was determined in accordance with the general pay levels of the industry, operation of the Company, employees' educational background, experience, ability and contribution and was adjusted depending on the market salary dynamics, changes in the overall economic and industrial climate and the government regulations.

(b) In accordance with Article 26 of the Company's Articles of Incorporation: a ratio of distributable profit of the current year's profit before tax that excludes employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration, which will be resolved by the Board of Directors. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.