

Stock code:  
**2485**



# 2023 Annual Report

## Notice to readers

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail*

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Annual Report is available at: <http://www.zinwell.com.tw>



**1. Spokesperson : Wen-Shun Ho**

**Title : Chief Financial Officer**

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**2. Corporate Headquarter 、 Branch office 、 Factory address and Tel :**

**Corporate Headquarter :**

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**Tel : ( 02 ) 2225—1929**

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**Tel : ( 02 ) 2586—5859**

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**4. Auditors**

**Accounting firm: : PwC Taiwan.**

**Auditors : Yi-Chang, Liang , Ya-Fang, Wen**

**Address : 27th Floor, No. 333, Section 1, Keelung Road, Taipei City**

**Tel : ( 02 ) 2729—6666**

**Website : <http://www.pwc.tw/>**

**5. Overseas Securities Exchange : None**

**6. Corporate Website : <http://www.zinwell.com.tw>**

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**Zinwell Corporation**  
**One. Letter to Shareholders**  
**Business report**

**I. Result of implementation of consolidated business plan**

Unit: Thousand in New Taiwan Dollars; Earned or Loss per Share in New Taiwan Dollars

Item	2023	2022	Increase (Decrease) %
Net Operating Revenue	5,816,835	6,582,035	(11.63)
Gross profit	580,624	497,011	16.82
Operating loss	(149,143)	(254,367)	(41.37)
Non-operating income and expenses	(120,235)	232,145	(151.79)
Net Loss after Tax	(287,315)	(67,361)	326.53
Earnings or Loss per share after tax	(0.23)	0.00	(18,933)

**II. Execution of Budget**

Not applicable, as in accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose the financial forecast information for the fiscal year 2023.

**III. Analysis of Financial Income and Expenditure and Profitability**

The analysis of financial income and expenses and profitability are as follows:

Item		2023	2022
Net cash inflow from operating activities (NTD thousand)		1,353,566	(739,804)
Financial Structure	Debt to total assets ratio (%)	27.35	29.57
	Long-term capital to property, plant and	254.23	243.63
Liquidity Analysis	Liquidity ratio (%)	249.38	218.57
	Quick ratio (%)	164.11	115.36
	Times interest earned	(26.86)	(38.90)
Profitability	Return on Assets (%)	(3.13)	(0.75)
	Return on equity (%)	(4.50)	(1.04)
	Net profit margin (%)	(4.94)	(1.02)
	Earnings or Loss per share after tax (NT\$)	(0.23)	0.00

**IV. Research & Development**

The Company has invested the capital in R&D totaling NT\$387,411,000, i.e. 6.66% of the operating revenue, in 2023. The research and development results are also on track with the Company's scheduled progress.

**V. Summary of Business Plan for 2024**

(I) Operation Policies

- (1) Combine the external technology with the Company's R&D resources to develop products that are competitive and meet the demands of customers and the market.

- (2) Continue to promote business opportunities for derivative products by strengthening product development projects with the operators.
- (3) Enhance the management efficiency of the plant and continuously optimize the production process and production technology to reduce costs and increase the yield.
- (4) Introduce automation and labor saving in production operations to reduce labor demand.

(II) Sales Forecast and its Basis

In 2024, the overall development of the telecommunications equipment manufacturing industry is expected to be affected by a number of uncertain factors such as interest rate hikes in Europe and the United States, geopolitics, and climate anomalies. Global economic growth is expected to remain low, which in turn will slow down the sales momentum of the network communications industry. Under the trend of chain restructuring, Taiwanese OEMs will push up operating costs and further reduce the profit margins of the industry.

However, the global market will continue to benefit from the trend of Netcom equipment upgrades in 2023. The digital application market will continue to expand, increasing the demand for artificial intelligence, IoT, blockchain, cloud computing services, and other emerging technology applications. This will drive the demand for Netcom equipment to grow. Additionally, various governments have actively promoted national broadband projects to improve network coverage and optimize the network user experience. The AI wave has driven the demand for technology companies to actively invest in the construction of large data centers, which has driven the sales performance of related Netcom equipment. This growth will further boost the growth momentum of network communication equipment manufacturers.

Overall, although the global economy is still subject to uncertainties such as currency tightening, it is expected that the gradual relief of the inventory depletion problem of customers in Europe and the United States will drive manufacturers to replenish the demand momentum. The AI boom will drive the demand for high-end switches and other Netcom products. The Company will also actively develop and add value to products, and continue to work with carriers to develop new products, in order to face the advantages and disadvantages of external market factors.

## **VI. The strategy and important production and sales policy of the Company for the future**

- (I) We specialize in the manufacturing of communication network equipments and are actively developing towards the digital convergence industry with the concept of digital home.
- (II) We are committed to the automatic process for production and establish a perfect production mechanism; effectively reduce labor cost to increase the profitability.
- (III) Focus on product feature development to build product differentiation to avoid price competition in order to win business opportunities.
- (IV) Improve the cost control and shorten the product development cycle.

## **VII. Impact from External competition, regulations and overall business environment**

- (I) Impact from external competition: Product development in the networking industry is changing rapidly, but chip solutions are becoming more readily available, thus lowering the technology threshold; while product innovation is accelerating, if the company takes too long to develop products, it will miss the opportunity to enter the market. In recent years, the industry's gross profit has been compressed, and the Company needs to continuously reduce costs and improve production efficiency in order to maintain its profitability.

- (II) Impact from the regulatory conditions: The Company complies with government policies and laws, and its finance, auditing and legal departments are well informed of important policy or legal changes in order to comply with regulations and global trends in order to ensure the smooth operation for the Company.
- (III) Impact from the overall business environment: Due to the increasing complexity of the overall business environment, the Company will consider the industry profile and observe the overall economic development when evaluating various resource investments and business strategies, and will integrate internal technology and development resources to seek the best business opportunities.

Thank you all, and we wish all shareholders

All the best!

Board Chairman:  
Chi-Ruei Huang

Manager:  
Ching-Hui Lin

Accounting Supervisor:  
Jing-Yuan Hou

## Two. Company Profile

I. Date of Incorporation: March 18, 1981

II. Company profile

Year	Milestones
1981	The Company was incorporated and registered its capital as NT\$1,000,000. The Company is specialized in producing various electronic and electrical parts, such as distributor, matchers, antennas, variable-frequency drive and amplifiers, etc.
1989	Upon the increase capital by NT\$4,000,000, the total capital became NT\$5,000,000n.
	Upon the increase capital by NT\$18,000,000, the total capital became NT\$23,000,000.
1991	Established Chiayi Plant in Shuishang Township, Chiayi County to expand the production and marketing.
	Acquired the land and building on Yuanshan Rd., Zhonghe City to help the finance, business and computerized operations and construct the factory premises in Taipei.
1991	As the original factory premises has been under use, the Company acquired additional land and buildings on Yuanshan Rd., Zhonghe City to expand the offices and factory premises.
1993	Upon the increase capital by NT\$38,000,000, the total capital became NT\$60,000,000.
	Upon the increase capital by NT\$25,000,000, the total capital became NT\$85,000,0000.
1994	Awarded by the Bureau of Standards, Metrology and Inspection, MOEA the ISO-9002 International Standard Quality Assurance System Registration Certificate
1995	Acquired the land in Shuishang Township, Chiayi County to expand Chiayi Plant premises.
1996	Upon the increase capital by NT\$20,000,000, the total capital became NT\$105,000,000.
	Acquired the inventories and fixed assets of Jing He Electronics Co., Ltd. under the turn-key project, and established Hsinchu Plant to engage in manufacturing and sale of high-frequency micro-wave devices and cable/wireless communication devices, etc..
1997	Upon capital increase by NT\$94,000,000, the total capital became NT\$199,000,000.
	Acquired the land in Minxiong Township, Chiayi County to construct the new factory premises.
	Upon the increase capital by NT\$201,000,000, the total capital became NT\$400,000,000. Public offering upon receipt of the approval letter of Securities and Futures Commission, Ministry of Finance under (86) Tai-Cai-Zhen-(1) No. 53208.
1998	Invested capital in the subsidiary in Hong Kong, ZINWELL CORPORATION (H.K.) LIMITED, to establish the production location in China.

Year	Milestones
	Upon capital increase by NT\$149,900,000, the total capital became NT\$549,900,000.
	Invested capital in establishing the indirect subsidiary in China, Zhao He Tong Electronics Co., Ltd. (兆赫通電子有限公司).
	As Hsinchu Plant premises has been under use, in order to expand business and recruit talents in the district of Hsinchu, the Company acquired the land and established the new factory in Hukou Township, Hsinchu County.
1999	The new factory premises located in Minxiong Township (Minxiong Plant) were completed and activated officially.
	Upon capital increase by NT\$183,274,000, the total paid-in capital became NT\$733,174,000.
	Listed on Taipei Exchange (TPEX) (November 20, 1999)
2000	The new factory premises located in Hsinchu Industrial Park (Hsinchu 1st Plant) were completed and activated officially.
	Upon capital increase by NT\$244,474,000, the total paid-in capital became NT\$977,548,200.
	The new factory premises located in Hsinchu Industrial Park (Hsinchu 2nd Plant) were completed and activated officially.
2001	Invested capital in establishing EZPLAY.
	Upon capital increase by NT\$378,033,790, the total paid-in capital became NT\$1,346,581,990.
	Invested capital in establishing the indirect subsidiary in China, Zhaohe Electronics (Shanghai) Co., Ltd..
	Listed on Taiwan Stock Exchange Corporation (TWSE) (September 17, 2001)
2002	Upon capital increase by NT\$229,999,522, the total paid-in capital became NT\$1,586,577,210.
2003	Upon capital increase by NT\$113,431,160, the total paid-in capital became NT\$1,700,008,370.
	Invested capital in the subsidiary in SMOA, ZINWELL HOLDING (SAMOA) CORPORATION, to re-invest capital in establishing the production location in China.
	Invested capital in establishing the indirect subsidiary in China, ZINWELL ELECTRONIC (SHENZHEN) CO., LTD..
	Upon conversion of employee stock warrants into common shares amounting to NT\$260,340,000, the total paid-in capital became NT\$1,726,348,371.
2004	Upon capital increase by NT\$241,688,770, the total paid-in capital became NT\$1,972,287,140.
	Upon conversion of employee stock warrants into common shares amounting to NT\$100,400,000, the total paid-in capital became NT\$1,978,077,140.
2005	Upon capital increase by NT\$126,728,800, the total paid-in capital became NT\$2,114,075,940.
	Upon conversion of employee stock warrants into common shares amounting to NT\$20,500,000, the total paid-in capital became NT\$2,125,305,940.
2006	Awarded by the Bureau of Standards, Metrology and Inspection, MOEA the ISO-9001 International Standard Quality Assurance System

Year	Milestones
	Registration Certificate
	The new factory premises of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD. was completed and activated officially.
	Upon capital increase by NT\$150,139,320, the total paid-in capital became NT\$2,392,705,260.
	Upon conversion of employee stock warrants into common shares amounting to NT\$30,780,000, the total paid-in capital became NT\$2,316,225,260.
2007	Awarded by the Bureau of Standards, Metrology and Inspection, MOEA the ISO-14001 Environmental Management System Certification Registration Certificate.
	Upon capital increase by NT\$356,807,860, the total paid-in capital became NT\$2,625,883,120.
	Upon conversion of employee stock warrants into common shares amounting to NT\$5,170,000, the total paid-in capital became NT\$2,627,083,120.
2008	Invested capital in establishing the indirect subsidiary in China, Dongguan Yuan He Electronics Co., LTD., to engage in the domestic marketing in China exclusive.
	Upon capital increase by NT\$5,498,007,250, the total paid-in capital became NT\$3,176,890,370.
2009	The new factory premises located in Shenzhen, China (2nd Plant) were completed and activated officially.
2010	The important R&D results included Power Line to Wireless Ethernet Bridge and Router, Digital Home Media Center, Uniform EQ Platform Validation and AGC Mechanism, and Digital TV Module for Hotel and Medical Service Development Project.
2011	The important R&D results included integration of satellite signal and ground signal reception into home application system in Central and South America, advanced conditional access system digital set-top box development project, cloud dynamic event registration and automatic access to RnS encrypted camera, and smart-networking power network application.
2012	The important R&D results included the application system capable of integrating satellite signal and ground signal reception into collective housing and hotel by serial connection, coverage of heterogeneous technology to home network applications, and high-resolution and setting-free power line communication application.
	Patent: Dual-Isolated Multimedia Signal Extractor No.: Nr.20 2012 102 962.6
2014	The indirect subsidiary in China, ZINWELL ELECTRONIC (SHENZHEN) CO., LTD., purchased the new assembly and testing automated production line system engineering, and high speed chip mounter and peripheral equipment.
2015	Acquired the Class-A industrial land within Jiatai Industrial Park, totaling 3,441.24 pings, for the plant construction planning.
	Patent: Wireless Network Access System and Method No.: I492653
	Patent: Uninterrupted Power Video Signal Splitter

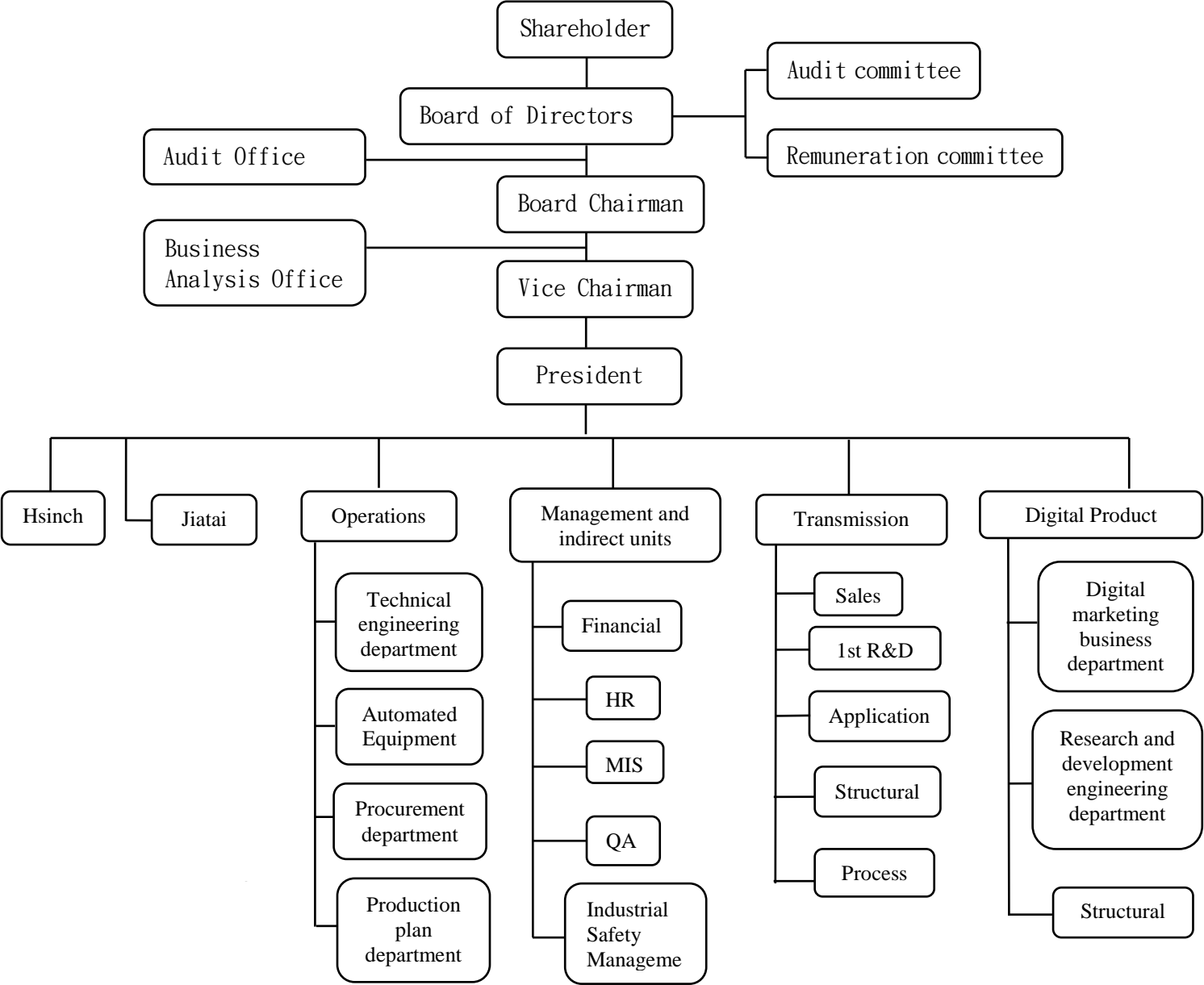
Year	Milestones
	No.: US9,661,263B2
2016	<p>The Jiatai Plant construction project started upon receipt of the building permit issued by Chiayi County Government in Q4.</p> <p>Patent: Network Bridge Parts and Uninterrupted Power and Uninterrupted Signal Smart Signal Splitter No.: M523995</p>
2017	<p>Patent: Control Monitor Unit Access Verification Method No.: I587680</p> <p>Patent: Automatic Updated Satellite TV Signal Distribution Unit No.: I568209</p>
2018	<p>Jiatai Plant received the as-built license in Q4.</p> <p>Patent: Optical Fiber Transmission System Combining Satellite and Broadcast TV Signals No.: M566950</p>
2019	<p>Jiatai Plant received the factory registration certificate in Q1.</p> <p>Groundbreaking ceremony in Hsinchu Industrial Park (Hsinchu 2nd Plant) in Q4.</p> <p>Patent: Automatic Updated Satellite TV Signal Distribution Unit No.: CN105992052B</p> <p>Patent: Dual-Isolated Multimedia Signal Extractor Improvement Structure No.: M579399</p> <p>Patent: Optical Fiber Transmission System Combining Satellite and Broadcast TV Signals No.: CN208369759U</p>
2020	<p>Patent: High-Bandwidth Network Bridge Module, and Uninterrupted Power and Uninterrupted Signal Splitter No.: M593681</p> <p>Invested capital in establishing AkiraNET Co.</p>
2021	Hsinchu Plant was licensed.

### Three. Corporate governance

I. Organizational system

1. Organizational structure

Organizational Chart of Zinwell Corporation



## 2. Operations and functions

By department	By functions
Audit Office	Investigate and assess soundness, rationality and validity of the Company's internal control system and other management systems. Investigate and assess efficiency of the plans or policies and designated functions of various units in the enterprises. Urge the Company's units to inspect their own internal control systems periodically, and then have the Audit Office audit their achievements, as the basis for their self-inspection on the effective internal control systems. Analyze various units' performance evaluation, expense management, case management analysis or counseling work.
Financial Division	Responsible for financial fund allocation, and provide any accounting data required by management, including preparation of accounting statements, financial report, cost calculation and difference analysis, budget preparation and taxation, shareholders service planning and handling, review on contract, inquiries about laws, compliance with law and legal risk control, etc..
Sales	Customers' price inquiries, quotation, price negotiation and review on purchase orders. Correspondences and mails with customers. Customer reception, product presentation, and services. Samples, specifications and drawings requested by customers. Customer PO processing and related computerized operations. Customer complaint or return of goods, and related computerized operations. Communication about loan operations, and acceptance and review of L/C. Followup on order shipment status. Communication on delivery date and delivery method. Preparation for samples for sales promotion. Patent investigation and research. Industry standard investigation and research. Product roadmap report and discussion. New product planning. Technical research, negotiation and communication with chip suppliers. Product application technology research and discussion. Product improvement plan. User manual and product packaging design.
HR Division	In overall charge of the Company's HR development, and coordination of various units' HR training, general personnel administration, and general affairs related operations.
IT Division	Computer system hardware/software planning and management. Verification of users' needs and environment. Design or modification of programs pursuant to the system and procedure. Daily data backup. Users' training and feedback.
Procurement Division	Collection and analysis of material market information and manufacturers' dynamic data. Development, evaluation and counseling of materials suppliers. Suppliers' price inquiries, quotation, price negotiation, and related computerized operations. Re-check of the ordered quantity and delivery date. Procurement suggestions, and computerized operations for issuance of PO. Coordination and processing of suppliers' delivery control, hasten delivery, and overdue delivery. Coordination and processing of suppliers' defective delivery, short delivery, over-delivery, and return of goods Processing of update in procurement. Material cost analysis and reduction of procurement cost. Tooling management

Production plan Division	Responsible for production and process arrangements for products.
R&D Division	In overall charge of process technology improvement, new product development, sample making, and related engineering experiment.
QA Division	Responsible for formulation, revision and implementation of the Company's QA system, and promotion, supervision and coordination of various plants' QA systems.
Engineering Division	Responsible for implementing new products into the plant for assembly and manufacturing. Responsible for new product production line planning. Formulation of SOP. Assistance in analysis on process technology. Assistance in enactment of product test and quality inspection standards. Help product lines shoot the trouble in production technology, and analysis and processing of defective goods.
Labor Safety Management	Formulation, planning, supervision and promotion of air pollution prevention and noise control policies, and related occupational safety and health management plans, such as the general industrial waste management plan, occupational hazard prevention plan, emergency response plan, and labor health checkup; implementation of health management, and promotion and execution of occupational safety and health requirements.

## II. Background information of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and supervisors of various departments and branches

### (I) Directors and Supervisors:

#### 1. Background of Directors and Supervisors

April 14, 2024																		Unit: Thousand Shares		
Job Title (Note 1)	Nationality or place of domicile	Name	Gender	Date elected / appointed	Term of office	Date first elected (Note 2)	Shareholding as of elected date (Note 6)		Current shareholding (Note 6)		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or relatives with the second degree of kinship acting as a Director, Supervisor, or other managerial officer			Remarks (Note 4)
							Number of shares	% of Ownersh ip	Number of shares	% of Ownersh ip	Number of shares	% of Ownership	Numb er of shares	% of Ownersh ip			Job Title	Name	Relati onship	
Chairman	R.O.C.	Chi-Jui Huang	Male B	June 14, 2022	3 years	June 20, 1998	11,565	3.64%	11,565	3.64%	1,774	0.56%	0	0.00%	Department of Accounting, Soochow University President, Zinwell Corporation	Chairman of the Company Chairman of ZINWELL CORPORATION (H.K.) LIMITED Chairman of Shumu International Co., Ltd. (樹木國際(股)公司) Chairman of ZINWELL HOLDING (SAMOA) CORPORATION Director of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD. Juristic-Person Chairman of AkiraNET Co.	(Note 5)	(Note 5)	(Note 5)	-
Vice Chairman	R.O.C.	Hung-Chi Hsiao	Male B	June 14, 2022	3 years	June 20, 1998	8,832	2.78%	8,832	2.78%	203	0.06%	0	0.00%	Graduated from Department of Computer Science, Tamsui Institute of Business Administration Vice President, Zinwell Corporation	Vice Chairman of the Company	—	—	—	-
Director	R.O.C.	Ching-Hui Lin	Male B	June 14, 2022	3 years	June 20, 1998	6,574	2.07%	6,574	2.07%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Manager of MTI, Inc.	President of the Company President of ZINWELL CORPORATION (H.K.) LIMITED Director of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD.	—	—	—	-
Director	R.O.C.	Chi-Nan Huang	Male C	June 14, 2022	3 years	June 20, 1998	3,634	1.14%	3,634	1.14%	0	0.00%	0	0.00%	Graduated from National Chia-Yi Industrial Vocational High School R&D Deputy Manager of Yong Le Electronics Co., Ltd. (永樂電子(股)公司) R&D Section Manager of Wang Le Electronics Co., Ltd. (萬樂電子(股)公司)	Assistant Vice President, Chairman Office of the Company Director of B1-MEDIA CORP. (Note 8) Director of Shumu International Co., Ltd. (樹木國際(股)公司) Supervisor of AkiraNET Co.	(Note 6)	(Note 6)	(Note 6)	-
Director	R.O.C.	Chi-An Huang	Male B	June 14, 2022	3 years	June 20, 1998	3,064	0.96%	3,064	0.96%	0	0.00%	0	0.00%	Graduated from Sieh Chih Vocational High School Vice President, Zinwell Corporation	Vice President of Jiatai Plant of the Company Director of Shumu International Co., Ltd. (樹木國際(股)公司)	(Note 6)	(Note 6)	(Note 6)	-

Job Title (Note 1)	Nationality or place of domicile	Name	Gender	Date elected / appointed	Term of office	Date first elected (Note 2)	Shareholding as of elected date (Note 6)		Current shareholding (Note 6)		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or relatives with the second degree of kinship acting as a Director, Supervisor, or other managerial officer			Remarks (Note 4)
							Number of shares	% of Ownersh ip	Number of shares	% of Ownersh ip	Number of shares	% of Ownership	Numb er of shares	% of Ownersh ip			Job Title	Name	Relati onship	
Director	R.O.C.	I-Chuan Lin	Male B	June 14, 2022	3 years	June 20, 1998	946	0.30%	946	0.30%	0	0.00%	0	0.00%	Undergraduate, Department of Industrial and Information Management, National Cheng Kung University Chairman of TOPDEK INC.	Chairman of TOPDEK INC.	—	—	—	-
Director	R.O.C.	Yu-Hsing Liang (Note 7)	Male B	June 14, 2022	3 years	June 20, 1998	553	0.17%	384	0.12%	18	0.01%	0	0.00%	Graduated from Department of Electrical Engineering Lead Engineer of MTI, Inc. Senior Engineer of BEHAVIOR TECH COMPUTER CORP.	Vice President of 1st R&D Division of the Company	—	—	—	-
Director	R.O.C.	Wen-Hsieng Chiang	Male B	June 14, 2022	3 years	May 2, 2001	487	0.15%	487	0.15%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Sales Engineer of MTI, Inc.	Vice President of 1st Business Division of the Company	—	—	—	-
Director	R.O.C.	Wen-Shun Ho	Male A	June 14, 2022	3 years	June 17, 2010	50	0.02%	50	0.02%	0	0.00%	0	0.00%	Graduated from Department of Business Administration, Feng Chia University Financial Dept., NANKANG RUBBER TIRE CORP., LTD.	Special Assistant of Chairman's Office Juristic-Person Director of AkiraNET Co.	—	—	—	-
Director	R.O.C.	Chien-Cheng Wu	Male A	June 14, 2022	3 years	June 14, 2016	498	0.16%	498	0.16%	0	0.00%	0	0.00%	DREXEL U.MBA Sales Engineer of MTI, Inc.	Vice President of 2nd Business Division of the Company	—	—	—	-
Independent Director	R.O.C.	Ming-Yo Huang	Male B	June 14, 2022	3 years	June 14, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Accounting, Soochow University Vice President and CPA of PwC Taiwan Vice Chairman of PRICEWATERHOUSECOOPERS MANAGEMENT CONSULTING COMPANY LTD. Director of 2nd Term and Supervisor of 2nd Term of 1st Taiwan CPA Association, ROC	Chairman of Chuan Cheng Investment Consulting Co., Ltd. (傳誠投資顧問(股)公司) Chairman of Chuan Cheng Wang Wang Investment Limited Company (傳誠旺旺投資有限公司) Independent Director of Hotai Finance Corporation Independent Director of Taroko Co., Ltd. Independent Director of Solomon Technology Corporation Director of ASCENT DEVELOPMENT CO., LTD. Director of JOLLIFY4EVER LTD. Director of Jollify Creative, Ltd.. Director of Bole Film	—	—	—	-

Job Title (Note 1)	Nationality or place of domicile	Name	Gender	Date elected / appointed	Term of office	Date first elected (Note 2)	Shareholding as of elected date (Note 6)		Current shareholding (Note 6)		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or relatives with the second degree of kinship acting as a Director, Supervisor, or other managerial officer			Remarks (Note 4)
							Number of shares	% of Ownersh ip	Number of shares	% of Ownersh ip	Number of shares	% of Ownership	Numb er of shares	% of Ownersh ip			Job Title	Name	Relati onship	
Independe nt Director	R.O.C.	Chien-Te Liu	Male A	June 14, 2022	3 years	June 14, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Mechanical Engineering, National Cheng Kung University Guangzhou Synerchip Technology Co, Ltd. Chairman of Greater China	Guangzhou Synerchip Technology Co, Ltd. Chairman of Greater China	—	—	—	-
Independ ent Director	R.O.C.	Jun-Cheng Chen	Male A	June 14, 2022	3 years	June 14, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from Accounting department, Feng Chia University Graduated from graduate school, department of history, Tamkang University Deputy general manager of The CID Group Supervisor of Flexium Interconnect, Inc. Director of Taiwan Taxi Co., LTD.	Independent director of Asia vital components Co., Ltd The representative of juridical person of Bosssdom Digiinnovation Co., Ltd. Supervisor of Han Yi Investment Co., Ltd. Chairman of TFAT AUDIO LTD. Chairman of WSapc Ltd.	-	-	-	-

Note 1: Where are representatives of corporate shareholders, the names of corporate shareholders are displayed, and please complete the following form: N/A.

Note 2: Actual age is expressed in intervals, A: 51 to 60, B: 61 to 70, C: 71 to 80.

Note 3: The Company elected the directors of 13th Board and also established the Audit Committee to replace supervisors on June 14, 2016. The supervisors were discharged after the new directors take office.

Note 4: Previous work experiences relating to their current roles; if the person worked in an auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.

Note 5: Whether the Chairman and President or equivalent (the supreme management) of the Company are the same person, spouses, or relatives within the first degree of kinship: None.

Note 6: Chairman Chi-Ruei Huang, Director Chi-Ruei Huang and Director Chi-An Huang are brothers.

Note 7: Director – Yu-Hsing Liang resigned on March 31st, 2024.

2. Major shareholders of corporate shareholders :

April 14, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
None	

3. The major shareholders of any major shareholder that is a juristic person

April 14, 2024

Name of the juristic person	Major shareholders of the juristic person
None	

4. Professional qualifications of directors and information on independence of independent directors

Conditions Name	Professional qualifications and experiences (Note 1)	Independence situation (Note 2)	Number of other public companies that one also serves as an independent director
Chairman Chi-Jui Huang	With more than five years of work experience required by the Company's business, currently serves as the chairman of the Company, the chairman of Zinwell Corporation (H.K.) Limited, the chairman of Shumu international corporation limited, the chairman of ZINWELL HOLDING (SAMOA) CORPORATION, the director of ZINWELL HOLDING (Shenzhen) CORPORATION, the chairman of juridical person of AkiraNET Company, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director Hung-Chi Hsiao	With more than five years of work experience required by the Company's business, currently serves as the vice chairman of the Company, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director Ching-Hui Lin	With more than five years of work experience required by the Company's business, currently serves as the general manager of the Company, the general manager of Zinwell Corporation (H.K.) Limited, and the director of Zinwell Holding (Shenzhen) Corporation, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director Chi-Nan Huang	With more than five years of work experience required by the Company's business, currently serves as the senior manager in the chairman's office of the Company, the director of Shumu international corporation limited, the supervisor of AkiraNET Company, and not in contravention of Article 30 of the	Not an independent director, not applicable.	None

	Company Act.		
Director Chi-An Huang	With more than five years of work experience required by the Company's business, currently serves as the deputy general manager of Jiatai plant of the Company, the director of Shumu international corporation limited, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director I-Chuan Lin	With more than five years of work experience required by the Company's business, currently serves as the chairman of TOPDEK INC, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director Yu-Hsing Liang	With more than five years of work experience required by the Company's business, currently serves as the deputy general manager of the first research and development department of the Company, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director Wen-Hsieng Chiang	With more than five years of work experience required by the Company's business, currently serves as the deputy general manager of the first business department of the Company, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director Wen-Shun Ho	With more than five years of work experience required by the Company's business, currently serves as the special assistant of chairman's office of the Company. The juridical person director of AkiraNET Company, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None
Director Chien-Cheng Wu	With more than five years of work experience required by the Company's business, currently serves as the deputy general manager of the second business department of the Company, and not in contravention of Article 30 of the Company Act.	Not an independent director, not applicable.	None

Independent Director Ming-Yo Huang	With more than five years of work experience required by the Company's business, graduated from the accounting department, Soochow University, was the deputy chairman and the certified public accountant of PricewaterhouseCoopers Taiwan, the deputy chairman of PricewaterhouseCoopers Management Consulting Company Ltd., the director of the first and the second CPA Associations of R.O.C. Taiwan, and the supervisor of the second CPA Associations of R.O.C. Taiwan, and not in contravention of Article 30 of the Company Act.	Meet the independence status: 1. The person, the spouse, or relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or any of its affiliated companies. 2. The person, the spouse, relatives within the second degree of kinship (or by the person under others' names) do not hold the number and proportion of the Company's shares. 3. Not serving as a director, supervisor or an employee of a company that has a specific relationship with the Company (which meets Subparagraphs 5 to 8 of Paragraph 1 of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. Have not been receiving the amount of remuneration from the Company or its affiliates for the last 2 years for providing services such as business, legal, financial, accounting.	3
Independent director Chien-Te Liu	With more than five years of work experience required by the Company's business, graduated from the mechanical engineering department of Cheng Kung University, currently serves as the chairman of greater China of Guangzhou Synerchip Electronic Technology Co., Ltd., and not in contravention of Article 30 of the Company Act.		None
Independent director Jun-Cheng, Chen	With more than five years of work experience required by the Company's business, graduated from the accounting department, Feng Chia University, and graduate school, department of history, Tamkang University, was the deputy general manager of The CID Group, and the supervisor of Flexium Interconnect, Inc., and not in contravention of Article 30 of the Company Act.		1

Note 1: Professional Qualification and Experience: State the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, they should state their accounting or financial background and work experience, and also state whether they meet conditions in Article 30 of the Company Act or not.

Note 2: Independent directors shall state their independence status, including but not limited to whether they, their spouse, or relatives within the second degree of kinship are the directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of the company's shares held in the name of another person; the number and proportion of the Company's shares held by themselves, their spouse, relatives within the second degree of kinship (or by the person under others' names); whether to serve as a director, supervisor or an employee of a company that has a specific relationship with the Company (which meets Subparagraphs 5 to 8 of Paragraph 1 of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

5. The diversification and the independence of the board of directors:

(1) The diversification of the board of directors:

Based on the div to strengthen t evaluatThe composition of the board of directors, shall formulate an appropriate diversity policy for its operation, operation type and development needs, including but not limited to the following:

1. Basic conditions and values: gender, age, nationality and culture.
2. Professional knowledge and skills: operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, leadership and decision-making ability. The current board of directors of the Company consists of 12 directors. The specific management objectives of the diversification policy of the composition of the board of directors are as follows:

The core of diversification  Name		Basic Composition					Professional Background					Professional knowledge and skill					
		Nationality	Gender	Also serve as an employee of the Company	Age			Accounting	Industry	Finance	Technology	Operation judgement ability	Operation management ability	Leadership and decision-making ability	Crisis management ability	Industry knowledge	The view of international market
					Age from 51 to 60	Age from 61 to 70	Age from 71 to 80										
Director	Chi-Jui Huang	Republic of China	Male	v		v		v	v	v	v	v	v	v	v	v	v
	Hung-Chi Hsiao		Male	v		v			v		v	v	v	v	v	v	v
	Ching-Hui Lin		Male	v		v			v		v	v	v	v	v	v	v
	Chi-Nan Huang		Male	v			v		v		v	v	v	v	v	v	v
	Chi-An Huang		Male	v		v			v		v	v	v	v	v	v	v
	I-Chuan Lin		Male			v			v		v	v	v	v	v	v	v
	Yu-Hsing Liang (Note 1)		Male	v		v			v		v	v	v	v	v	v	v
	Wen-Hsieng Chiang		Male	v		v			v		v	v	v	v	v	v	v
	Wen-Shun Ho		Male	v	v			v	v	v	v	v	v	v	v	v	v
	Chien-Cheng Wu		Male	v	v				v	v	v	v	v	v	v	v	v
Independent Director	Ming-Yo Huang	Male			v		v	v	v	v	v	v	v	v	v	v	
	Chien-Te Liu	Male		v				v		v	v	v	v	v	v	v	
	Jun-Cheng Chen	Male		v				v	v	v	v	v	v	v	v	v	

Note 1: Director – Yu-Hsing Liang resigned on March 31st, 2024.

- (2) Independence of the Board of Directors: There are twelve members on the current board of directors (including three independent directors) of the Company. As of the end of 2023, the independent directors were all in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors. There are no conditions of items 3 and 4 of Article 26-3 of the Securities and Exchange Act between the directors and independent directors. The board of directors of the Company is independent (please refer to page 15 to 17 of this annual report – information disclosure on the professional qualifications of the directors and the independence of independent directors). Directors' educational background, gender and work experience (please refer to page 11 to 13 of this annual report – information of the directors).

## (II) Background Information of the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branch Offices

Unit: shares

April 14, 2024

Title (Note 1)	Nationality	Name	Gender	Date elected / appointed	Shareholding Under Own Name		Shares held by spouse and underage children		Shares held in the names of others		Major academic and work experience (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks (Note 3)
					Number of shares	% of Ownership	Number of shares	% of Ownership	Number of shares	% of Ownership			Title	Name	Relationship	
President	R.O.C.	Ching-Hui Lin	Male	November 1, 1998	6,574,132	2.07%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Manager of MTI, Inc. President, Zinwell Corporation	President of ZINWELL CORPORATION (H.K.) LIMITED Director of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD.	-	-	-	-
Vice President of Chiayi Plant	R.O.C.	Chi-An Huang	Male	March 27, 2003	3,064,161	0.96%	0	0.00%	0	0.00%	Graduated from Sieh Chih Vocational High School Vice President, Zinwell Corporation	Director of Shumu International Co., Ltd. (樹木國際(股)公司)	Assistant Vice President of Chairman Office	Chi-Nan Huang	Brothers	-
Vice President of 1st R&D Division	R.O.C.	Yu-Hsing Liang (Note 4)	Male	March 27, 2003	384,352	0.12%	18,249	0.01%	0	0.00%	Graduated from Department of Electrical Engineering Senior Engineer of BEHAVIOR TECH COMPUTER CORP. Lead Engineer of MTI, Inc. Vice President of 1st R&D Division, Zinwell Corporation	None	-	-	-	-
Assistant Vice President of Chairman Office	R.O.C.	Chi-Nan Huang	Male	March 27, 2003	3,634,019	1.14%	0	0.00%	0	0.00%	Graduated from National Chia-Yi Industrial Vocational High School R&D Deputy Manager of Yong Le Electronics Co., Ltd. (永樂電子(股)公司) R&D Section Manager of Wang Le Electronics Co., Ltd. (萬樂電子(股)公司) Assistant Vice President, Chairman Office of Zinwell Corporation	Director of Shumu International Co., Ltd. (樹木國際(股)公司) Supervisor of AkiraNET Co.	Vice President of Chiayi Plant	Chi-An Huang	Brothers	—
Vice President of 1st Business Division	R.O.C.	Wen-Hsien Chiang	Male	March 27, 2003	487,295	0.15%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Sales Engineer of MTI, Inc. Vice President of 1st Business Division, Zinwell Corporation	None	-	-	-	-
Assistant Vice President of Operations Management	R.O.C.	Cheng-Yi Cheng	Male	March 27, 2003	21,533	0.01%	0	0.00%	0	0.00%	Graduated from Department of Electronics, Oriental Institute of Technology QA Section Head of Ya Qing	None	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date elected / appointed	Shareholding Under Own Name		Shares held by spouse and underage children		Shares held in the names of others		Major academic and work experience (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks (Note 3)
					Number of shares	% of Ownership	Number of shares	% of Ownership	Number of shares	% of Ownership			Title	Name	Relationship	
Center											Electronics Co. Ltd. (雅慶電子公司) Biotech Section Head of Everspring Industry Co., Ltd. Assistant Vice President, Operations Management Center of Zinwell Corporation					
Vice President, 2nd Business Division	R.O.C.	Chien-Cheng Wu	Male	March 27, 2003	498,079	0.16%	5	0.00%	0	0.00%	DREXEL U.MBA Sales Engineer of MTI, Inc. 2nd Business Division of Zinwell Corporation Vice President	None	-	-	-	-
Vice President, 3rd Business Division	R.O.C.	Hsin-Chou Wu	Male	April 1, 2014	20,281	0.01%	0	0.00%	0	0.00%	Department of Business Administration, Feng Chia University Assistant Vice President, 3rd Business Division of Zinwell Corporation	None	-	-	-	-
Assistant Vice President of Procurement Division	Republic of China	Yin-lin Lo	Male	April 1, 2022	0	0.00%	0	0.00%	0	0.00%	Graduate school of the chemistry application department, Tunghai University Assistant manager of production management department of Universal scientific industrial Co., Ltd. Manager of electronic material department of Fupo electronics corporation Production supervisor engineering plastics plant of Nan Ya Plastics Corporation Assistant Vice President of Procurement Division of Zinwell corporation	None	-	-	-	-
Assistant Vice President of President Office	R.O.C.	Chuang-Jun Qiu	Male	August 1, 2021	50,955	0.02%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Assistant Vice President, President Office of Zinwell Corporation	GENERAL MANAGER OF ZINWELL ELECTRONIC (SHENZHEN) CO., LTD.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date elected / appointed	Shareholding Under Own Name		Shares held by spouse and underage children		Shares held in the names of others		Major academic and work experience (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks (Note 3)
					Number of shares	% of Ownership	Number of shares	% of Ownership	Number of shares	% of Ownership			Title	Name	Relationship	
Special Assistant of Chairman's Office	R.O.C.	Wen-Shun Ho	Male	October 3, 2022	50,217	0.02%	0	0.00%	0	0.00%	Graduated from Department of Business Administration, Feng Chia University Financial Dept., NANKANG RUBBER TIRE CORP., LTD. Special Assistant, Chairman's Office of Zinwell Corporation	Juristic-Person Director of AkiraNET Co.	-	-	-	-
Assistant Vice President of 2nd R&D Division	R.O.C.	Shu-Chi Wang	Male	April 1, 2013	109,682	0.03%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, National Taiwan University of Science and Technology Assistant Vice President, 2nd R&D Division of Zinwell Corporation	None	-	-	-	-
Vice President of 3rd R&D Division	R.O.C.	Yu-Kung Tsai	Male	October 3, 2022	42,000	0.01%	0	0.00%	0	0.00%	Department of Electrical and Computer Engineering, Tamkang University Manager of Kai Liang Co., Ltd. (鎔聯(股)) Vice President of 3st R&D Division, Zinwell Corporation	None	-	-	-	-
Assistant Vice President of Operations Management Center	R.O.C.	Pei-Hung Tsai	Male	September 1, 2015	43,383	0.01%	0	0.00%	0	0.00%	Graduated from Department of Mechanical Engineering, National Chin-Yi University of Technology Assistant Vice President, Operations Management Center of Zinwell Corporation	None	-	-	-	-
Assistant Vice President of 1st R&D Division	R.O.C.	Shang-Jun Zhao (Note 4)	Male	April 1, 2024	0	0.00%	0	0.00%	0	0.00%	Graduate school of Department of optical sciences, National Central University Assistant Vice President, 1st R&D Division of Zinwell Corporation	None	-	-	-	-

- Note 1: Include background information of the President, Vice Presidents, Assistant Vice Presidents, heads of various departments and branches, and anyone of equivalent authority to the above, regardless of their job titles.
- Note 2: Previous work experiences relating to their current roles; if the person worked in an auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.
- Note 3: If the Chairman and President or equivalent (the supreme management) of the Company are the same person, spouses or relatives within 1st degree of kinship, disclosed the reason, rationality, necessity and responsive measures (e.g. Increasing the seats of independent director, and a majority of directors prohibited from serving as employees or managers concurrently).
- Note 4: Vice President – Yu-Hsing Liang retired on March 31st, 2024. Assistant Vice President – Shang-Jun Zhao took office on April 1st, 2024.

### III. Remuneration paid to directors, supervisors, President, and Vice Presidents in the most recent year

#### 1. Director

(1) Remuneration to Directors and Independent Directors(disclosure of individual director's name and remuneration)

April 14, 2024

Unit: NT\$ Thousand

Title	Name (Note 1)	Remuneration to directors								Sum of A, B, C, and D as percentage of net income (Note 10)		Employee remuneration received by directors								The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)		Remuneration from investees other than subsidiaries, or parent company (Note 11)	
		Remuneration (A) (Note 2)		Retirement Pension (B)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Retirement pension (F)		Employee remuneration (G)(Note 6)							
		The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	Cash	Stock	Cash	Stock	The Company	All companies included in the consolidated statements (Note 7)		
Director	Chi-Jui Huang	600	600	-	-	-	-	-	-	-	-	2,622	2,622	44	44	-	-	-	-	-	-	-	None
Director	Hung-Chi Hsiao	600	600	-	-	-	-	-	-	-	-	2,011	2,011	27	27	-	-	-	-	-	-	-	None
Director	Ching-Hui Lin	600	600	-	-	-	-	-	-	-	-	2,826	2,826	142	142	-	-	-	-	-	-	-	None
Director	Chi-An Huang	600	600	-	-	-	-	-	-	-	-	2,305	2,305	26	26	-	-	-	-	-	-	-	None
Director	Chi-Nan Huang	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	I-Chuan Lin	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Yu-Hsing Liang (Note A)	600	600	-	-	-	-	-	-	-	-	2,076	2,076	119	119	-	-	-	-	-	-	-	None
Director	Wen-Hsieng Chiang	600	600	-	-	-	-	-	-	-	-	1,954	1,954	113	113	-	-	-	-	-	-	-	None
Director	Wen-Shun Ho	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Chien-Cheng Wu	600	600	-	-	-	-	-	-	-	-	1,981	1,981	110	110	-	-	-	-	-	-	-	None
Independent Director	Ming-Yu Huang	600	600	-	-	-	-	14	14	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Chien-Te Liu	600	600	-	-	-	-	14	14	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Jun-Cheng Chen	600	600	-	-	-	-	14	14	-	-	-	-	-	-	-	-	-	-	-	-	-	None

1. Please state the policies, systems, standards and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors:
2. Compensation received by Directors for providing service to any company included in the Consolidated Financial Statements (e.g. consultancy service without the title of an employee) in the last year except those disclosed in the above table: None.

Note A : Director – Yu-Hsing Liang resigned on March 31st, 2024.

Remuneration scale table

Breakdown of remuneration to directors (NT\$)	Directors			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the consolidated statements (Note 9) H	The Company (Note 8)	All companies included in the consolidated statements (Note 9) I
Below 1,000,000	Chi-Jui Huang, Hung-Chi Hsiao, Chi-An Huang, Chi-Nan Huang, Yu-Hsing Liang, Wen-Hsien Chiang, Wen-Shun Ho, I-Chuan Lin, Ching-Hui Lin, Chien-Cheng Wu, Ming-YU Huang, Chien-Te Liu and Jun-Cheng Chen 13 persons	Chi-Jui Huang, Hung-Chi Hsiao, Chi-An Huang, Chi-Nan Huang, Yu-Hsing Liang, Wen-Hsien Chiang, Wen-Shun Ho, I-Chuan Lin, Ching-Hui Lin, Chien-Cheng Wu, Ming-YU Huang, Chien-Te Liu and Jun-Cheng Chen 13 persons	I-Chuan Lin, Ming-Yu Huang, Chien-Te Liu, Jun-Cheng Chen 4 persons	I-Chuan Lin, Ming-Yu Huang, Chien-Te Liu, Jun-Cheng Chen 4 persons
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	0 person	0 person	0 person	0 person
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	0 person	0 person	Chi-Jui Huang, Hung-Chi Hsiao, Chi-An Huang, Chi-Nan Huang, Wen-Hsien Chiang, Yu-Hsing Liang, Wen-Shun Ho, Chien-Cheng Wu 8 persons	Chi-Jui Huang, Hung-Chi Hsiao, Chi-An Huang, Chi-Nan Huang, Wen-Hsien Chiang, Yu-Hsing Liang, Wen-Shun Ho, Chien-Cheng Wu 8 persons
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	0 person	0 person	Ching-Hui Lin, 1 person	Ching-Hui Lin, 1 person
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	0 person	0 person	0 person	0 person
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	0 person	0 person	0 person	0 person
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	0 person	0 person	0 person	0 person
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	0 person	0 person	0 person	0 person
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	0 person	0 person	0 person	0 person
Over 100,000,000	0 person	0 person	0 person	0 person
Total	13 persons	13 person	13 person	13 persons

Note 1: Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representatives are stated separately), whereas the

amount of benefits and allowances are presented in aggregate sums. Any Directors who co-headed the President or Vice President positions are disclosed in this table and in Table (3-1) or (3-2) below.

Note 2: Refers to Director's remuneration in the last year (including salaries, allowances, severance pay, various bonuses and incentives, etc.).

Note 3: Represents the amount of directors' remuneration that the board has approved as part of the latest earnings appropriation.

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above beneficiaries.

Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the last year for assuming the role of a company employee (such as President, Vice President, manager or other employee). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee stock options, RSAs and subscription to cash issues are treated as remuneration.

Note 6: Refers to any compensation that the director received (in cash or in shares) in the last year for assuming the role of an employee (such as President, Vice President, manager or other employees). The amount of employee compensation proposed by the board of directors in the last year has been disclosed (where the amount could not be estimated, the actual amount paid in the last year was presented instead). Table 1-3 has also been completed for reference.

Note 7: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents total amount of remuneration paid by all companies above to the Company's directors.

Note 8: The amount of remuneration paid by the Company to each director has been disclosed in ranges.

Note 9: The details represent the range of remuneration paid by the consolidated entity (including the Company) to each director.

Note 10: After-tax profit refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 11: a. This field represents all forms of remuneration the Director has received from the Company's invested businesses other than subsidiaries or parent company (If none, please specify "None".)

b. For directors who received remuneration from invested businesses other than subsidiaries, amounts received from these invested businesses have been added to column I of the remuneration brackets table. In which case, column I will be renamed " Parent Company and All Invested Businesses".

c. Remuneration refers to any returns, compensation (including compensations received as an employee, director and supervisor) and professional service fees which the Company's directors received for serving as directors, supervisors or managers in invested businesses other than subsidiaries , or parent company.

\*The basis of remuneration disclosed above is different according to the basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

2. Remuneration to Supervisors: Not applicable, as the Company established the Audit Committee in replace of supervisors and abolished the supervisor system in 2016.

3. Remuneration to the President and Vice Presidents (individual disclosure by name and amount):

April 14, 2024

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Salaries, Bonuses and Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)(Note B)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 8)		Remuneration from invested businesses other than subsidiaries (Note 9)
		The Company	All companies included in the consolidat ed statements (Note 5)	The Compan y	All companies included in the consolidat ed statements (Note 5)	The Compan y	All companies included in the consolidat ed statements (Note 5)	The Company		All companies included in consolidated statements (Note 5)		The Company	All companies included in consolidated statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Ching-Hui Lin	2,826	2,826	142	142			-	-	-	-	-	-	None
Vice President of Jiatai Plant of the Company	Chi-An Huang	2,305	2,305	26	26			-	-	-	-	-	-	None
Vice President of 1st R&D Division	Yu-Hsing Liang (Note A)	2,076	2,076	119	119			-	-	-	-	-	-	None
Vice President of 3rd R&D Division	Yu-Kung Tsai	1,908	1,908	108	108			-	-	-	-	-	-	None
Vice President of 1st Business Division	Wen-Hsien Chiang	1,954	1,954	113	113			-	-	-	-	-	-	None
2nd Business Division Vice President	Chien-Cheng Wu	1,981	1,981	110	110			-	-	-	-	-	-	None
3rd Business Division Vice President	Hsin-Chou Wu	1,932	1,932	110	110			-	-	-	-	-	-	None

Note A : Vice President – Yu-Hsing Liang retired on March 31st, 2024.

Note 1: The names of President and Vice Presidents are required to be presented separately; the amount of payments made can be presented in aggregate sums. Any directors who co-headed the President or Vice President positions are disclosed in this table and in Table (1-1) or (1-2-1) & (1-2-2) below.

Note 2: Refers to salaries, allowances, and severance pay made to the President and Vice Presidents in the last year.

Note 3: Refers to other compensation such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicles or other in-kind benefits made to the President and Vice Presidents. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee stock options, RSAs and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee compensation distributed to the President and Vice Presidents (in cash or in shares), which the Board of Directors has passed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Table 1-3 has been prepared in addition to the above details.

Note 5: Remuneration is presented in aggregate of all amounts paid by all companies covered by the consolidated financial statements (including the Company) to the Company's President/Vice Presidents.

Note 6: The amount of remuneration made by the Company to its President/Vice Presidents has been disclosed separately in ranges.

Note 7: The disclosure includes the sum of amounts paid by the consolidated entity (including the Company) to the Company's President/Vice Presidents; the names of President/Vice Presidents have been disclosed separately in ranges.

Note 8: After-tax profit refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 9:

- a. This field represents all forms of remuneration the Company's President and Vice President have received from the Bank's invested businesses other than subsidiaries or parent company (If none, please specify "None".)
- b. President/Vice Presidents who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses have been added to column E of the Remuneration Brackets Table. In this case, column E will be renamed "Parent Company and All Invested Businesses".
- c. Remuneration refers to any returns, remuneration (including remunerations received as an employee, director and supervisors) and professional service fees which the Company's President/Vice Presidents received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries, or parent company.

\*The basis of remuneration disclosed above is different according to the basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

#### 4. Remuneration to Top 5 senior managers

(4-1) Remuneration to Top 5 senior managers (the name and remuneration of each senior manager is disclosed individually):

Job Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Salaries, Bonuses and Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 6)		Remuneration from invested businesses other than subsidiaries (Note 7)
		The Compan y	All compani es included in the consolid ated statemen ts (Note 5)	The Compa ny	All compani es included in the consolid ated statemen ts (Note 5)	The Compa ny	All compani es included in the consolid ated statemen ts (Note 5)	The Company		All companies included in consolidated statements (Note 5)		The Compan y	All compani es included in the consolid ated statemen ts	
								Cash	Stock	Cash	Stock			
President	Ching-Hui Lin	2,826	2,826	142	142	-	-	-	-	-	-	-	-	None
Vice President of Jiatai Plant of the Company	Chi-An Huang	2,305	2,305	26	26	-	-	-	-	-	-	-	-	None
Vice President of 1st R&D Division	Yu-Hsing Liang (Note A)	2,076	2,076	119	119	-	-	-	-	-	-	-	-	None
Vice President of 1st Business Division	Wen-Hsie n Chiang	1,954	1,954	113	113	-	-	-	-	-	-	-	-	None
Vice President, 2nd Business Division	Chien-Che ng Wu	1,981	1,981	110	110	-	-	-	-	-	-	-	-	None

Note A : Vice President – Yu-Hsing Liang retired on March 31st, 2024.

Note 1: The “Top 5 Senior Managers” refer to the Company's management. The standards governing identification the management shall be subject to the requirements applicable to the “management” referred to in the letter of Securities and Futures Commission, Ministry of Finance under Tai-Cai-Zhen-3-Zi No. 0920001301 dated March 27, 2003. The principles for calculating the remuneration to the “top 5 senior managers” are based on the total of the Salaries, Retirement Pension, Bonuses and Allowances received by the managers from the companies included into the consolidated financial companies and the employment remuneration received by them (namely, the sum of A+B+C+D). Then, the top 5 senior managers are identified as the top 5 managers receiving the highest remuneration in order. Any directors who serve as said managers concurrently shall

complete the form (4-1).

Note 2: Please specify the salaries, allowances, and severance pay made to the top 5 senior managers in the most recent year.

Note 3: Please specify other compensation such as bonus, incentives, travel allowances, special allowances, other allowances, accommodation, dormitory and corporate vehicles or other in-kind benefits made to the top 5 senior managers in the most recent year. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above beneficiaries. Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee stock options, RSAs and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee remuneration distributed to the Top 5 senior managers (in cash or in shares), which the Board of Directors has passed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Table 1-3 has been prepared in addition to the above details.

Note 5: Please disclose the total of remuneration paid by all companies included into the consolidated financial statements (including the Company) to the top 5 senior managers.

Note 6: After-tax profit refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 7: a. This field represents all forms of remuneration the top 5 senior managers have received from the Company's invested businesses other than subsidiaries or parent company (If none, please specify "None")

c. The remuneration refers to any returns, compensation (including remuneration to employees, directors and supervisors) and professional service fees which the Company's top 5 senior managers received for serving as directors, supervisors or managers in invested businesses other than subsidiaries or parent company.

\*The basis of remuneration disclosed above is different according to the basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

## **5. Managers receiving employee remuneration and state of distribution**

The Board resolved on March 6, 2024 that no 2023 employee remuneration should be distributed.

## **6. Amount of remuneration paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and Vice Presidents, and their respective proportions to the net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance.**

- (1) Disclosure of remuneration in the most recent 2 years paid by the Company and all companies included in the consolidated financial statements to the Company's Directors, Supervisors, President, and Vice Presidents as a percentage of net profit after tax.

Title \ Item	As percentage of net income					
	2023				2022	
	The Company		All companies included into the consolidated financial statements		The Company	All companies included into the consolidated financial statements
	Amount	%	Amount	%	%	%
Director	7,842 (Note 1)	- (Note 3)	7,842 (Note 1)	- (Note 3)	2,052.48%	2,052.48%
Supervisor	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)
President and Vice President	15,710 (Note 1)	- (Note 3)	15,710 (Note 1)	- (Note 3)	4,901.31%	4,901.31%

Note 1: The Board resolved on March 6, 2024 that no 2023 employee remuneration should be distributed.

Note 2: Not applicable, as the Company established the Audit Committee in replace of supervisors and abolished the supervisor system in 2016.

Note 3: Not to calculate, as the Company suffered loss in 2023.

- (2) The policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance and future risks:

The remuneration to the Company's directors/supervisors is distributed based on the proportional basis set forth in the Company's Articles of Incorporation. The remuneration to the Company's President and Vice President is paid in accordance with the Company's pay rates.

#### IV. Corporate governance

##### (I) Functionality of Board of Directors

A total of 6 meetings (A) were held in 2023; below are the attendance records:

Title	Name	Actual attendance B	Proxy Attendance	Percentage of actual (proxy) attendance (%) 【 B/A】	Remarks
Chairman	Huang, Chi-Jui	6	0	100%	
Director	Hung-Chi Hsiao	6	0	100%	
Director	Ching-Hui Lin	6	0	100%	
Director	Chi-An Huang	0	6	0%	
Director	Chi-Nan Huang	6	0	100%	
Director	I-Chuan Lin	0	6	0%	
Director	Yu-Hsing Liang	0	6	0%	
Director	Wen-Hsien Chiang	0	6	0%	
Director	Wen-Shun Ho	0	6	0%	
Director	Chien-Cheng Wu	0	6	0%	
Independent Director	Ming-Yo Huang	6	0	100%	
Independent Director	Chien-Te Liu	6	0	100%	
Independent Director	Jun-Cheng Chen	6	0	100%	

Other remarks:

- I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the Company has responded to such opinions:

##### (I) Conditions described in Article 14-3 of the Securities and Exchange Act:

Date/Session	Discussed Agenda	Objected or reserved by independent directors	Company's response to independent director's opinions	Resolution
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	7th Meeting of 15th Board March 8, 2023	<ol style="list-style-type: none"> <li>1. The Audit Report for the first quarter of 2023.</li> <li>2. The implement of endorsement/guarantee of the Company as of December 31, 2022.</li> <li>3. The Company's engagement in derivative trading as of March 8, 2023.</li> <li>4. The Company's application of liability insurance for all of its directors and managerial officers.</li> <li>5. The proposal of the Company's endorsement/guarantee for its subsidiaries.</li> <li>6. The proposal of the Company's assessment on effectiveness of internal control system and the "Internal Control Statement" for the fiscal year 2022.</li> <li>7. Waived the Company's subscription rights for the cash capital increase of its subsidiary AkiraNET Company.</li> <li>8. The renewal of service contract with the Company's attesting CPAs for the attestation of 2023 financial statements.</li> <li>9. The attesting CPAs, the accounting firm they belong to and the affiliated enterprises of the firm to provide non-assurance services to the Company and its subsidiaries for the fiscal year 2023.</li> </ol>	None	None	Passed by all present directors unanimously.
	8th Meeting of 15th Board May 3, 2023	<ol style="list-style-type: none"> <li>1. The Audit Report for the second quarter of 2023.</li> </ol>	None	None	Passed by all present directors unanimously.
	9th Meeting of 15th Board June 7, 2023	<ol style="list-style-type: none"> <li>1. Amendment to the investment agreement signed between subsidiary AkiraNET Company and Coherent Logix, Inc., and motion for the second amendment to the chip development contract, intellectual property rights service and licensing contract signed with Coherent Logix, Inc.</li> <li>2. Signing of a cooperation contract between the subsidiary, AkiraNET Company and Performance Connectivity, an RF Transceiver IC company.</li> <li>3. Waived the Company's subscription rights for the cash capital increase of its subsidiary AkiraNET Company.</li> </ol>	None	None	Passed by all present directors unanimously.
	10th Meeting of 15th Board August 8, 2023	<ol style="list-style-type: none"> <li>1. The Audit Report for the third quarter of 2023.</li> <li>2. The Company's engagement in derivative trading as of August 8, 2023.</li> <li>3. The professional qualifications and independence of the independent directors at present.</li> <li>4. The proposal of the Company's regular assessment on attesting CPAs' independence.</li> </ol>	None	None	Passed by all present directors unanimously.

		5. The Company's participation in the subscription of shares of capital increase in cash by the subsidiary, AkiraNET Company			
	11th Meeting of 15th Board November 1, 2023	1. The Audit Report for the fourth quarter of 2023. 2. The Company's engagement in derivative trading as of November 1, 2023. 3. Procedures for the preparation and verification of the "Sustainability Report" of the Company. 4. The proposal to determine whether the Company's accounts receivable overdue for a certain period are loans of fund as required by the competent authority.	None	None	Passed by all present directors unanimously.
	12th Meeting of 15th Board December 20, 2023	1. The second Audit Report for the fourth quarter of 2023. 2. The preparation and implementation status of the Company's "Sustainability Report."	None	None	Passed by all present directors unanimously.

(II) Any other documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above: None.

II. For directors' avoidance of motions which involves conflict of interest, the names of directors, details of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed: None.

III. The TWSE/TPEX-listed company shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation about the Board of Directors' self (or peer) performance evaluation, and specify the status of evaluation conducted by the Board of Directors the schedule attached hereto.

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Once per year	From January 1, 2023 until December 31, 2023	Board of Directors	Board Member's Self-Evaluation	1. Participation in the Company's operation 2. Board decision-making quality 3. Composition and structure of Board 4. Election and continuing education of directors 5. Internal control
		Individual Board Member	Board Member's Self-Evaluation	1. Alignment with the goals and mission of the Company 2. Knowledge of the directors' duties 3. Participation in the Company's operation 4. Management of internal relationship and communication 5. Professionalism and continuing education of directors 6. Internal control
		Functional committees	Board Member's Self-Evaluation	1. Participation in the Company's operation 2. Knowledge of functional committees' duties 3. Functional committees decision-making quality 4. Formation and member election of the functional committees 5. Internal control

Status:

For the Board performance evaluation 2023, each director has completed the self-evaluation and report the same to the Board meeting on March 6, 2024.

Evaluation result:

The Board's operation is considered in line with the Company's operating needs. The evaluation result shows that the Company's operations should be considered fair and effective.

IV. Enhancement of the functionality of the Board of Directors in the current and the most recent year (e.g. the establishment of an Audit Committee, the improvement of information transparency, etc.) and the respective progress reports:

1. The Company's Audit Committee and Remuneration Committee consist of all independent directors. Each of them report to the Board of Directors periodically to help the Board perform its supervisory functions.
2. The Company has established its own "Corporate Governance Best-Practice Principles", "Regulations Governing Board Performance Evaluation" and "Diversification Policy of Board Members" to practice the corporate governance and improve the Board's functions.
3. The Company will take out liability insurance for the directors and key management to provide them with protection when they are performing their duties and also mitigate the risk to be borne by the Company.
4. The Company designates dedicated personnel to take charge of the disclosure and publication of the Company's information and update the messages on the Company's website to improve the information transparency.

V. Independent directors' attendance at each Board meeting:

Independent directors' attendance at each Board meeting in 2023						
✓: Personal attendance				☆: Proxy attendance	※: Absent	
Independent Director	March 8, 2023 Board of Directors	May 3, 2023 Board of Directors	June 7, 2023 Board of Directors	August 8, 2023 Board of Directors	November 1, 2023 Board of Directors	December 20, 2023 Board of Directors
Ming-Yo Huang	✓	✓	✓	✓	✓	✓
Chien-Te Liu	✓	✓	✓	✓	✓	✓
Jun-Cheng Chen	✓	✓	✓	✓	✓	✓

(II) Involvement of Audit Committee members or supervisors in board of directors meetings:

1. Functionality of the Audit Committee:

A total of 6 meetings (A) were held in 2023; below are the attendance records:

Title	Name	Actual attendance B	Proxy Attendance	Percentage of actual (proxy) attendance (%) 【 B/A 】	Remarks
Independent Director	Ming-Yo Huang	6	0	100%	
Independent Director	Chien-Te Liu	6	0	100%	
Independent Director	Jun-Cheng Chen	6	0	100%	

Other remarks:

I. Audit Committee meetings that meet any of the following descriptions, state the date and session of board of directors meeting held, the discussed agenda, the Audit Committee's resolution, and how the company has responded to Audit Committee's opinions:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act :

Date/Session	Discussed Agenda	Any resolution disagreed by the Audit Committee but passing by more than two-thirds of the whole directors.	Audit Committee's resolution	Company's response to Audit Committee's opinions
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7th Meeting of 15th Board March 8, 2023	<ol style="list-style-type: none"> <li>1. The Audit Report for the first quarter of 2023.</li> <li>2. The proposal of the Company's endorsement/guarantee for its subsidiaries</li> <li>3. The proposal of 2022 Standalone Financial Statements of the Company.</li> <li>4. The proposal of 2022 Business Report and 2022 Consolidated Financial Statements of the Company.</li> <li>5. The proposal of the Company's assessment on effectiveness of internal control system and the "Internal Control Statement" for the fiscal year 2022.</li> <li>6. Waived the Company's subscription rights for the cash capital increase of its subsidiary AkiraNET Company.</li> <li>7. The renewal of service contract with the Company's attesting CPAs for the attestation of 2023 financial statements.</li> <li>8. The attesting CPAs, the accounting firm they belong to and the affiliated enterprises of the firm to provide non-assurance services to the Company and its subsidiaries for the fiscal year 2023.</li> </ol>	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
8th Meeting of 15th Board May 3, 2023	<ol style="list-style-type: none"> <li>1. The Audit Report for the second quarter of 2023.</li> <li>2. Report on the Company's Consolidated Financial Statements for the first quarter of 2023.</li> </ol>	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
9th Meeting of 15th Board June 7, 2023	<ol style="list-style-type: none"> <li>1. Amendment to the investment agreement signed between subsidiary AkiraNET Company and Coherent Logix, Inc., and motion for the second amendment to the chip development contract, intellectual property rights service and licensing contract signed with Coherent Logix, Inc.</li> <li>2. Signing of a cooperation contract between the subsidiary, AkiraNET Company and Performance Connectivity, an RF Transceiver IC company.</li> <li>3. Waived the Company's subscription rights for the cash capital increase of its subsidiary AkiraNET Company.</li> </ol>	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
10th Meeting of 15th Board August 8, 2023	<ol style="list-style-type: none"> <li>1. The Audit Report for the third quarter of 2023.</li> <li>2. The Company's Consolidated Financial Statements for the second quarter of 2023.</li> <li>3. The proposal of the Company's regular assessment on attesting CPAs' independence.</li> <li>4. The Company's participation in the subscription of shares of capital increase in cash by the subsidiary, AkiraNET Company</li> </ol>	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
11th Meeting of 15th Board November 1, 2023	<ol style="list-style-type: none"> <li>1. The Audit Report for the fourth quarter of 2023.</li> <li>2. The Company's Consolidated Financial Statements for the third quarter of 2023.</li> <li>3. Procedures for the preparation and verification of the "Sustainability Report" of the Company. °</li> <li>4. The proposal to determine whether the Company's accounts receivable overdue for a certain period are loans of fund as required by the competent authority.</li> </ol>	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
12th Meeting of 15th Board December 20, 2023	<ol style="list-style-type: none"> <li>1. The second Audit Report for the fourth quarter of 2023.</li> <li>2. The proposal of the Company's 2023 Annual Audit Plan of internal audit.</li> </ol>	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. For independent Directors' avoidance of motions which involves conflict of interest, the

names Independent Directors, details of the motions, reasons of the recusal for conflict of interest, and the participation in voting must be disclosed: None.

III. Communication between Independent Directors and chief internal auditor/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome).

1. For the chief internal auditor: The completed audit report is submitted to the Chairman and also delivered to each independent director for review. If necessary, the independent directors will communicate or discuss with the chief internal auditor about the audit report.

If any independent director comments on the audit report, the internal audit unit shall deal with it and then respond to the independent director. Per the independent director's instruction, if any, the chief internal auditor shall complete special report and then report to the independent director.

2. For external auditors (CPAs): Upon the external auditor's completion of the audit on semi-annual and annual financial statements, the independent directors convenes a meeting only the external auditors may attend to discuss and exchange with each other about the issues in internal control system and audit on the financial statements.
3. The independent directors convenes the meeting with external auditors at least once per year. The external auditors shall report to the independent directors on the Company's financial overview, domestic/foreign subsidiaries' finance and operations, and audit on internal controls, as well as the financial report and independent auditor's report or the effects posed by amendments to laws and regulations to the accounts, if any.
4. The independent directors and chief internal auditor may communicate with external auditors directly, if necessary. The communication channels between them are open and free from any interruption.

2. Supervisors' involvement in Board of Directors meetings: Not applicable, as the Company has established the Audit Committee in replace of the supervisor's functions.

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

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established its own "Corporate Governance Best-Practice Principles" and disclosed the same on the Company's website and MOPS.	Compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", and no material deviation found.
II. Shareholding Structure and Shareholders' Equity of the Company (I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	✓		(I) The Company is used to protecting shareholders' equity as the first priority. The Company delegates the spokesperson responsible for communicating with investors externally, and also dedicated personnel or its shareholders service agency, "Yuanta Securities Co., Ltd.", to process suggestions, doubts and questions from shareholders. If any legal issues are involved, Legal Dept. will provide assistance.	(I) Compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", and no material deviation found.
(II) Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	✓		(II) The Company reports the changes in equity held by the insiders (directors and managers) on the MOPS on a monthly basis. The shareholders service agency can possess the list of major shareholders of the ultimate controllers from time to time.	(II) Compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", and no material deviation found.
(III) Does the Company establish and implement	✓		(III) Subject to the the "Rules Governing Financial and	(III) Compliance with the "Corporate

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>the risk control and firewall mechanism with the related parties?</p> <p>(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?</p>	✓		<p>Business Matters Between the Company and its Affiliated Enterprises” and operating procedures under the internal control system set forth by the Company.</p> <p>(IV) The Company prescribes in the Employee Work Rules and Code of Ethical Code that employees shall not violate the requirements about insider trading. The Company has also established the “Operating Procedure for Handling Material Insider Information” and “Operating Procedure for Prevention of Insider Trading”, and disclosed the same on the Company's website.</p>	<p>Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.</p> <p>(IV) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.</p>
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors have member diversity policies regulated and implemented substantively according to the composition of the members?</p>	✓		<p>(I) The Company has established its “Diversification Policy of Board of Directors” and disclosed the same on the Company’s website. In order to achieve the diversification of Board members, including basic qualifications and value, the gender, age, nationality or cultural background shall be taken into consideration. The Board members shall possess the knowledge, skills and qualification needed by them to perform their duties, including the ability to make operational judgment, ability to analyze accounting and financial issues, industry knowledge, vision</p>	<p>(I) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.</p>

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(II) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	✓		towards the global market, leadership and decision making, etc. (II) The Company has established the Remuneration Committee and Audit Committee pursuant to laws. It will establish other functional committees subject to the business needs.	(II) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.
(III) Has the Company established a set of policies and assessment tools to evaluate the Board's performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	✓		(III) The Company has established the “Regulations Governing Board Performance Evaluation.” The Board performance evaluation results and Board members’ performance evaluation results have been reported to the Board meeting on March 6, 2024 and disclosed on the Company's website. The evaluation results are stated as following: (1) The Board performance evaluation (average scores): 96.62 (2) The Board member's (self or peer) performance evaluation (average scores): 95.17	(III) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.
(IV) Does the Company have the independence of the independent auditor evaluated regularly?	✓		(IV) The Company regularly evaluates the independence and suitability of CPAs once a year. The Audit Committee and Board of Directors have been approved by the independent auditors’ independence and suitability assessment on August 8, 2023 and March 6, 2024 respectively. According	(IV) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>to the assessment results, Yi-Chang Liang, CPA and Ya-Fang Wen, CPA of PwC Taiwan were held satisfying the Company's independence and suitability assessment standards, because:</p> <ol style="list-style-type: none"> <li>1. The independent auditors didn't hold any position in the Company concurrently. Meanwhile, the independent auditors were not stakeholders or involved in conflict of interest with the Company, directly or indirectly.</li> <li>2. The independent auditors have issued their declaration of independence.</li> <li>3. Examine the Audit Quality Indicators (AQIs) assessment information provided by PwC Taiwan.</li> </ol>	
IV. Whether the TWSE/TPEX-listed company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of	✓		<p>Approve by the board of directors on May 5th, 2021. The Board of Directors approved that Assistant Vice President Wen-Shun Ho of Financial Dept. should be in charge of the corporate governance practices. Assistant Vice President Wen-Shun Ho has been experienced in financial management functions in public companies for more than two decades.</p> <ol style="list-style-type: none"> <li>1. Provide directors with the information required by them to perform their duties, and the information about the latest changes in the laws to help the directors with compliance.</li> <li>2. Process the Company's registration and change of</li> </ol>	Compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies", and no material deviation found.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.)?			<p>registration.</p> <p>3. Arrange continuing education programs for directors periodically.</p> <p>4. Require that the Board meeting agenda should be notified to each director within 7 days prior to the meeting; convene the meeting and provide meeting materials; remind the director involved in conflict of interest in any motion in advance, and complete the meeting minute within 20 days after the meeting.</p> <p>5. Process the shareholders' meeting notice, meeting handbook, annual report and minute pursuant to laws.</p> <p>6. Responsible for release of important messages, such as important resolutions of the Board of Directors and shareholders' meetings, to ensure the legitimacy and accuracy of the important messages to protect investors' trading information.</p>	
V. Has the Company provided proper communication channels and created an investor relations section on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		The Company has established the spokesperson system dedicated to dealing with related matters. Meanwhile, the Company set up the stakeholder section on the Company's website as the channel to keep communicating with stakeholder via Tel. No., fax and email.	Compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies", and no material deviation found.
VI. Does the Company engage a Shareholder Service	✓		The Company has appointed the shareholders service agency of	Compliance with the "Corporate

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
Agency to handle Shareholder Meeting affairs?			Yuanta Securities Co., Ltd. to assist in the processing of shareholders affairs.	Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.
VII. Information disclosure				
(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	✓		(I) The Company Company has set up the website (at <a href="http://www.zinwell.com.tw">http://www.zinwell.com.tw</a> ) and update the disclosure of financial business and corporate governance information?	(I) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.
(II) Does the Company have adopted other information disclosure methods (such as, establishing an English website, designating responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the investor conference on the Company’s website, etc.)?	✓		(II) The Company has also delegated the dedicated personnel to collect and disclose the Company’s information, and practiced the spokesperson system pursuant to the requirements.	(II) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.
(III) Whether the Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?	✓		(III) The Company announces and reports the annual financial report, financial reports of Q1, Q2 and Q3, and monthly operation overview pursuant to the competent authority’s requirements.	(III) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of Directors/Supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?	✓		<p>(I) Employee rights: Establish the Employee Benefits Committee, implement the pension system, and value harmonious labor-management relationship.</p> <p>(II) Employee care: Plan the employees' group insurance, arrange periodic health checkup for the employees and organize various employee training programs, etc..</p> <p>(III) Investor relations and stakeholder equity: The Company discloses the information about the Company's business or finance and the Company's important messages on the "MOPS" timely according to the relevant laws, in order to disclose the Company's information honestly, protect investors' interest and right, and fulfill the corporate responsibility toward shareholders.</p> <p>(IV) Supplier relations: The Company is used to maintaining fair relations with suppliers.</p> <p>(V) Directors' continuing education: (For details, please refer to the following Appendix 1.)</p> <p>(VI) Implementation of risk management policies and risk measurements: Any of the Company's management regulations shall be decided subject to resolution made by</p>	Compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies", and no material deviation found.

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>the Board of Directors or a shareholders' meeting.</p> <p>(VII) Implementation of customer policy: The Company abides by the contracts executed with customers and related requirements strictly, and also ensure customers' interest and right and provide fair service quality.</p> <p>(VIII) The circumstance of the Company purchasing liability insurance for directors and supervisors: The Company has continued to purchase liability insurance for directors and managers in December 2023, and has submitted to report to the board of directors on March 6rd, 2024.</p>	
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.</p> <p>The Company has conducted the corporate governance self-evaluation per the competent authority's requirement, and improved the corporate governance practices step by step, in order to upgrade the Company's corporate governance image.</p>				

Note 1: Always provide explanations in the summary description column, regardless of whether actual governance is ticked "Yes" or "No."

Appendix 1: Directors' continuing education:

Title	Name	Training date		Organizer	Course name	Training hours	Whether the continuing education meets the requirements?
		Start	End				
Director	Chi-Nan Huang	2023/07/04	2023/07/04	Cathay Financial Holdings and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes
Director	Wen-Shun Ho	2023/02/21	2023/02/21	Securities and Future Institute	How to Analyze Key Financial Information to Strengthen Crisis Early Warning	6	Yes
		2023/02/22	2023/02/22	Accounting Research and Development Foundation	Common internal control deficiencies of enterprises and practical case analysis	6	Yes
Independent Director	Ming-Yo Huang	2023/02/21	2023/02/21	Taiwan corporate governance association	Disclosure of material information of the Company and responsibilities of directors and supervisors	3	Yes
		2023/05/31	2023/05/31	Independent Director Association Taiwan	Latest development and practices of money laundering prevention and counter terrorism	3	Yes
		2023/07/04	2023/07/04	Cathay Financial Holdings and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes
		2023/11/22	2023/11/22	Securities and Future Institute	2023 Legal Compliance of Insider Share Transfer Promotion Session	3	Yes

Title	Name	Training date		Organizer	Course name	Training hours	Whether the continuing education meets the requirements?
		Start	End				
		2023/12/13	2023/12/13	National Federation of Certified Public Accountant Associations R. O. C.	Money laundering prevention practices and development trends – A case study of the financial industry	3	Yes
		2023/12/21	2023/12/21	National Federation of Certified Public Accountant Associations R. O. C.	Accountants' responsibilities in the face of shareholder disputes and the response	3	Yes
Independent Director	Jun-Cheng Chen	2023/06/09	2023/06/09	Securities and Future Institute	2023 Insider trading prevention promotion session	3	Yes
		2023/07/04	2023/07/04	Cathay Financial Holdings and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes

(IV) If a remuneration committee is established within the Company, the composition, responsibilities, and functioning of such a committee must be disclosed :

The Remuneration Committee, consisting of the whole 3 independent directors, convenes the meeting for at least twice per year and shall perform the following duties loyally with due diligence as a good administrator and submit the proposed motions to the Board of Directors for discussion.

Scope of duties:

- (1) Stipulate and review regularly the compensation policies, systems, standards and structures, and performance of directors and managers.
- (2) Regularly review and adjust directors' and managers' remuneration.

1. The remuneration committee members' information

April 14th, 2024

Identity	Conditions	Professional qualifications and experience	The independence situation.	Number of other public companies that one also serves as an independent director
	Name			
Convener and Independent Director	Ming-Yo Huang	Please refer to page 13 of the annual report for relevant content of directors' professional qualifications and independent directors' independence information disclosure.	1. Not an employee of the Company or its affiliates. 2. Not a director or supervisor of the Company's affiliates 3. Not a shareholder whose total holdings, including those of his/her spouse and minor children, or shares held under others' names, reach or exceed 1 percent of the total outstanding shares of the Company or ranks among the top 10 individual shareholders.	3
Independent Director	Chien-Te Liu		4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager under subparagraph 1 or any of the persons in the preceding two subparagraphs. 5. Neither a director, supervisor, or employee of an entity that directly and/or indirectly	None

Independent Director	Jun-Cheng, Chen	<p>holds more than 5% of the Company's shares, nor one of the Company's top five shareholders, or director, supervisor or employee of a corporate shareholder who appoints a representative as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act.</p> <p>6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a person that also controls the same of the company.</p> <p>7. Not a director, supervisor, or employee of a company or institution of which the chairman, president (or equivalent) himself/herself or his/her spouse also serves as the company's chairman, president (or equivalent).</p> <p>8. Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of any company that has financial or business relations with the Company.</p> <p>9. Not a professional, owner, partner, director or supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>10. Not in contravention of Article 30 of the Company Act.</p>	1
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## 2. Operations of Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Term of office held by 5th Committee members: from June 14, 2022 to June 13, 2025.  
The Remuneration Committee held 2 meetings (A) in 2023. Details of members' eligibility and attendance are as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Percentage of actual (proxy) attendance (%) (B/A) (Note)	Remarks
Convener (Independent Director)	Ming-Yu Huang	2	0	100%	Re-elected as 5th Committee Member in 2022
Member (Independent Director)	Chien-Te Liu	2	0	100%	Re-elected as 5th Committee Member in 2022
Member (Independent Director)	Chun-Cheng Chen	2	0	100%	Re-elected as 5th Committee Member in 2022

### Other remarks:

#### I. Contents of proposals and resolutions of the Remuneration Committee, and the Company's handling of members' opinions:

Date/Session	Discussed Agenda	Remuneration Committee's resolution	Company's response to Remuneration Committee's opinions
3th Meeting of 5th March 8, 2023	1. The Company's distribution of employee compensation and director remuneration for 2022.	Passed by all present Remuneration Committee members unanimously.	Passed by all present directors unanimously.
4th Meeting of 5th December 20, 2023	1. The distribution of 2023 annual bonus for managerial officers.	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.

#### II. Should the Board rejects or modifies the suggestions from the Remuneration Committee, the following should be stated: date of the Board meeting, term of the Board, contents of the agenda, resolutions of the Board and the Company's handling of the Remuneration Committee's opinion. (If the remunerations approved by the Board are better than that suggested by the Remuneration Committee, the difference and the reason for the difference should be stated): None.

#### III. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

### Note:

- (1) Before the end of the year, if a Remuneration Committee member resigns from his/her position, the resignation date should be marked in the remarks column. The actual attendance rate (%) should be calculated according to the number of times the Remuneration Committee meeting was convened and his/her actual attendance.
- (2) If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, members of both the previous and the current Remuneration Committee are listed; in which case, the remarks column would specify whether the committee member was elected in the previous board, the new board, or both. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Remuneration Committees held during active duty and the number of actual (proxy) attendance.

(V) Promoting the implementation of sustainable development and the differences and reasons for the code of practice for sustainable development of listed companies.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
I. Whether the company established a governance framework to promote sustainable development and set up a dedicated unit, and set up a dedicated (part-time) unit to promote sustainable development, and the board of directors authorizes high-level management to handle the matters and the supervision by the board of directors?	✓		The Company has assigned the Finance Department, Human Resource Department and Quality Assurance Department as the dedicated units for the implementation of sustainable development in 2022 by the Board of Directors' approval, and as a dedicated sustain and applicable personnel in each unit will serve and assist promoting sustainable development, corporate social responsibility related affairs. In the future, it will be handled in accordance with the Articles of Incorporation and the results of the promotion will be reported to the board of directors on a regular basis.	No material deviation was found.
II. Companies must follow the materiality principle, the environment in which the company operates, Risk of social and corporate governance issues Assess and identify associated risks to manage Policy or Strategy? (Note 2)	✓		(1) Environment The Company has formulated corporate social responsibilities best-practice principles, and has published them on the Company's website. The policy of indicating corporate social responsibility is to implement and promote corporate governance, develop a sustainable environment, participate in promoting of social welfare, and strengthen the disclosure of corporate social responsibility information. And introduce ISO 14001 environmental management system verification ISO 9001 Quality Management System Verification, and establish Sustainable Development Promotion Team in 2022, to improve the environmental, social, and corporate governance policies. (2) Society The Company has already obtained and passes ISO 45001 Occupational health and safety management systems, and on a regular basis. To	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
			<p>hold physical examination for the employees, fire drill and occupational safety announcement, to cultivate the employees' ability to respond the emergencies every year.</p> <p>(3) Corporate governance</p> <p>1. The Company has established various internal control systems. To ensure that all personnel and operations comply with relevant laws and regulations.</p> <p>2. The Company filed patents for some products developed by the Company to protect the Company's rights and interests.</p> <p>3. In order to establish and improve the corporate governance mechanism of the Company. Insured the directors and managers the director and managers liability insurance, to mitigate the unknown risks bore by the Company. Protect the directors and managers from legal liability risks arising from lawsuits or claims when performing their duty.</p> <p>4. The Company has also set up a contact and email box in the specific area for the stakeholders on the Company's website to provide a channel for the shareholders for inquiry, making complaints and suggestions.</p> <p>(4) Information</p> <p>In recent years, the degree of reliance on information has been rising. The Company will also strengthen governance for information security risks. The Company values information security and confidential information protection greatly, and has established information security-related protection measures such as firewalls, information security equipment, and antivirus software. To avoid external attacks such as</p>	

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
			malicious hacking, computer viruses, and blackmail emails, affect the operation of the Company's systems. The Company will establish a "Cyber Security Team" responsible for crisis management, security and prevention pursuant to applicable rules and regulations in the future..	
III. Environmental issues				
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		(I) The Company promotes the environmental management system and received the ISO 14001:2015 certificate, which is valid until February 28, 2025. In 2022, it established the Sustainable Development Promotion Team to continuously optimize and improve the existing environment, safety and health management systems, thereby constantly improving its performance in environmental protection.	No material deviation was found.
(II) Is the Company committed to enhancing the efficient utilization of resources and to using renewable materials that have a low impact on the environment?	✓		(II) The Company reduces the waste to be incinerated and buried by classification of sources, reducing waste generated from production process and recycling the waste. For the waste outsourcing, reuse is adopted as the first priority, and then incineration and landfill. The goods and materials exchanged across departments, if any, will be held in containers which may be reused, or are made of recyclable materials.	No material deviation was found.
(III) Whether the Company assesses the potential risk	✓		(III) In order to mitigate the impact posed by the global climate and	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEx-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
<p>and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to climate issues?</p> <p>(IV) Whether the Company gathers the statistics about the annual greenhouse gas emission, water consumption and gross weight of waste for the past two years, and adopts policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods?</p>	✓		<p>environmental transformation to enterprises and human beings, the Company adopts natural gas in replace of low sulfur fuel oil in the production process in which the equipment needs to heat energy to complete production, and considers energy-saving and carbon-reduction equipment as the first priority before planning and designing the production process equipment, in order to make some contribution to the global environment.</p> <p>Meanwhile, the Company's products all satisfy the RoHS of EU in order to make the products practical and eco-friendly.</p> <p>(IV) The company's greenhouse gas emissions, water consumption and total waste weight, etc., have set up special personnel for air pollution, waste water and waste in accordance with environmental protection laws and regulations, and abide by relevant laws and regulations, and advocate turning off lights, reducing paper consumption, and temperature control of air conditioners, etc. , and effectively use energy to achieve the goal of energy saving and carbon reduction.</p>	No material deviation was found.
IV. Social issues				
(I) Has the Company developed	✓		(I) The Company sets forth the	No material deviation

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
its policies and procedures in accordance with laws and the International Bill of Human Rights?			<p>“Social Responsibility Management Regulations,” follows the internationally recognized human right standards, including the “Social Accountability Standard,” “International Labour Convention” and “Universal Declaration of Human Rights,” and complies with the local labor laws and regulations, in order to stop any activities infringing upon and violating human rights. The Management Regulations are posed on the Company's official website and relevant public information after the Chairman enters his signature thereto.</p>	was found.
(II) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?	✓		<p>(II) The Company has set forth the work rules and related personnel management regulations, covering the basic pay, working hours, days off, pension, labor/national health insurance benefits, and occupational hazard compensation for the Company's employees, which are held satisfying the Labor Standards Act. The Company establishes the Employee Benefits Committee consisting of the members elected by employees. The Committee takes charge of various welfare issues. The Company's remuneration policy is based on personal competence,</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		<p>contribution to the Company and performance, with the positive correlation with the business performance. The Company establishes the “Labor Pension Fund Supervisory Committee” pursuant to laws, and contributes the pension fund to the bank maintained at the Bank of Taiwan periodically. The Committee meeting is convened on a quarterly basis to review the allocation and utilization of pension fund. For any employee who applies the new labor pension system, the Company will contribute 6% of his/her salary to the personal pension account maintained at Labor Insurance Bureau on a monthly basis, in order to provide the employee with protection for his/her retirement life.</p> <p>(III) The Company has obtained the verification of the ISO 45001 occupational safety and health management system. All employees of the Company are responsible for industrial safety and hygiene within their own scope. No matter to themselves, their staff, machinery, equipment and the environment, in order to fulfill their responsibilities for industrial safety and hygiene, they must abide by all relevant safety and hygiene regulations of</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(IV) Does the Company have an effective career capacity development training program established for employees?	✓		<p>the Company, and the safety and health precautions given by the supervisors at all levels. In accordance with regulations, the Company issues warnings or distributes protective equipment for the environment or facilities with concerns of safety or occupational hazards, and conducts regular employee physical examinations.</p> <p>(IV) Each department of the Company proposes its annual training plan in accordance with the operating procedure for training. The Company plans and arranges various internal/external training programs per the organizational needs, department's needs and employee's personal needs, in order to improve and update employees' knowledge and skills and build generous HR capitals. The career development plan prepared for employees attends to the core competence training and employees' balanced physical and mental development at the same time.</p>	No material deviation was found.
(V) Whether the Company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopts related consumers	✓		<p>(V) Implement the ISO 9001 quality management system, follow the international standards including EU regulations and EEIC, establish the B021 Customers' (External Groups') Complaint Processing Regulations and B035 Sales Return Management</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
protection policy and complaining procedures?			<p>Regulations. In order to establish the ethical enterprise culture and the Company's robust development and to provide itself with the reference framework for successful business operations, it has set forth its own "Ethical Management Best-Practice Principles" to expressly define the operating procedures, conduct guidelines, punishment on violations and complaining system, hoping and asking the Company's members, including the Board of Directors and management, to practice ethical management policies. Meanwhile, in order to prevent any unethical conduct, the Company's material insider information dedicated unit will keep noting the requirements under related laws and regulations, and communicating the same to directors, managers and employees. The Company has set forth the "Regulations Governing Whistle-Blowing Against Illegal and Unethical or Dishonest Conduct" to deal with whistle-blown cases and complaints. The Company already set up the stakeholder section on the website. Any consumer who wishes to file a complaint may contact the Company via Tel. No., written</p>	

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(VI) Whether the Company adopts any specific suppliers' management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	✓		<p>correspondence and email from time to time.</p> <p>(VI) The Company has set forth the "Supplier Risk Assessment Management Regulations" to manage the suppliers. The supplier risk assessment shall cover quality/environment/occupational, safety and health management systems. The risk assessment taskforce shall consist of the persons holding the position as engineer or above from Sourcing Dept., Contracting Dept., R&amp;D/Engineering Dept., QA Dept. and Management Dept., which may conduct documentary review or on-site evaluation on the suppliers. Most of the Company's suppliers have worked with the Company for a long term. If any supplier is likely to pose negative impact to the important environment, employment conditions, human rights and society, the Company may claim termination or rescission of contract.</p>	No material deviation was found.
V. Whether the Company prepares the report disclosing the Company's non-financial information, such as CSR report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third party certification unit?		✓	The Company prepares the Sustainability Report in accordance with the GRI Standards and discloses non-financial information of the Company on its website and the Market Observation Post System for reference. However, it has not yet obtained the verification or assurance opinion from a third-party verification unit.	

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
VI. If the Company has established its own corporate social responsibility code of conducts in accordance with the “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies”, please describe the current practices and any deviations of its own code of conduct from said Principles: The Company’s “Corporate Social Responsibility Best-Practice Standard” was formulated and approved by the Board of Directors in December 2010, and was approved by the Board of Directors to revise in January 2017 and January 2019, in order to strengthen the implementation of corporate social responsibility. The Company reviews the implementation of the standard and makes improvements accordingly regularly. So far, there has been no difference in implementation.				
VII. Other information useful to the understanding of corporate social responsibilities: Please refer to the Company’s website for the operation thereof.				

Note 1:Implementation status: If “Yes” is ticked, please specify the important policies, strategies and measures as adopted, and the implementation status thereof. If “No” is ticked, please explain the causes and specify the related policies, strategies and measures to be adopted in the future.

Note 2:If the Company has prepared a CSR report, the status summary may be completed by providing page references to the CSR report instead.

Note 3:The materiality principle refers to the material effect produced by the environment, society and corporate governance issues on the company’s investors and other stakeholders.

## (V-1) Climate-Related Information of TWSE/TPEX Listed Company

## 1. Implementation of Climate-Related Information

Item	Implementation status									
1.Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>For responding to issues related to climate change and slowing global warming, the Company is committed to activities reducing greenhouse gas emissions in the hope to achieve the goal of net-zero emissions with the world in 2050.</p> <p>The Company’s Board of Directors and the Audit Committee shall act as the directive units, and, in addition to adoption of applicable environmental management system, the Sustainability Implementation Team established under the Board of Directors oversees responsible units conducting greenhouse gas inventory and brings forward solutions for emission reduction while putting the performance to the Board of Directors’ meeting for discussion and further decision.</p> <p>The Company’s Sustainability Implementation Team has also been active in collecting the latest information, and reports the systematic summary to the Board of Directors allowing the Board to facilitate a better understanding about climate change and make effective decisions.</p>									
2.Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>Based on TCFD, the Company identified and prioritized climate-related risks and opportunities and jointly assessed climate change risks and responsive measures with the Sustainability Implementation Team. The Company actively studies and formulates solutions in the hope to reduce the impact of climate change on its operations and finances and effectively boost the Company’s resilience to climate. The Company defines a short term as a period less than 3 years, a middle term as a period 3-5 years and a long term as a period more than 5 years in the assessment of observable and potential effects of climate on the Company.</p> <table><tr><td>Risks</td><td><ul style="list-style-type: none"><li>■ Transition Risks</li><li>■ The policy for climate change in Taiwan is definitive, and various laws and regulations have been adopted and put into effect. Thus, the Company is exposed to compliance risk.</li></ul></td><td><ul style="list-style-type: none"><li>■ Restriction on total greenhouse gas emissions</li><li>■ Laws and regulations related to reduction of greenhouse gas emissions</li><li>■ Effect of carbon tax and carbon fee</li><li>■ Effect of EU carbon border tariff</li></ul></td><td><ul style="list-style-type: none"><li>■ Consumers’ awareness of climate change increases leading to the elevating demand for low carbon emission products</li><li>■ Introduction of carbon reduction technology resulting in capital expenditure for equipment.</li><li>■ Failure to cope with climate change resulting in impairment of the Company’s corporate image.</li></ul></td><td>Trend of net zero emissions</td></tr></table>					Risks	<ul style="list-style-type: none"><li>■ Transition Risks</li><li>■ The policy for climate change in Taiwan is definitive, and various laws and regulations have been adopted and put into effect. Thus, the Company is exposed to compliance risk.</li></ul>	<ul style="list-style-type: none"><li>■ Restriction on total greenhouse gas emissions</li><li>■ Laws and regulations related to reduction of greenhouse gas emissions</li><li>■ Effect of carbon tax and carbon fee</li><li>■ Effect of EU carbon border tariff</li></ul>	<ul style="list-style-type: none"><li>■ Consumers’ awareness of climate change increases leading to the elevating demand for low carbon emission products</li><li>■ Introduction of carbon reduction technology resulting in capital expenditure for equipment.</li><li>■ Failure to cope with climate change resulting in impairment of the Company’s corporate image.</li></ul>	Trend of net zero emissions
Risks	<ul style="list-style-type: none"><li>■ Transition Risks</li><li>■ The policy for climate change in Taiwan is definitive, and various laws and regulations have been adopted and put into effect. Thus, the Company is exposed to compliance risk.</li></ul>	<ul style="list-style-type: none"><li>■ Restriction on total greenhouse gas emissions</li><li>■ Laws and regulations related to reduction of greenhouse gas emissions</li><li>■ Effect of carbon tax and carbon fee</li><li>■ Effect of EU carbon border tariff</li></ul>	<ul style="list-style-type: none"><li>■ Consumers’ awareness of climate change increases leading to the elevating demand for low carbon emission products</li><li>■ Introduction of carbon reduction technology resulting in capital expenditure for equipment.</li><li>■ Failure to cope with climate change resulting in impairment of the Company’s corporate image.</li></ul>	Trend of net zero emissions						

Item	Implementation status				
		<ul style="list-style-type: none"> <li>Physical Risks</li> </ul>	<ul style="list-style-type: none"> <li>Immediate risks brought about by extreme weather. Even though the operating locations of the Company have not been impacted by extreme weather yet, the constant water shortage shall increase the difficulty in production of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Change in precipitation patterns at the Company's business location may bring about torrential rain and pose impacts on personnel, equipment and operations.</li> <li>The locations of foreign suppliers may be affected by extreme weather events, such as interrupted transportation service caused by hurricanes, long-burning wildfires and droughts.</li> </ul>	Interrupted supply chain
	Opportunities	<ul style="list-style-type: none"> <li>Opportunity to improve the Company's resilience to climate and slowly and effectively develop market penetration and gain customer trust.</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D of low carbon emission products.</li> </ul>	<ul style="list-style-type: none"> <li>Effective improvement of resource utilization efficiency.</li> </ul>	Enhancement of corporate image.
3. Describe the financial impact of extreme weather events and transformative actions.	<p>The impact of extreme climate change on the Company's business locations is minor. However, special attention shall be paid to loss of work hours and output and thus the affected operating revenue as a result of heavy rain. Notwithstanding, the damage to relevant revenue by heavy rain is short-term and temporary and shall not form significant financial impact in the long run.</p> <p>In addition, in the survey of climate property of supply chains' locations, all supply chains replied that they are prepared for impacts of climate change, especially in the introduction of business continuity. Therefore, the risk of interrupted supply for the Company decreases. Meanwhile, the Company has also been active in seeking the possibility of local procurement in the hope of mutual growth with the Company. During the transition period, the Company shall have to spend time on the research of market supply chain, and the time cost thus slightly increases in the long term.</p>				

Item	Implementation status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	In alignment with the industry needs, the Company sets up and outlines feasible action plans according to potential impact of climate change assessed. Taking the multi-disciplinary approach, the Company identifies potential risks and opportunities of various topics and pays attention to trends of market change for instant update of risk contents. At the same time, the Company assesses every risk through quantitative method and defines unacceptable risks, for which responsive measures are consequently formulated.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not yet conducted analyses using scenario analysis, and it is under study.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company's transition plan for managing climate-related risks is still under study.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet used internal carbon pricing as a planning tool.

Item	Implementation status
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	<p>Currently, the Company is carrying out the greenhouse gas inventory and verification for subsequent formulation of climate-related targets.</p>
<p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>According to the Roadmap for the Sustainable Development of Listed Companies, the Company is not required to disclose information on greenhouse gas inventory and verification for now.</p>

(VI) The Company's ethical management status, and countermeasures to be taken:

Assessment criteria	Actual governance (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
<p>I. Ethical Management Policies and Plans</p> <p>(I) Has the Company stated in its Memorandum or external correspondence about the ethical management policies and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?</p>	✓		<p>(I) The Company has set forth its own “Ethical Management Best-Practice Principles”, so that the Company should execute the Principles in internal management and external business activities strictly. The Company's “Rules of Procedure for Board Meeting” expressly states the system for recusal from conflict of interest. Where any motions submitted to the Board meeting involve conflict of interest with any director himself/herself or the juristic person represented by him/her and, therefore, it is likely to impair the interest of the Company, or any director considers that he/she should recuse himself/herself voluntarily and does so per resolution by the Board of Directors, the director shall recuse himself/herself from discussion and voting, and also be prohibited from exercising voting right on behalf of another director.</p>	No material deviation was found.
<p>(II) Whether the Company establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs</p>	✓		<p>(II) The Company has set up the “Ethical Management Best-Practice Principles” to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, in order to prevent any unethical conduct.</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
<p>of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX- Companies”?</p> <p>(III) Whether the Company expressly states the SOP, guidelines for conduct and reward &amp; punishment and grievance systems in the unethical and the conduct prevention program, implements the same precisely, and reviews amendments to said program?</p>	✓		<p>(III) In order to establish the ethical enterprise culture and the Company’s robust development and to provide itself with the reference framework for successful business operations, it has set forth its own “Ethical Management Best-Practice Principles” to expressly define the operating procedures, conduct guidelines, punishment on violations and complaining system, hoping and asking the Company's members, including the Board of Directors and management, to practice ethical management policies. Meanwhile, in order to prevent any unethical conduct, the Company's material insider information dedicated unit will keep noting the requirements under related laws and regulations, and communicating the same to directors, managers and employees.</p>	No material deviation was found.
<p>II. Implementation of ethical management</p> <p>(I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p>	✓		<p>(I) The Company’s employees shall execute the “Employment Contract” and “Resigned Employee's Non-Disclosure Agreement” during and upon termination of the employment. The employees shall also comply with the “Customer Business Information Protection Management Regulations” to undertake the liability and obligation to protect business</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
(II) Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevention program to the Board of Directors periodically (at least for once per year)?	✓		secrets and information for the implementation of ethical management. (II) The Company designates the HR Dept. personnel take charge and supervise the implementation of ethical corporate management, and designates the Audit Office to audit the compliance with the system referred to in the preceding paragraph periodically and report it to directors.	No material deviation was found.
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	✓		(III) In order to improve the operating efficiency and effect, and strengthen the interaction between the Company's employees, investors and other stakeholders, employees shall explain any concerns about ethical issues and conflict of interest to the Company voluntarily, and also comply with the "Ethical Management Best-Practice Principles". The Company has set up the shareholders mailbox on its website, and a communication hotline internally as the proper channel.	No material deviation was found.
(IV) Whether the Company fulfills the ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoints a CPA to conduct the audits?	✓		(IV) In order to provide reasonable assurance towards operational results and efficiency, reliable financial reporting, regulatory compliance and other goals, the Company sets forth the accounting system and internal control system, in the spirit of ethical business practices.	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	✓		(V) The Company organizes training and promotional activities for directors, managers, employees and ultimate controllers periodically, and invite counterparts engaged in business activities with the Company to show them the Company's determination and policy to promote the Company's ethical corporate management, the prevention programs and consequence of unethical conduct.	No material deviation was found.
III. Implementation of the Company's whistle-blowing system (I) Does the Company have a specific report and reward system stipulated, a convenient whistle-blowing channel established, and a responsible staff designated to deal with the whistle-blown individual? (II) Whether the Company defines the standard operating procedure, followup measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of whistle-blown case as accepted? (III) Does the Company have taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	✓         ✓         ✓		The Company has set forth the "Regulations Governing Whistle-Blowing Against Illegal and Unethical or Dishonest Conduct" and disclosed the same on the Company's website. The Regulations require that employees shall adhere to the ethical management principles when performing their duties, including the punishment system applicable when any employee violates the ethical management principles. If any worker find unethical conduct or suspected violation of the principles, the Company provide him/her with the whistle-blowing channel. In order to protect the whistle-blower, the Company will designate the management to take charge in secret and follow the procedures required by the principles.	No material deviation was found.
IV. Enhanced information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?	✓		The Company has set up the "shareholders section" on the official website, and also included the "Important Internal Rules" into the section to disclose the information about ethical	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
			management.	
V. If the Company has established its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-Listed Companies”, please describe the current practices and any deviations from the Principles: The Company has established its own corporate ethical management best-practice principles. Meanwhile, the Company strictly complies with the principles.				
VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (such as, the Company has amended the ethical corporate management best practice principles, etc.): The Company has set forth the “Operating Procedures for Handling Material Insider Information and Prevention of Insider Trading” as the basis to be followed by the Company in processing and disclosing the material information, lest the information should be disclosed unfairly, and in order to ensure the accuracy and consistency of information disclosed to the public, and strengthen the prevention of insider trading.				

Note 1: Always provide explanations in the summary description column, regardless of whether actual governance is ticked "Yes" or "No."

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:  
Please view the Company's webpage at <http://www.zinwell.com.tw>.

(VIII) Other information material to the understanding of corporate governance within the Company: N/A.

(IX) Disclosures relating to the execution of internal control system:

1. Declaration of Internal Control

Zinwell Corporation

Declaration of Internal Control System

Date: December 31, 2023

The following declaration was made based on the 2023 self-assessment of the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance its internal control policies are the responsibility the Company's Board of Directors and Managers; such policies were implemented throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws were identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
- IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2023 (Note 2). This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This statement forms an integral part of the Company's annual report and prospectus, and shall be made public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the Company's Board of Directors meeting held on March 6, 2024. None of the 13 directors present at the meeting held any objections, and all directors unanimously agreed to the contents of this declaration.

Zinwell Corporation

The Chairman: Chi-Ruei Huang      Signature & seal

President: Ching-Hui Lin      Signature & seal

Note 1: Any major deficiencies in the design and execution of a public company's internal control system in any give year shall be specified in Paragraph 4 of the Declaration of International Control System, which shall identify and explain the major deficiencies found in the self-inspection, and also explain the corrective actions already taken by the Company prior to the balance sheet date and status of the improvement.

Note 2: The date of the Declaration shall be the "date of end of the fiscal year".

2. If the internal control system was reviewed by an external auditor, the result of such review must be disclosed: None.

- (X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system in the most recent year up till the date of publication of the annual report, major deficiencies and any corrective actions taken: None.
- (XI) Major resolutions made by the Shareholders' Meeting and the Board of Directors in the most recent year up till the date of publication of the annual report: No different opinion raised by the present directors or independent directors.

1. Major resolutions passed by shareholders' meetings:

Meeting Date	Meeting Type	Important Resolution
June 14, 2023	Shareholders' Meeting	<p>1. Passed the 2022 financial statements Resolution: The voting results for the motion: approval votes: 193,154,159, 92.81% of the total votes; disapproval vote: 179,492; abstention votes/no votes: 14,780,055; invalid vote: 0; the motion was approved as it was proposed by the Board of Directors upon the voting.</p> <p>2. Passing the 2022 earnings distribution plan. Resolution: The voting results for the motion: approval votes: 193,387,213, 92.92% of the total votes; disapproval vote: 217,508; abstention votes/no votes: 14,508,985; invalid vote: 0; the motion was approved as it was proposed by the Board of Directors upon the voting.</p> <p>Implementation status: It is proceeded as resolved.</p>

2. Important resolution by the Board of Directors:

Meeting Date	Meeting Type	Important Resolution
March 8, 2023	Board of Directors	<p>1. Approved the application to renew the annual credit facilities with banks.</p> <p>2. Approved the Company's endorsement/guarantee for its subsidiaries.</p> <p>3. Approved the Company's 2022 Standalone Financial Statements.</p> <p>4. Approved the Company's 2022 Business Report and 2022 Consolidated Financial Statements.</p> <p>5. Approved the Company's 2022 Earnings Distribution Plan.</p> <p>6. Approved the Company's distribution of employee compensation and director remuneration for 2022.</p> <p>7. Approved the Company's assessment on effectiveness of internal control system and the "Internal Control Statement" for the fiscal year 2022.</p> <p>8. Approved the Company's 2023 Operational Plan.</p> <p>9. Approved matters regarding convening the 2023 Annual General Meeting.</p> <p>10. Approved related matters concerning the Company's acceptance of shareholders' proposals for the 2023 Annual General Meeting.</p> <p>11. Waived the Company's subscription rights for the cash capital increase of its subsidiary AkiraNET Company.</p> <p>12. Approved the renewal of service contract with the Company's attesting CPAs for the attestation of 2023 financial statements.</p> <p>13. Approved the attesting CPAs, the accounting firm they belong to and the affiliated enterprises of the firm to provide non-assurance services to the Company and its subsidiaries for the fiscal year 2023.</p>

Meeting Date	Meeting Type	Important Resolution
May 3, 2023	Board of Directors	1. Approved the Company's Consolidated Financial Statements for the first quarter of 2023.
June 7, 2023	Board of Directors	1. Waived the Company's subscription rights for the cash capital increase of its subsidiary AkiraNET Company.
August 8, 2023	Board of Directors	1. Approved the application to renew the annual credit facilities with banks. 2. Approved the Company's Consolidated Financial Statements for the second quarter of 2023. 3. Approved the Company's regular assessment on attesting CPAs' independence. 4. Approved the Company's overdue accounts receivable for more than 3 months as of June 30, 2023. 5. Approved the Company's participation in the subscription of shares of capital increase in cash by the subsidiary, AkiraNET Company.
November 1, 2023	Board of Directors	1. Approved the Company's Consolidated Financial Statements for the third quarter of 2023. 2. Approved the procedure for the preparation and verification of the "Sustainability Report" of the Company. 3. Determined whether the Company's accounts receivable overdue for a certain period are loans of fund as required by the competent authority.
December 20, 2023	Board of Directors	1. Approved the application to renew the annual credit facilities with banks. 2. Approved the Company's 2024 Annual Audit Plan of internal audit. 3. Approved the distribution of 2023 annual bonus for managerial officers.
March 6, 2024	Board of Directors	1. Approved the application to renew the annual credit facilities with banks. 2. Approved the Company's endorsement/guarantee for its subsidiaries. 3. Approved the Company's 2023 Standalone Financial Statements. 4. Approved the Company's 2023 Business Report and 2023 Consolidated Financial Statements. 5. Approved the Company's 2023 loss make-up proposal. 6. Approved the Company's distribution of employee compensation and director remuneration for 2023. 7. Approved the Company's assessment on effectiveness of internal control system and the "Internal Control Statement" for the fiscal year 2023. 8. Approved the Company's 2024 Operational Plan. 9. Approved matters regarding convening the 2024 Annual General Meeting. 10. Approved related matters concerning the Company's acceptance of shareholders' proposals for the 2024 Annual General Meeting. 11. Determined whether the Company's accounts receivable overdue for a certain period are loans of fund as required by the competent authority. 12. Passed the amendments to certain provisions of the Company's "Rules for Procedure of Board of Directors' Meetings." 13. Passed the amendments to certain provisions of the Company's "Articles of Incorporation for Audit Committee." 14. Approved the renewal of service contract with the Company's attesting CPAs for the attestation of 2024 financial statements.

(XII) The main contents of important resolutions passed by the Board of Directors regarding in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of the annual report: None.

(XIII) Summary of resignation by/dismissal of the Company's key personnel (including Chairman, President, accounting manager, financial manager, chief internal auditor, or chief R&D officer) in the most recent year and as of the publication of the annual report: Retirement of the Chief R&D Officer.

April 30, 2024

Title	Name	Date of Onboard	Date of Discharge	Cause of resignation or discharge
Vice President of 1st R&D Division	Yu-Hsing Liang	March 27, 2003	March 31, 2024	retirement

Note: Personnel relating to the preparation of financial statements shall include Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, and R&D Manager, etc.

**V. Information regarding the fee for certified public accountant**

Unit: New Taiwan thousand dollars.

<b>Name of the accounting firm</b>	<b>Name of the certified accountant</b>	<b>Certified public accountant Audit period</b>	<b>Audit fee</b>	<b>Non-audit fee (note)</b>	<b>Total</b>	<b>Note</b>
PwC Taiwan	Yi-Chang Liang	2023/01/01 to 2023/12/31	4,950	750	5,700	
	Ya-fang Wen					

Note: Non-audit fees are mainly research and development expenditures, deducting tax consulting, transfer pricing fees, group master files.

1. If the accounting firm is changed and the audit fee paid in the year of change is lower than the audit fee paid in the previous year before the change, the amount of the audit fee before and after the change and the reasons shall be disclosed: the Company has not changed the accounting firm.
2. If the audit fee is reduced by more than 10% compared to the previous year, it shall disclose the amount, proportion, and reason for the reduction of the audit fee:  
None.

**VI. Change of CPA :** There was no change of CPA in the last 2 years and thereafter.

**VII. Disclosure of any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the last year; including their names, job titles, and the periods during which they were employed by the auditor's firm or any of its affiliated company:** None.

**VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisors, manager, or shareholder with a stake of more than 10 percent during the most recent fiscal year and up to the date of publication of the annual report 49**

(1) Changes of the equity of directors, supervisor, managers and major shareholders

Unit: shares

Title (Note 1)	Name	2023		Year-to-date as at April 14	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Chi-Jui Huang	0	0	0	0
Vice Chairman	Hung-Chi Hsiao	0	0	0	0
President	Ching-Hui Lin	0	0	0	0
Director	Chi-An Huang	0	0	0	0
Director	Chi-Nan Huang	0	0	0	0
Director	I-Chuan Lin	0	0	0	0
Director	Yu-Hsing Liang	0	0	(169,000)	0
Director	Wen-Hsien Chiang	0	0	0	0
Director	Wen-Shun Ho	0	0	0	0
Director	Chien-Cheng Wu	0	0	0	0
Independent Director	Ming-Yo Huang	0	0	0	0
Independent Director	Chien-Te Liu	0	0	0	0
Independent Director	Jun-Cheng Chen	0	0	0	0
Manager	Cheng-Yi Cheng	0	0	0	0
Manager	Yu-Kung Tsai	0	0	0	0
Manager	Shu-Chi Wang	0	0	0	0
Manager	Hsin-Chou Wu	0	0	0	0
Manager	Pei-Hung Tsai	0	0	0	0
Manager	Chuang-chun Chiu	0	0	0	0
Manager	Yin-Lin Lo	0	0	0	0
Manager	Shang-Jun Zhao	0	0	0	0

Note 1: Shareholders who hold 10% of the total shares of the Company or more shall be indicated as major shareholders, and listed individually.

Note 2: Director – Yu-Hsing Liang resigned on March 31st, 2024. Manager – Shang-Jun Zhao took office on April 1st, 2024.

(2) Equity transfer information:

Name (Note 1)	Reason of Equity Transfer (Note 2)	Date of Transactio n	Counterpart of the Transaction	The relationship between the counterpart of the Transaction and the Company, the directors, the supervisor, and the shareholders with 10% or more shares	Number of shares	Transacti on price
None						

(3) Equity pledge information:

Name (Note 1)	Reason of changes of pledge (Note 2)	Date of Change	Counterpart of the Transaction	The relationship between the counterpart of the Transaction and the Company, the directors, the supervisor, and the shareholders with 10% or more shares	Number of shares	% of Owners hip	% of Pledge	Amount of pledge (redemptio n)
None								

**IX. Disclosure of relationships among the top ten shareholders including spouse, and relatives within the second degree of kinship:**

Name (Note 1)	Shareholding under own name		Shares held by spouse and underage children		Shares held in the names of others		Disclosure of information on related parties or spousal relationship or relations within the second degree of kinship, among top ten shareholders, including their names or designations, and relationships. (Note 3)		Re ma rks
	Number of shares	% of Owners hip	Number of shares	% of Own ershi p	Nu mb er of sha res	% of Own ershi p	Name (Designation)	Relati onship	
Chi-Jui Huang	11,564,943	3.64%	1,773,888	0.56%	0	0	Chi-Nan Huang, Chi-An Huang	Relative within the second degree of kinship	
Hung-Chi Hsiao	8,832,329	2.78%	202,742	0.06%	0	0	None	None	
Ching-Hui Lin	6,574,132	2.07%	0	0	0	0	None	None	
Chi-Nan Huang	3,634,019	1.14%	0	0	0	0	Chi-Jui Huang, Chi-An Huang CHB as Trustee of Chi-Nan Huang Trust Account	Relative within the second degree of	

								kinship Person in charge of the Account	
Chi-An Huang	3,064,161	0.96%	0	0	0	0	Chi-Jui Huang, Chi-Nan Huang CHB as Trustee of Chi-An Huang Trust Account	Relative within the second degree of kinship Person in charge of the Account	
CHB as Trustee of Chi-An Huang Trust Account Representative : Chi-An Huang	3,000,000	0.94%	0	0	0	0	Chi-An Huang	Person in charge of the Account	
Chi-Nan Huang Trust Account Managed by CHB Representative: Chi-Nan Huang	3,000,000	0.94%	0	0	0	0	Chi-Nan Huang	Person in charge of the Account	
Su-Yu Chiang Huang	2,730,846	0.86%	0	0	0	0	None	None	
JPMorgan Chase Bank N.A. Taipei Branch in custody for the Advanced Starlight Fund Corporation's series of funds Advanced Aggregate International Stock Index Investment Account	2,203,006	0.69%	0	0	0	0	None	None	
JPMorgan Chase Bank, Taipei in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds Investment Account	2,190,000	0.69%	0	0	0	0	None	None	

Note 1: All top ten shareholders should be enumerated in whole. In case of corporate shareholders, the names of all such corporate shareholders and their representatives should be enumerated respectively.

Note 2: The shareholdings are calculated based on the shares held by oneself, spouses or underage children, or in the name of another person respectively.

Note 3: The relationship among said shareholders, including juristic persons and natural persons, should be disclosed based on the regulations governing the preparation of financial reports by issuers.

**X. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties:**

March 31, 2024 Unit: shares; %

Investees (Note)	Held by the Company		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
AkiraNET Company.	54,370,924	54.40%	10,367,265	10.38%	64,738,189	64.78%
ZINWELL CORPORATION (H.K.) LTD.	6,000,000	100.00%	0	0	6,000,000	100.00%
ZINWELL HOLDING (SAMOA) CORPORATION	49,000,000	100.00%	0	0	49,000,000	100.00%
UrMap.Inc.	666,280	28.07%	0	0	666,280	28.07%
ITAS TECHNOLOGY CORP. (Note 2)	762,250	38.11%	0	0	762,250	38.11%

Note: The Company's investment under equity method.

Note 1: UrMap.Inc. went out of business.

Note 2: Senstech technology inc. was approved by the board of directors on April 22nd, 2019 to be dissolved, and on May 2nd of the same year, the competent authority approved the dissolution.

## Four. Funding Status

### I. Capital Stock and Shares

#### (I) Capital Stock

##### 1. Source of Capital Stock

March 31, 2024

Unit: NT\$  
Thousand/Thousand  
Shares

Year/Month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital Stock	Offset Share Capital Via Properties Other Than Cash	Others
1981/03	10	100	1,000	100	1,000	Original investment 1,000	0	—
1989/11	10	500	5,000	500	5,000	Capital increase in cash 4,000	0	—
78/12	10	2,300	23,000	2,300	23,000	Capital increase in cash 18,000	0	—
1993/01	10	6,000	60,000	6,000	60,000	Capital increase in cash 37,000	0	—
82/04	10	8,500	85,000	8,500	85,000	Capital increase out of earnings 25,000	0	—
1996/06	10	10,500	105,000	10,500	105,000	Capital increase out of earnings 20,000	0	—
1997/02	10	19,900	199,000	19,900	199,000	Capital increase in cash 94,000	0	—
86/07	10	40,000	400,000	40,000	400,000	Capital increase in cash 101,500	0	Letter under (86) Tai-Cai-Zheng (1) No. 53208 dated July 8, 1997
						Capital increase out of earnings 99,500		
1998/10	10	99,900	999,000	54,990	549,900	Capital increase in cash 47,020	0	Letter under (87) Tai-Cai-Zheng (1) No. 59559 dated July 13, 1998
						Capital increase out of earnings 102,880		
1999/08	10	99,900	999,000	73,317	733,174	Capital increase out of earnings 183,274	0	Letter under (88) Tai-Cai-Zheng (1) No. 70992 dated July 30, 1999
2000/08	10	180,000	1,800,000	97,755	977,548	Capital increase out of earnings 244,374	0	Letter under (89) Tai-Cai-Zheng (1) No. 65616 dated July 27, 2000
2001/08	10	189,775	1,897,750	135,658	1,356,582	Capital increase in cash 150,000	0	Letter under (90) Tai-Cai-Zheng (1) No. 129595 dated May 22, 2001
						Capital increase		Letter under (90)

Year/Month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital Stock	Offset Share Capital Via Properties Other Than Cash	Others
						out of earnings 229,034		Tai-Cai-Zheng (1) No. 129596 dated May 16, 2001
2002/07	10	234,600	2,346,000	158,657	1,586,577	Capital increase out of earnings 229,995	0	Letter under Tai-Cai-Zheng-1-Zi No. 0910136617 dated July 8, 2002
2003/07	10	234,600	2,346,000	170,000	1,700,008	Capital increase out of earnings 113,431	0	Letter under Tai-Cai-Zheng-7-Zi No. 0920130162 dated July 11, 2003
2004/02	10	234,600	2,346,000	172,634	1,726,348	Employee stock warrants converted into 26,340 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09300018541 dated February 4, 2004
2004/04	10	234,600	2,346,000	172,804	1,728,048	Employee stock warrants converted into 1,700 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09300093101 dated April 23, 2004
2004/08	10	234,600	2,346,000	173,059	1,730,598	Employee stock warrants converted into 2,550 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09300199311 dated August 5, 2004
2004/10	10	290,000	2,900,000	197,228	1,972,287	Capital increase out of earnings 241,689	0	Letter under Tai-Zheng-Shang-Zi No. 09300269261 dated October 18, 2004
2004/11	10	290,000	2,900,000	197,523	1,975,237	Employee stock warrants converted into 2,950 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09300283601 dated November 2, 2004
94/01	10	290,000	2,900,000	197,807	1,978,077	Employee stock warrants converted into 2,840 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09400002228 dated January 24, 2005
2005/04	10	290,000	2,900,000	198,425	1,984,257	Employee stock	0	Letter under

Year/Month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital Stock	Offset Share Capital Via Properties Other Than Cash	Others
						warrants converted into 6,180 common shares		Tai-Zheng-Shang-Zi No. 09400108791 dated April 27, 2005
2005/08	10	350,000	3,500,000	198,611	1,986,117	Employee stock warrants converted into 2,520 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09400218641 dated August 2, 2005
2005/10	10	350,000	3,500,000	211,351	2,113,506	Capital increase out of earnings 126,728	0	Letter under Tai-Zheng-Shang-Zi No. 0940029870 dated October 12, 2005
2005/10	10	350,000	3,500,000	211,533	2,115,326	Employee stock warrants converted into 1,820 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09400314321 dated October 26, 2005
2006/01	10	350,000	3,500,000	212,531	2,125,306	Employee stock warrants converted into 9,980 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09500020531 dated January 25, 2006
2006/04	10	350,000	3,500,000	213,888	2,138,876	Employee stock warrants converted into 13,570 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09500085001 dated April 26, 2006
2006/07	10	350,000	3,500,000	214,212	2,142,116	Employee stock warrants converted into 3,240 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09500195941 dated July 26, 2006
2006/09	10	350,000	3,500,000	230,225	2,302,255	Capital increase out of earnings 160,139	0	Letter under Tai-Zheng-Shang-Zi No. 09500251501 dated September 20, 2006
2006/11	10	350,000	3,500,000	230,928	2,309,275	Employee stock warrants converted into 7,020 common	0	Letter under Tai-Zheng-Shang-Zi No. 09500288171

Year/Month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital Stock	Offset Share Capital Via Properties Other Than Cash	Others
						shares		dated November 1, 2006
96/02	10	350,000	3,500,000	231,623	2,316,225	Employee stock warrants converted into 6,950 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09600036621 dated February 8, 2007
2007/04	10	350,000	3,500,000	231,711	2,317,105	Employee stock warrants converted into 880 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09600098891 dated April 24, 2007
2007/07	10	350,000	3,500,000	232,020	2,320,195	Employee stock warrants converted into 3,090 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09600205461 dated July 24, 2007
2007/08	10	350,000	3,500,000	262,588	2,625,883	Capital increase out of earnings 305,688	0	Letter under Tai-Zheng-Shang-Zi No. 09600251171 dated August 28, 2007
2007/10	10	350,000	3,500,000	262,708	2,627,083	Employee stock warrants converted into 1,200 common shares	0	Letter under Tai-Zheng-Shang-Zi No. 09600313861 dated October 24, 2007
2008/08	10	399,000	3,990,000	317,689	3,176,890	Capital increase out of earnings 549,807	0	Letter under Tai-Zheng-Shang-Zi No. 09700248321 dated August 20, 2008

Note 1: Provide information for the current year up till the date of publication of the annual report.

Note 2: Please specify the effective date (date of approval) and approval No. additionally, in the case of capital increase.

Note 3: The shares issued at the price less than par value, if any, shall be identified in a prominent manner.

Note 4: The stock payment offset by money claim or technology shall be identified, and the type and amount of offset shall be specified separately.

Note 5: The private placement, if any, shall be identified in a prominent manner.

2. Types of share already issued in the recent years and as of the date of publication of the annual report

April 14, 2024 Unit: shares

Type of share	Authorized capital stock			Remarks
	Outstanding shares (Note)	Unissued shares	Total	Number of shares convertible from the convertible corporate bond
Registered common stock	317,689,037	81,310,963	399,000,000	50,000,000

Note: The outstanding shares refer to stocks issued by TWSE-listed companies.

3. Information related to the shelf registration

Type of securities	Total amount to be issued		Amount already issued		Purpose and expected benefit of the issued amount	Scheduled period for issuance of corporate bonds not offered	Remarks
	Total number of shares	Approved amount	Number of shares	Price			
None							

(II) Composition of shareholders

April 14, 2024

Composition of shareholders Quantity	Govern ment Apparat us	Financial Organization	Other Juristic Persons	Individual	Foreign Institution and Foreigner	Total
Number of person	0	64	209	80,496	65	80,834
Shares held	0	13,555,648	8,811,360	294,387,982	934,047	317,689,037
Shareholding	0.00%	4.27%	2.78%	92.66%	0.29%	100%

Note: All TWSE/TPEX/Emerging Stock Market companies listing for the first time are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of Regulation Governing Mainland Residents' Investment in Taiwan.

(III) Distribution of equity

April 14, 2024

Shareholding category	Number of shareholders	Shares held	Shareholding
1 to 999 shares	46,754	2,499,691	0.79%
1,000 to 5,000 shares	26,026	55,254,455	17.39%
5,001 to 10,000 shares	4,257	34,649,256	10.91%
10,001 to 15,000 shares	1,202	15,521,806	4.89%
15,001 to 20,000 shares	859	16,176,227	5.09%
20,001 to 30,000 shares	639	16,623,647	5.23%
30,001 to 40,000 shares	283	10,296,367	3.24%

Shareholding category	Number of shareholders	Shares held	Shareholding
40,001 to 50,000 shares	200	9,427,113	2.97%
50,001 to 100,000 shares	326	23,786,331	7.49%
100,001 to 200,000 shares	147	20,814,465	6.55%
200,001 to 400,000 shares	75	21,114,762	6.65%
400,001 to 600,000 shares	26	13,001,224	4.09%
600,001 to 800,000 shares	13	8,777,171	2.76%
800,001 to 1,000,000 shares	4	3,738,442	1.18%
1,000,001 shares and above	23	66,008,080	20.77%
Total	80,834	317,689,037	100%

#### Preferred shares

April 14 , 2024

Shareholding category	Number of shareholders	Shares held	Shareholding
None			

#### (IV) Roster of Major Shareholders

April 14, 2024 Unit: shares; %

Name of Major Shareholder	Shares held	Shareholding
Chi-Jui Huang	11,564,943	3.64%
Hung-Chi Hsiao	8,832,329	2.78%
Ching-Hui Lin	6,574,132	2.07%
Chi-Nan Huang	3,634,019	1.14%
Chi-An Huang	3,064,161	0.96%
CHB as Trustee of Chi-An Huang Trust Account	3,000,000	0.94%
CHB as Trustee of Chi-Nan Huang Trust Account	3,000,000	0.94%
Su-Yu Chiang Huang	2,730,846	0.86%
JPMorgan Chase Bank N.A. Taipei Branch in custody for the Advanced Starlight Fund Corporation's series of funds	2,203,006	0.69%
JPMorgan Chase Bank, Taipei in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds Investment Account	2,190,000	0.69%

#### (V) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years

Unit: New Taiwan Dollars

Item	Year	2022	2023	Year-to-date as at March 31, 2024 (Note 8)
Market price	The Highest	22.15	31.30	24.50

Item \ Year		2022	2023	Year-to-date as at March 31, 2024 (Note 8)
per share (Note 1)	The Lowest	15.30	16.85	20.60
	Average	17.71	20.94	22.10
Net value per share (Note 2)	Before distribution	19.49	19.12	18.86
	After distribution	19.49	(Note 2)	-
Earnings Per Share (EPS)	Weighted average shares		317,689	317,689
	Earnings per share (Note 3)	Before adjustme nt	0.00	(0.23)
		After adjustme nt	0.00	(0.23)
Dividend per share	Cash dividend (Note 2)		0	0
	Free-Gr atis dividen ds	From earnings (Note 2)	0	0
		From capital surplus (Note 2)	0	0
	Accumulated unpaid dividends (Note 4)		0	0
Return on investment analysis	Price-Earnings Ratio (P/E ratio) (Note 5)		0.00	(91.04)
	P/D ratio (Note 6)		Not applicable	(Note 2)
	Cash dividend yield (Note 7)		Not applicable	(Note 2)

\* If shares are distributed in connection with a capital increase out of earnings or capital surplus, please also disclose the information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

- Note 1: List the highest and lowest market prices of common stocks for each year, and then calculate the average market price for each year based on the annual transaction value and volume.
- Note 2: Filled-in based on the number of shares issued at the end of the year and according to the Shareholders' Meeting resolution status for the following year. (2024 Annual General Meeting has not yet been convened.)
- Note 3: Show the earnings per share before and after the adjustment if retroactive adjustment is needed due to stock dividends.
- Note 4: If equity securities issuance provisions provided that when the undistributed dividends in the year are accumulated to the year of the surplus, the dividends outstanding as of the current year shall be disclosed separately.
- Note 5:  $P/E \text{ ratio} = \text{Average closing price per share for the year} / \text{Earnings per share}$ .
- Note 6:  $P/D \text{ ratio} = \text{Average closing price per share during the current fiscal year} / \text{Cash dividend per share}$ .
- Note 7:  $\text{Cash dividend yield} = \text{Cash dividend per share} / \text{Average closing price per share for the current year}$ .
- Note 8: Please identify the net worth per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

## (VI) Dividend Policy and the Status of Implementation

### 1. The Company's dividend policy:

The Company may not distribute dividends or share profit if there are no earnings available to do so.

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve and

provision of special reserve as the laws may require. Any surpluses remaining shall be added to unappropriated earnings accumulated from previous years and designated as cumulative distributable earnings, which the board of directors may propose to distribute according to the terms of the dividend policy outlined in Paragraph 4 of this Article. Dividends that are distributed in the form of new shares will have to be resolved in a shareholder meeting before proceeding.

The Company may, in compliance with Paragraph 5, Article 240 of The Company Act, authorize the board of directors to distribute dividends and profit-sharing wholly or partially in cash at its discretion and seek acknowledgment from shareholders afterwards, provided that such decision is made in a board of directors meeting where more than two-thirds of the board is present, and voted in favor by more than half of all directors present at the meeting.

The Company shall set its dividend policy in shareholders' best interest after taking into consideration the current state and future prospect of the investment environment, the domestic and foreign competitive landscape, capital expenditure plans, and operational requirements. No less than 20% of distributable earnings shall be allocated as dividends (the distributable earnings mentioned here refer to the amount of current net income net of legal reserves and special reserves). Dividends can be paid in shares or in cash, and cash dividends shall amount to no less than 8% of total dividends.

The Company may, subject to compliance with Article 241 of the Company Act, distribute all or part of its legal/special reserves either in cash or by issuing new shares proportional to shareholders' existing shareholding percentage. The board of directors is authorized to pay out reserves in cash, provided that the decision is resolved in a board meeting with more than two-thirds of board members present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

2. The dividend proposed (resolved) to be distributed this year: (already passed by the Board of Directors but pending approval by a shareholders' meeting)

For the Company's 2023 deficit compensation plan, as the Company suffers loss in 2023, no stock dividends would be distributed accordingly. Meanwhile, the Board of Directors plans not to distribute the employee remuneration and director remuneration.

**(VII) Impacts posed by proposed stock dividends on the Company's business performance and earnings per share:**

Item		Year	2024 (Projected)
Opening paid-up capital			NT\$3,176,890,370
Dividends for the current year	Cash dividends per share		NT\$0 (Note 1)
	Stock dividends per share (for capital increase out of earnings)		None
	Stock dividends per share (for capital increase out of capital surplus)		None
Changes in business performance	Operating Income		Not applicable (Note 2)
	Year-on-year percentage variation of operating profit		
	Net income		
	Year-on-year percentage variation of net income		
	Earnings Per Share (EPS)		

Item		Year	2024 (Projected)
	Year-on-year percentage variation of earnings per share		
	Yearly average return on investment (a reciprocal of yearly average PE ratio)		
Pro forma EPS and PE ratio	If the capital increase out of earnings was entirely distributed as cash dividends instead.	Pro forma EPS	Not applicable (Note 2)
		Pro forma annual return on investment	
	Without capitalization of reserves	Pro forma EPS	
		Pro forma annual return on investment	
	Without capital increase out of capital surplus and earnings, and distribution in cash in whole adopted instead	Pro forma EPS	
		Pro forma annual return on investment	

Note 1: 2024 annual general meeting

Note 2: In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose the financial forecast information for the fiscal year 2023.

### (VIII) Remuneration employees and directors/supervisors

1. The information about remuneration to employees and directors/supervisors referred to herein:

As an incentive for employees and the management team, annual profits concluded by the Company (i.e. pre-tax profits before employee and director remuneration) are subject to employee remuneration of no less than 3% and director remuneration of no higher than 3%. However, profits shall first be reserved to offset against cumulative losses, if any, before the remainder can be distributed as employee/director remuneration in the above percentages. Share-based or cash payment of employee remuneration and cash payment of director remuneration are subject to resolution in a board meeting with more than two-thirds of the whole directors present, and voted in favor by more than a half of all attending directors. This decision shall also be reported in a shareholders' meeting.

2. The accounting for changes to the estimation basis for the remuneration to employees and directors/supervisors, changes to the calculation basis for stock dividends, and discrepancies between the amounts actually paid and the amounts estimated:

The Company didn't to distribute the remuneration to employees and directors in 2023. No stocks or remuneration was distributed to employees in 2023.

3. Information on the proposal for remuneration to employees and directors passed by the Board of Directors

- (1) Amount of remuneration distributed to employees in cash and remuneration distributed to directors:

The Board resolved on March 6, 2024 that no remuneration should be distributed to employees and directors in 2023.

- (2) Number of the bonus shares proposed to be distributed to employees, and the proportion thereof to the capital increase out of earnings:

Not applicable, as the Company did not distribute the bonus shares to employees.

4. Actual payment of remuneration to employees/directors/supervisors in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies).

The Company's 2022 earnings distribution plan is stated as following. The actual

amounts paid was indifferent from the proposed amount passed by the Board of Directors.

Unit: NT\$; share

	Actual amount distributed per resolution by the annual general meeting	Proposed amount passed by the Board of Directors	Variance	Cause of variance
I. Status of distribution:				
1. Employees' remuneration in cash	864,888	864,888	0	None
2. Employees' stock				
(1) Number of shares	0	0	0	None
(2) Amount	0	0	0	None
(3) Proportion to the number of outstanding shares in current period	0	0	0	None
3. Remuneration to directors and supervisors	0	0	0	None
II. Information about Earnings Per Share (EPS):				
1. Original EPS (NT\$)	0	0	0	None
2. Imputed EPS (NT\$)	0	0	0	None

**(IX) The Company's buy-back of the Company's shares in the most recent year up till the date of publication of the annual report: None.**

**II. Issuance of corporate bond (including overseas corporate bond): None.**

**III. Issuance of preference shares: None.**

**IV. Issuance of overseas depository receipts: None.**

**V. Status of employee stock warrants:**

- (I) Status of employee stock warrants and imposed posed to shareholders' equity therefor:  
The Company has never acquired the shares from exercise and non-exercise of the issued employee stock warrants in the most recent year up till the date of publication of the annual report.
- (II) Names of managers who have acquired employee stock warrants and employees ranking top ten in convertible shares as at the date of publication of the annual report: None.
- (III) Status of Restricted Stock Awards (RSAs): None.
- (IV) Names of managers and top ten employees who acquired RSAs, and how they acquired the shares: None.

**VI. Disclosure on new shares issued for the acquisition or transfer of other shares:**

- (I) New shares issued for the acquisition or transfer of other shares in the most recent year

up till the date of publication of the annual report: None.

- (II) For any issuance of new shares for the acquisition or transfer of other shares resolved by the Board of Directors in the most year up till the date of publication of the annual report: None.

**VII. Implementation of capital utilization plan**

- (I) Any negotiable securities offered or private placement thereof that has not yet been completed up to the last quarter before the date of publication of the annual report, or plan(s) completed within the most recent three (3) years but without significant benefits as yet: The Company has had no capital increase plan in the most recent three years.
- (II) Contents of the plan implemented in the most recent three years: N/A.
- (III) Implementation status: N/A

## Five. Business operation in summary

### I. Contents of business operation

#### (I) Scope of business operation

##### 1. Contents of business lines engaged by the Company:

- I. CA01090 Aluminum casting.
- II. CA04010 Surface treatments.
- III. CC01020 Electric wires and cables manufacturing
- IV. CC01030 Electrical appliances and audiovisual electronic products manufacturing
- V. CC01050 Data storage & processing equipment manufacturing
- VI. CC01060 Wired communication mechanical equipment manufacturing.
- VII. CC01070 Wireless communication mechanical equipment manufacturing.
- VIII. CC01080 Electronics components manufacturing
- IX. CC01101 Controlled telecommunication radio frequency equipment manufacturing.
- X. CC01110 Computer and peripheral equipment manufacturing.
- XI. F118010 Wholesale of computer software.
- XII. F119010 Wholesale of electronic materials.
- XIII. F401010 International trade.
- XIV. F401021 Controlled telecommunication radio frequency equipment importation.
- XV. F601010 Intellectual property rights.
- XVI. I103060 Management consulting.
- XVII. I301010 Information software services.
- XVIII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Proportion in business operation

Expressed in Thousand NT Dollars

Major products \ Year	2023	
	Amounts of sales	Proportion in business operation
Digital cable and communication products	5,814,410	100%
Other	2,425	0%
Total	5,814,835	100%

Note: Virtually difficult to statistically classify amidst the complicated variety of products.

3. The Company's major products at present
  - (1) Digital Satellite Communication Transmission System.
  - (2) Digital cable video transmission system.
  - (3) Digital video converter related products.
4. New products scheduled to be developed in the future
  - (1) 1.2GHz Smart Amplifier
  - (2) 1.8 GHz Rotatable Outdoor Tap with 2KV/AC\_RF Bypass Switch
  - (3) 1218 MHz/2KV CATV Trunk Line Splitter ; Directional Coupler ; Power Inserter, High Current Type with Monel Gasket
  - (4) 1218 MHz 43dB Gain Trunk Amplifier
  - (5) 2.5G SFP L2 Switch
  - (6) 2Gbps Coaxial line to Ethernet with Wi-Fi 6 extender
  - (7) 2Gbps Phone line to Ethernet with Wi-Fi 6 extender
  - (8) 5G / LTE Repeater (AMD RFSoc ZCU670 Platform)
  - (9) 5G Indoor CPE Wi-Fi 6
  - (10) CCOR® Compatible Amplifier
  - (11) PIM for DBT-xx-C2/CC2 Amplifier (DBT-Cisco,C-COR Compatible)
  - (12) Direction Neutral Amplifier
  - (13) G.hn 802.3at 30W PoE bridge
  - (14) Gainmaker® Compatible Amplifier
  - (15) MOTO® Compatible Amplifier
  - (16) TV + G.hn Signal Combiner
  - (17) Indoor Wi-Fi 7 Tri-Band AP/Router
  - (18) 5G Outdoor CPE
  - (19) Outdoor Wi-Fi 7 Tri-Band AP/Router
  - (20) 1. 8GHz Outdoor CATV Amplifier (C-COR Compatible)
  - (21) 60GHz FWA AX1800
  - (22) WiFi Smart Speaker
  - (23) ISDB-T MUX Modulator
  - (24) PLUG-IN 2 New Modules FOR DBT-1800-Cx / DBT-1800-CCx
  - (25) Digital Control Module

## (II) Business performance in summary

### (1) Industries, the status quo and future development

Digital television is a sort of television transmission skill that converts the television program picture signals into a series of data after digital processing before transmission into the users' home by means of digital modulation technology. Compared with traditional analog television, such digital television is far superior to traditional analog television transmission in terms of picture quality, sound quality, bandwidth efficiency, security and functions to render services. As a very natural result, in recent years, governments around the world have targeted digital television as their very goals and targets in government administration. The current digital television transmission methods today can be roughly divided into four types as: Receiving cable television, satellite, terrestrial broadcasting and Internet (IP/DSL).

#### A. HDTV Set-Top-Box/ Digital TV Module

Throughout the world, the digital television system is roughly divided into four major system specifications: American ATSC System, European DVB-T System, Japanese ISDB-T System. In China, a very huge market, they have as well launched a customized standard DMB-T/H on the terrestrial broadcasting system. The major gaps among them lie in the strong mobile reception capability amidst the European system where the television can still be clearly watched even when a vehicular speed reaches 130 kmh. Moreover, the European system can form a single-frequency broadcasting network (SFN) which significantly helps establish and improve the viewing excitement in the poorly viewed areas, very helpful to enhance the broadcast stations. The American system lacks these two key functions, but is structured relatively simpler. When it comes to the performance of the Japanese system, it is quite similar to that of the European system.

The international standards and referential areas adopted for digital television signal transmission systems in various countries are enumerated as below:

	United States	Europe	Japan	Taiwan	S. Korea
Digital mobile broadcasting television (mobile television)	DVB-H	DVB-H	ISDB-T	DVB-H	T-DMB
Digital satellite television	DVB-S	DVB-S	ISDB-S	DVB-S	S-DMB (Mobile phone reception)
Digital cable television	OpenCable	DVB-C	DVB-C	DVB-C	DVB-C
Digital terrestrial wireless television	ATSC	DVB-T	ISDB-T	DVB-T	ATSC
Wireless broadband internet mobile phone	BCMCS / MBMS				

Digital broadcasting is far superior to the current analog signal system in terms of picture clarity, anti-noise, resolution level, sound quality, and bandwidth efficiency. Moreover, it has 4–6 times more channels than an analog signal. Terrestrial broadcasting serves more than 1 billion viewers throughout the world in a sharp comparison with the cable television that serves approximately 250 million viewers and satellite television that serves approximately 70 million viewers. Moreover, the terrestrial broadcasting system dominates the advantage of viewing services free of charge. That suggests the digital terrestrial broadcasting market is still quite stable with huge potential for development ahead.

At the present moment, except the U.S. (Advanced Television System Committee; ATSC) standard for digital reception in the United States, South Korea among Asian countries also adopts ATSC as its domestic digital broadcasting standard to serve their

clients. Thanks to the wholehearted support with the government's policy, South Korea has achieved full digitization toward broadcast digital television. At the moment, the countries that adopt American ATSC include the United States, Canada, Mexico, South Korea, among others.

The Japanese ISDB is adapted from the European DVB and is adopted in fewer regions around the world with only Japan and Brazil in use. Throughout the world, the main standards adopted are primarily European DVB and American ATSC. Countries that use European DVB are not only European countries alone, but also include Australia, New Zealand, India, Singapore, and others as the specifications adopted by most countries today.

At the present moment the terrestrial digital broadcast STB can be roughly divided into two categories, i.e. the high-end and low-end ones. The low-end STB refers to the basic conversion of digital broadcast signals into analog signals that can be received by analog television systems while the high-end STB includes built-in hard disk and external modem, serving such functions as, notably, EPG, real-time recording, and surround sound, among other functions. Until 2005, the global market had been dominated by low-end STBs and after 2005, the global shipments of high-end STBs exceeded 30%, in particular when Internet television came into being and started to provide interactive contents and services, and the high-end STB market grew by leaps and bounds.

## **B. CABLE Set-Top-Box**

The Cable STB markets primarily lie upon North America where, nevertheless, the market penetration rate is nearly saturated in full. In recent years, there has been no replacement demand over there. In addition, cable television operators are facing the impact of the economic downturn, and, as a very natural result, they have reduced their capital budgets and actively carried out industrial mergers. The entire Cable STB markets are showing a sign of decline.

Cable STB is primarily divided into three types, i.e. Analog, Advanced Analog, and Digital. Analog STB is a traditional STB and Advanced Analog STB is, other than the Analog function, further serving interactive functions, e.g. networking. As for the Digital STB, it is known as an STB with the ability to receive digital broadcasts.

Amidst the disadvantageous factors such as the impact of the economic recession in various industries throughout the world and the lack in obvious replacement demand in the major market, notably North America, we observe the global Cable STB markets and believe the shipments can only maintain a slow growth. Amidst its user growth momentum, nevertheless, the future will focus on Asia where the user growth rate is higher than regions elsewhere. Cable STB is still playing the key role for digital cable television. The consumers' demand for digital content and the increase in the number of channels brought about by digitalization, interactive television services, PVR, VOD and other related applications are also the growth momentum for Cable STB in the future and quite conducive toward future growth.

## **C. Digital Satellite STB**

The development of digital satellite broadcasting is relatively mature and is expected to continually grow at a steady pace in the future. North America represents the largest market for digital satellite broadcasting with an average shipment volume between 12 million and 18 million units per annum, accounting for 60% to 70% of the entire global market. In the days and years ahead, the market growth will primarily come from two factors: the growth of digital viewers and the replacement demand for such products.

In Europe, the development of pay satellite television services is concentrated in the UK, France, Italy, Spain, Germany and Scandinavia. In Western Europe with many and dense countries over there, in order to expand the scale of the economy, pay satellite television service providers have expanded their services to the neighboring countries in addition to operating their own businesses at home. Other than the effort of poaching cable television users, there are still nearly 15 million users in Western Europe for free or analog satellite television, plus traditional users who receive free terrestrial broadcasting television services who have not yet converted to digital television services. In order to attract the aforementioned groups of traditional free television service users, pay satellite television providers have launched low prices and service combinations programs in an attempt to lower the barriers to service entry.

The Asian market has recorded not bad growth in recent years. Other than China, India also has, as well, demonstrated growth potential. Other countries in Central and South America, e.g. Brazil, Mexico, and Argentina, and those Eastern European nations like Romania and Russia, have, as well, demonstrated significant development potential. In an emerging market, the relevant product specifications, changes in the markets and the very updates of service providers are worthy of our continuous watchfulness. We anticipate that emerging markets shall become one of our long-term growth momentums toward the satellite STB market.

#### **D. IPTV Box**

The Internet has been developed and evolved from the traditional text and graphics to the current audiovisual stage. Where all major websites try to add video contents onto their web pages, YouTube further provides a platform for users to upload their self-portrait short films that has led the trend, and even attracted Google to acquire YouTube at a gigantic high price of 1.6 billion U.S. dollars. This fact proves the advent of the Internet Video era.

Technologically, IPTV (Internet Protocol Television) is a type of television service that uses a broadband network to transmit program content into IP packets. From a functional perspective, it can also be termed as an interactive network television. Toward users, they can watch IPTV by means of PC, IP STB plus television and Internet mobile phones.

The hardware system architecture of an IPTV is divided into three parts, i.e. the front-end, the broadcasting service and user-end. The front-end collects and stores such contents including those received from satellite, terrestrial, cable or other means and then such content is compressed, converted, coded, and formatted. Finally, the encryption process is completed. The broadcasting service is to cast the encrypted unit from the video server, and authenticate the client device, and transmit the DRM authorization to the authenticated user terminal device through the DRM (Digital Rights Management) Server so that the users can check the content of the program into decryption and free play.

The broadcast service area is composed of the network connected to the cable television, the telecommunications service providers and the like as well as the corresponding broadband networks. This area also includes the backbone IP network and the local IP network. The main functions of these two are for video and audio routes and switching transmission, the cable television front-end and telecom operators then transmit such to the users through the head-end DSLAM equipment. In an attempt to receive IPTV, a user needs to have an environment equipped with broadband and hardware capable of connecting to an external network. Normally, with an IP STB plus a TV or PC, and

related software for the user interface as well as the entire IPTV hardware device. In between, that user shall, as well, be equipped with media management, user management, charging mechanism and other software before satisfactory application.

(2) The relevance of the industry, the upper, middle and the downstream

In terms of the Company's industry relevance, the upstream primarily supplies substrates, e.g. semiconductors, transistors, resistors, capacitors, inductors, printed circuit boards, transformers, filters and such parts & components. The products so produced are supplied to the downstream like telecommunications service providers, cable television security industry, military industry, optical fiber, microwave communication industry as well as transportation industry.

(3) Various development trends for the target products and the facts of competition therein:

Such digital broadcasting-related products have emerged and been developed by leaps and bounds in recent years. Many specification formulations, license approvals and the establishment of associations have all come into being just in recent years. There are still lots of more products and specifications that are in the experimental or verification stage.

Here at the Company, other than the efforts in research & development on the grounds of established standard specifications, we have applied for a variety of verification, certifications and have further team up with the chip manufacturers into joint development.

Toward the products of new generation, we have tried to use mature chips to make our products more stable.

Here at the Company, we began to develop digital STB and other related products as early as ten years ago. Thanks to the Company's excellent software and hardware R&D team members plus years of accumulated hands-on experience in the R&D of transmission products and image-related products, our Company has become one of the very few in Taiwan in possession of specifications prevalent in both Europe and the United States. We have, as well, accumulated hands-on experiences accumulated toward specifications prevalent in the United States, Japan and IP STBs in China which we have been quite proud of.

(III) An overview into technology and research & development

1. The costs invested into research & development as of the past two years and the publication date of the annual report.

Expressed in Thousand NT Dollars

Item \ Year	2022	2023	As of the publication date of the annual report March 31, 2024
Research & development related	325,180	387,411	67,207

2. Technologies and products having been successfully developed
  - (A) Digital Satellite Communication Transmission System.
  - (B) Digital cable video transmission system.
  - (C) Digital video converter related products.

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

- (1) Short-term business development programs:
  - (A) The efforts to improve production & marketing programs and to update technology & know-how in coordination with the requirements in the mainstream markets and strategic customers for assure supply in real time and to minimize inventory burdens.
  - (B) The efforts into wholehearted research & development into new products, dominate the very pulsation in the market to cut short the time required for design and boost the competitive edge for our products. Meanwhile, we have virtually expanded market shares of the products to promptly meet market demands.
  - (C) We successfully integrate the IP BOX function into the digital television machine to open up a larger market space.
  - (D) We maintain the Company's technological leadership well and consolidate the Company's manufacturing advantages through the development and introduction into updated new products.
- (2) Long-term business development programs
  - (A) The efforts to set up integrated research & development and market survey organization with wholehearted efforts to bring in up-to-date products, cut short duration required for design, focusing on new market development in the hope to go into full scale marketing as soon as possible.
  - (B) We make maximum possible endeavor to utilize a variety of manufacturing process, production know-how to minimize costs, upgrade production yield rate to strengthen the Company's competitive edge on a long-term basis.
  - (C) With continued efforts, we put forth maximum possible efforts to cultivate marketing talents. Pursuant to the trend of global economic development, we set up very sound marketing information system to, in turn, dominate changes in the market and the very pulsation of product development.
  - (D) Adhering to the philosophy of "innovating technology to better serve customers," we look at the world market to achieve the goal of sustainable business operation.
  - (E) Here at the Company, we look for more potential customer groups in the markets and require the R&D Department and relevant departments to cooperate in full to accelerate the development pace of new products. In turn, we become able to get ahead to win the markets.

## II. An overview into market and production and sales performance

### (I) Analysis into markets

#### 1. Major areas to sell products and services

Expressed in Thousand NT Dollars

Sales regions/year	2022		2023	
	Amount	Percentage	Amount	Percentage
Europe and Americas	6,136,978	93.24%	5,540,276	95.25%
Asia	347,711	5.28%	175,370	3.01%
Other	97,346	1.48%	101,189	1.74%

Total	6,582,035	100%	5,816,835	100%
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## 2. Market share

The methods for digital television signal transmission can be divided into satellite, terrestrial broadcasting, cable television and broadband network. In terms of set-top box shipment volume, the proportion of digital signals transmitted through satellite is relatively higher. While satellite television was developed earlier and has been promoted with wholehearted efforts, the number of set-top box users has been growing at a very rapid pace. Where the satellite television industry has gradually entered a mature phase, it is estimated that the growth momentum of set-top boxes would gradually slow down. In turn, in the days and years ahead, digital television will have strong growth momentum to grow with the terrestrial broadcasting and IPTV. In terms of product functions, the shipments of the target products toward the emerging markets are still dominated by SD models. Where the proportion of product shipments containing CA has increased significantly under the sound promotion of service providers, the proportion of HD models shipped into Europe has gradually increased as well. Besides this, MPEG 4 is adopted and the proportion of audiovisual compression formats has increased significantly. It is expected that in the future, DBS products will be developed towards CA lock code, MPEG 4 compression and HD image quality.

## 3. The future supply and demand situation and growth in the target markets

### (1) U.S. standard high-definition digital terrestrial broadcast receivers

- A. STB became a fairly mature product since the era of analog signals. It has, nevertheless, only been responsible for channel selection and decoding in the past time and began to develop various interactive services in the digital era. The functionality and value of such products have been greatly enhanced.
- B. Amidst the continued expansion of global digital television broadcast signals and the strengthening of interactive services, the market growth opportunities are still worth looking forward to.

### (2) Satellite Low Noise Down converter (LNB)

Among the wireless transmission equipment, there include two major categories of satellite communication systems and terrestrial microwave systems. The satellite television receiving equipment is primarily used to receive satellite television programs. At present, there is a strong demand for satellite live television throughout the world. North America is the world's top markets for digital cable and satellite. The television market in Western Europe is the second major market. With the launch of satellite digital broadcasting services in other regions, Asia, which houses more than half of the earth's population, is also driven by the rapid development of the Asian economy and the successive launch of digital television satellites amidst the hot development of satellite live broadcasting. The very growth of the LNB market is virtually driven by the diversification of satellite communication applications and the opening of the market. For instance, in early days, it focused on voice and video images. Today, nevertheless, it seeks to improve data communication. Besides this, communication service providers promote the application of multiple receiving points. Driven by such rising regional demand, the market for LNB will be continually driven upward.

### (3) Wired television system

Since the Cable Television Act came into being in Taiwan, the cable television user rate has skyrocketed from less than 20% to more than 80% within just five years. With the technological revolution driven by the information industry in recent years,

the traditional service providers of cable television entertainment programs have become unlimited. The diversified choices would include the broadcasting of digital television programs, surfing the Internet, interactive television, personal digital video recorders/players as well as on-demand video among many others. Further coupled with the vigorous development of global direct broadcast satellites, the growth of the wired television system in the traditional entertainment television program service users would be virtually limited. Where in Taiwan, the penetration rate of cable television has at the present time jumped to more than 80% and the growth space is relatively narrow. When the number of users would no longer be growing, relative revenue growth would naturally stagnate. The cable television service providers should urgently need to develop new service projects before they can increase revenue.

Taking the development experience in the United States as an example, the end terminal of their information superhighway is simply achieved through the wired television networks. Accordingly, the wired television shall play a very key role in the multimedia amidst “two-way” communication in the future. Other than the head-end equipment, the U.S. cable television service providers are also very vigorous in the construction of the user loops. The products deriving from them, e.g. online amplifiers and network remote monitors, have created extraordinary market output values. In terms of the global markets, there would be more than 10,000 cable television headend playback systems. Where each system is estimated to be coupled with 5,000 amplifiers, with the improvement of broadband and two-way functions, the demand for updates and new installations would hit as astonishingly as more than 50 million. Amidst the cutthroat market competition driving the research and development of new products and technologies, the future wired television will inevitably combine the functions of telecommunications, computer industry and fire prevention and anti-theft, bringing huge business opportunities to the industry in the days and years ahead.

As far as the Company’s product lines are concerned, other than traditional wired television products, such as amplifiers, strong waves and splitters, in recent years, our Company has been vigorously investing huge amounts into the research and development and production of up-to-date products e.g. digital video converters. Our Company focuses on not only old products, but further actively teams up with international manufacturers in the hope to grasp product streams and trends and takes the lead in the international community among the industry as the very welcome partner to those international manufacturers.

#### (4) Satellite oriented small ground station (VSAT)

What does VSAT (Very Small Aperture Terminal) mean? VSAT is known as a small satellite ground station and is also known as a commercial private small satellite communication system which primarily uses a satellite signal transceiver system to establish a private local area network or satellite communication network within the enterprises to transmit sound, image, data and such information.

In daily rounds, VSAT has been used in business fields for quite a period of time. In news coverage, for instance, SNG (Satellite News Gathering), which is often used in television news interviews, is a typical type of VSAT application. It is easy to install and would take only 20 minutes. It is very well oriented to interview needs that are highly mobile and would call for timely transmission of data. Besides this, for developing countries with huge geographical territories and scattered populations in rural areas, VSAT has also successfully established telecommunications networks.

At the present time, the global VSAT markets are subject to a slow growth trend. Other than the increasing demand for multiple types of timely data transmission by enterprises, on the supply side, the factors that virtually drive the popularization of VSAT include notably:

1. “Shared hub” solution.
2. Drop in equipment prices.
3. The size of the dish antenna is reduced, the transmission speed is increased and the power is significantly boosted.

In the United States as early as 1987, they made use of VSAT to manage security work. Later, the government, enterprises and schools also adopted VSAT into an application for data transmission. Along with the advancement technologically, the current application range of VSAT is becoming increasingly extensive, notably: Retail store POS, news and financial information transmission, environment and pipeline monitoring data transmission, online lottery coupons, remote teaching, high-speed multimedia data transmission, Internet, even including the voice data transmission, and the like as well as the relevant applications.

Where VSAT virtually replaces terrestrial wired networks, it can be used for voice and data transmission in rural areas, outlying offshore islands and remote areas. It will effectively minimize the communication cost in the aforementioned areas. Where the relevant equipment is relatively too expensive, nevertheless, at the moment only those mega-multinational giants and government agencies can effort to. Nevertheless, VSAT will develop toward the direction of USAT (Ultra Small Aperture Terminal) and the prices of equipment are expected to come down significantly. By that time, those small and medium enterprises and even common individuals will be able to afford to it. This suggests a certain business opportunity for VSAT before too long in the future.

#### (5) Digital video converter markets

Digital video converters are expected to grow at a very rapid pace before too long in the future as digital video programs are successively launched in various countries around the world. Overall, digital television is significantly superior to the traditional analog television transmission method in terms of picture quality, sound quality, bandwidth efficiency, security, and service functions provided therewith. In recent years, as a result, governments in various countries have listed the digitalization of television as the very goal of their future policy.

Among all sorts of digital video converters, with the early development of digital direct dial satellite (DST), the number of users is far ahead of the other two network systems. Digital cable television (DCT) follows DST with the number of users ranking straight behind as second. Digital terrestrial broadcasting is currently in the circumstance that governments around the world have stopped broadcasting analog signals progressively in succession and the chance for future growth is also quite promising.

4. Advantageous and disadvantageous factors of competitive niches and development prospects and the countermeasures
  - (1) Competitive niche
    - (a) The effort to maintain a sound cooperative tie with customers. Here at the Company, our business marketing teammates provide customers with complete product development services. Amidst all such regards including notably quality, yield rate, delivery time and after-sales service, our teammates maintain a very sound tacit accord with customers and help customers minimize product development schedules. We are growing together hand-in-hand with customers and maintaining long-term cooperative relationships, establishing marketing channels with deep-rooted customer relationships. All these factors are conducive to our Company's future operational development.
    - (b) Superior research & development technical capabilities, innovation and dedication are the very foundation of our Company's development. Coupled with long-term training of research & development talents, our Company has accumulated quite deep technology and hands-on experience. This is the core technology that our Company relies on for competition and is also the Company's new momentum of growth.
    - (c) With high-end products and rapid research and development capabilities, our Company can provide customers with the fastest possible service and delivery within the shortest possible period of time.
    - (d) We strive to cooperate with MSO/Telco/Operator/head-end/satellite industry players to promote new technologies and ODM/OEM opportunities.
  - (2) Advantageous and disadvantageous factors toward our prospective development and the countermeasures
    - A. Advantageous factors
      - (a) Our Company possesses digital and analog image processing technology and transmission technology capabilities.
      - (b) Our Company possesses, as well research & development, production, and sales integration capabilities and is in a position to integrate production and sales with adjustment in real time production and product design according to market conditions.
      - (c) The development of global digital television broadcasting has virtually stimulated the digitization of televisions. As a natural result, the market demand for digital television receivers has grown by leaps and bounds.
      - (d) Lots of digital television receiver system chips will become more highly integrated, enabling receiver manufacturers to produce more powerful and lower cost digital high-resolution television receivers.
    - B. Disadvantageous factors
      - (a) Many television or display manufacturers intend to develop and design their own digital television receivers.
      - (b) The supply of system chips is subject to restriction by foreign manufacturers. Whenever the supply of chip production capacity is tight, the cost required to acquire chips would become higher and it would take a longer period of time to deliver the chips.
      - (c) Fierce competitors coming from mainland China tend to use low-price strategies into vicious and cutthroat competition. Competitors from South Korea are more

technologically advanced and tend to compete at low prices with government export subsidies.

- (d) Still inadequate workforce in the research & development teams.
- (e) Too lengthy period of time required for product certification.

C. Countermeasures

- (a) The effort to cut short the time required for product development and certification so as to win the opportunities in the markets.
- (b) The effort to enhance own capability to map out products with advanced research & development to cut short the period of time required launch new products.
- (c) To streamline product design, reduce materials to be used for the products, minimize material manufacturing costs and eventually upgrade quality of the products.
- (d) To strengthen marketing management, establish a global marketing network and a sound after-sales service system to satisfy customer needs.
- (e) The efforts to recruit talents through campuses with thorough implementation of educational & training programs, to improve employee welfare to strengthen employee centripetal cohesion and reduce turnover rate and further enhance the development strength of R&D talents.
- (f) To formulate a closer strategic alliance with digital television receiver chip design suppliers to team up with them to jointly develop new chip platform. The Company can play an OEM role for software and hardware as designated by chip designers.

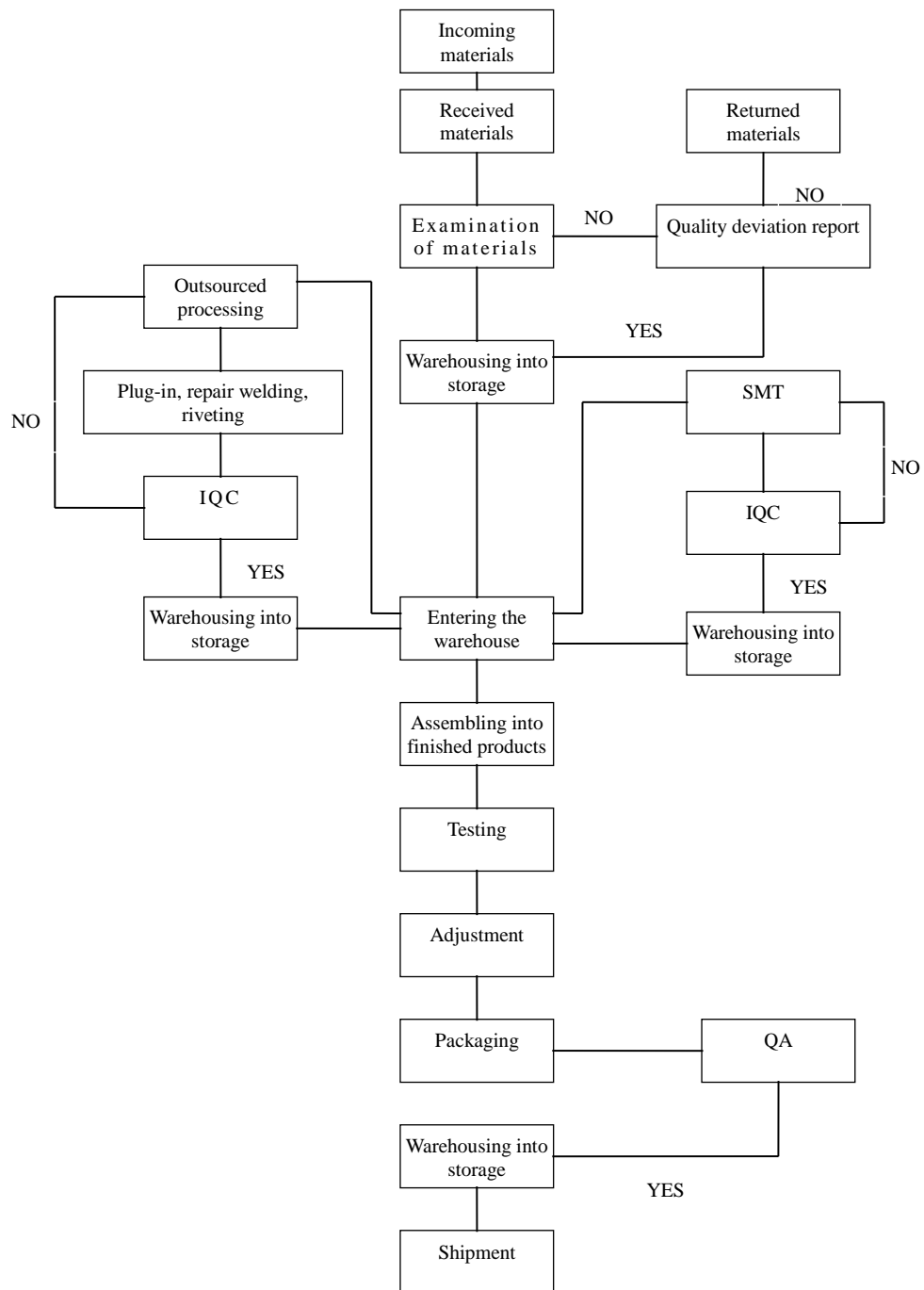
(II) The important purposes of use and production process of major products

The important purposes of use of major products

Products	The important purposes of use
Amplifiers	In the process of signal transmission with the signal loss caused by fixed linear loss, good amplifiers need to be adopted to compensate for such loss so as to maintain a sound signal quality.
Signal tapeout	The signal tapeout terminal is a sort of radio frequency signal divider buried inside the wall separating the signal from the user cable into the television frequency band, the FM/AM frequency band, the satellite intermediate frequency band and the digital signal frequency band, and the like so that the user terminal can directly and promptly connect the signal to each interface platform.
Distributers, splitters	A sound signal quality needs to be transmitted to thousands upon thousands of users and the design of the distribution system is to effectively process and distribute these signals in a complete manner so that users can enjoy high-quality video signals.
Low noise down converters	Receptions of high-quality satellite television programs
Multiple switches	The main function of the multiple switches used in the satellite television smart distribution system is primarily intended to connect more than one satellite receiver and antenna through this system to integrate signals from various sources and then, in turn, distribute them toward several households.
Digital satellite receivers (DSR) Digital satellite unlock code machines (IRD)	With the use of an antenna (dubbed as an ear) to reflect to the low noise down converters (LNB), the low noise down converters (LNB) collect the high-frequency digital compressed video received from the satellite. Then it converts the signal to a radio frequency signal and then sends it to DSR/IRD decoding and, in turn, analyzes the digital compressed signal and converts it into an analog video for presentation on the television screen.
Multimedia video receivers IP STB	The interactive network television platform, through the video receivers and broadband networks, allows the existent television channels and network channels to be combined among each other. The consumers can enjoy more diversified information on stocks, entertainment, shopping, financial and lifestyle with only a convenient operation interface.

High-definition digital television receivers	<p>Primarily to process the high-definition digital television signal of the digital television system, and such signal conversion would provide high-quality audio and video output for analog or high-fidelity television . Besides this, it also provides a variety of audio and video input and output interfaces to provide audio and video Quality output and input conversion.</p>
Power line network bridge-PLC	<p>To integrate 802.11ax wireless network specification powerline network bridge, the network transmission rate is up to 2Gbps which can be used to connect to the modem and router personal computer, digital set-top box or games console where a user can share high-definition movies through the existing power lines in the house. Where the built-in 802.11ax wireless network access technology also allows users to enjoy mobility, high-speed wireless network connection and better coverage.</p>

## 2. Production process of the major products



## (III) Fact of major raw material supply

Major raw materials	Key suppliers
IC	SKY In-Home Service Limited 、MaxWin Technology 、Alltek Technology 、PROMASTER TECHNOLOGY CORP.
POWER SUPPLY	Atech OEM Inc.
P.C.BOARD	EIKEI ELECTRONICS (HK) 、Shenzhen SanDeYing
OTHER	EVERWINER 、PICOTRONICS INDUSTRIES LIMITED 、GRANSTAR (HONG KONG) 、Willas-Array Electronics (Taiwan)

Toward suppliers, the Company conducts an overall evaluation on their quality, lead time, technology, costs and such capabilities on a regular basis, over the parts & components. The Company decentralizes the supply sources. Through such policies, the Company successfully assures stable supply sources with supply volume the coordination degrees well satisfactory to the Company's expectation and development.

## (IV) Names of customers with purchase (sales) volumes accounting for over 10% of the aggregate total in any single out of the past two years and their purchase (sales) amounts

The explanation of the percentage, changes are as enumerated below:

## 1. Information of key suppliers over the past two years:

Expressed in Thousand NT Dollars; %

Item	2022				2023				The first quarter, 2024 (Note 1)			
	Title	Amount	Net purchasing percentages to the aggregate total of annual purchases (%)	Relationship with the issuer (s)	Title	Amount	Net purchasing percentages to the aggregate total of annual purchases (%)	Relationship with the issuer (s)	Title	Amount	Percentage to the total net purchase amounts in Year 2023 as of the first quarter	Relationship with the issuer (s)
1	Supplier A	1,076,466	22.19	Nil	Supplier A	663,015	21.85	Nil	Supplier A	180,747	29.56	Nil
2	Supplier B	405,075	8.35	Nil	Supplier B	205,504	6.77	Nil	Supplier B	93,390	15.27	Nil
	Other	3,369,904	69.46	—	Other	2,165,430	71.38	—	Other	337,401	55.17	—
	Net amount of purchases	4,851,445	100.00	—	Net amount of purchases	3,033,949	100.00	—	Net amount of purchases	611,538	100.00	—

Reasons behind the increase/decrease: Over the past two years, the major increase/decrease changes resulting from the Company's consideration of the quality and price factors to meet the substantial need of the new models and new manufacturing process.

Note 1: The Company's Financial Statements were already duly audited by certified public accountants Liang Yi-Chang and Wen Ya-Fang in the first quarter, Year 2024.

## 2. Information of key buyers the Company sold over the past two years:

Expressed in Thousand NT Dollars; %

Item	2022				2023				The first quarter, 2024 (Note 1)			
	Title	Amount	Percentage of the total net annual sales amount (%)	Relationship with the issuer (s)	Title	Amount	Percentage of the total net annual sales amount (%)	Relationship with the issuer (s)	Title	Amount	Percentage of the total net sales amount as of the first quarter 2023 (%)	Relationship with the issuer (s)
1	Customer A	4,545,200	69.05	Nil	Customer A	3,061,982	52.64	Nil	Customer A	622,291	63.30	Nil
	Other	2,036,835	30.95	—	Other	2,754,853	47.36	—	Other	360,735	36.70	—
	Net sales amount	6,582,035	100.00	—	Net sales amount	5,816,835	100.00	—	Net sales amount	983,026	100.00	—

Causes behind the increase/decrease changes: Over the past two years, in terms of purchasing customers, other than increase/decrease of the customers' increase/decrease in operating amounts, development of new customers and promotion of new products would form the causes behind the changes.

Note 1: The Company's Financial Statements were already duly audited by certified public accountants Liang Yi-Chang and Wen Ya-Fang in the first quarter, Year 2024.

### (V) The production output volume/value over the past two years

Expressed in thousand pieces and thousand NT dollars

Production output volume/value Major commodities	Year	2022			2023		
		Productivity	Output volume	Output value	Productivity	Output volume	Output value
Digital communications products and parts & components thereof		9,450	7,165	6,025,901	7,500	5,707	5,158,712

Note: Virtually difficult to statistically classify amidst the complicated variety of products.

Explanation of Production output volume/value: Nil.

### (VI) Sales volume & value over the past two years

Expressed in thousand pieces and thousand NT dollars

Sales volume & value Major commodities	Year	2022				2023			
		Sales to the domestic markets		Export		Sales to the domestic markets		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Digital communications products and parts & components thereof		630	91,497	23,192	6,489,033	742	74,772	8,069	5,742,063
Other		-	-	-	1,505	-	-	-	-
Total		630	91,497	23,192	6,490,538	742	74,772	8,069	5,742,063

Note: Virtually difficult to statistically classify amidst the complicated variety of products.

Explanation of reasons why behind the changes in sales volume & value: In coordination with

business needs.

### III. Information of staff members

Information of staff members over the past two years and as of the publication date of the annual report

Year		2022	2023	The current year as of March 31, 2024
Number of employees	Direct workforce	619	659	638
	Indirect workforce	513	514	513
	Total	1,132	1,173	1,151
Average ages		41.92	41	41
Average years of services		10.6	10.6	10.9
Educational level distribution ratios	PhD	1	1	1
	Master	84	89	90
	University (college)	437	418	414
	Senior high school	517	580	562
	Below Senior high school	93	85	84

### IV. Information on expenditures on environmental protection

The impairment undergone due to pollution to environment (including compensation), total amount of disposal in the latest fiscal year and as of the publication date of the annual report and expenditures to be incurred for potential countermeasures: Nil.

Information of the Company in response to European Union (EU) environmental protection decree (RoHS):

The act required for the Company in response to European Union (EU) environmental protection decree (RoHS) had been satisfactorily accomplished as of December 31, 2007

### V. Labor–Management Relationship

(I) Here at the Company, performance and implementation of fringe benefits for employees' refresher educational & training programs, training programs, retirement system, accords by and between labor and management, and measures to safeguard fringe benefits for employees

A: Toward fringe benefits for employees:

Exactly in accordance with the Labor Standards Act, the Company faithfully rendered fringe benefits for employees and retirement system on the grounds of the rules so enacted. Further in June 1990, we duly established the Welfare Committee (Fringe Benefit Committee) which convenes meeting on a regular basis. The minutes of the meeting so convened have been submitted to the competent authority for information. Further in December 1986, we set up Labor Pension Reserve Fund Supervisor Board to oversee the amount appropriated for reserve of labor pension, deposit and expenditure and payment affairs to firmly safeguard employees' interests. The welfare benefits granted so far include:

- (1) Sound and integrated retirement system.
- (2) All-out employees participate in labor insurance, accident insurance and travel

insurance

(3) Congratulation and condolence allowances are granted to employees when they are married, give birth, are hospitalized, or pass away.

(4) The Company has set up staff restaurant(s) providing the entire staff with meals.

(5) The Company provides very sound training programs to satisfy employees amidst their need to grow to help the Company cultivate high-caliber talents.

(6) Elaborately designed birthday gifts, employee travel allowances and self-improvement activities.

(7) Employees having served for one year in full are granted with special leave with additional more day(s) along with added service seniority.

**B: Refresher educational & training programs toward employees**

In an attempt to cultivate the work skills for employees, the Company refines their own learning skills and enhances their know-how.

So as to effectively achieve human resource development, encourage all employees into improvement of their personal qualities through sound education and training.

To enhance their working skills, improve teamwork spirit for which the Company has duly enacted “Regulations Governing Educational & Training Programs toward Employees”

During Year 2023 the Company sponsored educational & training programs toward employees as enumerated below:

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
Management department	Internal training	312	1,598.50	1,173	0	1. 8D Solution 2. Explanation and certification for revision of ANSI/EMS S20.20-2021 3. ANSI/ESD system protection training 4. Online seminars for APBP/PPAP, FMEA, CP 5. ESD generation principle and prevention (basic knowledge of static electricity) 6. Introduction to ESG and carbon reduction 7. FMEA Failure Mode and Effect Analysis 8. FSC-CoC standard knowledge training 9. HALT/HASS highly accelerated life test 10. IPC-610 PCBA inspection standard 11. ISO 14001:2015 Environmental Management System 12. ISO 14064-1 Greenhouse Gas Inventory – Activity Data Operation and Practice 13. ISO 45001 Occupational health management system 14. ISO 9001/14001/45001 Internal Auditor Training 15. ISO 9001:2015 Quality management system description 16. Analysis of MSA measuring system 17. PCBA inspection specifications 18. Peplink OQC and IPQC add appearance inspection 19. PPAP Production Parts Approval

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						Procedure 20.Seven QC techniques 21.SBTi Science-Based Reduction Initiative 22.SOP operation 23.SPC statistical process control 24.ZRF-002 IPQC/OQC document description and operation exercise 25.Packaging process 26.Assembly process 27.Testing procedure 28.Overview of factory ESD/EOS management 29.Self-defense firefighting team training 30.Use of soldering irons and operations 31.Health promotion 32.Product ESD specifications 33.Product life cycle management 34.Compliance Verification Measurement Operation Standard 35.Second Quarter Zero Waste to Landfill Webinar 36.Equipment grounding management connection standard 37.New product development procedures and techniques 38.Education and training for new recruits 39.EasyFlow education and training 40.Promotion of occupational safety and health
	External training	15	418.6	21	40,800	1. "New eHealth, Digital System, and Value of Telemedicine 2. 2023 Industrial Zone SME Health Service Conference 3. Energy efficiency indicators of the six main energy consuming industries in 2023 4. Annual operation of radioactive material or ionizing radiation 5. 2023 Radiation Protection Education and Training (Recurrent Training) 6. Sharing of common unlawful violations in the workplace and gender friendship in 2023 7. Solidworks standard course 8. Grade B safety and health administrator (initial training) 9. On-the-job safety and health education and training for supervisors working with organic solvent 10.Practices for handling termination of contract, such as voluntary resignation and laid-off notices 11.On-the-job safety and health education and training for first-aid personnel 12.Business briefing for new insured

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						entities and new contractors 13. In-service training courses for waste removal and disposal technicians 14. Disputes over the types of leave – how to plan and prevent them 15. Nursing staff health promotion seminar
Chairman's room	Internal training	2	2	2	0	1. Prevention of office syndrome – DIY for stress relief 2. Social engineering information security protection
	External training	5	27	5	15,600	1. How to interpret key corporate financial information and strengthen crisis early warning capability 2. Common internal control deficiencies of enterprises and analysis of practical cases 3. The Company's "Competition for Management Rights" Related Legal Responsibilities and Case Studies 4. The relationship between salary cycle and compliance with labor laws and regulations 5. Auditing of sales collection and purchase payment cycle
Information department	Internal training	1	1	1	0	1. Prevention of office syndrome – DIY for stress relief
	External training	2	8	2	0	1. 2023 Fire Safety Seminar 2. Study of information security guidelines for TWSE/TPEX listed companies
Finance department	Internal training	7	48	3	0	1. Orientation and training for new recruits 2. Prevention of office syndrome – DIY for stress relief 3. Social engineering information security protection
	External training	5	62	5	35,500	1. 2023 Fire Safety Seminar 2. Training courses for accounting officers of the issuer, securities firm, and securities exchange 3. Orientation training workshop for the first-time internal auditors 4. Practical chapter on audit of "materials system for the manufacturing industry" 5. Auditing of subsidiaries
Human Resource department	Internal training	5	36	4	0	1. Social engineering information security protection 2. Prevention of office syndrome – DIY for stress relief 3. Orientation and training for new recruits 4. Pre-duty training for internal auditors
	External training	7	135	5	13,000	1. 2023 Fire Safety Seminar 2. A systems approach to sustainable development 3. Retirement of pension reserve

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						account after cancellation of labor pension fund 4. Occupational safety and health administrator 5. Social impact investment rate of sustainable development
Work safety management room	Internal training	11	35.5	5	0	1. Prevention of office syndrome – DIY for stress relief 2. Social engineering information security protection 3. 2023_ESD electrostatic protection education and training 4. Orientation and training for new recruits 5. Pre-duty training for internal auditors
	External training	46	177	30	2,000	1. Explanation session on classified management of hazardous chemicals 2. Briefing session on hazard classification, labeling and communication measures for hazardous chemicals 3. 2023 joint defense organization accident experience sharing meeting 4. 2023 Healthy Workplace Conference 5. Human-machine safety protection: EN ISO 10218-2_Safety specifications for robotic arm integration applications 6. Occupational safety management practices 7. ISO 45001/CNS45001 Occupational Health and Safety Management System seminar 8. Prevention of crushing hazards in mechanical cutting 9. 2023 Fire Safety Seminar 10.2023 Priority chemicals management briefing session 11.2023 Safety Data Sheets Verification Practice and Seminar 12.2023 Workshop on Work Environment Exposure Assessment and Occupational Disease Prevention 13.2023 Plastics and Specific Process Industry Safety, Health, and Work Environment Improvement Results Presentation Conference 14.2023 Award Ceremony for Outstanding Government Organization and Five-Star Award Unit in Occupational Health and Health and TOSHMS Results Presentation 15.2023 National Occupation Safety and Health Week event announcement and occupational

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						safety and health management system practice seminar 16.2023 “Healthy Workforce Sustainability Pilot Enterprise Selection and Recognition Activity Conference” 17.2023 Consensus meeting on corporate sustainability reporting (ESG occupational safety and health) 18.2023 Sustainable Practice Forum (ESG Occupational Safety and Health) 19.Explosion-proof safety practice seminar 20.Seminar on explosion-proof hazardous area and classification application software 21.2023 Occupational disaster prevention training and occupational safety physical sensory experience 22.2023 International Expert Lecture on Explosion-Proof Safety Technology 23.Employee health service achievement presentation 24.Prevention and management practices for unlawful infringement in the workplace 25.Council for Occupational Accident Worker Protection and Workplace Return 26.On-the-job training for occupational safety and health managers 27.Recurrent training for first aiders 28.Legal Seminar for Equal Rights in the Workplace and Sexual Harassment Prevention 29.2023 Council for Occupational Accident Worker Protection and Workplace Return 30.Industrial ventilation foundation and improvement cases
Production plan department	Internal training	7	48	4	0	1. Orientation and training for new recruits 2. Prevention of office syndrome – DIY for stress relief 3. Social engineering information security protection 4. Pre-duty training for internal auditors
Automation equipment research and development department	Internal training	4	4	2	0	1. 2023_ESD electrostatic protection education and training 2. Social engineering information security protection
Procurement department	Internal training	7	16	4	0	1. Orientation and training for new recruits 2. Prevention of office syndrome – DIY for stress relief

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						3. Social engineering information security protection 4. Pre-duty training for internal auditors
Structure design department	Internal training	10	10	3	0	1. 2023_ESD electrostatic protection education and training 2. Social engineering information security protection
Application design department	Internal training	15	18	5	0	1. Operation of the Company's internal cost (hours) quotation system 2. Prevention of office syndrome – DIY for stress relief 3. 2023_ESD electrostatic protection education and training 4. Social engineering information security protection 5. Pre-duty training for internal auditors
Operations Management Center	Internal training	1	7	1		1. Orientation and training for new recruits
Manufacturing process design department	Internal training	7	22	4	0	1. Orientation and training for new recruits 2. Prevention of office syndrome – DIY for stress relief 3. Social engineering information security protection 4. Pre-duty training for internal auditors
Transmission-first research and development department	Internal training	24	77	4	0	1. 2023_ESD electrostatic protection education and training 2. Orientation and training for new recruits 3. Prevention of office syndrome – DIY for stress relief 4. Social engineering information security protection
	External training	1	2	1	0	1. 2023 Fire Safety Seminar
Transmission business department	Internal training	2	24	2	0	1. Orientation and training for new recruits 2. Social engineering information security protection
Technical engineering department	Internal training	9	25	4	0	1. 2023_ESD electrostatic protection education and training 2. Social engineering information security protection 3. Orientation and training for new recruits 4. Pre-duty training for internal auditors
	External training	3	15	3	1,500	1. On-the-job safety and health education and training for occupational safety and health managers 2. “Carbon Management Advanced Seminar” for low-carbon industry talent training 3. Seminar on explosion-proof hazardous area and classification

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						application software
Digital marketing business department	Internal training	3	3.5	2	0	1. Social engineering information security protection 2. Pre-duty training for internal auditors
	External training	4	6	1	0	1. Introduction to WiFi7 and its mandatory testing
Digital-research and development engineering department	Internal training	21	41.5	5	0	1. 2023_ESD electrostatic protection education and training 2. Social engineering information security protection 3. Prevention of office syndrome – DIY for stress relief 4. Orientation and training for new recruits 5. Pre-duty training for internal auditors
	External training	8	13	2	0	1. Introduction to WiFi7 and its mandatory testing 2. 2023 Fire Safety Seminar
Production department	Internal training	2,320	11,689	53	0	1. Orientation training for all departments 2. Pre-duty training for internal auditors 3. Emergency response and disaster prevention promotion drill 4. Influence of ESD on semiconductors and protection 5. Key points of ATFT-4-23 product inspection and process inspection tour 6. JXGTZ-2-XX 8-11 Product testing 7. Test and inspection procedure for PWM-9822P series 8. Understand the types, structure and characteristics of various electronic components to improve product quality 9. Operating Procedure for PWM-9822P Series Abutment Method Test 10.2023 ESD electrostatic protection education and training (teaching materials in 2022) + occupational safety and health promotion + C-TPAT promotion 11.Implement improvement of the working environment and maintain a good working environment 12.OS R U-02 SMT Processing Points; ESD Protection Training; C-TPAT Promotion 13.DBE-1200 UPSTREAM SMT Processing Points. ESD Electrostatic Protection Training. C-TPAT Promotion 14.Occupational safety and health promotion 15.Key points of TF-88 series SMT processing. ESD electrostatic

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						<p>protection training. C-TPAT promotion</p> <p>16.OUT DOOR TAR series SMT processing points. ESD electrostatic protection training. C-TPAT promotion</p> <p>17.Key points of SMT processing for ATFT series; drawings; ESD protection training; C-TPAT promotion</p> <p>18.Points of DBus-C-2 plug-in, electrostatic protection, and C-TPAT promotion</p> <p>19.JA-OL A version visual repair essentials. ESD electrostatic protection. C-TPAT promotion</p> <p>20.ATFT-8-23 (Wasim Technology Capacitor) visual repair points. ESD electrostatic protection. C-TPAT promotion</p> <p>21.Points of DBus-C-2 plug-in, electrostatic protection, and C-TPAT promotion</p> <p>22.HDU-200 (Wasim Technology) visual repair points. ESD electrostatic protection. C-TPAT promotion</p> <p>23.Promotion of DBE-1200 UPSTREAM (DBUS-C-1) plug-in – ESD protection – C-TPAT</p> <p>24.Promotion of OTSWXU-4 Series Assembly Procedure + C-TPAT Item Supply Chain Management Regulations</p> <p>25.Dispenser operation education and training</p> <p>26.TF-89H-*M-1K-FFLM series adjustment education training and C-TPAT promotion + Occupational Health and Safety on-the-job education and training</p> <p>27.Promotion of XGTZ-2/4/8 series assembly procedure and C-TPA</p> <p>28.XGTZ series adjustment procedure and C-TPA promotion</p> <p>29.TF-88H-14M-1K series adjustment procedure and C-TPA promotion</p> <p>30.Promotion of ATFT-8 series assembly procedure and C-TPA</p> <p>31.ATX series adjustment procedure and C-TPA promotion</p> <p>32.Promotion of AFSP-4 series assembly procedure and C-TPA</p> <p>33.D752 ZGFS-1231C series operation standard and C-TPAT promotion</p> <p>34.ESD electrostatic protection education and training and C-TPAT promotion</p> <p>35.D701 WHD200 for CWD series operation standards and C-TPAT</p>

Department	Internal / external training	Number of participants in training	Total training hours	Times of participating the training	Educational training fees	Educational training content
						<p>promotion</p> <p>36.Promotion of D720 PWS8121/8131 series operation standard and C-TPAT</p> <p>37.D760 PWM-9822 series operation standard and C-TPAT promotion</p> <p>38.DBC-1200 3PL4 series adjustment education training and C-TPAT promotion</p> <p>39.DBC-1200 4VM5 series adjustment education training and C-TPAT promotion</p> <p>40.DBC-1200 3RG series adjustment education training and C-TPAT promotion</p> <p>41.DBC-1200 4HW4 series adjustment training and C-TPAT promotion</p> <p>42.DBC-1200 5VM3 series assembly education and training and C-TPAT promotion</p> <p>43.Promotion of ATFT MBB Automation Operation Standard Book and C-TPAT</p> <p>44.Operating Instructions for ZAE-20010 power passion bar 2-4 way</p> <p>45.Magnetic core operation standard manual. Cixin semi-automatic packaging machine operation manual. C-TPAT promotion</p> <p>46.ZAE-20017-01A Semi-automatic magnetic new packaging and C-TPAT promotion</p>
Production department	External training	38	662	23	75,750	<p>1. Initial training for type A sales managers</p> <p>2. Training for corporate volunteers</p> <p>3. Fire safety management back training</p> <p>4. Stationary crane retrospective training</p> <p>5. First-aid training</p> <p>6. Specific chemical operations supervisors' training</p> <p>7. Re-training for dust operation supervisors</p> <p>8. Anoxic operation supervisor</p> <p>9. Initial training of stacker elevator</p> <p>10.Forklift Re-training</p> <p>11.Education and training on radiation protection</p> <p>12.Administrator training</p> <p>13.Radiation Safety Integration Seminar</p> <p>14.Re-training of boiler operators</p>
Total	Internal training	2,768	13,706	1,281	0	
	External training	134	1,525.6	98	184,150	

C: Employee behavior or ethical code:

To enable the entire staff to understand ethical concept, rights & obligations as well behavioral code, the Company has duly enacted relevant rules and specifications which the entire staff is required to comply with. The relevant regulations are summarized below:

- (1) The power authorized for approval and hierarchical responsibility rules: To maximize the best possible performance, strengthen the hierarchical responsibility rule management to effectively regular employees of respective levels in the powers bestowed upon their performance of duties.
- (2) The organizational structure of each department and the work responsibility of each position: To expressly and definitely regulate the organizational function of each unit and the scope of responsibility of each position.
- (3) To compile an employee handbook to assist all colleagues in understanding relevant methods and working rules.
  - a. Employee attendance rules: To improve the attendance system and establish a sound work discipline for the entire staff.
  - b. Rewarding and punishment regulations: Reward or punishment upon employees whose actions or behaviors lead to the Company into profits or gains and losses.
  - c. Employee leave vacation rules: For employees to comply with when they take leave or take a vacation day
  - d. Employee performance evaluation regulations: Annual evaluation into the work results and performance of employees as the very base for salary adjustment, promotion, and bonus distribution.

D: Protective measures provided for working environment and employees' personal safety

Here at the Company, the entire staff are held responsible for industrial safety and health within in their own scope toward themselves, their subordinates and toward the machinery & equipment & environment. Too fulfill their duties and responsibilities in the industrial safety & health, they must faithfully comply with all sorts of safety & health related rules and regulations and the key points for attention on safety & health as instructed by their respective department heads.

- (1) The duties and responsibilities for of labor safety and health administrators
  - a. They shall frequently patrol the site to thoroughly perform their duties of management and supervision. Whenever they notice a potential risk or danger in working methods, they shall immediately request discontinuity from the work and take all countermeasures as required to prevent a calamity from occurrence.
  - b. They shall inspect fire protection system of safety facilities and protective equipment as well as disaster prevention equipment on a regular basis.
  - c. They shall cooperate with the employers and head(s) in charge to draft occupational disaster prevention plans and implement occupational disaster investigation reports and take charge of occupational disaster investigation related statistics into month reports and submit the same to the inspection authorities.
  - d. They shall map out and supervise the labor safety and health management of various departments of the Company and conduct check and inspections.
  - e. They shall coordinate with the supervisors to carry out inspections, routine check, key examinations and working environment measurements and record the findings into in the self-inspection books.
  - f. They shall map out labor health examination plans and implementation health management.
  - g. They shall map out and implementation labor safety & health related educational & training programs and shall, meanwhile, provide employer with the suggestion and data regarding labor safety & health.
- (2) The powers and responsibilities on safety & health for the Operating Head (Line

Manager)

- a. The Operating Head (Line Manager) shall assume the responsibility to prevent a potential accident from occurrence.
- b. The Operating Head (Line Manager) shall get familiar with the safety rules and safety working method within the department.
- c. The Operating Head (Line Manager) shall guide new recruits into accurate operating method and working rules.
- d. The Operating Head (Line Manager) shall be responsible for the tidying up and cleaning the environment within the jurisdiction.
- e. Unless approved by the department head, personnel of another department shall not enter the present department to engage in repair or adjustment jobs.
- f. All department heads shall assure sound and close coordination with their subordinates to jointly prevent a potential accident from occurrence.

E: Regarding retirement system:

- (1) Exactly in accordance with the Labor Standards Act and Labor Pension Act, the Company has duly enacted sound employee retirement regulations with confirmed payments and confirmed appropriation. In the former mode, the Company appropriates “pension reserve fund” at 2% of the employees’ total amount of salaries on a monthly basis and deposit the fund into Bank of Taiwan. In the latter mode, the Company appropriates 6% of the employees’ monthly salaries and deposits the same into the employees’ personal account at Bureau of Labor Insurance.
- (2) The Company duly set up Labor Pension Reserve Fund Supervisor Board in December 1986. The Supervisor Board is organized by nine Committee members, including three appointed by the management side and six to be appointed by the labor side. The Supervisor Board shall convene a meeting every three (3) years to recheck the amount of the pension reserve fund, savings, expenditure and payment so as to firmly safeguard the labor interests.
- (3) Starting from July 1, 2005, the Company duly enacted the Retirement Regulations with Confirmed Appropriation in accordance with the “Labor Pension Act” which apply to the native employees. For the part of employees of the Company who choose subject to “Labor Pension Act,” the Company appropriates a minimum 6% of the labor salary into the employees’ personal accounts at Bureau of Labor Insurance. The retirement pension is granted in two modes, i.e. on a monthly basis and in a lump-sum mode duly calculated for the amount based on the amount in the personal special account and the amount of accumulation gains.

F: Facts regarding accords reached by and between labor and management sides and efforts to safeguard employee interests:

- (1) The Company duly sponsors communications meetings by and between the labor and management sides from time to time on a nonscheduled basis.
- (2) Exactly according to law, the Company duly enacts a variety of policies and measures against potential sexual harassment to assure gender equality at the workplaces.

(II) In the latest fiscal year and as of the publication date of the annual report, the impairment incurred by labor dispute, the current

And potential amounts in the future and the countermeasures thereof:

Nil, amidst the self-governance by and between the management and labor sides as a whole, the Company is unlikely to undergo a significant labor dispute.

## **VI. Information security management**

- (1) State the cyber risk management framework, the cyber security policy, the specific management plan, and the resources invested in cyber security management, etc.
  1. Cyber risk management framework: The Company strengthens information security management to ensure the confidentiality and completeness of its information, and conducts information security inspections from time to time.
  2. Cyber security policy:
    - A. The Information Department is responsible for coordinating and promoting affairs related to information security management.
    - B. The Company's personnel shall abide by the Company's information and confidential safety regulations.
    - C. The Company's subcontractor suppliers, suppliers and outsourced business service providers, shall abide by the Company's agreement of information security regulations.
  3. Cyber security specific management plan and the resources invested in cyber security management:
    - A. Company's system access control, setting the permissions, updating the passwords regularly, backup, etc., maintaining the information security management.
    - B. Set up network firewall and antivirus software.
    - C. Scanning and maintaining the Company's computer equipment, network equipment and servers regularly.
- (2) List the losses, possible impacts and countermeasures caused by major cyber security incidents in the most recent year and as of the date of publication of the annual report. If it cannot be estimated reasonably, the fact that it cannot be estimated reasonably shall be explained.

In 2023 and up to the date of publication of the annual report, the Company has not suffered any major information security incidents, and there were no related loss or impact.

**VII. As of the publication date of the annual report, the major contracts effectively existent and the major contracts that expire within the latest year:**

Attributes of the contracts	Contract parties:	Starting and expiring dates of the contracts	Key contents	Restrictive clauses
Patent License Agreement	Moving Picture Experts Group	2010/5/26~2013/12/31  (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented MPEG-4 Visual know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
Patent License Agreement	Moving Picture Experts Group	2010/5/26-2010/12/31  (The Agreement will be automatically extended for five (5) more years after expiry)	Licensed for AVC use  (H.264) Authorized use of patented know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
Patent License Agreement	Moving Picture Experts Group	2010/5/26-2012/12/31  (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented VC-1 know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
Patent License Agreement	Moving Picture Experts Group	2008/06/26  Until the last core patent expires.	Authorized use of patented MPEG-2 Video know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
Patent License Agreement	Moving Picture Experts Group	2008/06/26-2016/12/31  (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented ATSC know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
Patent License Agreement	InterDigital, Inc.	2008/9/26~ 2016/7/1  (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented DVB, CECB and the like know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
Patent License Agreement	Dolby Laboratories Inc.	2000/01/25~2015/09/30  (The Agreement will be automatically extended for one (1) more year after expiry)	Authorized use of patented AC3 know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
High-Definition Multimedia Interface Specification Adopter Agreement	HDMI Licensing Administrator, Inc.	Ten (10) years starting from March 2004 automatically extended for five (5) more years from expiry and further expiry thereafter. If Zinwell intends to terminate the contract, it shall keep HDMI Licensing Administrator, Inc.	Authorized use of patented HDMI know-how, trademark(s), products (Cable, Connector, Repeater...), to pay patent royalty based on the volume of shipment.	None

		informed in writing sixty (60) days prior to the scheduled expiry for renewal of the contract.		
Patent License Agreement	Via Licensing Corporation	2022/01/18–2027/01/17  (The contract will be automatically extended for 5 years upon written notice 30 days before the contract expires)	Be authorized to use the AAC patented technique to manufacture the products, and pay the royalties according to the shipments of the products. Alternative Rate Structure described in Appendix B	None
Patent Sublicense Agreement	AVANCI BROADCAST, LLC	2024/01/25-2031.01.24  (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented ATSC 3.0 know-how to manufacture products to pay patent royalty based on the volume of shipment.	None
IP Services and License Agreement	Agreement entered into between the subsidiary AkiraNET Company and Coherent Logix, Inc.	Contract effective date September 3 2021	1. IP services and license agreement.  2. “Amendment NO.1 to IP services and license agreement (insert new Exhibit 1–3)” was made to the content on October 18, 2022.  3. “Amendment NO.2 to IP services and license agreement” was made to the content on May 31, 2023.	None
Software Development Agreement	Agreement entered into between the subsidiary AkiraNET Company and Coherent Logix, Inc.	Contract effective date September 3 2021	Software development agreement.	None
Software Development SOW	Agreement entered into between the subsidiary AkiraNET Company and Coherent Logix, Inc.	Contract effective date September 3 2021	1. Attachment of the software development agreement: work instruction.  2. Amendment to “CLX-software Development SOW-AkiraNET(09-02-2021)” executed SOW for Software Development agreement was made on September 8, 2022.	None
Chip Development Agreement	Agreement entered into between the subsidiary AkiraNET Company and Coherent Logix, Inc.	Contract effective date September 3 2021	Chip development agreement.	None

Chip Development Agreement SOW	Agreement entered into between the subsidiary AkiraNET Company and Coherent Logix, Inc.	Contract effective date September 3 2021	1. Attachment of the chip development agreement: work instruction.  2. Amendment to the “Chip Project Statement of Work (SOW)” was made on October 17, 2022.  3. “Amendment NO.2 To CHIP development agreement” was made to the content on May 31, 2023.	None
Investment Agreement	Agreement entered into between the subsidiary AkiraNET Company and Coherent Logix, Inc.	Contract effective date September 23 2021	1. Agreement to participate in AkiraNET Company’s cash capital increase and capital formation.  2. “Amendment NO.1 To THE investment agreement” was made to the content on May 31, 2023.	None
ASIC Development Agreement	Agreement entered into between the subsidiary AkiraNET Company and Socionext Inc.	Contract effective date October 6 2022	ASIC development protocol.	None
Limited IP License Agreement	Agreement entered into between the subsidiary AkiraNET Company and Socionext Inc.	Contract effective date March 24 2023	1. Intellectual property right licensing agreement.  2. “Amendment to Limited IP Library License Agreement” was made to the content on March 28, 2023.	None
INTELLECTUAL PROPERTY LICENSE AGREEMENT	Agreement entered into between the subsidiary AkiraNET Company, Coherent Logix, Inc. and Performance Connectivity Semiconductor, Inc.	Contract effective date May 31 2023	Intellectual property right licensing agreement.	None
END-USER SOFTWARE LICENSE AND MAINTENANCE AGREEMENT	Agreement entered into between the subsidiary AkiraNET Company and SYNOPSYS INTERNATIONAL LIMITED TAIWAN BRANCH.	Contract effective date January 22 2024	Software licensing and maintenance contract.	None

## Six. Financial conditions

### I. Condensed financial information for the past five years

#### (I) Data of consolidated condensed balance sheet and comprehensive income statement—International Financial Reporting Standards (IFRS)

#### 1. Consolidated condensed balance sheet—International Financial Reporting Standards

(IFRS)

Item \ Year		Financial data of the past five years					Financial data as of March 31, 2024 (Note 2)
		Year 2019 (Note 1)	Year 2020 (Note 1)	Year 2021 (Note 1)	Year 2022 (Note 1)	Year 2023 (Note 1)	
Current assets		5,483,487	5,568,424	4,962,872	5,612,963	5,558,399	5,473,534
Real property, plants & equipment		2,507,941	2,768,052	2,917,391	2,665,723	2,472,874	2,452,525
Intangible assets		16,704	11,139	9,074	379,983	124,110	122,408
Other assets		378,851	339,852	668,103	562,325	497,814	484,472
Total assets		8,386,983	8,687,467	8,557,440	9,220,994	8,653,197	8,532,939
Current liabilities	Before distribution	1,571,312	2,009,159	1,940,111	2,568,048	2,228,886	2,245,826
	After distribution	1,571,312	2,009,159	1,940,111	2,568,048	(Note 3)	(Note 3)
Non-current liabilities		211,299	212,670	207,501	158,462	137,548	92,781
Total liabilities	Before distribution	1,782,611	2,221,829	2,147,612	2,726,510	2,366,434	2,338,607
	After distribution	1,782,611	2,221,829	2,147,612	2,726,510	(Note 3)	(Note 3)
Equity attributed to parent company's proprietor		6,599,888	6,465,163	6,162,976	6,191,634	6,075,739	5,990,135
Share capital		3,176,890	3,176,890	3,176,890	3,176,890	3,176,890	3,176,890
Capital reserve		507,328	507,328	565,423	562,860	549,692	549,692
Retained earnings	Before distribution	3,080,855	2,923,624	2,574,727	2,585,040	2,508,661	2,397,670
	After distribution	3,080,855	2,923,624	2,574,727	2,585,040	(Note 3)	(Note 3)
Other equity		(165,185)	(142,679)	(154,064)	(133,156)	(159,504)	(134,117)
Treasury shares		0	0	0	0	0	0
Non-controlled equity		4,484	475	246,852	302,850	211,024	204,197
Total equity	Before distribution	6,604,372	6,465,638	6,409,828	6,494,484	6,286,763	6,194,332
	After distribution	6,604,372	6,465,638	6,409,828	6,494,484	(Note 3)	(Note 3)

Note 1: The Company's financial data of 2019–2023 have been duly audited by the certified public accountants.

Note 2: The Company's Financial Statement were already duly audited by certified public accountants Liang Yi-Chang and Wen Ya-Fang in the first quarter, Year 2024.

Note 3: The Company's deficit compensation proposal in Year 2023 have been duly resolved in the board of directors' but have not been resolved in the shareholders' meeting.

## 2. Consolidated comprehensive condensed income statement—International Financial Reporting Standards (IFRS)

Expressed in Thousand NT Dollars

Item \ Year	Financial data of the past five years (Note 1)					Financial data of the current year as of March 31, 2024 (Note 2)
	Year 2019 (Note 1)	Year 2020 (Note 1)	Year 2021 (Note 1)	Year 2022 (Note 1)	Year 2023 (Note 1)	
Operating revenues	7,779,711	7,937,362	6,277,543	6,582,035	5,816,835	983,025
Gross profit	508,907	271,434	102,975	497,011	580,624	9,858
Operating profit and/or loss	(122,116)	(258,839)	(492,532)	(254,367)	(149,143)	(140,422)
Non-operating income and expenses	(26,861)	84,100	101,689	232,145	(120,235)	64,374
(Net loss) net profit before tax	(148,977)	(174,739)	(390,843)	(22,222)	(269,378)	(76,048)
Net profit of the current term of the business unit in the continued business operation	-	-	-	-	-	-
Loss of the unit discontinued from business operation	-	-	-	-	-	-
(Net loss) net profit of the present term	(127,716)	(156,171)	(370,976)	(67,361)	(287,315)	(117,818)
Other comprehensive profit and/or loss of the present term	(60,831)	16,437	(6,075)	30,838	(30,597)	25,387
Total comprehensive profit and/or loss of the present term	(188,547)	(139,734)	(377,051)	(36,523)	(317,912)	(92,431)
The net profit (loss) attributed to the parent company's proprietor	(116,859)	(151,162)	(354,207)	383	(72,130)	(110,991)
The net profit (loss) attributed to non-controlled equity	(10,857)	(5,009)	(16,769)	(67,744)	(215,185)	(6,827)
The comprehensive profit (loss) attributed to the parent company's proprietor	(177,690)	(134,725)	(360,282)	31,221	(102,727)	(85,604)
The comprehensive profit (loss) attributed to non-controlled equity	(10,857)	(5,009)	(16,769)	(67,744)	(215,185)	(6,827)
Earnings per share (EPS)(NT\$)	(0.37)	(0.48)	(1.11)	-	(0.23)	(0.35)

Note 1: The Company's financial data of 2019–2023 have been duly audited by the certified public accountants.

Note 2: The Company's Financial Statement were already duly audited by certified public accountants Liang Yi-Chang and Wen Ya-Fang in the first quarter, Year 2024.

**(II) The individual condensed balance sheet and comprehensive income statement-International Financial Reporting****Standards (IFRS)****1. The individual condensed balance sheet-Adopting International Financial Reporting Standards (IFRS)**

Expressed in Thousand NT Dollars

Item \ Year		Financial data of the past five years				
		Year 2019 (Note 1)	Year 2020 (Note 1)	Year 2021 (Note 1)	Year 2022 (Note 1)	Year 2023 (Note 1)
Current assets		4,733,860	4,295,765	3,130,812	3,535,418	3,703,144
Real property, plants & equipment		1,978,618	2,336,394	2,571,977	2,373,767	2,262,852
Intangible assets		9,085	11,139	8,999	14,724	12,024
Other assets		2,088,864	2,313,699	2,383,059	2,581,818	2,490,591
Total assets		8,810,427	8,956,997	8,094,847	8,505,727	8,468,611
Current liabilities	Before distribution	1,995,382	2,265,657	1,705,056	2,156,924	2,251,628
	After distribution	1,995,382	2,265,657	1,705,056	2,156,924	(Note 2)
Non-current liabilities		215,157	226,177	226,815	157,169	141,244
Total liabilities	Before distribution	2,210,539	2,491,834	1,931,871	2,314,093	2,392,872
	After distribution	2,210,539	2,491,834	1,931,871	2,314,093	(Note 2)
Share capital		3,176,890	3,176,890	3,176,890	3,176,890	3,176,890
Capital reserve		507,328	507,328	565,423	562,860	549,692
Retained earnings	Before distribution	3,080,855	2,923,624	2,574,727	2,858,040	2,508,661
	After distribution	3,080,855	2,923,624	2,574,727	2,858,040	(Note 2)
Other equity		(165,185)	(142,679)	(154,064)	(133,156)	(159,504)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	6,599,888	6,465,163	6,162,976	6,191,634	6,075,739
	After distribution	6,599,888	6,465,163	6,162,976	6,191,634	(Note 2)

Note 1: The Company's financial data of 2019–2023 have been duly audited by the certified public accountants.

Note 2: The Company's deficit compensation proposal in Year 2023 have been duly resolved in the board of directors` but have not been resolved in the shareholders' meeting.

**2. Individual condensed comprehensive income statement –Adopting International Financial Reporting Standards (IFRS)**

Expressed in Thousand NT Dollars

Item \ Year	Financial data of the past five years				
	Year 2019 (Note 1)	Year 2020 (Note 1)	Year 2021 (Note 1)	Year 2022 (Note 1)	Year 2023 (Note 1)
Operating revenues	7,743,691	7,932,376	6,277,543	6,582,035	5,816,835
Gross profit	453,890	246,659	24,302	337,472	553,322
Operating profit and/or loss	(85,003)	(199,861)	(460,912)	(212,613)	75,096
Non-operating income and expenses	(57,153)	18,890	77,796	240,576	(129,828)
(Net loss) net profit before tax	(142,156)	(180,971)	(383,116)	27,963	(54,732)
Net profit of the current term of the business unit in the continued business operation	-	-	-	-	-
Loss of the unit discontinued from business operation	-	-	-	-	-
(Net loss) net profit this term	(116,859)	(151,162)	(354,207)	383	(72,130)
Other comprehensive profit and/or loss of the present term (Net amount after tax)	(60,831)	16,437	(6,075)	30,838	(30,597)
Total comprehensive profit and/or loss of the present term	(177,690)	(134,725)	(360,282)	31,221	(102,727)
Earnings per share (EPS)(NT\$)	(0.37)	(0.48)	(1.11)	-	(0.23)

Note 1: The Company's financial data of 2019–2023 have been duly audited by the certified public accountants.

**(III) Condensed balance sheet and income statement-Financial Accounting Standards of the Republic of China**

Starting from Year 2013, the Company has been subject to International Financial Reporting Standards (IFRS). Please refer to the statements in International Financial Reporting Standards (IFRS) for details.

**(IV) Names of the certified public accountants certifying financial statement over the past five years and their audit opinions**

1. Names of certifying certified public accountants and their audit opinions

Year	Names of	Opinions on audit	Year	Names of	Opinions on audit
2018	Yeh Tsui-Miao , Lin Se-Kai	Unqualified opinions	2021	Liang Yi-Chang , Wen Ya-Fang	Unqualified opinions
2019	Liang Yi-Chang , Lin Se-Kai	Unqualified opinions	2022	Liang Yi-Chang , Wen Ya-Fang	Unqualified opinions
2020	Liang Yi-Chang , Lin Se-Kai	Unqualified opinions	2023	Liang Yi-Chang , Wen Ya-Fang	Unqualified opinions

2. Explanation of the reason why the certificate certified public accountants were replaced within the past five years: Reassignment of duties inside PricewaterhouseCoopers Taiwan. In Year 2019, the certifying certified public accountants were replaced from certified public accountants Yeh Tsui-Miao, Lin Se-Kai into certified public accountants Liang Yi-Chang, Lin Se-Kai to conduct audit and certification.

In Year 2021, the certifying certified public accountants were replaced from certified public accountants Liang Yi-Chang, Lin Se-Kai into certified public accountants Liang Yi-Chang, Wen Ya-Fang to conduct audit and certification.

## II. Financial analyses into the financial performance over the past five (5) years

### (1) Consolidated financial analyses-International Financial Reporting Standards (IFRS)

Year (Note 1) Items into analysis		Financial analyses into the financial performance over the past five (5) years (Note 1)					In the current year as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Percentage of liabilities to assets	21.25	25.58	25.10	29.57	27.35	27.41
	Percentage of long-term assets to real property, plants & equipment	263.34	233.58	219.71	243.63	254.23	252.57
Solvency (%)	Current ratio	348.98	277.15	255.80	218.57	249.38	243.72
	Quick ratio	265.99	199.36	151.96	115.36	164.11	158.51
	Times interest earned	(343.85)	(789.67)	(3,283.39)	(38.90)	(26.86)	(4.00)
Management capability	Turnover rate of accounts receivable (times)	2.86	3.49	3.62	3.77	3.25	2.71
	Number of days of average cash collection	127.81	104.61	100.97	96.75	112.17	134.76
	Inventory turnover rate (times)	4.62	5.36	3.31	2.41	2.09	1.80
	Payable turnover rate (times)	6.17	6.32	4.41	4.10	3.74	2.86
	Number of days in average sales	78.98	68.11	110.12	151.16	174.74	202.95
	Turnover rate of real property, plants & equipment (times)	3.10	2.87	2.15	2.36	2.26	1.60
	Turnover rate of total assets (times)	0.93	0.91	0.73	0.74	0.65	0.46
Profitability	Return rate on assets (%)	(1.46)	(1.83)	(4.30)	(0.75)	(3.13)	(1.23)
	Return rate on equity (%)	(1.88)	(2.39)	(5.76)	(1.04)	(4.50)	(1.89)
	Percentage to the paid-in capital (%)	Operating profit	(3.84)	(8.15)	(15.50)	(8.01)	(4.42)
		Net profit before tax	(4.69)	(5.50)	(12.30)	(0.70)	(8.48)
	Net profitability (%)	(1.64)	(1.97)	(5.91)	(1.02)	(4.94)	(11.99)
	Earnings per share (EPS)(NT\$)	(0.37)	(0.48)	(1.11)	0.00	(0.23)	(0.35)
Cash flow	Cash flow ratio (%)	27.16	49.52	(28.87)	(28.81)	60.73	30.87
	Cash flow appropriate ratio (%)	16.13	38.81	13.31	(17.56)	42.43	58.86
	Cash reinvestment ratio (%)	4.08	15.56	(8.89)	(8.84)	16.20	8.35
Degree of operating leverage	Degree of operating leverage	(0.72)	0.04	0.50	(0.12)	(1.39)	0.57
	Degree of financial leverage	1.00	1.00	1.00	1.00	0.94	0.90

Please explain the reasons for the changes in financial ratios in the last two years.(If the increase or decrease is less than 20%, the analysis may be exempted)	
(1) Increase in quick ratio:	Due to the continuous control over inventory level this year resulting in the decreases in both inventory and accounts payable from the previous year.
(2) Increase in times interest earned:	Due to that the rate of increase in net loss of the year is less than the rate of increase in interest expense resulting in a decline in the ratio.
(3) Decreases in profitability indicators:	Due to the net loss of the year.
(4) Increases in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio:	Mainly due to the increase in cash inflow from operating activities this year.
(5) Decrease in operating leverage:	Mainly due to the decreases in operating revenue, costs and expenses resulting in a decline in operating loss.

Note 1: The aforementioned financial data of 2019–2023 have been duly audited by the certified public accountants.

Note 2: The first quarter, 2024 financial statement has been audited by the certified public accountants.

## (2) Individual financial analyses – International Financial Reporting Standards (IFRS)

Year (Note 1)  Items into analysis			Financial analyses into the financial performance over the past five (5) years (Note 1)									
			2019		2020		2021		2022		2023	
Financial structure (%)	Percentage of liabilities to assets		25.09		27.82		23.87		27.21		28.26	
	Percentage of long-term assets to real property, plants & equipment		333.56		276.72		239.62		260.84		268.50	
Liquidity Analysis (%)	Current ratio		237.24		189.60		183.62		163.91		164.47	
	Quick ratio		203.53		160.57		144.13		126.07		136.73	
	Times interest earned		(4,306.76)		(30,160.83)		(20,163.00)		69.71		(4.92)	
Management capability	Turnover rate of accounts receivable (times)		2.85		3.49		3.62		3.53		3.06	
	Number of days of average cash collection		128.21		104.54		100.94		103.36		119.313	
	Inventory turnover rate (times)		10.34		11.59		9.46		7.61		5.77	
	Payable turnover rate (times)		5.40		4.78		5.45		4.92		4.32	
	Number of days in average sales		35.30		31.49		38.60		47.96		63.23	
	Turnover rate of real property, plants & equipment (times)		3.91		3.40		2.44		2.66		2.51	
	Turnover rate of total assets (times)		0.88		0.89		0.78		0.79		0.69	
Profitability	Return rate on assets (%)		(1.33)		(1.70)		(4.15)		0.01		(0.76)	
	Return rate on equity (%)		(1.73)		(2.31)		(5.61)		0.01		(1.18)	
	Percentage to the paid-in capital (%)	Operating profit	(2.68)		(6.29)		(14.51)		(6.69)		2.36	
		Net profit before tax	(4.47)		(5.70)		(12.06)		0.88		(1.72)	
	Net profitability (%)		(1.51)		(1.91)		(5.64)		0.01		(1.24)	
	Earnings per share (EPS)(NT\$)		(0.37)		(0.48)		(1.11)		0.00		(0.23)	

Cash flow	Cash flow ratio (%)	22.20	43.01	(31.36)	(33.68)	56.08
	Cash flow appropriate ratio (%)	21.57	53.48	20.34	(35.12)	79.64
	Cash reinvestment ratio (%)	4.33	15.17	(8.79)	(10.10)	24.30
Degree of operating leverage	Degree of operating leverage	0.42	0.46	0.70	0.21	3.52
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.14

Please explain the reasons for the changes in financial ratios in the last two years.(If the increase or decrease is less than 20%, the analysis may be exempted)

- (1) Decrease in times interest earned: Due to the continuous control over inventory level this year resulting in the decreases in both inventory and accounts payable from the previous year.
- (2) Decrease in inventory turnover and increase in average days in sales: Mainly due to the declines in both operating revenue and costs from the previous year.
- (3) Decreases in profitability indicators: Due to the net loss of the year.
- (4) Increases in cash flow indicators: Mainly due to the increase in cash inflow from operating activities this year.
- (5) Increase in operating leverage: Mainly due to the decreases in variable operating costs and expenses.

Note 1: The aforementioned financial data of 2019–2023 have been duly audited by the certified public accountants.

### 1. Financial structure

- (1) Percentage of liabilities to assets = Total liabilities/Total assets.
- (2) Percentage of long-term assets to real property, plants & equipment = (Total equity + Long-term liabilities) / Real property, plants & equipment in net amount.

### 2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets-Inventory-Expenses paid in advance)/Current liabilities.
- (3) Interest coverage ratio = Net profit before income tax and interest expense/Interest expense for the current period.

### 3. Management capability

- (1) Receivables (including accounts receivable and the notes receivable incurred by business operation) turnover rate = Net sales amount/The average amount of receivables in each term (Including accounts receivable and notes receivable incurred in business operation) in balance.
- (2) Number of days of average cash collection = 365/Turnover rate of accounts receivable.
- (3) Inventory turnover rate = Sales costs/Average inventory amount.
- (4) Amounts payable (Including accounts payable and notes payable as incurred for business operation) turnover rate = Sales costs/Amounts payable (Including accounts payable and notes payable as incurred for business operation averages in various terms) as the balance.
- (5) Number of days in average sales = 365/Inventory turnover rate.
- (6) Turnover rate of real property, plants & equipment (times) = Net sales amount/ Net Average amount of real property, plants & equipment
- (7) Total asset turnover rate = Net sales amount/ Total average assets.

### 4. Profitability

- (1) Return rate on assets= (Profit and/or loss after tax+Interest expense  $\times$  (1-Tax rate))/ Total average assets.
- (2) Return rate on equity = Profit and/or loss after tax/Average total equity.
- (3) Net profitability = Profit and/or loss after tax/Net sales amount.
- (4) Earnings per share (EPS) = (Profit and/or loss attributed to parent's proprietor - Preferred shares dividend)/Weighted average number of shares issued. (Note 4)

### 5. Cash flow

- (1) Cash flow ratio = Cash flow in operating activities/Current liabilities.
- (2) Net cash flow appropriate ratio = Cash flow in operating activities over the past five (5) years/The (capital expenditure + increase in inventory + Cash dividend) of the past five (5) years.
- (3) Cash reinvestment ratio = (Cash flow in operating activities-Cash dividend)/(Gross amount of real property, plants & equipment + Long-term investment + Other non-current assets + Operating funds). (Note 5)

6. Degree of operating leverage:

(1) Degree of operating leverage = (Operating revenues, net amount-Variable operating costs and expenses)/Operating profit (Note 6).

(2) Degree of financial leverage = Operating profit/(Operating profit-Interest expense).

Note 4: On the aforementioned mentioned calculation formula for earnings per share (EPS), the key points for attention as enumerated below should take into serious account upon measurement:

1. Based on the number of common shares in weighted average instead of taking the number of outstanding shares as of the end of the year.
2. In case of capital increase through cash injection or trading with treasury shares, upon calculation of the annual earnings per share (EPS), should call for retrospective adjustment based on the ratio of capital increase without consideration of the period of issuance for the part of capital increase
3. Whenever the earnings are converted into capital increase or capital reserve is converted into capital increase, upon counting the previous annual or semiannual earnings per share (EPS), it should be retrospectively adjusted pro rata without taking into account the period of issuance in the capital increase
4. In the event that the preferred shares are accumulated preferred shares which could not be converted, the dividend in that year (disregarding whether the dividend is granted) shall be deducted out of the net profit after tax or should be taken to increase the net loss after tax. Where the preferred shares are not accumulated in attribute, in a state of net profit after tax, the preferred shares dividend should be deducted out of the net profit after tax. In case of a loss, it calls for adjustment.

Note 5: Upon analysis and measurement of cash flow, the following issues should be particularly watched:

1. The term cash flow in operating activities refers to the cash inflow amount in the operating activities in the Table of Cash Flow.
2. The term capital expenditure refers to the amount of cash outflow amidst the capital investment every year.
3. The increase in inventory is counted only at the end of a term while the ending balance is greater than beginning balance. When the inventory decreases at end of the year, it is counted at zero.
4. Cash dividend includes cash dividend. of common shares and preferred shares.
5. Gross amount of real property, plants & equipment refers to the total amount of the real property, plants & equipment after deducting the accumulated depreciation.

Note 6: An issuer shall duly classify various operating costs and operating expenses in the attributes as fixed and variable ones. Where such involve estimation or subjective judgments, such

issuer shall, at his or her discretion, watch the rationality and maintain consistent.

Note 7: In case of aforementioned percentage to the paid-in capital of a foreign company, it shall be counted as percentage to the net worth instead.

**(3) Consolidated financial analyses – Financial Accounting Standards of the Republic of China**

Starting from Year 2013, the Company has been subject to International Financial Reporting Standards (IFRS). Please refer to the statements in International Financial Reporting Standards (IFRS) for details.

**(4) Independent financial analysis – Financial Accounting Standards of the Republic of China**

Starting from Year 2013, the Company has been subject to International Financial Reporting Standards (IFRS). Please refer to the statements in International Financial Reporting Standards (IFRS) for details.

### **III. Report by Audit Committee over the financial statements of the recent years**

#### **Zinwell Corporation Audit Committee's Review Report**

The Board of Directors prepares the Company's 2023 business report, financial statements (including parent company only and consolidated financial statements) and deficit compensation statement. Among them, the financial statements have already been audited by Yi-Chang Liang, CPA and Ya-Fang Wen, CPA of PwC Taiwan appointed by the Board of Directors. Said CPAs also issued an audit report accordingly. We have reviewed said business report, financial statements and deficit compensation statement and consider that they should comply with relevant statutes or regulations in all respects. Therefore, we issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

Best Regards,

General Shareholders' Meeting 2024

Zinwell Corporation

Convener of Audit Committee: Ming-Yo Huang

March 6, 2024

#### **IV. Consolidated financial statement of the recent year**

##### **ZINWELL CORPORATION**

##### **Declaration of Consolidated Financial Statements of Affiliated Enterprises**

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Company title: Zinwell Corporation

President: Huang, Chi-Jui

March 6, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zinwell Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Zinwell Corporation and its subsidiaries (the “Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion

thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

### **Valuation of inventory**

#### Description

For the accounting policies of inventory, please refer to Note 4(13); and for the accounting estimates and assumption uncertainty of inventory, please refer to Note 5. For details of the allowance for inventory valuation losses, please refer to Note 6(5).

The Group is mainly engaged in sales of digital cable and communication products. Due to rapid technological innovation, the short lifecycle of electronic products and intense competition in the market, there is a higher risk of inventory losses due to market value decline or obsolescence. Since the valuation of obsolete and slow-moving inventory is subject to the management's judgement, we consider valuation of inventory as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies and procedures in relation to inventory valuation, including the classification of aged, damaged and obsolete inventory.
2. Reviewed the Group's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Validated the inventory classification and the amount of net realisable value, including to obtain net realisable value reports of inventory, assess the computational logic of the system report, test related supporting documents, recalculate the loss of inventory and further evaluate the rationality.

### **Impairment assessment of accounts receivable**

#### Description

For the accounting policies of accounting receivable, please refer to Note 4(9); and for the accounting estimates and assumptions uncertainty of impairment on accounts receivable, please refer to Note 5. For details of impairment on accounts receivable, please refer to Note 6(4).

The Group assessed the credit risk of accounts receivable under many factors, such as customers' financial position, internal rating criteria and historical transaction data. The management evaluated their expected credit impairment loss based on the result of the assessment. Since the above assessment is subjected to management's judgement, and accounts receivable and its valuation is significant to the consolidated financial statements, we consider impairment assessment of accounts receivable as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and tested the management procedures over credit risk of the Group, including the assessment and management of the credit limits of customers and the assessment process of the expected credit impairment losses.
2. Regarding significant amount of overdue accounts receivable, investigated the reason for non-collection or tested the collection after balance sheet date.

***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Zinwell Corporation as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Yi-Chang Liang

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Ya-Fang Wen

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 6, 2024

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan 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.

**ZINWELL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,952,910	23	\$ 837,531	9
1136	Financial assets at amortised cost-current	6(3)	30,725	-	46,075	-
1150	Notes receivable, net	6(4)	148	-	414	-
1170	Accounts receivable, net	6(4)	1,639,697	19	1,904,545	21
1200	Other receivables		30,658	-	173,720	2
1220	Current income tax assets		3,638	-	267	-
130X	Inventories	6(5)	1,869,287	22	2,636,461	29
1410	Prepayments	6(6)	31,336	-	13,950	-
11XX	Total current assets		5,558,399	64	5,612,963	61
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	270	-	204	-
1550	Investments accounted for using the equity method		-	-	-	-
1600	Property, plant and equipment	6(7) and 8	2,472,874	29	2,665,723	29
1755	Right-of-use assets	6(8)	17,446	-	17,531	-
1760	Investment property	6(9)	180,367	2	184,959	2
1780	Intangible assets	6(10)	124,110	1	379,983	4
1840	Deferred income tax assets	6(24)	232,323	3	253,056	3
1900	Other non-current assets	6(11) and 8	67,408	1	106,575	1
15XX	Total non-current assets		3,094,798	36	3,608,031	39
1XXX	Total assets		\$ 8,653,197	100	\$ 9,220,994	100

(Continued)

**ZINWELL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 356,349	4	\$ 456,147	5
2130	Contract liabilities-current	6(18)	199,636	2	49,301	-
2150	Notes payable		118,603	2	114,101	1
2170	Accounts payable		1,131,376	13	1,436,974	16
2200	Other payables	6(13)	388,923	5	418,791	5
2230	Current income tax liabilities		-	-	16,980	-
2280	Current lease liabilities		4,071	-	2,520	-
2310	Receipts in advance		29,920	-	73,226	1
2399	Other current liabilities, others		8	-	8	-
21XX	<b>Total current liabilities</b>		<u>2,228,886</u>	<u>26</u>	<u>2,568,048</u>	<u>28</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(24)	55,001	-	59,392	1
2580	Non-current lease liabilities		707	-	1,655	-
2640	Net defined benefit liability, non- current	6(14)	79,880	1	94,659	1
2645	Guarantee deposits received		1,960	-	2,756	-
25XX	<b>Total non-current liabilities</b>		<u>137,548</u>	<u>1</u>	<u>158,462</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>2,366,434</u>	<u>27</u>	<u>2,726,510</u>	<u>30</u>
<b>Equity attributable to owners of the parent</b>						
<b>Share capital</b>		6(15)				
3110	Common stock		3,176,890	37	3,176,890	34
<b>Capital surplus</b>		6(16)				
3200	Capital surplus		549,692	6	562,860	6
<b>Retained earnings</b>		6(17)				
3310	Legal reserve		1,347,331	16	1,346,300	15
3320	Special reserve		133,156	1	117,161	1
3350	Undistributed retained earnings		1,028,174	12	1,121,579	12
<b>Other equity interest</b>						
3400	Other equity interest		( 159,504)	( 2)	( 133,156)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>6,075,739</u>	<u>70</u>	<u>6,191,634</u>	<u>67</u>
36XX	<b>Non-controlling interest</b>		<u>211,024</u>	<u>3</u>	<u>302,850</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>6,286,763</u>	<u>73</u>	<u>6,494,484</u>	<u>70</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>		9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 8,653,197</u>	<u>100</u>	<u>\$ 9,220,994</u>	<u>100</u>

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

ZINWELL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except losses per share)

	Items	Notes	Year ended December 31,			
			2023		2022	
			Amount	%	Amount	%
4000	<b>Operating revenue</b>	6(18)	\$ 5,816,835	100	\$ 6,582,035	100
5000	<b>Operating costs</b>	6(5)	( 5,236,211)	( 90)	( 6,085,024)	( 93)
5900	<b>Gross profit</b>		<u>580,624</u>	<u>10</u>	<u>497,011</u>	<u>7</u>
	<b>Operating expenses</b>	6(23)				
6100	Selling expenses		( 101,041)	( 2)	( 223,444)	( 3)
6200	General and administrative expenses		( 221,826)	( 4)	( 214,694)	( 3)
6300	Research and development expenses		( 387,411)	( 7)	( 325,180)	( 5)
6450	Expected credit impairment (loss) gain	12(2)	( 19,489)	-	11,940	-
6000	<b>Total operating expenses</b>		<u>( 729,767)</u>	<u>( 13)</u>	<u>( 751,378)</u>	<u>( 11)</u>
6900	<b>Operating loss</b>		<u>( 149,143)</u>	<u>( 3)</u>	<u>( 254,367)</u>	<u>( 4)</u>
	<b>Non-operating income and expenses</b>					
7100	Interest income	6(19)	35,106	1	12,139	-
7010	Other income	6(20)	111,311	2	120,262	2
7020	Other gains and losses	6(21)	( 256,983)	( 5)	100,301	2
7050	Finance costs	6(22)	( 9,669)	-	( 557)	-
7000	<b>Total non-operating income and expenses</b>		<u>( 120,235)</u>	<u>( 2)</u>	<u>232,145</u>	<u>4</u>
7900	<b>Loss before income tax</b>		<u>( 269,378)</u>	<u>( 5)</u>	<u>( 22,222)</u>	<u>-</u>
7950	Income tax expense	6(24)	( 17,937)	-	( 45,139)	( 1)
8200	<b>Loss for the year</b>		<u>(\$ 287,315)</u>	<u>( 5)</u>	<u>(\$ 67,361)</u>	<u>( 1)</u>

(Continued)

ZINWELL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except losses per share)

			Year ended December 31,			
			2023		2022	
Items	Notes		Amount	%	Amount	%
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Gains (losses) on remeasurement of defined benefit plans	6(14)	(\$ 5,311)	-	\$ 12,412	-
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	66	-	( 108)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	1,062	-	( 2,482)	-
8310	<b>Total components of other comprehensive (losses) income that will not be reclassified to profit or loss</b>		( 4,183)	-	9,822	-
<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>						
8361	Financial statement translation differences of foreign operations		( 26,414)	-	21,016	-
8360	<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>		( 26,414)	-	21,016	-
8300	<b>Other comprehensive (loss) income, net of tax</b>		(\$ 30,597)	-	\$ 30,838	-
8500	<b>Total comprehensive loss</b>		(\$ 317,912)	( 5)	(\$ 36,523)	( 1)
<b>Profit (loss) attributable to:</b>						
8610	Owners of the parent		(\$ 72,130)	( 1)	\$ 383	-
8602	Non-controlling interest		( 215,185)	( 4)	( 67,744)	( 1)
			(\$ 287,315)	( 5)	(\$ 67,361)	( 1)
<b>Comprehensive income (loss) attributable to:</b>						
8710	Owners of the parent		\$ 102,727	( 1)	\$ 31,221	-
8720	Non-controlling interest		( 215,185)	( 4)	( 67,744)	( 1)
			(\$ 317,912)	( 5)	(\$ 36,523)	( 1)
9750	<b>Basic (losses) earnings per share</b>	6(25)	(\$ 0.23)		\$ -	-
9850	<b>Diluted (losses) earnings per share</b>	6(25)	(\$ 0.23)		\$ -	-

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

ZINWELL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained earnings					Other equity				
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statement translation differences of foreign operations		Total	Non-controlling interest	Total equity
Year ended December 31, 2022											
		\$ 3,176,890	\$ 565,423	\$ 1,346,300	\$ 117,161	\$ 1,111,266	(\$ 152,761)	(\$ 1,303)	\$ 6,162,976	\$ 246,852	\$ 6,409,828
		-	-	-	-	383	-	-	383	( 67,744)	( 67,361)
		-	-	-	-	9,930	21,016	( 108)	30,838	-	30,838
		-	-	-	-	10,313	21,016	( 108)	31,221	( 67,744)	( 36,523)
Changes in ownership interests in subsidiaries	6(26)	-	( 2,563)	-	-	-	-	-	( 2,563)	-	( 2,563)
Changes in non-controlling interests	6(26)	-	-	-	-	-	-	-	-	123,742	123,742
Balance at December 31, 2022		\$ 3,176,890	\$ 562,860	\$ 1,346,300	\$ 117,161	\$ 1,121,579	(\$ 131,745)	(\$ 1,411)	\$ 6,191,634	\$ 302,850	\$ 6,494,484
Year ended December 31, 2023											
		\$ 3,176,890	\$ 562,860	\$ 1,346,300	\$ 117,161	\$ 1,121,579	(\$ 131,745)	(\$ 1,411)	\$ 6,191,634	\$ 302,850	\$ 6,494,484
		-	-	-	-	( 72,130)	-	-	( 72,130)	( 215,185)	( 287,315)
		-	-	-	-	( 4,249)	( 26,414)	66	( 30,597)	-	( 30,597)
		-	-	-	-	( 76,379)	( 26,414)	66	( 102,727)	( 215,185)	( 317,912)
Appropriation and distribution of retained earnings:	6(17)										
Legal reserve appropriated		-	-	1,031	-	( 1,031)	-	-	-	-	-
Special reserve appropriated		-	-	-	15,995	( 15,995)	-	-	-	-	-
Changes in ownership interests in subsidiaries	6(16)(26)	-	( 13,168)	-	-	-	-	-	( 13,168)	-	( 13,168)
Changes in non-controlling interests	6(26)	-	-	-	-	-	-	-	-	123,359	123,359
Balance at December 31, 2023		\$ 3,176,890	\$ 549,692	\$ 1,347,331	\$ 133,156	\$ 1,028,174	(\$ 158,159)	(\$ 1,345)	\$ 6,075,739	\$ 211,024	\$ 6,286,763

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

ZINWELL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31, 2023	2022
<u>Cash flows from operating activities</u>			
Loss before tax		( \$ 269,378 )	( \$ 22,222 )
Adjustments			
Adjustments to reconcile profit (loss):			
Depreciation (including investment properties and right-of-use assets)	6(7)(8)(9)(23)	259,058	256,285
Amortization	6(23)	95,301	27,793
Expected credit impairment loss (gain)	12(2)	19,489 (	11,940 )
Interest expense	6(22)	9,669	557
Impairment loss on intangible assets	6(21)	244,586	-
Impairment loss on prepaid technology development expenses	6(21)	38,791	-
Interest income	6(19)	( 35,106 ) (	12,139 )
Dividend income	6(20)	( 4 ) (	5 )
(Gains) losses on disposals of property, plant and equipment	6(21)	( 1,139 )	883
Gains from reversal of litigation compensation payable	6(20)	( 4,225 )	-
Prepayments transferred to expenses	6(11)	47,103	17,568
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes and accounts receivable		245,625 (	331,632 )
Inventories		767,174 (	662,457 )
Other receivables		145,586 (	32,512 )
Prepayments		( 17,386 )	26,707
Net changes in liabilities relating to operating activities			
Contract liabilities-current		150,335 (	88,172 )
Notes and accounts payable		( 301,096 )	131,155
Other payables		16,177 (	2,233 )
Receipts in advance		( 39,081 )	18,919
Provisions for liabilities-non-current		-	20
Net defined benefit liability, non-current		( 20,090 ) (	58,963 )
Other current liabilities		-	( 2 )
Cash inflows (outflows) generated from operations		1,351,389 (	742,430 )
Interest paid		( 9,669 ) (	557 )
Interest received		32,581	12,139
Dividends received		4	5
Income taxes paid		( 20,739 ) (	8,961 )
Net cash flows from (used in) operating activities		<u>\$ 1,353,566</u>	<u>( \$ 739,804 )</u>

ZINWELL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment	6(27)	( \$ 78,491 )	( \$ 136,618 )
Proceeds from disposal of property, plant and equipment		9,484	365
Increase in financial assets at amortised cost		-	( 4,551 )
Decrease in financial assets at amortised cost		15,350	-
Acquisition of intangible assets	6(27)	( 130,271 )	( 104,159 )
Increase in guarantee deposits paid		( 850 )	( 2,347 )
Decrease in guarantee deposits paid		1,714	2,414
Increase in other non-current assets		( 37,678 )	( 63,587 )
Net cash used in investing activities		( 220,742 )	( 308,483 )
<u>Cash flows from financing activities</u>			
Proceeds from short-term borrowings	6(28)	1,012,632	552,293
Payments of short-term borrowings	6(28)	( 1,112,415 )	( 102,293 )
Changes in non-controlling interests	6(26)	110,191	121,179
Payments of lease liabilities	6(28)	( 4,997 )	( 4,349 )
Increase in guarantee deposits received	6(28)	-	1,814
Decrease in guarantee deposits received	6(28)	( 796 )	-
Net cash flows from financing activities		4,615	568,644
Effects due to changes in exchange rate		( 22,060 )	16,027
Increase (decrease) in cash and cash equivalents		1,115,379	( 463,616 )
Cash and cash equivalents at beginning of year		837,531	1,301,147
Cash and cash equivalents at end of year		\$ 1,952,910	\$ 837,531

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

ZINWELL CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

- (1) Zinwell Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in 1981. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in research and development, manufacturing and sales of Digital Cable / Satellite / Terrestrial receiving equipment, Broadcast and Broadband Communication equipment, IPTV receiving equipment, Wireless equipment, etc.
- (2) The common shares of the Company have been listed on the Taiwan Stock Exchange since September 2001.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 6, 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<sup>®</sup>") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and liabilities at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present

value of defined benefit obligation.

- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
Zinwell Corporation	Zinwell Corporation (H.K.) Limited	General investment	100	100	
"	Zinwell Holding (Samoa) Corporation	General investment	100	100	
"	AkiraNET Co.	Information software service	54.40	47.92	Notes 1 and 2
Zinwell Holding (Samoa) Corporation	Zinwell Corporation (Shenzhen) Co., Ltd.	System accessories, low-noise block downconverter, digital set-top box, wireless communication system accessories, satellite TV ground receiving accessories, digital satellite TV set-top box and RF transmission accessories.	100	100	

Note 1: Because the Group can control the finance, operations and personnel policies of AkiraNET Co., under IAS 10 'Consolidated Financial Statements', AkiraNET Co. is considered as a subsidiary and is included in the consolidated financial statements.

Note 2: On July 27, 2023, the Board of Directors of the consolidated subsidiary, AkiraNET Co., resolved to increase its cash capital with the effective date set on August 25, 2023. As the Company acquired 22,581 thousand shares in the amount of \$225,809 by cash, and the shareholding ratio increased to 54.40%, please refer to Note 6(26) for details.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in

the period in which they arise.

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

**B. Translation of foreign operations**

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

**(5) Classification of current and non-current items**

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be 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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations (including time deposits with contract period less than 3 months) are classified as cash equivalents.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant

increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. When the Group disposes its investment in an associate, if it 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 still retains significant influence over this associate, then 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.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5~55 years
Machinery and equipment	2~10 years
Research and development equipment	2~8 years
Office equipment	3~8 years
Miscellaneous equipment	3~10 years

(16) Leasing arrangements (lessee)—right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost which was the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the

commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 40~55 years.

(18) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~6 years .

B. Intellectual property

Intellectual property is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

(19) Impairment of non-financial assets

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

(20) Borrowings

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

(21) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) 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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' remuneration

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

(25) Income tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Revenue recognition

Sales of goods

- A. The Group manufactures and sells digital cable and communication products. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The sales usually are made with a credit term of 60-120 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. Please refer to Note 6 for details of inventory valuation.

As of December 31, 2023, the carrying amount of inventories was \$1,869,287.

B. Impairment assessment of accounts receivable

The assessment of accounts receivable impairment relies on the Group's judgement and assumption about the recoverable amount of the accounts receivable in the future, taking into account various factors such as client's financial status, the Group's internal credit rating, transaction history and others which might affect the client's repayment ability. Where there is suspicion of recoverability, the Group needs to individually assess the possible recoverable amount and recognise reasonable impairment. The assessment of impairment depends on reasonable expectation about future events on the basis of the conditions existing at the balance sheet date. The estimation may differ from the actual result and may lead to material changes. Please refer to Note 6 for impairment assessment of accounts receivable.

As of December 31, 2023, the carrying amount of accounts receivable was \$1,639,697.

### C. Impairment assessment of intangible assets

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

As of December 31, 2023, the carrying amount of intangible assets was \$124,110.

## 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	\$ 1,716	\$ 1,896
Checking accounts and demand deposits	1,228,983	835,635
Time deposits	<u>722,211</u>	<u>-</u>
	<u>\$ 1,952,910</u>	<u>\$ 837,531</u>

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

B. Details of the Group's time deposits pledged to others as collateral and reclassified as other non-current assets are provided in Note 8.

### (2) Financial assets at fair value through other comprehensive income - non-current

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity instruments		
Listed stocks	\$ 97	\$ 97
Unlisted stocks	1,518	1,518
Valuation adjustments	<u>(1,345)</u>	<u>(1,411)</u>
	<u>\$ 270</u>	<u>\$ 204</u>

A. The Group has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As of December 31, 2023 and 2022, the fair value of such investments were \$270 and \$204, respectively.

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

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 66</u>	<u>(\$ 108)</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 4</u>	<u>\$ 5</u>

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

D. 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>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with maturity over three months	\$ 30,725	\$ 46,075

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

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 1,313	\$ 596

B. As at December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were carrying amount.

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

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 148	\$ 414
Accounts receivable	\$ 1,664,671	\$ 1,910,030
Less: Allowance for loss	( 24,974)	( 5,485)
	<u>\$ 1,639,697</u>	<u>\$ 1,904,545</u>

A. None of the Group's notes receivable are overdue. Accounts receivable ageing analysis was based on past due date. Please refer to Note 12(2) for details of related credit risk information.

B. As of December 31, 2023 and 2022, accounts and notes receivable were all from contracts with customers. As of January 1, 2022, the total amount of receivables from contracts with customers amounted to \$1,578,812, and the loss allowance amounted to \$17,425.

C. As of December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$1,639,845 and \$1,904,959, respectively.

D. The Group has no notes and accounts receivable pledged to others as collateral.

(5) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 1,796,119	(\$ 215,547)	\$ 1,580,572
Work in progress	308,070	( 45,399)	262,671
Finished goods	34,258	( 12,022)	22,236
Merchandise	231	( 7)	224
Inventory in transit – raw materials and supplies	<u>3,584</u>	<u>-</u>	<u>3,584</u>
	<u>\$ 2,142,262</u>	<u>(\$ 272,975)</u>	<u>\$ 1,869,287</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 2,145,573	(\$ 167,658)	\$ 1,977,915
Work in progress	574,949	( 52,848)	522,101
Finished goods	99,380	( 14,436)	84,944
Merchandise	7	( 7)	-
Inventory in transit – raw materials and supplies	51,501	-	51,501
	<u>\$ 2,871,410</u>	<u>(\$ 234,949)</u>	<u>\$ 2,636,461</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2023	2022
Cost of goods sold	\$ 5,192,070	\$ 5,955,903
Losses on decline in market value	38,873	39,658
Losses on disposal of inventory	-	33,086
Others	( 1,652)	( 1,353)
	<u>\$ 5,229,291</u>	<u>\$ 6,027,294</u>

(6) Prepayments

	December 31, 2023	December 31, 2022
Net Input VAT	\$ 23,039	\$ 5,660
Prepayment for purchases	232	1,258
Other prepaid expense	8,065	7,032
	<u>\$ 31,336</u>	<u>\$ 13,950</u>

(7) Property, plant and equipment

	2023							
	Land	Buildings and structures	Machinery and equipment	R&D Equipment	Office equipment	Molding and other equipment	Construction in progress and equipment under acceptance	Total
At January 1,								
Cost	\$ 728,663	\$ 1,715,652	\$ 1,540,671	\$ 311,608	\$ 65,765	\$ 260,345	\$ 9,032	\$ 4,631,736
Accumulated depreciation	-	(495,545)	(964,939)	(285,374)	(40,501)	(179,654)	-	(1,966,013)
	<u>\$ 728,663</u>	<u>\$ 1,220,107</u>	<u>\$ 575,732</u>	<u>\$ 26,234</u>	<u>\$ 25,264</u>	<u>\$ 80,691</u>	<u>\$ 9,032</u>	<u>\$ 2,665,723</u>
Opening net book amount	\$ 728,663	\$ 1,220,107	\$ 575,732	\$ 26,234	\$ 25,264	\$ 80,691	\$ 9,032	\$ 2,665,723
Additions	-	2,112	36,911	4,757	2,600	15,889	6,522	68,791
Transfer	-	-	11,516	-	-	4,038	(15,554)	-
Disposals	-	-	(6,125)	(33)	(1,993)	(194)	-	(8,345)
Depreciation charge	-	(86,796)	(127,710)	(7,741)	(5,224)	(21,551)	-	(249,022)
Net exchange differences	-	(1,446)	(2,235)	-	(4)	588	-	(4)
Closing net book amount	<u>\$ 728,663</u>	<u>\$ 1,133,977</u>	<u>\$ 488,089</u>	<u>\$ 23,217</u>	<u>\$ 20,643</u>	<u>\$ 78,285</u>	<u>\$ -</u>	<u>\$ 2,472,874</u>
At December 31,								
Cost	\$ 728,663	\$ 1,711,872	\$ 1,540,503	\$ 315,068	\$ 65,386	\$ 276,950	\$ -	\$ 4,638,442
Accumulated depreciation	-	(577,895)	(1,052,414)	(291,851)	(44,743)	(198,665)	-	(2,165,568)
	<u>\$ 728,663</u>	<u>\$ 1,133,977</u>	<u>\$ 488,089</u>	<u>\$ 23,217</u>	<u>\$ 20,643</u>	<u>\$ 78,285</u>	<u>\$ -</u>	<u>\$ 2,472,874</u>

2022

	Land	Buildings and structures	Machinery and equipment	R&D equipment	Office equipment	Molding and other equipment	Construction in progress and equipment under acceptance	Total
At January 1,								
Cost	\$ 814,670	\$ 1,274,676	\$ 1,412,126	\$ 340,919	\$ 54,716	\$ 250,358	\$ 626,829	\$ 4,774,294
Accumulated depreciation	-	( 503,470)	( 834,505)	( 309,875)	( 35,764)	( 173,289)	-	( 1,856,903)
	<u>\$ 814,670</u>	<u>\$ 771,206</u>	<u>\$ 577,621</u>	<u>\$ 31,044</u>	<u>\$ 18,952</u>	<u>\$ 77,069</u>	<u>\$ 626,829</u>	<u>\$ 2,917,391</u>
Opening net book amount	\$ 814,670	\$ 771,206	\$ 577,621	\$ 31,044	\$ 18,952	\$ 77,069	\$ 626,829	\$ 2,917,391
Additions	-	2,669	58,603	3,858	6,472	15,993	64,261	151,856
Transfer	-	595,859	73,120	-	4,966	8,113	( 682,058)	-
Disposals	-	-	( 607)	( 74)	( 7)	( 560)	-	( 1,248)
Reclassifications	( 86,007)	( 71,949)	-	-	-	-	-	( 157,956)
Depreciation charge	-	( 79,283)	( 136,401)	( 8,594)	( 5,121)	( 20,397)	-	( 249,796)
Net exchange differences	-	1,605	3,396	-	2	473	-	5,476
Closing net book amount	<u>\$ 728,663</u>	<u>\$ 1,220,107</u>	<u>\$ 575,732</u>	<u>\$ 26,234</u>	<u>\$ 25,264</u>	<u>\$ 80,691</u>	<u>\$ 9,032</u>	<u>\$ 2,665,723</u>
At December 31,								
Cost	\$ 728,663	\$ 1,715,652	\$ 1,540,671	\$ 311,608	\$ 65,765	\$ 260,345	\$ 9,032	\$ 4,631,736
Accumulated depreciation	-	( 495,545)	( 964,939)	( 285,374)	( 40,501)	( 179,654)	-	( 1,966,013)
	<u>\$ 728,663</u>	<u>\$ 1,220,107</u>	<u>\$ 575,732</u>	<u>\$ 26,234</u>	<u>\$ 25,264</u>	<u>\$ 80,691</u>	<u>\$ 9,032</u>	<u>\$ 2,665,723</u>

Note 1: Considering the business operation, the Group leased certain plants to others since September 2022 and reclassified to the investment property amounting to \$157,956, please refer to Note 6(9) for details.

Note 2: Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land use right, buildings and business vehicles. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of no more than 12 months include certain dormitories and instruments.
- C. The movements of right-of-use assets of the Group are as follows:

	2023			
	<u>Land use right</u>	<u>Buildings</u>	<u>Business vehicles</u>	<u>Total</u>
At January 1	\$ 13,367	\$ 2,961	\$ 1,203	\$ 17,531
Additions	-	5,600	-	5,600
Depreciation charge	( 420)	( 4,573)	( 451)	( 5,444)
Net exchange differences	( 241)	-	-	( 241)
At December 31	<u>\$ 12,706</u>	<u>\$ 3,988</u>	<u>\$ 752</u>	<u>\$ 17,446</u>

	2022			
	<u>Land use right</u>	<u>Buildings</u>	<u>Business vehicles</u>	<u>Total</u>
At January 1	\$ 13,582	\$ 3,598	\$ -	\$ 17,180
Additions	-	3,560	1,353	4,913
Depreciation charge	( 421)	( 4,197)	( 150)	( 4,768)
Net exchange differences	<u>206</u>	<u>-</u>	<u>-</u>	<u>206</u>
At December 31	<u>\$ 13,367</u>	<u>\$ 2,961</u>	<u>\$ 1,203</u>	<u>\$ 17,531</u>

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

	Year ended December 31,	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 105	\$ 40
Expense on short-term lease contracts	1,653	1,538

- E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$6,755 and \$5,927, respectively.

(9) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 106,837	\$ 179,508	\$ 286,345
Accumulated depreciation	<u>-</u>	<u>( 101,386)</u>	<u>( 101,386)</u>
	<u>\$ 106,837</u>	<u>\$ 78,122</u>	<u>\$ 184,959</u>
Opening net book amount	\$ 106,837	\$ 78,122	\$ 184,959
Depreciation charge	<u>-</u>	<u>( 4,592)</u>	<u>( 4,592)</u>
Closing net book amount	<u>\$ 106,837</u>	<u>\$ 73,530</u>	<u>\$ 180,367</u>
At December 31			
Cost	\$ 106,837	\$ 179,508	\$ 286,345
Accumulated depreciation	<u>-</u>	<u>( 105,978)</u>	<u>( 105,978)</u>
	<u>\$ 106,837</u>	<u>\$ 73,530</u>	<u>\$ 180,367</u>
	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 20,830	\$ 17,214	\$ 38,044
Accumulated depreciation	<u>-</u>	<u>( 9,320)</u>	<u>( 9,320)</u>
	<u>\$ 20,830</u>	<u>\$ 7,894</u>	<u>\$ 28,724</u>
Opening net book amount	\$ 20,830	\$ 7,894	\$ 28,724
Reclassifications	86,007	71,949	157,956
Depreciation charge	<u>-</u>	<u>( 1,721)</u>	<u>( 1,721)</u>
Closing net book amount	<u>\$ 106,837</u>	<u>\$ 78,122</u>	<u>\$ 184,959</u>
At December 31			
Cost	\$ 106,837	\$ 179,508	\$ 286,345
Accumulated depreciation	<u>-</u>	<u>( 101,386)</u>	<u>( 101,386)</u>
	<u>\$ 106,837</u>	<u>\$ 78,122</u>	<u>\$ 184,959</u>

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

	Year ended December 31,	
	2023	2022
Rental income from investment property	<u>\$ 12,251</u>	<u>\$ 6,168</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 5,412</u>	<u>\$ 2,857</u>

B. The maturity analysis of the lease payments under the operating leases is as follows

	Year ended December 31,	
	2023	2022
Year 2023	\$ -	\$ 10,884
Year 2024	12,711	12,683
Year 2025	11,802	11,802
Year 2026	417	417
	<u>\$ 24,930</u>	<u>\$ 35,786</u>

C. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 were \$208,708 and \$209,906, respectively. The fair value of the investment property was estimated with reference to the market prices of the investment property in neighboring areas, which is categorised within Level 3 in the fair value hierarchy.

D. Information on investment property pledged to others as collateral is provided in Note 8.

(10) Intangible assets

	2023		
	<u>Computer software</u>	<u>Intellectual property</u>	<u>Total</u>
At January 1			
Cost	\$ 28,035	\$ 384,231	\$ 412,266
Accumulated amortization	( 13,208)	( 19,075)	( 32,283)
	<u>\$ 14,827</u>	<u>\$ 365,156</u>	<u>\$ 379,983</u>
Opening net book amount	\$ 14,827	\$ 365,156	\$ 379,983
Additions	4,254	77,847	82,101
Amortisation charge	( 6,610)	( 86,778)	( 93,388)
Impairment loss	-	( 244,586)	( 244,586)
Closing net book amount	<u>\$ 12,471</u>	<u>\$ 111,639</u>	<u>\$ 124,110</u>
At December 31			
Cost	\$ 32,289	\$ 462,078	\$ 494,367
Accumulated amortisation and impairment	( 19,818)	( 350,439)	( 370,257)
	<u>\$ 12,471</u>	<u>\$ 111,639</u>	<u>\$ 124,110</u>

	2022		
	Computer software	Intellectual property	Total
At January 1			
Cost	\$ 18,175	\$ -	\$ 18,175
Accumulated amortization	( 9,101)	-	( 9,101)
	<u>\$ 9,074</u>	<u>\$ -</u>	<u>\$ 9,074</u>
Opening net book amount	\$ 9,074	\$ -	\$ 9,074
Additions	1,610	218,543	220,153
Transfer	8,250	165,688	173,938
Amortisation charge	( 4,107)	( 19,075)	( 23,182)
Closing net book amount	<u>\$ 14,827</u>	<u>\$ 365,156</u>	<u>\$ 379,983</u>
At December 31			
Cost	\$ 28,035	\$ 384,231	\$ 412,266
Accumulated amortisation	( 13,208)	( 19,075)	( 32,283)
	<u>\$ 14,827</u>	<u>\$ 365,156</u>	<u>\$ 379,983</u>

- A. Based on the key technologies in chip development, on May 29, 2023, the Board of Directors of the consolidated subsidiary, AkiraNET Co., resolved to enter into an intellectual property authorisation and cooperative purchasing contract with Performance Connectivity (Beijing Bolian Semiconductor Co., Ltd.), regarding the transmission and reception of Wi-Fi signals requiring wireless signal processing through a radio frequency integrated circuit (RFIC). It is expected that the chip transmission efficiency in the development plan will be improved by obtaining the source code of transmission chip. The total contract value was US\$2,000 thousand (approximately \$77,847). As of December 31, 2023, according to the contract, AkiraNET Co. had paid US\$1,800 thousand.
- B. In the third quarter of 2023, as the phased acceptance progress of software and chips development was not as expected as described in the Note 6(11), as well as in the fourth quarter of 2023, Coherent Logix Incorporated informed AkiraNET Co. that it was unable to continue to deliver the research and development results of software and chips based on the schedule agreed by both parties, which affected the future economic value of intellectual property. Therefore, the Group assessed the probabilities and its net cash flows of different future results of the project, and recognised impairment loss on intellectual property in the amount of \$244,586 by the carrying amount exceeds its recoverable amount.
- C. Details of amortization on intangible assets are as follows:

	Year ended December 31,	
	2023	2022
Operating costs	\$ 381	\$ 472
Operating expenses	3,584	2,430
Research and development expenses	<u>89,423</u>	<u>20,280</u>
	<u>\$ 93,388</u>	<u>\$ 23,182</u>

- D. The Group has no pledged intangible assets to others as collateral.

(11) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepaid technology development expenses	\$ 37,686	\$ 85,894
Prepayment for equipment	21,768	9,943
Guarantee deposits paid	7,221	8,085
Others	<u>733</u>	<u>2,653</u>
	<u>\$ 67,408</u>	<u>\$ 106,575</u>

A. Considering the business strategy, on August 27, 2021, the Board of Directors of the consolidated subsidiary, AkiraNET Co., resolved to engage Coherent Logix Incorporated to develop software and chips and authorise relevant intellectual property. Consequently, on September 3, 2021, AkiraNET Co. entered into aforementioned technology development contract with Coherent Logix Incorporated, for a total contract value of US\$21,514 thousand, including cash payment of US\$17,963 thousand and share options of US\$7,000 thousand which could be exercised by Coherent Logix Incorporated (according to the appraisal report, the fair value was US\$3,551 thousand). Based on the best performance of the research project, they revised the contract content on October 6, 2022. total contract value after the revision was US\$13,953 thousand. The prepaid intellectual property included in the signing bonus originally paid by AkiraNET Co. amounting to US\$3,579 thousand (approximately \$99,412) had been refunded according to the contract.

As of December 31, 2023, according to the contract, AkiraNET Co. had paid a net amount of US\$6,772 thousand (approximately \$185,075) and granted share options. However, as Coherent Logix Incorporated did not fulfil its performance obligations as described in Note 6(10), AkiraNET Co. assessed that the low possibility of recovering the prepayments and recognised impairment loss on prepaid technology development expenses amounting to \$38,791 for the year ended December 31, 2023.

B. Due to the impact of the pandemic on the international semiconductor supply chain, the raw materials and supplies that AkiraNET Co. originally planned to use in the research and development of technologies were in shortage. In order to control the development cost and avoid delay in the research schedule of the project, AkiraNET Co. changed and engaged Socionext Inc. to develop certain chips in the projects. Socionext Inc. conducted the front-end design of the chips and the improvement, package and testing of back-end specification design of the chips according to the contract. The total contract value was US\$10,570 thousand. As of December 31, 2023, according to the contract, AkiraNET Co. paid US\$5,051 thousand (approximately \$156,118). However, as described in the above Note 6(10)B, it may affect the progress of ongoing research and development program which agreed between AkiraNET Co. and Socionext Inc. As of reporting date, the schedule has not yet gone into the next stage of the chips acceptance.

C. The authorisation of IP that AkiraNET Co. acquired from the project for the year ended December 31, 2022 had been reclassified as intangible assets amounting to \$165,688. In addition, research and development expense amounting to \$47,103 and \$64,835 were recognised for the nine months ended September 30, 2023 and for the year ended December 31, 2022, respectively, according to the phased acceptance results of chips and software development.

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

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 350,000	1.76%	Note 8
Unsecured borrowings	<u>6,349</u>	6.13%	None
	<u>\$ 356,349</u>		

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 100,000	2.00%~2.06%	Note 8
Unsecured borrowings	<u>356,147</u>	1.90%~5.84%	None
	<u>\$ 456,147</u>		

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued salaries and bonuses	\$ 224,590	\$ 205,233
Payables for technology development expenses	69,349	115,994
Commissions and royalties payable	21,656	22,274
Payables for service expenses	2,321	3,218
Equipment payable	2,713	2,113
Litigation compensation payable	-	4,225
Payables for employees' compensation	-	865
Others	<u>68,294</u>	<u>64,869</u>
	<u>\$ 388,923</u>	<u>\$ 418,791</u>

(14) Pensions

A. Defined benefits plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 179,523	\$ 234,510
Fair value of plan assets	( 99,643)	( 139,851)
Net defined benefit liability	<u>\$ 79,880</u>	<u>\$ 94,659</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1, 2023	\$ 234,510	(\$ 139,851)	\$ 94,659
Current service cost	573	-	573
Interest expense (income)	<u>3,049</u>	<u>( 1,818)</u>	<u>1,231</u>
	<u>238,132</u>	<u>( 141,669)</u>	<u>96,463</u>
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	1,134	-	1,134
Experience adjustments	<u>4,568</u>	<u>( 391)</u>	<u>4,177</u>
	<u>5,702</u>	<u>( 391)</u>	<u>5,311</u>
Pension fund contribution	-	( 18,444)	( 18,444)
Paid pension	<u>( 64,311)</u>	<u>60,861</u>	<u>( 3,450)</u>
Balance at December 31, 2023	<u>\$ 179,523</u>	<u>(\$ 99,643)</u>	<u>\$ 79,880</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1, 2022	\$ 246,863	(\$ 80,829)	\$ 166,034
Current service cost	633	-	633
Interest expense (income)	<u>1,728</u>	<u>( 566)</u>	<u>1,162</u>
	<u>249,224</u>	<u>( 81,395)</u>	<u>167,829</u>
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	( 11,169)	-	( 11,169)
Experience adjustments	<u>5,221</u>	<u>( 6,464)</u>	<u>( 1,243)</u>
	<u>( 5,948)</u>	<u>( 6,464)</u>	<u>( 12,412)</u>
Pension fund contribution	-	( 58,309)	( 58,309)
Paid pension	<u>( 8,766)</u>	<u>6,317</u>	<u>( 2,449)</u>
Balance at December 31, 2022	<u>\$ 234,510</u>	<u>(\$ 139,851)</u>	<u>\$ 94,659</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter,

or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.30%</u>
Future salary increases	<u>2.40%</u>	<u>2.40%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 6<sup>th</sup> Period Taiwan Life Tables.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ <u>2,811</u> )	\$ <u>2,892</u>	\$ <u>2,458</u>	(\$ <u>2,404</u> )
	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ <u>4,411</u> )	\$ <u>4,551</u>	\$ <u>3,957</u>	(\$ <u>3,861</u> )

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$1,878.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 34,957
1-2 year(s)	18,221
2-5 years	41,559
Over 5 years	<u>50,646</u>
	<u>\$ 145,383</u>

## B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiary, Zinwell Corporation (Shenzhen) Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. For the years ended December 31, 2023 and 2022, the distribution ratio both were 14%, every employees’ pensions were aggregately arranged by government. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were \$45,091 and \$44,662, respectively.

## (15) Share capital

As of December 31, 2023 and 2022, the Company’s authorized capital was \$3,990,000, consisting of 399,000 thousand shares of ordinary stock, including 20,000 thousand shares were retained for employee options, shares of warrant, warrant preferred stock and warrant bond conversion. The paid-in capital was \$3,176,890 for both periods. The issued and outstanding common stock was both 317,689 thousand shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

## (16) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital 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.
- B. In 2021, the consolidated subsidiary, AkiraNET Co., engaged Coherent Logix Incorporated to develop software and chips and authorised relevant intellectual property, and issued share options according to the contract (according to the appraisal report, the fair value was US\$3,551 thousand). According to the above appraisal report, AkiraNET Co. recognised capital surplus in the amount of US\$3,551 thousand (approximately \$98,412). However, the share options had expired in August 2023 and the Company increased capital surplus in the amount of \$54,530 in proportion to its ownership.

	2023				
	Additional paid-in capital	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Other	Total
At January 1	\$ 503,594	\$ 978	\$ 2,142	\$ 56,146	\$ 562,860
Changes in ownership interests in subsidiaries	-	41,362	-	( 54,530)	( 13,168)
At December 31	\$ 503,594	\$ 42,340	\$ 2,142	\$ 1,616	(\$ 549,692)

	2022				
	Additional paid-in capital	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Other	Total
At January 1	\$ 503,594	\$ 3,541	\$ 2,142	\$ 56,146	\$ 565,423
Changes in ownership interests in subsidiaries	-	( 2,563)	-	-	( 2,563)
At December 31	\$ 503,594	\$ 978	\$ 2,142	\$ 56,146	(\$ 562,860)

(17) 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. Subsequently, the Company shall set aside special reserve from the net decreased amount of other stockholders' equity in the current period. The appropriation of the total distributable amount (that is, the distributable amount for the period along with accumulated unappropriated earnings from prior years) should be proposed by the Board of Directors and voted on by the shareholders at the shareholders' meeting. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 8% of the total dividends distributed.
- 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. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- (c) The Company has provisioned special reserve on initial application of IFRSs in the amount of \$57,817. In addition, for the years ended December 31, 2023 and 2022, the Company did not reverse special reserve to undistributed earnings due to use, disposal or reclassification of related resources. As of December 31, 2023 and 2022, the amount of special reserve on initial application was \$57,817.

D. (a) On June 14, 2022, shareholders of the Company resolved not to distribute dividends due to there were no earnings for the year ended December 31, 2021.

(b) The appropriation of 2022 earnings as resolved by the shareholders on June 14, 2023 are as follows:

Legal reserve appropriated	\$	1,031
Special reserve appropriated		15,995

(c) On March 6, 2024, the Board of Directors of the Company proposed not to distribute dividends due to there were no earnings for the year ended December 31, 2023.

Information about the appropriation of retained earnings of the Company as proposed by the Board of Directors and resolved by the shareholders' will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31,	
	2023	2022
Digital cable and telecommunication products	\$ 5,814,410	\$ 6,554,860
Others	2,425	27,175
	<u>\$ 5,816,835</u>	<u>\$ 6,582,035</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Sales contracts	<u>\$ 199,636</u>	<u>\$ 49,301</u>	<u>\$ 137,473</u>

(a) For the years ended December 31, 2023 and 2022, the changes in the Group's contract liabilities were due to the customer's operation changes with industrial needs, various transaction terms of each customer and the timing differences between the advance sales receipts made according to the contract and the Group's performance obligations satisfied.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Year ended December 31,	
	2023	2022
Sales contracts	<u>\$ 35,749</u>	<u>\$ 102,258</u>

(19) Interest income

	Year ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 21,257	\$ 3,199
Interest income from financial assets at amortised cost	1,313	596
Other interest income	<u>12,536</u>	<u>8,344</u>
	<u>\$ 35,106</u>	<u>\$ 12,139</u>

(20) Other income

	Year ended December 31,	
	2023	2022
Government grants	\$ 10,620	\$ 17,332
Rental income	12,251	6,168
Gains from reversal of litigation compensation payable	4,225	-
Dividend income	4	5
Others (Note)	84,211	96,757
	<u>\$ 111,311</u>	<u>\$ 120,262</u>

Note: It consists mainly of other income from the Group assisting customers in the development of products.

(21) Other gains and losses

	Year ended December 31,	
	2023	2022
Foreign exchange gains	\$ 29,847	\$ 104,322
Impairment loss on intangible assets	( 244,586)	-
Impairment loss on prepaid technology development expense	( 38,791)	-
Gains (losses) on disposals of property, plant and equipment	1,139	( 883)
Depreciation charge of investment property	( 4,592)	( 1,721)
Losses on litigation compensation	-	( 1,192)
Others	-	( 225)
	<u>(\$ 256,983)</u>	<u>\$ 100,301</u>

(22) Finance costs

	Year ended December 31,	
	2023	2022
Interest expense		
-Bank borrowing	\$ 9,564	\$ 512
-Lease contracts	105	40
-Others	-	5
	<u>\$ 9,669</u>	<u>\$ 557</u>

(23) Expenses by nature

	Year ended December 31,	
	2023	2022
Employee benefit expense		
Wages and salaries	\$ 809,249	\$ 777,734
Labor and health insurance fees	74,001	66,519
Pension costs	46,895	46,457
Directors' business remunerations	7,800	7,800
Other personnel expenses	<u>47,800</u>	<u>48,759</u>
Subtotal	\$ 985,745	\$ 947,269
Depreciation	254,466	254,564
Amortisation	<u>95,301</u>	<u>27,793</u>
	<u>\$ 1,335,512</u>	<u>\$ 1,229,626</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 3% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$0 and \$865, respectively; while directors' remuneration were both accrued at \$0. The aforementioned amounts were recognised in salary expenses.

No employees' compensation and directors' and supervisors' remuneration were estimated and accrued as the Company had operating losses for the year ended December 31, 2023.

The 2022 employees' compensation and directors' remuneration resolved by the Board of Directors are \$865 and \$0, respectively, which were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 533	\$ 17,553
Prior year income tax underestimation	<u>-</u>	<u>11</u>
Total current tax	533	17,564
Deferred tax:		
Origination and reversal of temporary differences	<u>17,404</u>	<u>27,575</u>
Income tax expense	<u>\$ 17,937</u>	<u>\$ 45,139</u>

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

	Year ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	(\$ 1,062)	\$ 2,482

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	(\$ 110,454)	(\$ 7,038)
Effects from items disallowed by tax regulation	1,120	3,810
Temporary differences not recognized as deferred tax assets	104,679	13,055
Taxable loss not recognized as deferred tax assets	41,788	32,821
Change in assessment of realization of deferred tax assets	( 19,196)	2,480
Prior year income tax underestimation	-	11
Income tax expense	\$ 17,937	\$ 45,139

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<u>Deferred tax assets:</u>				
Temporary differences:				
Unrealised inventory loss	\$ 32,372	\$ 14,390	\$ -	\$ 46,762
Net defined benefit liability	19,136	( 4,018)	1,062	16,180
Tax difference in doubtful accounts	4,114	3,342	-	7,456
Unused compensated absences	6,841	141	-	6,982
Unrealised exchange loss	4,524	9,985	-	14,509
Unrealised litigation loss	845	( 845)	-	-
Tax losses	185,224	( 44,790)	-	140,434
Subtotal	253,056	( 21,795)	1,062	232,323
<u>Deferred tax liabilities:</u>				
Temporary differences:				
Income from investment accounted for using equity method	(\$ 59,392)	\$ 4,391	\$ -	(\$ 55,001)
Unrealised foreign exchange gain	-	-	-	-
Subtotal	( 59,392)	4,391	-	( 55,001)
Total	\$193,664	(\$ 17,404)	\$ 1,062	\$ 177,322

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<u>Deferred tax assets:</u>				
Temporary differences:				
Unrealised inventory loss	\$ 31,379	\$ 993	\$ -	\$ 32,372
Net defined benefit liability	33,411	( 11,793)	( 2,482)	19,136
Tax difference in doubtful accounts	4,114	-	-	4,114
Unused compensated absences	6,386	455	-	6,841
Unrealised exchange loss	-	4,524	-	4,524
Unrealised litigation loss	845	-	-	845
Tax losses	<u>187,704</u>	<u>( 2,480)</u>	<u>-</u>	<u>185,224</u>
Subtotal	<u>263,839</u>	<u>( 8,301)</u>	<u>( 2,482)</u>	<u>253,056</u>
<u>Deferred tax liabilities:</u>				
Temporary differences:				
Income from investment accounted for using equity method	(\$ 39,746)	(\$ 19,646)	\$ -	(\$ 59,392)
Unrealised foreign exchange gain	<u>( 372)</u>	<u>372</u>	<u>-</u>	<u>-</u>
Subtotal	<u>( 40,118)</u>	<u>( 19,274)</u>	<u>-</u>	<u>( 59,392)</u>
Total	<u>\$ 223,721</u>	<u>(\$ 27,575)</u>	<u>(\$ 2,482)</u>	<u>\$ 193,664</u>

D. According to the Act for Industrial Innovation, details of the amount the Group is entitled as investment tax credit and unrecognised deferred tax assets amount are as follows:

December 31, 2023					
Qualifying items	Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Research and development	2020~2022	\$ 34,800	\$ 15,604	\$ 15,604	2022~2024

December 31, 2022					
Qualifying items	Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Research and development	2019~2021	\$ 29,118	\$ 29,118	\$ 29,118	2021~2023

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

December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018~2023	\$ 1,492,560	\$ 1,268,610	\$ 566,448	2028~2033

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018~2022	\$ 1,338,301	\$ 1,338,301	\$ 412,189	2028~2032

F. As of December 31, 2023 and 2022, the Group had deductible temporary differences of unrecognised deferred income tax assets in the amounts of \$619,286 and \$95,891, respectively.

G. The income tax returns of the Company and the consolidated subsidiary, AkiraNET Co., through 2021 have both been assessed and approved by the Tax Authority.

(25) Earnings (losses) per share

Year ended December 31, 2023			
		Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic / Diluted losses per share</u>			
Losses attributable to the parent (Note)	(\$ 72,130)	317,689	(\$ 0.23)

Year ended December 31, 2022			
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic / Diluted earnings per share</u>			
Profit attributable to the parent	\$ 383	317,689	\$ -

Diluted earnings per share

Profit attributable to ordinary shareholders of the parent	\$	383	317,689	
Assumed conversion of all dilutive potential ordinary shares				
Employees' compensation		-	51	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$	383	317,740	\$ -

Note: The Company had operating losses for the year ended December 31, 2023. If the impact of employees' compensation was included, it may cause an anti-dilutive effect and thus it was not included in the calculation of diluted losses per share.

(26) Transactions with non-controlling interest

The Group did not participate in the capital increment raised by a subsidiary proportionally to its interest to the subsidiary.

- A. The consolidated subsidiary, AkiraNET Co., had increased its capital by issuing new shares on June 15, 2022. As the Group did not acquire shares proportionately, the shareholding ratio was decreased by 7.49%. For the year ended December 31, 2022, the transaction resulted in an increase in the non-controlling interest by \$123,742 and a decrease in the equity attributable to owners of the parent by \$2,563.
- B. The consolidated subsidiary, AkiraNET Co., had increased its capital by issuing new shares on June 15, 2023 and August 25, 2023, respectively. As the Group did not acquire shares proportionately, the shareholding ratio was increased by 6.48%. For the year ended December 31, 2023, the transaction resulted in an increase in the non-controlling interest by \$123,359 and a decrease in the equity attributable to owners of the parent by \$13,168.

C. The effect of changes in interests in AkiraNET Co. on the equity attributable to owners of the parent for the years ended December 31, 2023 and 2022 is shown below:

	Year ended December 31,	
	2023	2022
Cash	\$ 110,191	\$ 121,179
Increase in the book value of non-controlling interests	( 123,359)	( 123,742)
Capital surplus - recognition of the changes in ownership interests in subsidiaries	(\$ 13,168)	(\$ 2,563)

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 68,791	\$ 151,856
Add: Ending balance of advance payment	20,243	9,943
Less: Opening balance of advance payment	( 9,943)	( 31,218)
Add: Opening balance of equipment payable	2,113	8,150
Less: Ending balance of equipment payable	( 2,713)	( 2,113)
Cash paid during the year	\$ 78,491	\$ 136,618

	Year ended December 31,	
	2023	2022
Acquisition of intangible assets	\$ 82,101	\$ 394,091
Add: Ending balance of advance payment	1,525	-
Less: Opening balance of advance payment	- ( 8,250)	
Add: Opening balance of equipment payable	115,994	-
Less: Opening balance of prepaid technology development expenses	- ( 165,688)	
Less: Ending balance of payable for technology development expenses	( 69,349)	( 115,994)
Cash paid during the year	\$ 130,271	\$ 104,159

(28) Changes in liabilities from financing activities

	2023			
	Short-term Borrowings	Lease Liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 456,147	\$ 4,175	\$ 2,756	\$ 463,078
Changes in cash flow from financing activities	( 99,783)	( 4,997)	( 796)	( 105,576)
Interest expense from lease liability paid (Note)	-	( 105)	-	( 105)
Impact of changes in foreign exchange rate	( 15)	-	-	( 15)
Changes in other non-cash items	-	5,705	-	5,705
At December 31	<u>\$ 356,349</u>	<u>\$ 4,778</u>	<u>\$ 1,960</u>	<u>\$ 363,087</u>
	2022			
	Short-term Borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 5,535	\$ 3,611	\$ 938	\$ 10,084
Changes in cash flow from financing activities	450,000	( 4,349)	1,814	447,465
Interest expense from lease liability paid (Note)	-	( 40)	-	( 40)
Impact of changes in foreign exchange rate	612	-	4	616
Changes in other non-cash items	-	4,953	-	4,953
At December 31	<u>\$ 456,147</u>	<u>\$ 4,175</u>	<u>\$ 2,756</u>	<u>\$ 463,078</u>

Note: Shown as operating cash flows.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Year ended December 31,	
	2023	2022
Short-term employee benefits	\$ 39,914	\$ 42,115
Post-employment benefits	1,181	1,115
	<u>\$ 41,095</u>	<u>\$ 43,230</u>

## 8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment			
- Land	\$ 370,734	\$ 78,099	Collaterals for short-term borrowings
- Buildings	598,105	-	Collaterals for short-term borrowings
Investment properties			
- Land	63,369	63,369	Collaterals for short-term borrowings
- Buildings	66,206	70,513	Collaterals for short-term borrowings
Guarantee deposits paid			
- Time deposits (shown as other non-current assets)	1,000	1,000	Guarantees for natural gas
	<u>\$ 1,099,414</u>	<u>\$ 212,981</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) The Company entered into a royalty contract with MPEG LA, LLC, InterDigital CE Patent Holdings, SAS, Dolby Laboratories Inc. and HDMI Licensing Administrator, Inc., wherein the Company should pay royalties according to contract price.

(2) The consolidated subsidiary, AkiraNET Co., entered into software and chip development and related intellectual property authorisation contract with Coherent Logix Incorporated, the contracted and unpaid amount was US\$3,630 thousand, please refer to Note 6(11) for details.

The consolidated subsidiary, AkiraNET Co., entered into chip development and related intellectual property authorisation contract with Socionext Inc, the contracted and unpaid amount was US\$5,519 thousand, please refer to Note 6(11) for details.

The consolidated subsidiary, AkiraNET Co., entered into an intellectual property authorisation and cooperative purchasing contract with Performance Connectivity (Beijing Bolian Semiconductor Co., Ltd.), the contracted and unpaid amount was US\$200 thousand, please refer to Note 6(10) for details.

As mentioned in Note 6(10) 2., the Group will continue to evaluate the research and development results and developmental of each stage of the project, and negotiate with the contract counterparties based on the evaluation results to adjust the above contract terms such as software, chip development and intellectual property authorisation.

(3) A. The construction company, Shang-Ho Construction Co., Ltd. who undertook the construction of the Company's plant in Chiayi City, disagreed with the proceeds from construction reduction of doors and windows, and filed a litigation to the Taiwan New Taipei District Court that the Company should pay the dispute proceeds for the construction in the amount of \$4,625 as well as the interest. In September 2021, after the first instance, the court rendered a judgement that the Company should pay \$4,225 plus interest. The Company had accrued litigation loss and other payables in the amount of \$4,225. The Company disagreed with the judgement and filed for litigation. The Company disagreed with the judgement and filed for litigation. On May 18, 2023, the Supreme Court rendered a final judgement that the Company did not need to pay the aforementioned dispute proceeds, which resulted in gains from reversal of litigation compensation payable \$4,225. Please refer to Note 6(20) for details.

B. The construction company, Shang-Ho Construction Co., Ltd. who undertook the construction of the Company's plant in Chiayi City, claimed that the construction design layout had negligence and extended working period which affected the construction method and increased construction cost. In February 2020, it filed a litigation to the Taiwan New Taipei District Court that the Company should pay the dispute proceeds for the construction in the amount of \$37,626 and the interest. Because both parties had entered into incremental agreement on the changed design in the construction period, the Company assessed the claim had no evidence and commissioned lawyers to ask the court to reject the claim, the Company had not provisioned related losses on aforementioned litigation. As of reporting date, the court had not made a judgement.

The Company will actively defend aforementioned litigation which was in process. However, due to the nature of unpredictability of legal cases, the possible losses could not be accurately estimated (if any). Furthermore, even though the litigation still pending for the judgement of the court, it had no significant effects on the Company's operations, finance and business.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None .

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total liabilities listed on the consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus total debt.

During the year ended December 31, 2023, the Group's strategy was unchanged from 2022. The gearing ratios at December 31, 2023 and 2022 were 27% and 30%, respectively.

##### (2) Financial instruments

###### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 270	\$ 204
Financial assets at amortised cost		
Cash and cash equivalents	1,952,910	837,531
Financial assets at amortised cost	30,725	46,075
Notes receivable	148	414
Accounts receivable	1,639,697	1,904,545
Other receivables	30,658	173,720
Guarantee deposits paid	7,221	8,085
	<u>\$ 3,661,629</u>	<u>\$ 2,970,574</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 356,349	\$ 456,147
Notes payable	118,603	114,101
Accounts payable	1,131,376	1,436,974
Other payables	388,923	418,791
Guarantee deposits received	<u>1,960</u>	<u>2,756</u>
	<u>\$ 1,997,211</u>	<u>\$ 2,428,769</u>
Lease liability (including current portion)	<u>\$ 4,778</u>	<u>\$ 4,175</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2023</u>		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 88,834	30.73	\$ 2,729,869
USD:RMB	5,705	7.09	40,448
HKD:NTD	11,518	3.93	45,266
GBP:NTD	887	39.19	34,762
EUR:NTD	250	34.03	8,508

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 50,350	30.73	\$ 1,547,256
USD:RMB	11,000	7.09	338,030
HKD:NTD	11,190	3.93	43,977

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 102,340	30.72	\$ 3,143,885
USD:RMB	226	6.95	6,943
HKD:NTD	11,516	3.94	45,373
GBP:NTD	882	37.06	32,687
EUR:NTD	731	32.74	23,933
<u>Non-monetary items</u>			
USD:NTD	\$ 32	30.72	\$ 993

<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 54,966	30.72	\$ 1,688,556
USD:RMB	24,032	6.95	738,263
HKD:NTD	11,680	3.94	46,019

- iv. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$29,847 and \$104,322, respectively.

v. 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	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 27,299	\$ -
USD:RMB	1%	404	-
HKD:NTD	1%	453	-
GBP:NTD	1%	348	-
EUR:NTD	1%	85	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,473	\$ -
USD:RMB	1%	3,380	-
HKD:NTD	1%	440	-

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 31,439	\$ -
USD:RMB	1%	69	-
HKD:NTD	1%	454	-
GBP:NTD	1%	327	-
EUR:NTD	1%	239	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,886	\$ -
USD:RMB	1%	7,383	-
HKD:NTD	1%	460	-

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. The Group is not exposed to significant price risk.

Cash flow and fair value interest rate risk

If the Group's borrowings are issued at variable rate, it will expose the Group to cash flow interest rate risk; borrowings issued at fixed rates expose the Group to fair value interest rate risk. On December 31, 2023 and 2022, the Group's borrowings were denominated in New Taiwan

dollars and U.S. Dollars. As the borrowings were mainly issued at fixed rate, the interest risk had no significant effects to the Group.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the assumptions under IFRS 9. There has been a significant increase in credit risk on the financial assets since initial recognition when the contract payments were past due over 30 days.
- iv. In accordance with the historical collection experience, the default occurs when the contract payments are past due over 181 days.
- v. The Group provisioned the financial assets to loss allowance at full amount, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the amount of the Group's debt right with recourse which had provisioned losses at full amount were both \$214,775.
- vi. The Group took into consideration the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix was as follows:

	Without past due	Up to 1-90 days	Up to 91~180 days	Over 181 days	Total
<u>December 31, 2023</u>					
Expected loss rate	0.29%	1.43%	50.33%	100%	
Total book value	\$ 1,334,139	\$ 313,276	\$ 1,198	\$ 16,058	\$ 1,664,671
Loss allowance	\$ 3,833	\$ 4,480	\$ 603	\$ 16,058	\$ 24,974
	Without past due	Up to 1-90 days	Up to 91~180 days	Over 181 days	Total
<u>December 31, 2022</u>					
Expected loss rate	0.09%	0.86%	29.42%	100%	
Total book value	\$ 1,462,929	\$ 445,840	\$ 1,261	\$ -	\$ 1,910,030
Loss allowance	\$ 1,284	\$ 3,830	\$ 371	\$ -	\$ 5,485

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and overdue receivables are as follows:

	2023		
	<u>Accounts receivable</u>	<u>Other non-current assets, others</u>	<u>Total</u>
At January 1	\$ 5,485	\$ 214,775	\$ 220,260
Provision for impairment loss	<u>19,489</u>	<u>-</u>	<u>19,489</u>
At December 31	<u>\$ 24,974</u>	<u>\$ 214,775</u>	<u>\$ 239,749</u>

	2022		
	<u>Accounts receivable</u>	<u>Other non-current assets, others</u>	<u>Total</u>
At January 1	\$ 17,425	\$ 214,775	\$ 232,200
Provision for impairment loss (	<u>11,940)</u>	<u>-</u>	<u>( 11,940)</u>
At December 31	<u>\$ 5,485</u>	<u>\$ 214,775</u>	<u>\$ 220,260</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate		
Expiring within one year	<u>\$ 1,631,040</u>	<u>\$ 1,757,299</u>

- iv. The Group's non-derivative financial liabilities are analysed based on the remaining period at the balance sheet date to the contractual maturity date. Except for the following, the Group's undiscounted contractual cash flows of non-derivative financial liabilities were approximate to their book value and will be matured in 1 year, the remaining undiscounted cash flows:

	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2023</u>					
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 4,114	\$ 709	\$ -	\$ -	\$ 4,823

<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 2,650	\$ 1,261	\$ 306	\$ -	\$ 4,217

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(9).

- C. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits received) are approximate to their fair values.

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

- (a) The related information of natures of the assets is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>			
Financial assets at fair value through other comprehensive income			
Equity securities	\$ 270	\$ -	\$ 270

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>			
Financial assets at fair value through other comprehensive income			
Equity securities	\$ 204	\$ -	\$ 204

(b) The methods and assumptions the Group used to measure fair value are as follows:

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

	<u>Listed shares</u>
Market quoted price	Closing price
<ol style="list-style-type: none"> <li>ii. The fair value of the financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).</li> <li>iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.</li> <li>iv. The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group's credit quality.</li> </ol>	

E. For the years ended December 31, 2023 and 2022, there were no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2023 and 2022, there were no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The Group has carefully assessed the valuation models used to measure fair value. However, use of different valuation models may result in measurement difference.

### 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: None.

- 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 NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 1, 4, 5, and 6.

(4) Major shareholders information

The Company has no single shareholder holding 5% or more of the shares.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Chief Operating Decision-Maker considers the business from industry type perspective. The main revenue resource of the reportable segments is research, manufacturing and sale of digital cable video transmission system and digital satellite communication transmission system. The other industries involving sale of information software, and intellectual property development and were also included in the reports provided to the Chief Operating Decision-Maker. However, the amounts are insignificant, thus the operating results are combined and shown in 'Other operating segment'.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on net profit (loss) before tax, which are the basis for measuring performance.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2023

	Digital cable and telecommunication products	Other operating segment	Total
Revenue from external customers	\$ 5,816,835	\$ -	\$ 5,816,835
Inter-segment revenue	-	-	-
Segment revenue	\$ 5,816,835	\$ -	\$ 5,816,835
Segment loss	\$ 191,169	(\$ 460,547)	(\$ 269,378)
Depreciation and amortisation	\$ 259,778	\$ 89,989	\$ 349,767
Impairment loss	\$ -	\$ 283,377	\$ 283,377
Segment assets	\$ 8,109,152	\$ 544,045	\$ 8,653,197
Segment liabilities	\$ 2,285,162	\$ 81,272	\$ 2,366,434

Year ended December 31, 2022

	Digital cable and telecommunication products	Other operating segment	Total
Revenue from external customers	\$ 6,582,035	\$ -	\$ 6,582,035
Inter-segment revenue	-	-	-
Segment revenue	\$ 6,582,035	\$ -	\$ 6,582,035
Segment loss	\$ 110,251	(\$ 132,473)	(\$ 22,222)
Depreciation and amortisation	\$ 260,593	\$ 21,764	\$ 282,357
Impairment loss	\$ -	\$ -	\$ -
Segment assets	\$ 8,511,590	\$ 709,404	\$ 9,220,994
Segment liabilities	\$ 2,598,615	\$ 127,895	\$ 2,726,510

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. Thus, no reconciliation is needed.

(5) Geographical information

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

	Year ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Europe and America	\$ 5,540,276	\$ -	\$ 6,136,978	\$ -
Asia	175,370	2,854,984	347,711	3,346,686
Others	101,189	-	97,346	-
	\$ 5,816,835	\$ 2,854,984	\$ 6,582,035	\$ 3,346,686

(6) Major customer information

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

	Year ended December 31,	
	2023	2022
	Revenue	Revenue
A	\$ 3,061,982	\$ 4,545,200
B	1,773,297	858,736
	<u>\$ 4,835,279</u>	<u>\$ 5,403,936</u>

Above major customers belong to digital cable and telecommunication products segment.

(Blank)

ZINWELL CORPORATION AND SUBSIDIARIES

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual	Interest	Nature of loan	Amount of	Reason for short- term financing	Allowance	Collateral		Limit on loans	Ceiling on total	Note
					December 31, 2023	December 31, 2023	amount drawn down	rate range		transactions with the borrower		for Creditor Counterparty doubtful accounts	Name	Value	granted to a single party (Note 2)	loans granted (Note 2)	
1	ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Corporation (Shenzhen) Co., Ltd.	Other receivables	Y	\$ 337,975	\$ 337,975	\$ 337,975	3%~5%	Short-term financing	\$ -	Revolving funds	\$ -	-	\$ -	\$ 1,794,394	\$ 5,383,182	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: In accordance with the Company's Operating Procedures of Fund Lending, limit on total loans to others is 40% of the Company's net assets, and limit on loans to a single party is 20% of the Company's net assets when nature of loan is short-term financing.  
Limit on loans granted by subsidiaries to a single party is 100% of creditor's net assets, and limit on total loans to others is 300% of the creditor's net assets.

ZINWELL CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	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	Note
		Company name	Relationship with the counterparty											
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMIED	Note 2	\$ 607,574	\$ 232,118	\$ 100,000	\$ 6,360	\$ -	2%	\$ 3,037,869	Y	N	N	
0	Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Note 2	607,574	553,338	353,625	-	-	6%	3,037,869	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

Note 3: In accordance with the Company's Procedures for Provision of Endorsements and Guarantees, limit on total endorsements to others is 50% of the Company's net assets, and limit on endorsements to a single party is 20% of the Company's total endorsements.

ZINWELL CORPORATION AND SUBSIDIARIES

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

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Ending Balance				Note
				No. of shares	Book value	Percentage of ownership	Fair Value	
Zinwell Corporation	Listed stocks							
"	Transcom, Inc.	None	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,614	\$ 270	-	\$ 270	
	Unlisted stocks							
"	Winds Four	"	"	14	-	18.92	-	
"	Essence Technology Solution, Inc.	"	"	29,785	-	1.10	-	

ZINWELL CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount (Note)	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance at December 31, 2023	Percentage of total notes/accounts receivable (payable)	Note
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMIEDT	Subsidiary	Purchases	\$ 1,345,924	31	Net receipt and payment of the amount after monthly offset of claims and obligations	Not applicable	Not applicable	(\$ 243,100)	(18)	Note 1
ZINWELL CORPORATION (H.K.) LIMIEDT	Zinwell Corporation	Parent company	Sales	( 1,345,924)	(100)	"	"	"	243,100	100	"
"	Zinwell Corporation (Shenzhen) Co., Ltd.	Affiliate	Purchases	940,852	70	"	"	"	( 168,429)	(70)	Note 2
Zinwell Corporation (Shenzhen) Co., Ltd.	ZINWELL CORPORATION (H.K.) LIMIEDT	Affiliate	Sales	( 940,852)	(100)	"	"	"	168,429	100	"

Note 1: Aforementioned purchases and sales transactions amount was net purchases less repeated purchases and sales.

As for the accounts receivable and payable thereof, the Company makes payments to the related party first depending on the related party' funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis.

Note 2: The repeated purchases and sales for the year ended December 31, 2023 amounted to \$1,627,921. Considering the financial situation of the related party, ZINWELL CORPORATION (H.K.) LIMITED still had payables outstanding amounting to \$168,429 to Zinwell Corporation (Shenzhen) Co., Ltd., as of December 31, 2023.

ZINWELL CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for Creditor Counterparty doubtful accounts
					Amount	Action taken		
ZINWELL CORPORATION (H.K.) LIMIETD	Zinwell Corporation	Parent company	\$ 243,100	-	\$ -	-	\$ 183,792	\$ -
Zinwell Corporation (Shenzhen) Co., Ltd.	ZINWELL CORPORATION (H.K.) LIMIETD	Affiliate	168,429	-	-	-	60,284	-
ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Corporation (Shenzhen) Co., Ltd.	Subsidiary	337,975	-	-	-	-	-

Note 1: The payment due is a net balance of set-off.

Note 2: Information as of February 27, 2024.

ZINWELL CORPORATION AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction			Percentage of consolidated total operating revenues or total assets
					Amount	Transaction terms		
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMIED	1	Accounts payable	\$ 243,100	Note 3		3%
0	"	"	1	Purchases	1,345,924	"		23%
1	ZINWELL CORPORATION (H.K.) LIMIED	Zinwell Corporation (Shenzhen) Co., Ltd.	3	Accounts payable	168,429	"		2%
1	"	"	3	Purchases	940,852	"		16%
2	ZINWELL HOLDING (SAMOA) CORPORATION	"	3	Other receivables	337,975	-		4%
2	"	"	3	Interest income	5,367	-		-

Note 1: (1)Parent company is '0'.

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

Note 2: (1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Payables arising from transactions with related party were paid first based on the financial condition of the related party then any remainder was collected or paid monthly in net amount after offsetting receivables against payables.

ZINWELL CORPORATION AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income of investee as of December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMIED	Hong Kong	General investments holding	\$ 23,592	\$ 23,592	6,000,000	100.00	(\$ 3,769)	(\$ 121)	(\$ 121)	Subsidiary
Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Samoa	Reinvestment company	1,505,525	1,505,525	49,000,000	100.00	1,794,394	( 21,832)	( 21,832)	Subsidiary
Zinwell Corporation	AkiraNET Co.	Taiwan	Information software service	543,709	317,900	54,370,924	54.40	251,748	( 454,736)	( 239,552)	Subsidiary
Zinwell Corporation	Urmap Inc.	Cayman Islands	Information software and data processing service	22,000	22,000	666,280	28.07	-	-	-	- Investee accounted for using equity method (Note 1)
Zinwell Corporation	ITAS Technology Corp.	Taiwan	Other telecommunication and communication business	61,367	61,367	762,250	38.11	-	-	-	- Investee accounted for using equity method (Note 2)

Note 1: Urmap Inc. had ceased operating.

Note 2: On April 22, 2019, the shareholders of ITAS Technology Corp. resolved to dissolve. As of reporting date, the registration for the dissolution was still in process.

ZINWELL CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	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	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Zinwell Corporation (Shenzhen) Co., Ltd.	System accessories, low-noise block down converter, digital set-top box, wireless communication system accessories, satellite TV ground receiving accessories, digital satellite TV set-top box and RF transmission	\$ 1,219,783	1	\$ 1,219,783	\$ -	\$ -	\$ 1,219,783	(\$ 31,748)	100	(\$ 31,748)	\$ 1,388,984	\$ -	Note 2
Zinwell Electronic Co., Ltd.	Electronic signal receiving, amplifying and splitting equipment	15,736	2	15,736	-	-	15,736	-	100	-	-	-	Note 3
Shanghai Broadband Digital	Producing and selling digital TV set	37,110	3	-	-	-	-	-	40	-	-	-	Note 3

Note 1: Coding explanation of investment methods:

(1) Indirect investment in Mainland China through the existing company (ZINWELL HOLDING (SAMOA) CORPORATION) located in the third area.

(2) Indirect investment in Mainland China through the existing company (ZINWELL CORPORATION (HK.) LIMITED) located in the third area.

(3) Through the loan granted by ZINWELL CORPORATION (H.K.) LIMITED to invest HKD\$3,775 thousand.

Note 2: The basis for investment income (loss) on Zinwell Corporation (Shenzhen) Co., Ltd. recognised is the financial statements audited by the parent company's independent auditor.

Note 3: The investee had ceased operation.

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
Zinwell Corporation	\$ 1,235,519	\$ 1,258,245	\$ 3,772,057

**V. The individual financial statements having been audited and certified by certified public accountants in most recent year**

Independent Auditors' Report

(113) Cai-Shen-Bao-Zi No. 23004494

To Zinwell Corporation,

**Audit opinion**

We have reviewed the accompanying parent company only balance sheet of Zinwell Corporation (the "Company") for the years ended December 31, 2023 and 2022 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements, present fairly, in all material respects, the individual financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its individual financial performance and individual cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis of audit opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibility under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the parent company only financial statements." We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

## **Key audit matters**

Key audit matters refer to the most vital matters in our audit of the parent company only financial statements of the Company for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of the Company for the year ended December 31, 2023, are stated as follows:

### **Inventory valuation**

#### Description

See Note 4 (12) to the parent company only financial statements for the accounting policy on inventories; Note 5 for the uncertainty over accounting estimates and assumptions of inventory valuation; Note 6(4) for the description of inventory valuation losses.

The Company engages in the sales of digital wired and communication products. Due to the rapid changes in technology, the short life cycle of electronic products, and the fierce market competition, the risk of inventory valuation loss or obsolescence loss is higher and the valuation of obsolete inventory often involves subjective judgment. The aforementioned matters also exist in the subsidiaries of the Company (recognized as investments using the equity method), so we believe that the inventory valuation of the Company's and its subsidiaries is one of the key audit matters.

#### Corresponding audit procedures

We performed the following procedures for inventory valuation losses:

1. Based on our understanding of the Company's operations and industry nature, we assessed the reasonableness of the policies and procedures adopted to assess the inventory valuation losses, including the classification of inventories that determines the net realizable value.

2. We reviewed the Company's annual inventory plan and observed the annual inventories to evaluate the effectiveness of management in distinguishing and controlling obsolete inventory.
3. We verified the amounts used by the Company to determine the classification of obsolete inventory and the net realizable value of inventories, including obtaining the net realizable value report of each inventory, evaluating the appropriateness of the calculation logic of the reports, testing relevant supporting documents, and recalculating and evaluating the reasonableness of the inventory valuation losses determined by the Company.

### **Evaluation of accounts receivable impairment**

#### Description

See Note 4(8) to the parent company only financial statements for the accounting policy on accounts receivable; see Note 5 for the uncertainty over accounting estimates and assumptions of impairment of accounts receivable; see Note 6(3) for the description of accounts receivable.

The process of evaluating the Company's accounts receivable impairment was affected by many factors, including clients' financial position, internal credit ratings, and historical transaction records. This might affect the evaluation of clients' credit quality, and we evaluated the expected credit loss based on the evaluation results. As the aforementioned evaluation often involve management's subjective judgments, and the Company's accounts receivable and the amounts evaluated have a significant impact on the financial statements, we consider that the evaluation of accounts receivable impairment is one of the key audit matters.

#### Corresponding audit procedures

We performed the following procedures for the evaluation of accounts receivable impairment:

1. Understand and test the credit risk management procedures of Zinwell Corporation,

including the assessment and management of sales customers' credit limits, and the expected credit loss assessment procedures.

2. We learned about the reasons for the failure to collect payment or reviewed the collection status after the balance sheet date for major accounts receivable not collected during the normal credit period.

### **Responsibilities of the management and the governing bodies for the parent company only financial statements**

The responsibilities of management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

### **Auditor's responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the

amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We have utilized our professional judgment and professional skepticism when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Concluded on the appropriateness of management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only

financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.

6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PwC Taiwan

Liang, I-Chang

CPAs

Wen, Ya-Fang

Financial Supervisory Commission

Approval Document:

Jin-Guan-Zheng-Shen No. 1070303009

Jin-Guan-Zheng-Shen No. 1100350706

March 6, 2024

Zinwell Corporation  
Parent Company Only Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,407,794	17	\$ 550,047	7
1150	Notes receivable, net	6(3)	148	-	414	-
1170	Accounts receivable, net	6(3)	1,639,697	20	1,904,545	22
1180	Accounts receivable – related parties, net	7	-	-	227,620	3
1200	Other receivables		29,351	-	36,413	-
1220	Current income tax assets		1,747	-	206	-
130X	Inventories	6(4)	617,634	7	810,405	10
1410	Prepayments	6(5)	6,773	-	5,768	-
11XX	Total current assets		3,703,144	44	3,535,418	42
Non-current assets						
1517	Financial assets at fair value through other comprehensive income – non-current	6(2)	270	-	204	-
1550	Investments accounted for using equity method	6(6)	2,046,142	24	2,124,010	25
1600	Property, plant and equipment	6(7) and 8	2,262,852	27	2,373,767	28
1755	Right-of-use assets	6(8)	3,015	-	1,519	-
1760	Investment property, net	6(9)	180,367	2	184,959	2
1780	Intangible assets	6(10)	12,024	-	14,724	-
1840	Deferred tax assets	6(25)	232,023	3	252,750	3
1900	Other non-current assets	6(11) and 8	28,774	-	18,376	-
15XX	Total non-current assets		4,765,467	56	4,970,309	58
1XXX	Total assets		\$ 8,468,611	100	\$ 8,505,727	100

(Continued on next page)

Zinwell Corporation  
Parent Company Only Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 350,000	4	\$ 450,000	5
2130	Contract liabilities – current	6(19)	199,636	2	49,301	1
2150	Notes payable		93,470	1	84,867	1
2170	Accounts Payable		1,036,403	12	1,223,218	14
2180	Accounts payable – related parties	7	243,100	3	-	-
2200	Other payables	6(13)	296,685	4	275,539	3
2280	Lease liabilities – current	6(29)	2,406	-	765	-
2310	Advance receipts		29,920	-	73,226	1
2399	Other current liabilities – others		8	-	8	-
21XX	Total current liabilities		2,251,628	26	2,156,924	25
Non-current liabilities						
2570	Deferred tax liabilities	6(25)	55,001	1	59,392	1
2580	Lease liabilities – non-current		634	-	758	-
2640	Net defined benefit liability – non-current	6(14)	79,880	1	94,659	1
2670	Other non-current liabilities – others	6(6)	5,729	-	2,360	-
25XX	Total non-current liabilities		141,244	2	157,169	2
2XXX	Total liabilities		2,392,872	28	2,314,093	27
	Share capital	6(15)				
3110	Ordinary share capital		3,176,890	38	3,176,890	37
	Capital surplus	6(16)(27)				
3200	Capital surplus		549,692	6	562,860	7
	Retained earnings	6(17)				
3310	Legal reserve		1,347,331	16	1,346,300	16
3320	Special reserve		133,156	2	117,161	1
3350	Undistributed earnings		1,028,174	12	1,121,579	13
	Other equity	6(18)				
3400	Other equity		( 159,504)	( 2)	( 133,156)	( 1)
3XXX	Total equity		6,075,739	72	6,191,634	73
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Material Events After the Balance Sheet Date	11				
3X2X	Total liabilities and equity		\$ 8,468,611	100	\$ 8,505,727	100

The notes attached are part of the parent company only financial statements. Please refer to them at the same time.

Chairman: Huang, Chi-Jui

Manager: Lin, Ching-Hui

Accounting Officer: Hou, Ching-Yuan

Zinwell Corporation  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand  
(except profit and loss per share in NT\$)

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating income	6(19) and 7	\$ 5,816,835	100	\$ 6,582,035	100
5000	Operating costs	6(4)(24) and 7	( 5,263,513)	( 91)	( 6,244,563)	( 95)
5900	Gross profit		553,322	9	337,472	5
	Operating expenses	6(24) and 7				
6100	Marketing expenses		( 90,201)	( 1)	( 212,424)	( 3)
6200	Management expenses		( 156,226)	( 3)	( 144,830)	( 2)
6300	Research and development expenses		( 212,310)	( 4)	( 204,771)	( 3)
6450	Expected credit impairment (loss) benefit	12(2)	( 19,489)	-	11,940	-
6000	Total operating expenses		( 478,226)	( 8)	( 550,085)	( 8)
6900	Operating profit (loss)		75,096	1	( 212,613)	( 3)
	Non-operating income and expenses					
7100	Interest income	6(20)	29,114	1	10,035	-
7010	Other income	6(21)	93,689	2	98,431	1
7020	Other gains and losses	6(22)	18,127	-	99,009	1
7050	Financial costs	6(23)	( 9,253)	-	( 407)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	6(6)	( 261,505)	( 5)	33,508	1
7000	Total non-operating income and expenses		( 129,828)	( 2)	240,576	3
7900	<b>Net income before tax (net loss)</b>		( 54,732)	( 1)	27,963	-
7950	Income tax expense	6(25)	( 17,398)	-	( 27,580)	-
8200	<b>Net income (loss) in the current period</b>		<u>(\$ 72,130)</u>	<u>( 1)</u>	<u>\$ 383</u>	<u>-</u>
	<b>Other comprehensive income, net</b>					
	<b>Items not reclassified to profit or loss</b>					
8311	Remeasurement of defined benefit plans	6(14)	(\$ 5,311)	-	\$ 12,412	-
8316	Unrealized valuation gains or losses on investments in equity instruments at fair value through other comprehensive income	6(2)	66	-	( 108)	-
8349	Income tax related to items not reclassified	6(25)	1,062	-	( 2,482)	-
8310	Total amount of items not reclassified to profit or loss		( 4,183)	-	9,822	-
	<b>Items that may subsequently be reclassified to profit or loss</b>					
8361	Exchange difference on translation of financial statements of foreign operations	6(18)	( 26,414)	( 1)	21,016	-
8360	Total amount of items that may subsequently be reclassified to profit or loss		( 26,414)	( 1)	21,016	-
8300	<b>Other comprehensive income, net</b>		<u>(\$ 30,597)</u>	<u>( 1)</u>	<u>\$ 30,838</u>	<u>-</u>
8500	<b>Total comprehensive income for this period</b>		<u>(\$ 102,727)</u>	<u>( 2)</u>	<u>\$ 31,221</u>	<u>-</u>
9750	Basic earnings (losses) per share	6(26)	(\$ 0.23)		\$ -	
9850	Diluted earnings (loss) per share	6(26)	(\$ 0.23)		\$ -	

The notes attached are part of the parent company only financial statements. Please refer to them at the same time.

Chairman: Huang, Chi-Jui

Manager : Lin, Ching-Hui

Accounting Officer: Hou, Ching-Yuan

Zinwell Corporation  
Standalone Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		Capital surplus				Retained earnings			Other equity			
				Changes in net equity of affiliated companies and joint ventures under equity method					Exchange difference on translation of financial statements of foreign operations	Unrealized gains or loss on financial assets at FVTOCI	Total equity	
Notes	Ordinary share capital	Issuance premium	All changes in equity in subsidiaries		Others	Legal reserve	Special reserve	Undistributed earnings				
<u>2022</u>												
	Balance on January 1, 2022	\$ 3,176,890	\$ 503,594	\$ 3,541	\$ 56,672	\$ 1,616	\$ 1,346,300	\$ 117,161	\$ 1,111,266	(\$ 152,761 )	(\$ 1,303 )	\$ 6,162,976
	Net income for this period	-	-	-	-	-	-	-	383	-	-	383
	Other comprehensive income for this period	-	-	-	-	-	-	-	9,930	21,016	( 108 )	30,838
	Total comprehensive income for this period	-	-	-	-	-	-	-	10,313	21,016	( 108 )	31,221
6(27)	Changes in equity of subsidiaries	-	-	( 2,563 )	-	-	-	-	-	-	-	( 2,563 )
	Balance on December 31, 2022	\$ 3,176,890	\$ 503,594	\$ 978	\$ 56,672	\$ 1,616	\$ 1,346,300	\$ 117,161	\$ 1,121,579	(\$ 131,745 )	(\$ 1,411 )	\$ 6,191,634
<u>2023</u>												
	Balance on January 1, 2023	\$ 3,176,890	\$ 503,594	\$ 978	\$ 56,672	\$ 1,616	\$ 1,346,300	\$ 117,161	\$ 1,121,579	(\$ 131,745 )	(\$ 1,411 )	\$ 6,191,634
	Net loss for this period	-	-	-	-	-	-	-	( 72,130 )	-	-	( 72,130 )
	Other comprehensive income for this period	-	-	-	-	-	-	-	( 4,249 )	( 26,414 )	66	( 30,597 )
	Total comprehensive income for this period	-	-	-	-	-	-	-	( 76,379 )	( 26,414 )	66	( 102,727 )
6(17)	Earnings appropriation	-	-	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	-	-	-	1,031	-	( 1,031 )	-	-	-
	Special reserve	-	-	-	-	-	-	15,995	( 15,995 )	-	-	-
6(16)(27)	Changes in equity of subsidiaries	-	-	41,362	( 54,530 )	-	-	-	-	-	-	( 13,168 )
	Balance on December 31, 2023	\$ 3,176,890	\$ 503,594	\$ 42,340	\$ 2,142	\$ 1,616	\$ 1,347,331	\$ 133,156	\$ 1,028,174	(\$ 158,159 )	(\$ 1,345 )	\$ 6,075,739

The notes attached are part of the parent company only financial statements. Please refer to them at the same time.

Chairman: Huang, Chi-Jui

Manager: Lin, Ching-Hui

Accounting Officer: Hou, Chin

Zinwell Corporation  
Standalone Statement of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flows of operating activities</u>			
Net income before tax (net loss) in the current period		( \$ 54,732 )	\$ 27,963
Adjustments			
Income and expenses			
Depreciation expense (including investment property and right-of-use assets)	6(7)(8)(9)(24)	179,972	159,197
Amortizations	6(24)	7,571	7,646
Expected credit impairment (loss) benefit	12(2)	19,489	( 11,940 )
Interest expense	6(23)	9,253	407
Interest income	6(20)	( 29,114 )	( 10,035 )
Dividend income	6(21)	( 4 )	( 5 )
Losses on disposal of property, plant and equipment	6(22)	210	300
Share of profit or loss of subsidiaries and associates recognized using the equity method	6(6)	261,505	( 33,508 )
Unrealized gross profit margin		6,359	( 6,718 )
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Notes and accounts receivable (including related parties)		473,245	( 548,267 )
Other receivables		9,586	6,288
Inventories		192,771	( 298,536 )
Prepayments		( 1,005 )	21,116
Net change in liabilities related to operating activities			
Contract liabilities – current		150,335	( 88,172 )
Notes and accounts payable (including related parties)		64,888	79,535
Other payables		20,059	( 1,530 )
Advance receipts		( 43,306 )	18,919
Provisions – non-current		-	( 20 )
Net defined benefit liability		( 20,090 )	( 58,963 )
Other current liabilities		-	( 2 )
Cash inflow (outflow) from operations		1,246,992	( 736,325 )
Interest received		26,589	10,035
Interest paid		( 9,253 )	( 407 )
Dividends received		4	5
Income tax returned		-	305
Income tax paid		( 1,541 )	-
Net cash inflows (outflows) from operating activities		1,262,791	( 726,387 )

(Continued on next page)

Zinwell Corporation  
Standalone Statement of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>Notes</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash flow from investing activities</u>			
Acquisition of investments accounted for using equity method	6(6) and 7	( \$ 225,809 )	( \$ 39,200 )
Payment for acquisition of property, plant and equipment	6(28)	( 74,838 )	( 111,966 )
Proceeds from disposal of property, plant and equipment		2,857	360
Payment for acquisition of intangible assets	6(28)	( 5,355 )	( 1,567 )
Increase in guarantee deposits paid		-	( 2,008 )
Decrease in guarantee deposits paid		<u>864</u>	<u>2,194</u>
Net cash outflow from investing activities		( <u>302,281</u> )	( <u>152,187</u> )
<u>Cash flow from financing activities</u>			
Short-term borrowings	6(29)	1,000,000	540,000
Repayment of short-term borrowings	6(29)	( 1,100,000 )	( 90,000 )
Repayment of lease principal	6(29)	( 2,363 )	( 2,052 )
Increase in guarantee deposits received	6(29)	-	1,814
Decrease in guarantee deposits received	6(29)	( <u>400</u> )	<u>-</u>
Net cash (outflow) inflow from financing activities		( <u>102,763</u> )	<u>449,762</u>
Increase (decrease) in cash and cash equivalents in the current period		857,747	( 428,812 )
Opening balance of cash and cash equivalents		<u>550,047</u>	<u>978,859</u>
Ending balance of cash and cash equivalents		<u>\$ 1,407,794</u>	<u>\$ 550,047</u>

The notes attached are part of the parent company only financial statements. Please refer to them at the same time.

Chairman: Huang, Chi-Jui

Manager : Lin, Ching-Hui

Accounting Officer: Hou, Ching-Yuan

Zinwell Corporation  
Notes to Parent Company Only Financial Statements  
2023 and 2022

Unit: NT\$ thousands (unless otherwise specified)

I. Organization and Operations

- (I) Zinwell Corporation (hereinafter referred to as the “Company”) was incorporated in 1981 in accordance with the Company Act of the Republic of China. It mainly engages in the research and development, manufacturing, and trading of digital cable video transmission systems (including distributors and splitters, signal lead-out devices, multiple switches, and amplifiers), digital satellite communication transmission systems (including low-noise downconverters and ultra-small private satellite communication transceivers), and digital video products and equipment (including digital video converters and high-definition television receivers).
- (II) The Company’s stock has been traded on the Taiwan Stock Exchange since September 2001.

II. Date and Procedure for Approval of Financial Statements

This parent company only financial report has been approved by the Board of Directors for release on March 6, 2024.

III. Application of New and Revised International Financial Reporting Standards

- (I) Impact of Adoption of the New/Revised Standards and Interpretations of IFRSs and IASs endorsed and issued into effect by Financial Supervisory Commission (FSC)

The table below summarizes the new, revised, and amended standards and interpretations of the IFRSs and IASs, which apply in 2023, as endorsed and issued into effect by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
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 No. 12 “International Tax Reform – Pillar Two Model Rules”	May 23, 2023

The standards and interpretations have no material impact on the Company’s financial position and financial performance based on the assessment.

(II) Impact of new/revised IFRSs and IASs, as endorsed by the FSC, not yet adopted

The table below summarizes the new, revised, and amended standards and interpretations of the IFRSs and IASs, which apply in 2024, as endorsed by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
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 standards and interpretations have no material impact on the Company’s financial position and financial performance based on the assessment.

(III) Impact of IFRSs and IASs released by the IASB but not yet endorsed by the FSC

The table below lists the new, revised, and amended standards and interpretations of the IFRSs and IASs, released by the IASB but not yet endorsed by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
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 IASB
IFRS 17 Insurance Contracts	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 (Initial Application of IFRS 17 and IFRS 9 – Comparative Information)	January 1, 2023
Amendments to IAS No. 21 “Lack of Convertibility”	January 1, 2025

The standards and interpretations have no material impact on the Company’s financial position and financial performance based on the assessment.

IV. Summary of Significant Accounting Policies

The main accounting policies used in the preparation of the parent company only financial statements are described below. Unless otherwise stated, such policies apply consistently throughout all reporting periods.

(I) Statement of compliance

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

(II) Basis of preparation

1. Except for the important items below, the parent company only financial statements are prepared at historical cost:
  - (1) Financial assets measured at fair value through other comprehensive income.
  - (2) Defined benefit liabilities recognized as the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of financial reports in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC requires the use of some critical accounting estimates. In the process of applying the Company’s accounting policies, management also needs to exercise its judgment. For items involving high degree of judgment or complexity, or items involving critical assumptions and estimates of the parent company only financial statements, please refer to Note 5 for details.

(III) Foreign currency exchange

The items listed in the Company’s parent company only financial statements are measured in the currency used in the main economic environment in which the Company operates, New Taiwan dollar (NTD), i.e. functional currency, as the presentation currency.

1. Foreign currency transactions and balances
  - (1) Foreign currency transactions are translated at the rates prevailing of exchange at the transaction date or measurement date, and the exchange difference arising from the translation of such transactions are recognized as the current profit or loss.
  - (2) The balance of foreign currency monetary assets and liabilities shall be and adjusted as per the rates of exchange prevailing at the balance sheet date, and the exchange difference arising from the adjustment is recognized as the current profit or loss.
  - (3) The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit and loss (FVTPL), and is adjusted based on the spot exchange rate at the balance sheet date. The translation difference arising from the adjustment is recognized in current profit and loss. For measurement at fair value through other comprehensive income, it is adjusted based on the spot exchange rate at the balance sheet date, and the translation difference arising from the adjustment is recognized in

other comprehensive income. If it is not measured by fair value, it is measured at the historical exchange rate at the initial transaction date.

- (4) All exchange gains or losses are listed in the “other gains and losses” on the income statement.

## 2. Translation of foreign operations

- (1) For all investee entities whose functional currencies are different from the expression ones, their business results and financial position shall be translated into the expression currency in the following method:
  - A. The assets and liabilities presented at each balance sheet are translated at the closing exchange rate at the balance sheet date;
  - B. The income and expenses expressed in each comprehensive income statement are translated at the average exchange rate of the current period; and
  - C. All exchange differences arising from translation are recognized in other comprehensive income.
- (2) Where a foreign operation is partially disposed of or sold is a subsidiary, the cumulative exchange differences recognized in other comprehensive income is reclassified to the foreign operation’s non-controlling interests on a pro rata basis. However, even if the Company still retains part of the equity of the former subsidiary but has lost control over said foreign operation that is also as subsidiary, it shall be handled as disposal of the entire equity of the foreign operation.

## (IV) Criteria for classification of current and non-current assets and liabilities

### 1. Assets that meet one of the following conditions are classified as current assets:

- (1) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.
- (2) Liabilities held primarily for the purpose of trading.
- (3) Assets expected to be realized within 12 months after the balance sheet date.
- (4) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

The Company classifies all assets that do not meet the conditions above as non-current.

### 2. Liabilities that meet one of the following conditions are classified as current liabilities:

- (1) Liabilities expected to be settled in the ordinary course of business.
- (2) Liabilities held primarily for the purpose of trading.
- (3) Liabilities expected to be settled within 12 months after the balance sheet date.

- (4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the conditions above as non-current.

(V) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time and the risk of value changes is very small. Time deposits that meet the aforementioned definition and whose purpose is to satisfy short-term cash commitments (including time deposits with a contract period of less than three months) in operations are classified as cash equivalents.

(VI) Financial assets at FVTOCI

1. The Company may, upon initial recognition, make an irrevocable election to recognize the fair value changes of equity instrument investments that are not held for trading in other comprehensive income.
2. The Company adopts trade date accounting for financial assets at FVTOCI in compliance with transaction practices.
3. The Company measures said asset at fair value plus transaction costs upon initial recognition, which are subsequently measured at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously recognized in other comprehensive income shall not be subsequently reclassified to profit or loss and shall be transferred to retained earnings instead. When the right to receive dividends is established, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(VII) Financial assets at amortized cost

1. Where the financial assets have met both of the following conditions:
  - (1) Financial assets held under the operational model for the purpose of collecting cash flow from contracts.
  - (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts trade date accounting for financial assets at amortized cost in compliance with transaction practices.

3. The Company measures said asset at fair value plus transaction costs upon initial recognition, which are subsequently recognized in interest income and impairment loss using the effective interest method based on the amortization procedure during the circulation period. During de-recognition, such gains or losses are recognized in profit or loss.
4. The Company holds time deposits that do not meet the definition of cash equivalents. With the short holding period, the effect of discounting is not material, and it is measured by the amount of investment.

(VIII) Accounts and notes receivable

1. It refers to accounts and notes that have been unconditionally received in exchange for the right to the amount of consideration for the delivery of goods or services as agreed in the contract.
2. The non-interest-bearing short-term accounts and notes receivable is barely affected by discounting, so the Company measures them based on the original invoice amount.

(IX) Impairment of financial assets

The each balance sheet date, considers all reasonable and corroborative information, including forward-looking information, based on the financial assets at amortized cost. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses. For those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For accounts receivable that do not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.

(X) Derecognition of financial assets

When the Company's contractual right to receive cash flows from financial assets has expired, said financial assets will be derecognized.

(XI) Lessor's lease transactions – operating leases

The rental income from operating lease, after any incentives given to the lessee are deducted, is amortized using the straight-line method over the lease term and recognized in current profit or loss.

(XII) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost is determined by the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and production overhead

(amortized based on normal production capacity) without including borrowing costs. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

(XIII) Investment under the equity method/subsidiaries and associates.

1. A subsidiary refers to an entity under the control of the Company (including structured entities). When the Company is exposed to variable returns from the participation in the entity or is entitled to said variable returns, and has the ability to affect such returns through its power over the entity, the Company controls the entity.
2. Unrealized gains and losses between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss on subsidiaries after acquired in current profit or loss, and recognizes the share of other comprehensive income on subsidiaries after acquired as other comprehensive income. If the Company's share of loss on a subsidiary that is recognized equals or exceeds its equity in the subsidiary, the Company continues to recognize the loss based on its shareholding percentage.
4. Associates refer to all entities that the Company has a significant influence on without control. Generally, the Company holds at least 20% of their voting shares directly or indirectly. The Company adopts the equity method to treat the investment in associates, which is recognized at cost of acquisition.
5. The Company recognizes the share of profit or loss on associates after acquired in current profit or loss, and recognizes the share of other comprehensive income on subsidiaries after acquired as other comprehensive income. If the Company's share of losses on an associate equals or exceeds its equity in the associate (including any other unsecured receivables), the Company will not recognize further losses unless the Company has incurred legal obligations or constructive obligations to said associate, or made payments on behalf of said associate.
6. When equity changes occur to an associate, which are not related to profit or loss and other comprehensive income, and said changes do not affect the shareholding percentage of the associate, the Company recognizes all equity changes in "capital surplus" based on the shareholding percentage.
7. Unrealized gains or losses arising from transactions between the Company and associates have been eliminated based on the proportion of its equity of the associates; unless evidence shows that the assets transferred have been impaired, the unrealized

losses are also eliminated. The accounting policies of the associates have been adjusted as necessary and are consistent with the policies adopted by the Company.

8. If the affiliated enterprise issues new shares, if the Company fails to subscribe or acquire them proportionally, resulting in a change in the investment ratio but still a significant impact on the affiliate, the “capital reserve” and “Investments accounted for using equity method.” If the investment ratio decreases as a result, in addition to the above-mentioned adjustment, the profit or loss previously recognized in other comprehensive income related to the decrease in ownership interest, and such profit or loss must be reclassified to if any, it is reclassified to profit or loss in proportion to the decrease.
9. Where the Company disposes of an associate and if it loses significant influence on the associate, for all amounts previously recognized in other comprehensive income related to the associate, the accounting treatment is on the same basis as if the Company directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when the relevant assets or liabilities are disposed of, so when the significant influence on the associate is lost, the gains or losses will be reclassified from equity to profit or loss. If the Company still has a significant influence on the associate, only the amount previously recognized in other comprehensive income is transferred out in the manner above on a pro rata basis.
10. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as those attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. The owners’ equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent company in the financial statements prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant, and equipment are accounted for on the basis of acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset only when the future economic benefits related to an item are likely to flow into the Company and the cost of the item can be reliably measured. The carrying amount of the part replaced shall be derecognized. All other maintenance costs are recognized in current profit or loss when incurred.

3. The subsequent measurement of property, plant, and equipment is based on a cost model. Except for land that is not depreciated, other assets in this regard are depreciated on a straight-line basis based on the estimated useful lives. If the components of property, plant, and equipment are significant, they shall be separately depreciated.
4. The Company conducts annual review at the end of each year to assess the estimated useful lives, residual value, and depreciation methods, If the expected residual value and useful lives are different from the previous estimates, or the expected consumption pattern of future economic benefits contained in an asset has changed significantly, the Group shall adjust it in accordance with the provisions of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” regarding changes in accounting estimates. The useful life of each asset is as follows:

Buildings and structures	5–55 years
Machinery and equipment	2–10 years
R&D equipment	2–8 years
Office equipment	3–8 years
Miscellaneous equipment	2–8 years

(XV) Lessee’s lease transactions- right-of-use assets/lease liabilities

1. Leased assets are recognized in right-of-use assets and lease liabilities on the date they are available for use by the Company. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.
2. Lease liabilities are recognized at the present value of the unpaid lease payments at the discounted present value of the Company’s incremental borrowing rate at the beginning of the lease. The lease payments are fixed payments less any lease incentives receivable.
3. The right-of-use asset is recognized at cost at the commencement date of a lease, and the cost is the lease liabilities initially measured.

Subsequently, the measurement is based on the cost model, and the depreciation expense is recognized when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.

(XVI) Investment property

Investment property is recognized at cost, and subsequently measured at cost. Except for

land, the useful life is depreciated using the straight-line method based on the useful lives of 40-55 years.

(XVII) Intangible assets

Computer software is recognized at acquisition cost and amortized based on the estimated useful life of 1-6 years using the straight-line method.

(XVIII) Non-financial asset impairment

The Company estimates the recoverable amount of assets with signs of impairment at the balance sheet date. When the recoverable amount is lower than its carrying amount, it is recognized in impairment loss. The recoverable amount refers to the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When there is no impairment or reduced impairment in an asset recognized in prior years, the impairment loss shall be reversed, but the increased portion of the carrying amount of the asset due to the reversal of the impairment loss shall not exceed the carrying amount of the asset less depreciation or amortization without impairment loss recognized.

(XIX) Borrowings

It refers to short-term borrowings taken out from banks. The Company measures borrowings at fair value, less transaction costs, at the time of initial recognition and subsequently recognizes interest expenses on any difference between the amount, less transaction costs, and the redemption value, using the effective interest method according to the amortization procedures during the circulation period in profit or loss.

(XX) Accounts and notes payable

1. It refers to debts arising from the purchase of raw materials, merchandise, or services on credit, and notes payable arising from business and non-business.
2. The non-interest-bearing short-term accounts and notes payable is barely affected by discounting, so the Company measures them based on the original invoice amount.

(XXI) Derecognition of financial liabilities

The Company derecognizes their financial liabilities when the obligations specified in a contract are fulfilled, canceled, or expired.

(XXII) Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### (XXIII) Employee benefits

#### 1. Short-term employee benefits

Short-term employee benefits are measured by the expected non-discounted amount of cash paid, and are recognized as expenses when the relevant services are provided.

#### 2. Pension

##### (1) Defined contribution plan

Regarding the defined contribution plan, the amount of the pension fund that shall be contributed is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

##### (2) Defined benefit plan

A. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees in the current or past service period, with the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) with the currency and period consistent with those of the defined benefit plan at the balance sheet date.

B. The remeasurement generated by the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings.

#### 3. Post-employment benefits

Post-employment benefits are benefits provided when an employee's employment is terminated before the normal retirement date or when the employee decides to accept the benefits offered by the Company in exchange for termination of employment. The Company recognizes expenses when it is no longer able to withdraw the offer of post-employment benefits or when the relevant restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet date shall be discounted.

#### 4. Employee compensation and directors' remuneration

Employee compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the amount

actually distributed as resolved by the Group and the estimated amount, it shall be treated as a change in accounting estimates. If the employee's remuneration is paid in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(XXIV) Income taxes

1. Income tax expenses include the current and deferred income taxes. Except for income tax related to items included in other comprehensive income or directly included in equity recognized in comprehensive income or in equity directly, income tax is recognized in profit and/or loss.
2. The Company calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the country where the taxable income is generated and the business is operated. The management regularly evaluates the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. Undistributed earnings are subject to income tax as per the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, income tax expenses as per the undistributed earnings based on the actual earnings to be distributed are recognized.
3. The temporary difference between the tax basis of assets and liabilities and their carrying amounts in the consolidated balance sheet is recognized for the deferred income tax using the balance sheet method. Deferred income tax liabilities from goodwill arising from initial recognition are not recognized. If the deferred income tax is derived from initial recognition of the asset or liability in a transaction (excluding business combinations), and if the accounting profit or taxable income (tax losses) is not affected at the time of the transaction, then the liabilities will not be recognized. With temporary differences caused by the investment in a subsidiary or an associate, if the Company can control the timing of the reversal of the temporary differences, and it is probable that temporary differences will not be reversed in the foreseeable future, the liabilities will not be recognized. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income

tax assets are reassessed.

5. The portion of the unused income tax carry-forward due to research and development expenditures after the balance sheet date is recognized as deferred income tax assets to the extent that it is likely that there will be future taxable income for the unused income tax carry-forward.

(XXV) Share capital

Ordinary shares are classified as equity. The incremental cost directly attributable to the issue of new shares or stock options are listed in equity as a deduction, net of tax, from the proceeds.

(XXVI) Revenue recognition

Sales of merchandise

1. The Company manufactures and sells digital cable and communications products, and the sales revenue is recognized when the control of a product is transferred to a customer, that is, when the product is delivered to the buyer, the buyer has the discretion to determine the product distribution channels and the price, and the Company has no outstanding performance obligations that may affect the buyer's acceptance of the product. When a product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the buyer, and the buyer accepts the product as per the sales contract, or when objective evidence shows that all criteria for acceptance have been met, the product has been delivered.
2. The payment terms for sales transactions usually expire 90 to 120 days after the date of shipment. As the period between the transfer of the promised goods or services to the customers and the payments by the customers has not exceeded one year, the Company did not adjust transaction price to reflect the time value of money.
3. The Company provides a standard warranty for the products sold, and is obliged to repair product defects; thus, provision is recognized upon sales.
4. Accounts receivable is recognized when goods are delivered to customers because at which time the Company's right to the consideration for contracts from customers is unconditional, except for the passage of time.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

During the preparation of the parent company only financial statements, management has exercised its judgments to adopt the accounting policies to be used, and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by

taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for applying the Group's accounting policies

None.

(II) Critical accounting estimates and assumptions

1. Inventory valuation

Since inventory must be calculated at the lower of cost or net realizable value, the Company must exercise judgment and make estimation to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Company assesses the value of inventory due to normal wear and tear, obsolescence, or market sales value not available at the balance sheet date, and reduces the cost of inventory to the net realizable value. This inventory valuation is mainly conducted based on the estimated product demand in a specific period in the future, so material changes may occur. Please refer to Note 6 for details on inventory evaluation.

The carrying amount of the Company's inventories as of December 31, 2023 was NT\$617,634.

2. Estimation of impairment of accounts receivable

During the estimation of impairment of accounts receivable, the Company must exercise judgment and conduct estimation to determine the future recoverability of accounts receivable. The future recoverability is affected by many factors, such as the customer's financial position, the Company's internal credit ratings, and historical transaction records, which may affect the customer's ability to make a payment. If there are doubts about the recoverability, the Company needs to evaluate the possibility of recovery for the individual account receivables and recognize them in impairment as appropriate. The estimation of impairment is based on reasonable expectations of future events based on the situation at the balance sheet date; however, the actual results may differ from the estimation, which may result in material changes. Please refer to Note 6 for details on estimation of impairment of accounts receivable.

As of December 31, 2023, the carrying amount of the Company's accounts receivable (including related parties) was NT\$1,639,697.

## VI. Summary of Significant Accounting Titles

### (I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 1,479	\$ 1,617
Checking deposit and demand deposit	822,540	548,430
Time deposit	<u>583,775</u>	<u>-</u>
	<u>\$ 1,407,794</u>	<u>\$ 550,047</u>

1. The financial institutions the Company deals with have high credit ratings. The Company also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low.
2. Please refer to Note 8 for details of the time deposits that the Company has pledged as collateral and has reclassified to other non-current assets.

### (II) Financial assets at fair value through other comprehensive income – non-current

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity instruments		
TWSE-listed stocks	\$ 97	\$ 97
Stocks not listed on TWSE, TPEX, or emerging stock market	1,518	1,518
Valuation adjustment	<u>( 1,345)</u>	<u>( 1,411)</u>
	<u>\$ 270</u>	<u>\$ 204</u>

1. The Company has elected to classify strategic equity instrument investments as financial assets at FVTOCI. The fair values of such investments in 2023 and 2022 were NT\$270 and NT\$204, respectively.
2. The details of financial assets at FVTOCI, which are recognized in profit or loss and other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	\$ 66	(\$ 108)
Dividend income recognized in profit or loss		
Held at the end of this period	\$ 4	\$ 5

3. The Company did not pledge financial assets at FVTOCI as collateral.

4. Please refer to Note 12 (2) for information on the credit risk of financial assets at FVTOCI.

(III) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 148	\$ 414
Accounts receivable	\$ 1,664,671	\$ 1,910,030
Less: Allowance for losses	( 24,974)	( 5,485)
	<u>\$ 1,639,697</u>	<u>\$ 1,904,545</u>

1. None of the Company's notes receivable is past due. Please refer to Note 12. (2) for relevant information on the aging analysis of the accounts receivable based on the number of days past due and credit risk.
2. The balances of accounts receivable and notes receivable on December 31, 2023 and 2022 were generated from customer contracts, and the total amount of accounts receivable from customers as of January 1, 2022 was NT\$1,578,812, and an allowance for losses was NT\$17,425.
3. As of December 31, 2023 and 2022, regardless of other credit enhancements, the maximum amount of exposure to the credit risk arising from the Company's notes and accounts receivable was in the amount of NT\$1,639,845 and NT\$1,904,959, respectively.
4. The Company did not pledge notes and accounts receivable as collateral.

(IV) Inventories

	December 31, 2023		
	Costs	Allowance for valuation loss	Carrying amount
Raw materials	\$ 642,922	(\$ 185,053)	\$ 457,869
Work in progress	175,061	( 36,735)	138,326
Finished goods	29,653	( 12,022)	17,631
Merchandise	231	( 7)	224
Inventory in transit – raw materials	3,584	-	3,584
	<u>\$ 851,451</u>	<u>(\$ 233,817)</u>	<u>\$ 617,634</u>

	December 31, 2022		
	Costs	Allowance for valuation loss	Carrying amount
Raw materials	\$ 623,757	(\$ 124,672)	\$ 499,085
Work in progress	243,855	( 25,836)	218,019
Finished goods	53,152	( 11,352)	41,800
Merchandise	7	( 7)	-
Inventory in transit – raw materials	51,501	-	51,501
	<u>\$ 972,272</u>	<u>(\$ 161,867)</u>	<u>\$ 810,405</u>

The Company's inventory cost recognized in expenses in this period:

	2023	2022
Cost of inventory sold	\$ 5,186,120	\$ 6,149,653
Loss from scrapping of inventories	-	33,086
Valuation loss	71,950	4,968
Others	( 1,477)	( 871)
	<u>\$ 5,256,593</u>	<u>\$ 6,186,836</u>

(V) Prepayments

	December 31, 2023	December 31, 2022
Prepayments to suppliers	\$ 44	\$ 1,067
Other prepayments	6,729	4,701
	<u>\$ 6,773</u>	<u>\$ 5,768</u>

(VI) Investments accounted for using equity method

	December 31, 2023		December 31, 2022	
	Amount	Shareholding	Amount	Shareholding
Subsidiaries:				
ZINWELL HOLDING (SAMOA) CORPORATION	\$ 1,794,394	100%	\$ 1,842,640	100%
AkiraNET	251,748	54.40%	278,659	47.92%
ZINWELL CORPORATION (H.K.) LIMITED	( 3,769)	100%	2,711	100%
Associates:				
Itas Technology Corp.	-	38.11%	-	38.11%
Urmap. Inc.	-	28.07%	-	28.07%
	2,042,373		2,124,010	
Add: Reclassified to credit balance of investment using the equity method (under other non-current liabilities)	3,769		-	
	<u>\$ 2,046,142</u>		<u>\$ 2,124,010</u>	

1. For information on the Company's subsidiaries, please refer to Note 4 (3) of the 2023 consolidated financial statements.
2. The share of profit or loss recognized using the equity method for 2023 and 2022 based on the investees' financial statements audited by CPAs during the same periods was a profit of NT\$261,505 and loss of NT\$33,508, respectively.
3. On August 8, 2023 and March 23, 2022, as resolved by the board of directors, the Company increased the capital of AkiraNET Co. with NT\$225,809 and NT\$39,200 in cash respectively. After the capital increase, the shareholdings were 54.40% and 47.92%, respectively. The aforementioned capital increase registration has been completed.
4. As the Company intends to continue to invest in its associates, Itas Technology Corp. and Urmap. Inc., the losses recognized are limited to the book value of the investment in their equity. As of the date of the audit report, Itas Technology Corp.'s dissolution and liquidation procedures is in progress, and Urmap. Inc has ceased operations.

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(VII) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>R &amp; D equipment</u>	<u>Office equipment</u>	<u>Molds and other equipment</u>	<u>Unfinished construction and equipment to be accepted</u>	<u>Total</u>
January 1, 2023								
Costs	\$ 728,663	\$ 1,398,779	\$ 776,624	\$ 310,539	\$ 63,940	\$ 179,272	\$ 9,032	\$ 3,466,849
Accumulated depreciation	<u>-</u>	<u>( 268,613)</u>	<u>( 365,485)</u>	<u>( 285,188)</u>	<u>( 39,508)</u>	<u>( 134,288)</u>	<u>-</u>	<u>( 1,093,082)</u>
	<u>\$ 728,663</u>	<u>\$ 1,130,166</u>	<u>\$ 411,139</u>	<u>\$ 25,351</u>	<u>\$ 24,432</u>	<u>\$ 44,984</u>	<u>\$ 9,032</u>	<u>\$ 2,373,767</u>
<u>2023</u>								
January 1	\$ 728,663	\$ 1,130,166	\$ 411,139	\$ 25,351	\$ 24,432	\$ 44,984	\$ 9,032	\$ 2,373,767
Additions	-	2,112	35,858	4,454	2,600	13,602	6,522	65,148
Transfer	-	-	11,516	-	-	4,038	( 15,554)	-
Disposal	-	-	( 972)	( 34)	( 1,993)	( 68)	-	( 3,067)
Depreciation expenses	<u>-</u>	<u>( 72,178)</u>	<u>( 73,767)</u>	<u>( 7,557)</u>	<u>( 5,096)</u>	<u>( 14,398)</u>	<u>-</u>	<u>( 172,996)</u>
December 31	<u>\$ 728,663</u>	<u>\$ 1,060,100</u>	<u>\$ 383,774</u>	<u>\$ 22,214</u>	<u>\$ 19,943</u>	<u>\$ 48,158</u>	<u>\$ -</u>	<u>\$ 2,262,852</u>
December 31, 2023								
Costs	\$ 728,663	\$ 1,400,890	\$ 817,546	\$ 313,695	\$ 63,583	\$ 196,382	\$ -	\$ 3,520,759
Accumulated depreciation	<u>-</u>	<u>( 340,790)</u>	<u>( 433,772)</u>	<u>( 291,481)</u>	<u>( 43,640)</u>	<u>( 148,224)</u>	<u>-</u>	<u>( 1,257,907)</u>
	<u>\$ 728,663</u>	<u>\$ 1,060,100</u>	<u>\$ 383,774</u>	<u>\$ 22,214</u>	<u>\$ 19,943</u>	<u>\$ 48,158</u>	<u>\$ -</u>	<u>\$ 2,262,852</u>

	Land	Buildings	Machinery and equipment	R & D equipment	Office equipment	Molds and other equipment	Unfinished construction and equipment to be accepted	Total
January 1, 2022								
Costs	\$ 814,670	\$ 962,544	\$ 675,015	\$ 340,319	\$ 53,219	\$ 180,677	\$ 632,395	\$ 3,658,839
Accumulated depreciation	<u>-</u>	<u>( 294,379)</u>	<u>( 312,427)</u>	<u>( 309,808)</u>	<u>( 34,884)</u>	<u>( 135,364)</u>	<u>-</u>	<u>( 1,086,862)</u>
	<u>\$ 814,670</u>	<u>\$ 668,165</u>	<u>\$ 362,588</u>	<u>\$ 30,511</u>	<u>\$ 18,335</u>	<u>\$ 45,313</u>	<u>\$ 632,395</u>	<u>\$ 2,571,977</u>
<u>2022</u>								
January 1	\$ 814,670	\$ 668,165	\$ 362,588	\$ 30,511	\$ 18,335	\$ 45,313	\$ 632,395	\$ 2,571,977
Additions	-	2,670	40,983	3,388	6,259	9,746	52,787	115,833
Transfer	-	595,859	71,623	-	4,851	3,817	( 676,150)	-
Disposal	-	-	( 38)	( 74)	( 6)	( 542)	-	( 660)
Reclassification	( 86,007)	( 71,949)	-	-	-	-	-	( 157,956)
Depreciation expenses	<u>-</u>	<u>( 64,579)</u>	<u>( 64,017)</u>	<u>( 8,474)</u>	<u>( 5,007)</u>	<u>( 13,350)</u>	<u>-</u>	<u>( 155,427)</u>
December 31	<u>\$ 728,663</u>	<u>\$ 1,130,166</u>	<u>\$ 411,139</u>	<u>\$ 25,351</u>	<u>\$ 24,432</u>	<u>\$ 44,984</u>	<u>\$ 9,032</u>	<u>\$ 2,373,767</u>
December 31, 2022								
Costs	\$ 728,663	\$ 1,398,779	\$ 776,624	\$ 310,539	\$ 63,940	\$ 179,272	\$ 9,032	\$ 3,466,849
Accumulated depreciation	<u>-</u>	<u>( 268,613)</u>	<u>( 365,485)</u>	<u>( 285,188)</u>	<u>( 39,508)</u>	<u>( 134,288)</u>	<u>-</u>	<u>( 1,093,082)</u>
	<u>\$ 728,663</u>	<u>\$ 1,130,166</u>	<u>\$ 411,139</u>	<u>\$ 25,351</u>	<u>\$ 24,432</u>	<u>\$ 44,984</u>	<u>\$ 9,032</u>	<u>\$ 2,373,767</u>

1. Due to the consideration for operations, the Company leased out some of the plant buildings in September 2022 and reclassified them as investment property for NT\$157,956. Please refer to Note 6 (9) for details.

2. For information on property, plant and equipment pledged as collateral, please refer to Note 8 for details.

(VIII) Investment property – lessee

1. The assets leased by the Company include buildings and company cars over lease terms of two to three years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The lease terms of some dormitories and instruments leased by the Company do not exceed 12 months.
3. The changes of the Company's right-of-use assets during 2023 and 2022 are as follows:

	2023		
	Buildings	Company cars	Total
January 1	\$ 316	\$ 1,203	\$ 1,519
Additions	3,880	-	3,880
Depreciation expenses	( 1,933)	( 451)	( 2,384)
December 31	<u>\$ 2,263</u>	<u>\$ 752</u>	<u>\$ 3,015</u>

	2022		
	Buildings	Company cars	Total
January 1	\$ 2,215	\$ -	\$ 2,215
Additions	-	1,353	1,353
Depreciation expenses	( 1,899)	( 150)	( 2,049)
December 31	<u>\$ 316</u>	<u>\$ 1,203</u>	<u>\$ 1,519</u>

4. The information on the profit or loss items related to lease contracts is as follows:

	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expenses on lease liabilities	\$ 62	\$ 13
Expenses related to short-term lease contracts	1,653	1,538

5. The Company's total cash outflows from leases in 2023 and 2022 were NT\$4,078 and NT\$3,603, respectively.

(IX) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2023			
Costs	\$ 106,837	\$ 179,508	\$ 286,345
Accumulated depreciation	-	( 101,386)	( 101,386)
	<u>\$ 106,837</u>	<u>\$ 78,122</u>	<u>\$ 184,959</u>
<u>2023</u>			
January 1	\$ 106,837	\$ 78,122	\$ 184,959
Depreciation expenses	-	( 4,592)	( 4,592)
December 31	<u>\$ 106,837</u>	<u>\$ 73,530</u>	<u>\$ 180,367</u>
December 31, 2023			
Costs	\$ 106,837	\$ 179,508	\$ 286,345
Accumulated depreciation	-	( 105,978)	( 105,978)
	<u>\$ 106,837</u>	<u>\$ 73,530</u>	<u>\$ 180,367</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2022			
Costs	\$ 20,830	\$ 17,214	\$ 38,044
Accumulated depreciation	-	( 9,320)	( 9,320)
	<u>\$ 20,830</u>	<u>\$ 7,894</u>	<u>\$ 28,724</u>
<u>2022</u>			
January 1	\$ 20,830	\$ 7,894	\$ 28,724
Reclassification	86,007	71,949	157,956
Depreciation expenses	-	( 1,721)	( 1,721)
December 31	<u>\$ 106,837</u>	<u>\$ 78,122</u>	<u>\$ 184,959</u>
December 31, 2022			
Costs	\$ 106,837	\$ 179,508	\$ 286,345
Accumulated depreciation	-	( 101,386)	( 101,386)
	<u>\$ 106,837</u>	<u>\$ 78,122</u>	<u>\$ 184,959</u>

1. Rental income and direct operating expenses of investment property:

	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ 12,251	\$ 6,168
Direct operating expenses from investment property when rental income is generated in the period	\$ 5,412	\$ 2,857

2. The due dates of the lease payments from the Company's operating leases are analyzed below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	-	10,884
2024	12,711	12,683
2025	11,802	11,802
2026	417	417
Total	\$ 24,930	\$ 35,786

3. The fair values of the investment property held by the Company as of December 31, 2023 and 2022 were NT\$208,708 and NT\$209,906, respectively, which were estimated as per the market transaction prices in the vicinity of the investment property held by the Company. Such fair value belongs to Level 3 fair value.

4. For the Company's collateral with investment properties, please refer to the descriptions in Note 8.

(X) Intangible assets

	<u>2023</u>	<u>2022</u>
	<u>Computer software</u>	<u>Computer software</u>
January 1		
Costs	\$ 27,910	\$ 18,093
Accumulated amortization	( 13,186)	( 9,094)
	\$ 14,724	\$ 8,999
January 1	\$ 14,724	\$ 8,999
Additions	3,830	1,567
Transfer	-	8,250
Amortization expenses	( 6,530)	( 4,092)
December 31	\$ 12,024	\$ 14,724
December 31		
Costs	\$ 31,740	\$ 27,910
Accumulated amortization	( 19,716)	( 13,186)
	\$ 12,024	\$ 14,724

1. Details of amortization of intangible assets:

	2023	2022
Operating costs	\$ 381	\$ 472
Operating expenses	6,149	3,620
	<u>\$ 6,530</u>	<u>\$ 4,092</u>

2. The Company did not pledge intangible assets as collateral.

(XI) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for business facilities	\$ 21,768	\$ 9,466
Guarantee deposits paid	6,771	7,635
Others	235	1,275
	<u>\$ 28,774</u>	<u>\$ 18,376</u>

Please refer to Note 8 for the Company's financial assets pledged as collateral.

(XII) Short-term borrowings

Nature of borrowings	December 31, 2023	Interest rate range	Collateral
Borrowings from banks			
Secured borrowings	<u>\$ 350,000</u>	1.76%	See Note 8
Nature of borrowings	December 31, 2022	Interest rate range	Collateral
Borrowings from banks			
Secured borrowings	\$ 100,000	2.00%~2.06%	See Note 8
Unsecured borrowings	350,000	1.90%~1.95%	None
	<u>\$ 450,000</u>		

(XIII) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 204,984	\$ 182,509
Commission and royalties payable	21,656	22,274
Labor and health insurance expenses payable	13,963	12,932
Litigation damages payable	-	4,225
Service expenses payable	2,321	3,218
Business facilities payable	2,713	1,626
Employee remuneration payable	-	865
Others	51,048	47,890
	<u>\$ 296,685</u>	<u>\$ 275,539</u>

(XIV) Pension

1. Defined benefit plan

(1) The Company established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act. These regulations applied to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005, as well as formal employees who chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Pension benefits are based on the number of units granted and the average monthly salaries and wages of the last six months prior to retirement. Two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution equal to 2% of the total salaries per month as a pension fund and deposit it in the designated account in the name of the Labor Pension Funds Supervisory Committee with the Bank of Taiwan. In addition, the Company assesses the balance in the aforementioned labor pension reserve account by December 31 every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by March 31 of the following year.

(2) Amounts recognized in balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 179,523	\$ 234,510
Fair value of plan assets	( 99,643)	( 139,851)
Net defined benefit liability	<u>\$ 79,880</u>	<u>\$ 94,659</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2023			
Balance on January 1	\$ 234,510	(\$ 139,851)	\$ 94,659
Current service cost	573	-	573
Interest expense (income)	3,049	( 1,818)	1,231
	<u>238,132</u>	<u>( 141,669)</u>	<u>96,463</u>
Remeasurements:			
Effect of change in demographic assumptions	-	-	-
Effect of change in financial assumptions	1,134	-	1,134
Experience adjustments	4,568	( 391)	4,177
	<u>5,702</u>	<u>( 391)</u>	<u>5,311</u>
Contribution to pension fund	-	( 18,444)	( 18,444)
Pension paid	( 64,311)	60,861	( 3,450)
Balance on December 31	<u>\$ 179,523</u>	<u>(\$ 99,643)</u>	<u>\$ 79,880</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance on January 1	\$ 246,863	(\$ 80,829)	\$ 166,034
Current service cost	633	-	633
Interest expense (income)	1,728	(566)	1,162
	<u>249,224</u>	<u>(81,395)</u>	<u>167,829</u>
Remeasurements:			
Effect of change in demographic assumptions	-	-	-
Effect of change in financial assumptions	(11,169)	-	(11,169)
Experience adjustments	5,221	(6,464)	1,243
	<u>(5,948)</u>	<u>(6,464)</u>	<u>(12,412)</u>
Contribution to pension fund	-	(58,309)	(58,309)
Pension paid	(8,766)	6,317	2,449
Balance on December 31	<u>\$ 234,510</u>	<u>(\$ 139,851)</u>	<u>\$ 94,659</u>

- (4) The Bank of Taiwan is commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the percentages and amount of items as stipulated in the fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposits in domestic and foreign financial institutions, investment in domestic and overseas listed equity securities or equity securities through private placement, or investment in domestic and overseas securitization products backed by real estate assets). The relevant utilization status is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, the government shall compensate the deficit after being authorized by the competent authorities. The Company have no right to participate in managing and operating said fund, hence the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. The fair value of the composition of the plan assets as of December 31, 2023 and 2022 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

- (5) The actuarial assumptions related to pension are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.30%</u>
Future salary increases	<u>2.40%</u>	<u>2.40%</u>

The assumptions for the future mortality rate are based on the Taiwan Standard Ordinary Experience Mortality Table No. 6.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2023				
Impact on the present value of defined benefit obligations	(\$ 2,811)	\$ 2,892	\$ 2,458	(\$ 2,404)
December 31, 2022				
Impact on the present value of defined benefit obligations	(\$ 4,411)	\$ 4,551	\$ 3,957	(\$ 3,861)

The sensitivity analysis above is based on the impact of a single assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis are the same as those for the prior period.

- (6) The Company's expected contributions to the defined benefit pension plan for 2024 amount to NT\$1,878.
- (7) As of December 31, 2023, the weighted average duration of the pension plan is 7 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	\$	34,957
1–2 years		18,221
2–5 years		41,559
Over 5 years		<u>50,646</u>
	<u>\$</u>	<u>145,383</u>

## 2. Defined contribution plan

Effective on July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all employees with R.O.C. Nationality. Under the Labor Pension Act, 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 Company's pension costs under the defined contribution pension plan for 2023 and 2022 were NT\$30,436 and NT\$28,560, respectively.

(XV) Share capital

As of December 31, 2023 and 2022, the Company's authorized capital was NT\$3,990,000 and divided into 399,000 thousand shares, of which 20,000 thousand shares were reserved for employee stock warrants, preferred stocks with stock options, or corporate bonds with stock options. The paid-in capital is NT\$3,176,890, and the number of outstanding shares is 317,689 thousand in both years, with a par value of NT\$10 per share. The Company has received all the capital for the shares issued.

(XVI) Capital surplus

1. According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate deficit, where the Company has no accumulated losses, shall be used to issue new shares or cash in proportion to the shareholders' original shares. In addition, as per the relevant provisions of the Securities and Exchange Act, where the capital surplus above is allocated for capitalization, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate for the capital losses unless the surplus reserve is insufficient to compensate such.
2. The Company's subsidiary, AkiraNET, issued stock options according to the contract (the fair value was US\$3,551 thousand as per the results of the appraisal report) as it entrusted Coherent Logix Incorporated to conduct software and chip development and the licensing of relevant intellectual property rights in 2021. According to the above valuation report, Crystal Sky Power had recognized a capital reserve of US\$3,551 thousand (approximately NT\$98,412). However, the warrant had expired in August 2023, and the Company increased the capital by NT\$54,530 according to its shareholding percentage.

(XVII) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings at the end of a fiscal year, the Company shall pay taxes first and compensate the cumulative losses; appropriate 10% of the balance for legal reserve, and set aside an amount for special reserve for the amount debited to shareholders' equity recognized for the year. Where there are still earnings, together with the cumulative undistributed earnings from the prior year, they will be handled as cumulative distributable earnings. The board of directors shall put forth a proposal to the shareholders' meeting for a resolution to retain or distribute said earnings. In the case of earnings distribution, the cash dividend shall not be less than 8% of the total dividends paid to shareholders.

2. The legal reserve shall not be used except for compensation for the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholdings. However, in the case of issue of new shares or cash, it shall only be conducted when such reserve exceeds 25% of the paid-in capital.
3. (1) 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 may be included in the distributable earnings.
- (2) When the IFRSs were adopted for the first time, the special surplus reserve was allocated in accordance with the letter of Jin-Guan-Zheng-Fa-Zi No. 1090150022 on March 31, 2021. When the Company subsequently uses, disposes or reclassifies the relevant assets. The proportion of the surplus reserve is reversed. If the relevant asset is investment property, the part is reversed upon disposal or reclassification of land; the part other than land is reversed periodically during the period of use.
- (3) The amount of special reserve set aside by the Company due to the first-time adoption of IFRSs was NT\$57,817. In addition, the Company did not use, dispose, or reclassify relevant assets in 2023 and 2022, with the special reserve reversed to undistributed earnings. As of December 31, 2023 and 2022, the amount of the special reserve due to the first-time adoption of IFRSs was NT\$57,817.
4. (1) The shareholders' meeting of the Company passed a resolution on June 14, 2022 not to distribute dividends as there were no earnings as per the 2021 financial statements.
- (2) The 2022 earnings distribution proposal of the Company passed by the shareholders' meeting on June 14, 2023 is as follows:

	Amount
Legal reserve	\$ 1,031
Special reserve	15,995

- (3) As proposed by the Board of Directors on March 6, 2024, as there were no earnings in the final accounts for 2023, dividends should not be distributed.

The above-mentioned information on the distribution of earnings as proposed by the board of directors and resolved by the shareholders' meeting is available on the Market Observation Post System (MOPS).

(XVIII) Other equity items

	2023		
	Foreign currency exchange	Unrealized valuation gains or losses	Total
January 1	(\$ 131,745)	(\$ 1,411)	(\$ 133,156)
Valuation adjustment	-	66	66
Foreign currency exchange difference	( 26,414)	-	( 26,414)
December 31	<u>(\$ 158,159)</u>	<u>(\$ 1,345)</u>	<u>(\$ 159,504)</u>

	2022		
	Foreign currency exchange	Unrealized valuation gains or losses	Total
January 1	(\$ 152,761)	(\$ 1,303)	(\$ 154,064)
Valuation adjustment	-	( 108)	( 108)
Foreign currency exchange difference	21,016	-	21,016
December 31	<u>(\$ 131,745)</u>	<u>(\$ 1,411)</u>	<u>(\$ 133,156)</u>

(XIX) Operating income

1. Details of revenue from contracts with customers

The Company's revenue from goods and services transferred at a certain point in time can be divided into the following main product lines,

and each reportable segment earns relevant revenue:

	2023	2022
Digital cable and communication products	\$ 5,814,410	\$ 6,554,860
Others	2,425	27,175
	<u>\$ 5,816,835</u>	<u>\$ 6,582,035</u>

2. Contract liabilities

The contract liabilities recognized related to income from customer contracts are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Sales contracts	<u>\$ 199,636</u>	<u>\$ 49,301</u>	<u>\$ 137,473</u>

(1) Significant changes in contract liabilities

The changes in the Company's contractual liabilities in 2023 and 2022 were due to changes in the demand of sales customers in response to changes in the industrial

economy and the different transaction conditions of each customer, as well as differences in the timing of collection of advances as promised and the Company's satisfaction of performance obligations.

(2) Opening balance of contract liabilities recognized in income in this period:

	<u>2023</u>	<u>2022</u>
Sales contracts	\$ 35,749	\$ 102,258

(XX) Interest income

	<u>2023</u>	<u>2022</u>
Interest on bank deposits	\$ 16,578	\$ 1,691
Other interest income	12,536	8,344
	<u>\$ 29,114</u>	<u>\$ 10,035</u>

(XXI) Other income

	<u>2023</u>	<u>2022</u>
Rental income	\$ 12,251	\$ 6,168
Gains on write-off of litigation compensation payable	4,225	
Dividend income	4	5
Others (Note)	77,209	92,258
	<u>\$ 93,689</u>	<u>\$ 98,431</u>

Note: Other income is mainly from assisting customers with product development.

(XXII) Other gains and losses

	<u>2023</u>	<u>2022</u>
Foreign currency exchange gains	\$ 22,508	\$ 101,255
Losses on disposal of property, plant and equipment	( 210)	( 300)
Depreciation expenses of investment property	( 4,592)	( 1,721)
Others	421	( 225)
	<u>\$ 18,127</u>	<u>\$ 99,009</u>

(XXIII) Financial costs

	2023	2022
Interest expense		
- Borrowings from banks	\$ 9,191	\$ 389
- Lease contracts	62	13
- Other financial expenses	-	5
	<u>\$ 9,253</u>	<u>\$ 407</u>

(XXIV) Additional information on the nature of costs

By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefit expenses						
Salary and wages	\$380,685	\$268,319	\$ 649,004	\$327,504	\$254,955	\$ 582,459
Labor and health insurance expenses	44,587	23,690	68,277	38,427	23,126	61,553
Pension expenses	18,107	14,133	32,240	16,663	13,692	30,355
Directors' remuneration	-	7,800	7,800	-	7,800	7,800
Other employment costs	21,741	9,091	30,832	20,079	9,468	29,547
Depreciation expenses	150,042	25,338	175,380	132,394	25,082	157,476
Amortization expenses	1,422	6,149	7,571	4,026	3,620	7,646

Note 1: In 2023 and 2022, the average number of the Company's employees was 1,155 and 1,082, respectively, of whom the number of directors who did not concurrently serve as employees was 4.

Note 2: The Company's average employee benefit expenses in 2023 and 2022 were NT\$678 and NT\$653, respectively; the average salaries and wages in 2023 and 2022 were NT\$564 and NT\$540, respectively; the average employee salary adjustment in 2023 was 4.44%.

Note 3: The Company's remuneration policy is based on the principle of equal pay for equal work. The Company determines differentiated remuneration, adjusts salary, and issues bonuses based on each employee's position, performance, and contribution while regularly reviewing the employees' overall remuneration every year to ensure the competitiveness in the labor market.

Note 4: The remuneration may be paid to directors and managers when they perform duties related to the Company's business. The amount is based on their participation in the Company's operations and the value of their contributions. In accordance with the Company's Articles of Incorporation, the board of directors is authorized to determine their remuneration according to the general level in the industry. Managers' overall remuneration includes salary, bonuses, and benefits, and is determined mainly based on the salary levels in the market, the performance evaluation indicators suggested by the Remuneration Committee, and individuals' contribution to the Company's overall operations.

1. Per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 3% of the balance shall be appropriated for employee compensation and not be greater than 3% for director remuneration.

2. The estimated amount of the Company's employee remuneration in 2023 and 2022 was NT\$0 and NT\$865 respectively; the estimated amount of remuneration of directors was NT\$0. The aforementioned amount is accounted for in the salary and wages account.

The employee remuneration and remuneration of directors in 2023 were not estimated due to the Company's losses.

The 2022 employees' remuneration and directors' remuneration were NT\$865 and NT\$0, respectively, as resolved by the Board of Directors, which were consistent with the amounts recognized in the 2022 financial statements.

Information on employee remuneration and the remuneration of directors approved by the Company's board of directors is available on the MOPS.

(XXV) Income taxes

1. Income tax expense

(1) Components of income tax expenses:

	<u>2023</u>	<u>2022</u>
Deferred income tax:		
The initial generation and reversal of temporary differences	\$ 17,398	\$ 27,580

(2) Income tax expenses (gains) related to other comprehensive interests:

	<u>2023</u>	<u>2022</u>
Remeasurement of defined benefit plan	(\$ 1,062)	\$ 2,482

2. Reconciliation between income tax expense and accounting profit:

	2023	2022
Income taxes on net income (loss) before tax at the statutory tax rate	(\$ 10,947)	\$ 5,592
Effect of items that cannot be recognized as per laws and regulations	( 369)	( 1)
Changes in the evaluation of realizability of deferred income tax	( 19,196)	2,480
Temporary difference not recognized as deferred income tax assets	47,910	12,946
Tax losses not recognized as deferred tax assets	-	6,563
Income tax expense	<u>\$ 17,398</u>	<u>\$ 27,580</u>

3. The amount of each deferred income tax asset or liability arising from temporary differences and tax losses is as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
<u>Deferred tax assets</u>				
Temporary differences:				
Unrealized inventory valuation losses	\$ 32,372	\$ 14,390	\$ -	\$ 46,762
Net defined benefit liability	19,136	( 4,018)	1,062	16,180
Portion in excess of the limit of allowance for bad debts	4,114	3,342	-	7,456
Compensation for unused annual leave	6,535	147	-	6,682
Unrealized exchange losses	4,524	9,985	-	14,509
Unrealized litigation losses	845	( 845)	-	-
Tax losses	<u>185,224</u>	<u>( 44,790)</u>	<u>-</u>	<u>140,434</u>
Subtotal	<u>252,750</u>	<u>( 21,789)</u>	<u>1,062</u>	<u>232,023</u>
<u>Deferred tax liabilities</u>				
Temporary differences:				
Overseas investment income	(\$ 59,392)	\$ 4,391	\$ -	(\$ 55,001)
Total	<u>\$ 193,358</u>	<u>(\$ 17,398)</u>	<u>\$ 1,062</u>	<u>\$ 177,022</u>

2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
<u>Deferred tax assets</u>				
Temporary differences:				
Unrealized inventory valuation losses	\$ 31,379	\$ 993	\$ -	\$ 32,372
Net defined benefit liability	33,411	( 11,793)	( 2,482)	19,136
Portion in excess of the limit of allowance for bad debts	4,114	-	-	4,114
Compensation for unused annual leave	6,085	450	-	6,535
Unrealized exchange losses	-	4,524	-	4,524
Unrealized litigation losses	845	-	-	845
Tax losses	187,704	( 2,480)	-	185,224
Subtotal	263,538	( 8,306)	( 2,482)	252,750
<u>Deferred tax liabilities</u>				
Temporary differences:				
Overseas investment income	( 39,746)	(\$ 19,646)	\$ -	(\$ 59,392)
Unrealized exchange gains	( 372)	372	-	-
Subtotal	( 40,118)	( 19,274)	-	( 59,392)
Total	\$ 223,420	(\$ 27,580)	(\$ 2,482)	\$ 193,358

4. As per the provisions of the Statute for Industrial Innovation, the details of the investment tax credits to which the Company is entitled, not recognized in deferred income tax assets, are as follows:

December 31, 2023					
Item	Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
Research and development expenditure	2020–2022	\$ 34,800	\$ 15,604	\$ 15,604	2022–2024

December 31, 2022					
Item	Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
Research and development expenditure	2019–2021	\$ 29,118	\$ 29,118	\$ 29,118	2021–2023

5. The effective period of the Company's unused tax losses and the relevant amounts of unrecognized deferred income tax assets are as follows:

December 31, 2023				
Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
2018–2023	\$ 1,152,847	\$ 928,897	\$ 226,735	2028–2033

December 31, 2022				
Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
2018–2022	\$ 1,160,104	\$ 1,160,104	\$ 233,991	2028–2032

6. The deductible temporary differences of the Company's unrecognized deferred income tax assets on December 31, 2023 and December 31, 2022 were NT\$334,301 and NT\$94,749, respectively.
7. The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2021.

(XXVI) Earnings (losses) per share

	2023		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NT\$)
<u>Basic/Diluted loss per share</u>			
Net loss attributable to ordinary shareholders in this period (Note)	(\$ 72,130)	317,689	(\$ 0.23)

	2022		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders in this period	\$ 383	317,689	\$ -
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders in this period	\$ 383	317,689	
Effect of the potential dilutive ordinary shares on employee compensation	-	51	
Net income attributable to ordinary shareholders in this period, plus effect of potential ordinary shares	\$ 383	317,740	\$ -

Note: The Company was operating at a loss for 2023. If the impact of employee compensation is included, it will have an anti-dilutive effect and is not included in the calculation of diluted loss per share.

(XXVII) Transactions with non-controlling interests

Regarding a subsidiary's cash capital increase, the Company did not subscribe in proportion to its shareholding:

1. AkiraNET conducted a cash capital increase and issued new shares on June 15, 2022. The Company did not subscribe in proportion to its shareholding and, thus, has equity reduced by 7.49%. This transaction led to an increase in non-controlling interests by NT\$123,742 in 2022 and a decrease in equity attributable to owners of the parent company by NT\$2,563.
2. AkiraNET issued new shares for cash capital increase on June 15 and August 25, 2023 respectively. The Company did not subscribe in accordance with the shareholding ratio and increased the stake by 6.48%. This transaction led to an increase in non-controlling interests by NT\$123,359 in 2023 and a decrease in equity attributable to owners of the parent company by NT\$13,168.
3. The effect of changes in AkiraNET's equity during 2023 and 2022 on the equity attributable to the Company is as follows:

	2023	2022
Cash	\$ 110,191	\$ 121,179
Increase in the carrying amount of non-controlling interests	( 123,359)	( 123,742)
Capital surplus – differences in changes in ownership interests in subsidiaries	(\$ 13,168)	(\$ 2,563)

(XXVIII) Additional information on cash flow

Investing activities with only partial cash payment:

	2023	2022
Property, plant, and equipment acquired	\$ 65,148	\$ 115,833
Add: Prepayments for business facilities, end of period	20,243	9,466
Less: Prepayments for business facilities, beginning of period	( 9,466)	( 19,077)
Add: Business facilities payable, beginning of period	1,626	7,370
Less: Business facilities payable, end of period	( 2,713)	( 1,626)
Cash paid in this period	\$ 74,838	\$ 111,966

	2023	2022
Intangible assets acquired	\$ 3,830	\$ 9,817
Add: Prepayments for business facilities, end of period	1,525	-
Less: Prepayments for business facilities, beginning of period	-	( 8,250)
Cash paid in this period	<u>\$ 5,355</u>	<u>\$ 1,567</u>

(XXIX) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1	\$ 450,000	\$ 2,360	\$ 1,523	\$ 453,883
Changes in cash flows of financing activities	( 100,000)	( 400)	( 2,363)	( 102,763)
Lease liability interest expense payments (Note)	-	-	( 62)	( 62)
Other non-cash changes	-	-	3,942	3,942
December 31	<u>\$ 350,000</u>	<u>\$ 1,960</u>	<u>\$ 3,040</u>	<u>\$ 355,000</u>

	2022			
	Short-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1	\$ -	\$ 546	\$ 2,222	\$ 2,768
Changes in cash flows of financing activities	450,000	1,814	( 2,052)	449,762
Lease liability interest expense payments (Note)	-	-	( 13)	( 13)
Other non-cash changes	-	-	1,366	1,366
December 31	<u>\$ 450,000</u>	<u>\$ 2,360</u>	<u>\$ 1,523</u>	<u>\$ 453,883</u>

Note: Cash flows of operating activities are listed.

## VII. Related Party Transactions

### (I) Name of the related party and relations

<u>Name of related party</u>	<u>Relations with the Company</u>
ZINWELL CORPORATION (H.K.) LIMITED (ZINWELL H.K.)	The Company's subsidiary
AkiraNET	The Company's subsidiary
Zinwell Electronic (Shenzhen). Co., Ltd. (Zinwell Shenzhen)	The Company's sub-subsubsidiary

#### 1. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ZINWELL H.K.	<u>\$ -</u>	<u>\$ 227,620</u>

#### 2. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ZINWELL H.K.	<u>\$ 243,100</u>	<u>\$ -</u>

#### 3. Procurement

	<u>2023</u>	<u>2022</u>
Merchandise purchases:		
ZINWELL H.K.	<u>\$ 1,345,924</u>	<u>\$ 992,072</u>

After the Company sells raw materials through ZINWELL H.K. to Zinwell Shenzhen for processing and production of finished goods, the Company buys back the finished goods through ZINWELL H.K. through the triangular trade and sells them to the Company's customers. The Company's sales of raw materials to the related party and repurchases of finished goods are priced at cost and cost plus agreed gross profit, respectively. As for the accounts receivable and payable thereof, the Company makes payments to the related party first depending on the related party' funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis. As for the amounts of said transactions with ZINWELL H.K., the sales income and purchases related to the processing of imported materials, which are double counted, are offset as per the regulations. Such amounts in 2023 and 2022 were NT\$1,627,921 and NT\$3,467,385, respectively.

#### 4. Property transactions

Financial assets acquired – participation in subscription for cash capital increase

	Account title	Number of shares traded (in thousands of shares)	Investment amount in 2023
AkiraNET	Investments accounted for using equity method	22,581	<u>\$ 225,809</u>

	Account title	Number of shares traded (in thousands of shares)	Investment amount in 2022
AkiraNET	Investments accounted for using equity method	392	<u>\$ 39,200</u>

Please refer to Notes 6 (6) and (27) for details of the Company's cash capital increase in AkiraNET.

5. Please refer to Note 13 for details of loans to related parties and endorsements/ guarantees provided to related parties.

(II) Information on remuneration to key management personnel

	2023	2022
Salaries and other short-term employee benefits	\$ 31,855	\$ 34,989
Post-employment benefits	938	899
	<u>\$ 32,793</u>	<u>\$ 35,888</u>

VIII. Assets Pledged

The details of the assets pledged by the Company as collateral are as follows:

Asset	Book value		Purpose of collateral
	December 31, 2023	December 31, 2022	
Property and plant			
- Land	\$ 370,734	\$ 78,099	Collateral for short-term borrowing facilities
- Buildings	598,105	-	Collateral for short-term borrowing facilities
Investment property			
- Land	63,369	63,369	Collateral for short-term borrowing facilities
- Buildings	66,206	70,513	Collateral for short-term borrowing facilities
Guarantee deposits paid			
- Other non-current assets			
(recognized in other non-current assets)	1,000	1,000	Security deposit for natural gas
	<u>\$ 1,099,414</u>	<u>\$ 212,981</u>	

IX. Significant Contingent Liabilities and Unrecognized Commitments

- (I) The Company signs a royalties contract with MPEG LA, LLC, InterDigital CE Patent Holdings, SAS, Dolby Laboratories Inc., and HDMI Licensing Administrator, Inc., respectively, and the Company shall pay the royalties at the price agreed in the contract.
- (II) 1. Shanghe Construction Co., Ltd. the contracted construction company of the Company's Chiayi plant, had objections to the amount for the reduction in of the door and window project and filed a lawsuit with the Taiwan New Taipei District Court in August, 2019 to claim that the Company shall make a disputed construction payment of NT\$4,625 and the interest accrued. After being tried by the court of first instance in September 2021, the court ruled that the Company shall pay NT\$4,225 and the interest accrued, and the Company has recognized litigation losses and other payables totaling NT\$4,225. The Company was not satisfied and filed an appeal. On May 18, 2023, the Supreme Court finally ruled that the Company did not need to pay the above-mentioned dispute payment, and thus offset the payable profit of NT\$4,225. Please refer to Note 6 (21) for details.
2. Shanghe Construction Co., Ltd. the contracted construction company of the Company's Chiayi plant, claimed that the negligence in many parts of the construction design drawing and the project delay have impacted its construction method and increased the project cost. It filed an appeal with the Taiwan New Taipei District Court in February 2020 that the Company shall pay an additional payment of NT\$37,626 and the interest accrued. As both parties have signed a supplementary agreement on the changes in the engineering design project during the construction period, its claim, based on the Company's assessment, is unfounded; as such the Company did not recognize relevant losses for the above-mentioned dispute. As of the date of the audit report, the court of first instance has not yet made a judgment.
- The Company will actively defend against said ongoing litigation cases. However, due to the unpredictable nature of legal cases, it is impossible to accurately estimate potential losses (if any). Although the outcome of the lawsuit is yet to be determined by the court, it has no material impact on the Company's operation, finance, and business.

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

None.

XII. Others

(I) Capital management

The objectives of the Company's capital management are to ensure that the Company can continue as a going concern, maintain the best capital structure to reduce the capital cost, and

provide dividends to shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts. The Company adjusts its loan amount due to the funds required for operation. The Company adopts the debt ratio as an indicator to monitor its capital; the ratio is calculated by dividing total debt by total capital. The total debt is the total debt presented in the parent company only balance sheet. The total capital is calculated as the “equity” as in the parent company only balance sheet plus the total debt.

The Company’s strategy in 2023 remained the same as that in 2022. As of December 31, 2023 and 2022, the Company’s debt ratio was 28% and 27%, respectively.

## (II) Financial instruments

### 1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTOCI		
Investment in designated equity instruments selected	\$ 270	\$ 204
Financial assets at amortized cost		
Cash and cash equivalents	1,407,794	550,047
Notes receivable	148	414
Accounts receivable (including related parties)	1,639,697	2,132,165
Other receivables	29,351	36,413
Guarantee deposits paid	6,771	7,635
	<u>\$ 3,084,031</u>	<u>\$ 2,726,878</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 350,000	\$ 450,000
Notes payable	93,470	84,867
Accounts payable (including related parties)	1,279,503	1,223,218
Other payables	296,685	275,539
Guarantee deposits received	1,960	2,360
	<u>\$ 2,021,618</u>	<u>\$ 2,035,984</u>
Lease liabilities	<u>\$ 3,040</u>	<u>\$ 1,523</u>

### 2. Risk management policy

- (1) The daily operations of the Company are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) Risk management is carried out by the Company’s finance department in accordance with the Company’s policy. The Company’s finance department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Company’s operating units.

### 3. The nature and level of material financial risks

#### (1) Market risk

##### Exchange rate risk

- A. The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and CNY) used by the Company. The relevant exchange rate risk arises from assets and liabilities recognized.
- B. The Company's management has formulated policies that the Company shall hedge its overall exchange rate risk through the finance department.
- C. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 68,884	30.73	\$ 2,116,805
GBP: NTD	887	39.19	34,762
EUR: NTD	250	34.03	8,508
<u>Investments accounted for     using equity method</u>			
USD: NTD	\$ 49,000	30.73	\$ 1,794,394
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 39,936	30.73	\$ 1,227,233
<u>Investments accounted for     using equity method</u>			
HKD: NTD	\$ 6,000	3.93	3,769

December 31, 2022			
	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 77,210	30.72	\$ 2,371,891
GBP: NTD	882	37.06	32,687
EUR: NTD	731	32.74	23,933
<u>Non-monetary items</u>			
USD: NTD	\$ 32	30.72	\$ 993
<u>Investments accounted for using equity method</u>			
USD: NTD	\$ 49,000	30.72	\$ 1,842,640
HKD: NTD	6,000	3.94	2,711
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 39,918	30.72	\$ 1,226,281

D. The aggregate amount of net exchange losses (including realized and unrealized) of the Company's monetary items recognized for 2023 and 2022 due to the material impact of exchange rate fluctuations was NT\$22,508 and NT\$101,255, respectively.

E. The analysis of the Company's foreign currency market risk arising from significant exchange rate fluctuations is as follows:

2023			
Sensitivity analysis			
	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 21,168	\$ -
GBP: NTD	1%	348	-
EUR: NTD	1%	85	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 12,272	\$ -

	2022		
	Sensitivity analysis		
	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 23,719	\$ -
GBP: NTD	1%	327	-
EUR: NTD	1%	239	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 12,263	\$ -

#### Price risk

The Company's equity instruments exposed to the price risk are financial assets at FVTOCI held. The Company was not exposed to major price risks.

#### Interest rate risk of cash flow and fair value

If the Company's interest rate risk comes from short-term borrowings at floating interest rates, the Company will be exposed to interest rate risk of cash flows; loans at fixed interest rates exposes the Company to the interest rate risk of fair value. In 2023 and 2022, the Company's borrowings were mainly denominated in NTD at fixed interest rates.

#### (2) Credit risk

- A. The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms.
- B. The Company has established credit risk management from the Company's perspective. In accordance with the internal credit policy, each operating entity within the Company must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors.
- C. The Company adopts IFRS 9 to set the premise and assumption that when a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.
- D. Based on the Company's historical experience in payment collection, when a

contract payment is overdue for more than 181 days, it is deemed to have been in default.

- E. After the recourse procedures, the Company writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to carry out legal recourse procedures to preserve the creditor's rights. The Company has provided an allowance for all losses, and such overdue payments with recourse activities going on amounted to NT\$214,775 on both December 31, 2023 and 2022.
- F. The Company has included forward-looking considerations for the future and adjusted the loss rate established based on historical and current information in a specific period so as to estimate the allowances for losses on accounts receivable. The provision matrix as of December 31, 2023 and 2022 is as follows:

	Not past due	Past due for 1– 90 days	Past due for 91–180 days	Past due for 181 day or more	Total
<u>December 31, 2023</u>					
Expected loss ratio	0.29%	1.43%	50.33%	100%	
Total carrying amount	<u>\$ 1,334,139</u>	<u>\$ 313,276</u>	<u>\$ 1,198</u>	<u>\$ 16,058</u>	<u>\$ 1,664,671</u>
Allowance for losses	<u>\$ 3,833</u>	<u>\$ 4,480</u>	<u>\$ 603</u>	<u>\$ 16,058</u>	<u>\$ 24,974</u>
<u>December 31, 2022</u>					
Expected loss ratio	0.09%	0.86%	29.42%	100%	
Total carrying amount	<u>\$ 1,462,929</u>	<u>\$ 445,840</u>	<u>\$ 1,261</u>	<u>\$ -</u>	<u>\$ 1,910,030</u>
Allowance for losses	<u>\$ 1,284</u>	<u>\$ 3,830</u>	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 5,485</u>

- G. The Company's simplified method for changes in the allowances for losses for accounts receivable and overdue payments is as follows:

	2023		
	Accounts receivable	Other non-current assets – others	Total
January 1	\$ 5,485	\$ 214,775	\$ 220,260
Impairment loss	19,489	-	19,489
December 31	<u>\$ 24,974</u>	<u>\$ 214,775</u>	<u>\$ 239,749</u>
	2022		
	Accounts receivable	Other non-current assets – others	Total
January 1	\$ 17,425	\$ 214,775	\$ 232,200
Reversal of impairment loss	( 11,940)	-	( 11,940)
December 31	<u>\$ 5,485</u>	<u>\$ 214,775</u>	<u>\$ 220,260</u>

### (3) Liquidity risk

- A. The cash flow forecast is executed by each operating entity in the Company and is compiled by the Company's finance department. The Company's finance department monitors the forecast for the Company's liquidity requirements to ensure that it has sufficient funds to meet operational needs and maintains sufficient available credit lines at all times so that the Company does not violate the relevant borrowing limits or terms.
- B. The remaining cash held by each operating entity will be transferred back to the Company's finance department when it exceeds the amount of working capital needed. The Company's finance department invests the remaining funds in interest-bearing demand deposits and time deposits. There is an appropriate maturity date or sufficient liquidity for the instruments selected by it so as to respond to the forecast above and to provide adequate liquidity.
- C. The details of the Company's unused borrowing facilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating interest rate		
Due within one year	<u>\$ 1,637,400</u>	<u>\$ 1,757,299</u>

- D. The Company's non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. Except as stated in the table below, the undiscounted contractual cash flow of the Company's non-derivative financial liabilities is approximately equal to the book value thereof and is due within one year in the future. The remaining undiscounted cash flow:

December 31, 2023	<u>Less than 1 year</u>	<u>1–2 years</u>	<u>2–5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 350,650	\$ -	\$ -	\$ -	\$ 350,650
Lease liabilities	2,437	636	-	-	3,073
December 31, 2022	<u>Less than 1 year</u>	<u>1–2 years</u>	<u>2–5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 452,552	\$ -	\$ -	\$ -	\$ 452,552
Lease liabilities	778	459	306	-	1,543

The Company does not expect that the cash flow in the maturity date analysis will occur significantly earlier or that the actual amount will be significantly different.

(III) Fair value information

1. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to 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.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs for assets or liabilities. The Company's equity instrument investments without active markets belong to this level.

2. For information on the fair value of investment property measured at cost, please refer to Note 6 (9).

3. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related party), other receivables, other financial assets, guarantee deposits paid, notes payable, accounts payable, other payables, and guarantee deposits received) are reasonable approximations of the fair values.

4. Financial and non-financial instruments measured at fair value are classified by the Company based on the nature, characteristics, risk, and the level of fair value of assets. The relevant information is as follows:

- (1) The Company's classification is based on the nature of assets. The relevant information is as follows:

December 31, 2023	Level 1	Level 3	Total
<u>Fair value on a recurring basis</u>			
Financial assets at FVTOCI			
Equity securities	\$ 270	\$ -	\$ 270
December 31, 2022	Level 1	Level 3	Total
<u>Fair value on a recurring basis</u>			
Financial assets at FVTOCI			
Equity securities	\$ 204	\$ -	\$ 204

- (2) The methods and assumptions used by the Company to measure fair value are as follows:

- A. Where the Company uses market quoted prices as the fair value input (i.e. Level 1), the tools are classified based on the characteristics as follows:

Quoted prices in the market	<u>TWSE-listed stocks</u> Closing prices
-----------------------------	---

- B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the parent company only balance sheet date (e.g. the yield curve published by Taipei Exchange and the average quoted price of Reuters commercial paper benchmark).
  - C. The output of the valuation model is the estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments held by the Company. Therefore, the estimated value of the valuation models will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model, management policies, and relevant control procedures, management believes that valuation adjustments are appropriate and necessary to properly express the fair value of financial and non-financial instruments in the parent company only balance sheet. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted according to current market conditions.
  - D. The Company has included credit risk valuation adjustments in the calculation of the fair value of financial instruments to reflect a counterparty's credit risk and the Company's credit quality, respectively.
5. There were no transfers between Level 1 and Level 2 in 2023 and 2022.
  6. There are no changes in Level 3 in 2023 and 2022
  7. There was no transfer to or out of Level 3 in 2023 and 2022.
  8. In the Company's valuation process for fair value classified as Level 3, the finance department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly updating the inputs, data, and other necessary fair value adjustments to ensure that the valuation results are reasonable.
  9. The valuation model was adopted by the Company after careful evaluation, but using different valuation models may result in different valuation results.

### XIII. Additional Disclosures

#### (I) Information on significant transactions

1. Loans to others: Table 1.
2. Endorsements/guarantees provided to others: Table 2.
3. Securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Table 3.
4. Securities acquired or sold amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
9. Trading in derivative instruments: None.
10. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Table 6.

#### (II) Information on investees

Information on name and location of investees (excluding investees in mainland China): Table 7.

#### (III) Information on investments in mainland China

1. Basic information: Table 8.
2. Significant transactions with investees in mainland China, either directly or indirectly, through a business in a third region: Tables 1, 4, 5, and 6.

#### (IV) Information on major shareholders

The Company does not have a single shareholder holding 5% or more of the Company's shares.

### XIV. Information on Segments

Not applicable.

Zinwell Corporation  
Loan to Others  
January 1 to December 31, 2023

Table 1

Unit: NT\$ thousand  
(except otherwise specified)

No. (Note 1)	Lender	Borrower	Account title	Related party status	Highest balance in this period	Ending balance	Amount drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for short-term financing	Allowance for bad debts	Collateral		Maximum amount for each borrower (Note 2)	Aggregate maximum amount (Note 2)	Remarks
1	Zinwell Holding (Samoa) Corporation	Zinwell Electronic (Shenzhen). Co., Ltd.	Other receivables	Yes	\$ 337,975	\$ 337,975	\$ 337,975	3%–5%	The need for short-term financing	\$ -	To improve working capital turnover	\$ -	-	-	\$ 1,794,394	\$ 5,383,182	

Note I: The description of the No. column is as follows:

1. The issuer is coded "0."
2. The investees are coded sequentially beginning from "1" one after another.

Note II: As per the Company's External Party Lending Procedures, the total amount of loans to others due to the need for short-term financing shall not exceed 40% of the Company's net worth, and the cumulative amount of loans to individual parties shall not exceed 20% of the Company's net worth.  
The limit on the loans by each subsidiary to individual parties shall not exceed 100% of the lender's net worth, and the total loans provided is limited to 300% of the lender's net worth.

Zinwell Corporation  
Endorsements Provided to Others  
January 1 to December 31, 2023

Table 2

Unit: NT\$ thousand  
(except otherwise specified)

No. (Note 1)	Company providing endorsement/guarantee	Party endorsed/guaranteed		Maximum amount of endorsement/guarantee for a single enterprise (Note 3)	Maximum balance of endorsements/guarantees in this period	Ending balance of endorsements/guarantees provided	Amount drawn	Amount of endorsements/ guarantees with assets pledged	Ratio of cumulative endorsements/guarantees to net worth as in the latest financial statements	Upper limit on endorsements/guarantees (Note 3)	Parent company to subsidiary	Subsidiary to parent company	To entity in mainland China	Remarks
		Name of company	Relations											
0	Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Note 2	\$ 607,574	\$ 232,118	\$ 100,000	\$ 6,360	-	2%	\$ 3,037,869	Y	N	N	
0	Zinwell Corporation	Zinwell Holding (Samoa) Corporation	Note 2	607,574	553,338	353,625	-	-	6%	3,037,869	Y	N	N	

Note I: The description of the No. column is as follows:

1. The issuer is coded "0."
2. The investees are coded sequentially beginning from "1" one after another.

Note II: A subsidiary in which more than 50% of its ordinary shares are held directly.

Note III: As per the Company's Operating Procedures for Endorsements and Guarantees, the total amount of the Company's endorsements/guarantees provided shall not exceed 50% of the Company's net worth. The limit on endorsements/guarantees provided to a single enterprise shall not exceed 20% of the total amount of the Company's endorsements/guarantees provided.

Zinwell Corporation  
Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)  
December 31, 2023

Table 3

Unit: NT\$ thousand  
(except otherwise specified)

Holder	Types and names of securities	Relations with the securities issuer	Account title	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding	Fair value	
Zinwell Corporation	TWSE-listed stocks							
"	Transcom, Inc.	None	Investments in equity instruments at fair value through other comprehensive income – non-current	1,614	\$ 270	-	\$ 270	
	Unlisted stocks							
"	Winds Four	"	"	14	-	18.92	-	
"	Essence Technology Solution, Inc.	"	"	29,785	-	1.10	-	

Zinwell Corporation  
Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
January 1 to December 31, 2023

Table 4

Unit: NT\$ thousand  
(except otherwise specified)

			Transaction details		transaction terms are different from general ones		Notes/Accounts receivable (payable)				
Supplier/Client	Name of transaction counterparty	Relations	Purchase/Sale	Amount (Note)	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes/accounts receivable (payable)	Remarks
Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Subsidiary	Purchase	\$ 1,345,924	31	Receipts/payments on a monthly basis based on the net amount after credits and debts are offset	Not applicable	Not applicable	(\$ 243,100)	(18)	Note 1
Zinwell Corporation (H.K.) Limited	Zinwell Corporation	Parent company	Sale	( 1,345,924)	(100)	"	"	"	243,100	100	"
"	Zinwell Electronic (Shenzhen). Co.	Associate	Purchase	940,852	70	"	"	"	( 168,429)	(70)	Note 2
Zinwell Electronic (Shenzhen). Co., Ltd.	Zinwell Corporation (H.K.)	Associate	Sale	( 940,852)	(100)	"	"	"	168,429	100	"

Note I: The above purchase and sale transaction amounts are the amounts net of repeated purchases and sales. Regarding the accounts receivable and payable arising from purchases and sales, the Company pays for the supplies to the related party first depending on the related party's funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis.

Note II: The repeated purchases amounted to NT\$1,627,921 in the current period. Due to the capital position of the related parties, as of December 31, 2023, ZINWELL CORPORATION (HK) LIMITED had an outstanding payment of NT\$168,429 to Zinwell Electronic (Shenzhen). Co., Ltd.

Zinwell Corporation  
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
December 31, 2023

Table 5

Unit: NT\$ thousand  
(except otherwise specified)

Company under accounts receivable	Name of transaction counterparty	Relations	Balance of accounts receivable from related parties	Turnover rate (Note 1)	Overdue receivables from related parties		Amount of payment recovered from related party after balance sheet date (Note 2)	Allowance for bad debt
					Amount	Response method		
Zinwell Corporation (H.K.) Limited	Zinwell Corporation	Parent company	\$ 243,100	-	\$ -	-	\$ 183,792	\$ -
Zinwell Electronic (Shenzhen). Co., Ltd.	Zinwell Corporation (H.K.) Limited	Associate	168,429	-	-	-	60,284	-
Zinwell Holding (Samoa) Corporation	Zinwell Electronic (Shenzhen). Co., Ltd.	Subsidiary	337,975	-	-	-	-	-

Note I: Receipts/payments based on the net amount after credits and debts are offset.

Note II: It is the information as of February 27, 2024.

Zinwell Corporation  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
January 1 to December 31, 2023

Table 6

Unit: NT\$ thousand  
(except otherwise specified)

No. (Note 1)	Company name	Counterparty	Relations (Note 2)	Account	Amount	Transaction		As a percentage of consolidated total operating revenues or total assets
						terms		
0	Zinwell Corporation	Zinwell Corporation (H.K.) Limited	1	Accounts Payable	\$ 243,100	Note 3		3%
0	"	"	1	Purchases	1,345,924	"		23%
1	Zinwell Corporation (H.K.) Limited	Zinwell Electronic (Shenzhen). Co., Ltd.	3	Accounts Payable	168,429	"		2%
1	"	"	3	Purchases	940,852	"		16%
2	Zinwell Holding (Samoa) Corporation	"	3	Other receivables	337,975	-		4%
2	"	"	3	Interest income	5,367	-		-

Note I: 1. Parent company is coded "0."

2. The subsidiaries are coded sequentially beginning from "1" one after another.

Note II: 1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

4. Parent company to sub-subsidiary.

5. Sub-subsidiary to parent company.

Note III: The Company pays for the supplies to the related party first depending on the related party's funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis.

Zinwell Corporation  
Information on Name and Location of Investees (Excluding Investees in Mainland China)  
January 1 to December 31, 2023

Table 7

Unit: NT\$ thousand  
(except otherwise specified)

Name of investor	Name of investee	Location	Principal business	Initial investment amount		Held at the end of period			Net profit (loss) on investee in this period	Investment income (loss) recognized for this period	Remarks
				End of this period	End of last year	Number of shares	Percentage	Carrying amount			
Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Hong Kong	General investment	\$ 23,592	\$ 23,592	6,000,000	100.00	(\$ 3,769)	(\$ 121)	(\$ 121)	Subsidiary
Zinwell Corporation	Zinwell Holding (Samoa) Corporation	Independent State of Samoa	General reinvestment	1,505,525	1,505,525	49,000,000	100.00	1,794,394	( 21,832)	( 21,832)	Subsidiary
Zinwell Corporation	AkiraNET	Taiwan	Information software service	543,709	317,900	54,370,924	54.40	251,748	( 454,736)	( 239,552)	Subsidiary
Zinwell Corporation	Urmap Inc.	Cayman Islands	Information software and electronic information supply service	22,000	22,000	666,280	28.07	-	-	-	Investee measured using the equity method (Note 1)
Zinwell Corporation	Itas Technology Corp.	Taiwan	Other telecommunication	61,367	61,367	762,250	38.11	-	-	-	Investee measured using the equity method (Note 2)

Note I: Urmap Inc. has ceased its operations.

Note II: The shareholders' meeting passed a resolution to dissolve Itas Technology Corp. on April 22, 2019. As of the audit reporting date, the registration of the liquidation has not yet been completed.

Zinwell Corporation  
Information on Investments in Mainland China-Basic Information  
January 1 to December 31, 2023

Table 8

Unit: NT\$ thousand  
(except otherwise specified)

Investee	Principal business	Paid-in capital	Investment method (Note 1)	Cumulative amount of remittance from Taiwan to mainland China at the beginning of this period	Amount remitted from Taiwan to mainland China/Amount repatriated back to Taiwan during Outward remittance	Repatriation	Cumulative amount of remittance from Taiwan to mainland China at the end of this period	Net profit (loss) on investee in this period	Shareholding of the Company (direct or indirect)	Investment income (loss) recognized for this period (Note 2)	Carrying amount of investments at the end of the period	Cumulative amount of investment income repatriated to Taiwan as of the current period	Remarks
Zinwell Electronic (Shenzhen). Co., Ltd.	Production and sales of supporting devices for digital cable television systems, low-noise block downconverters, digital set-top boxes, wireless network communication supporting equipment, supporting equipment for satellite TV ground reception, digital satellite TV set-top boxes, and high-frequency transmitters	\$ 1,219,783	1	\$ 1,219,783	\$ -	\$ -	1,219,783	(\$ 31,748)	100	(\$ 31,748)	\$ 1,388,984	\$ -	Note 2
Zinwell Communications Corporation	Various electronic signal receivers, amplifiers, and user front-end processors for distribution	15,736	2	15,736	-	-	15,736	-	100	-	-	-	Note 3
Shanghai Broadband Digital Technology Co., Ltd.	Production and sales of digital TV set- top boxes	37,110	3	-	-	-	-	-	40	-	-	-	Note 3

Note I: Description of code of investment method:

1. Established Zinwell Holding (Samoa) Corporation in a third region to invest in companies in mainland China.
2. Established Zinwell Corporation (HK.) Limited in a third region to invest in companies in mainland China.
3. Invested HKD 3,775 thousand through a loan taken out by Zinwell Corporation (HK.) Limited.

Note II: The investment gains or losses on Zinwell Electronic (Shenzhen). Co., Ltd. are recognized based on the financial statements audited by the CPAs appointed by the parent company in Taiwan.

Note III: The investee has currently ceased operations.

Name of company	Cumulative amount of remittance from Taiwan to mainland China, end of current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	
		Limit on investments in mainland China imposed by the Investment Commission of MOEA	
Zinwell Corporation	\$ 1,235,519	\$ 1,258,245	\$ 3,772,057

**VI. The Company and its affiliated enterprises in the latest fiscal year and as of the publication date of the annual report, in case of a problem in insolvency, the impact of such financial condition should be expressly enumerated: Nil.**

**Seven. Reexamination into the financial conditions and financial performance (result of business operation) and risks issues**

**I. Financial conditions**

Table of financial condition comparative analyses

Expressed in thousand NT dollars

Item \ Year	2022	2023	Discrepancy	
			Amount	%
Current assets	5,612,963	5,558,399	(54,564)	(0.97)
Real property, plants & equipment	2,665,723	2,472,874	(192,849)	(7.23)
Intangible assets	379,983	124,110	(255,873)	(67.34)
Other assets	562,325	497,814	(64,511)	(11.47)
<b>Total assets</b>	9,220,994	8,653,197	(567,797)	(6.16)
Current liabilities	2,568,048	2,228,886	(339,162)	(13.21)
Non-current liabilities	158,462	137,548	(20,914)	(13.20)
<b>Total liabilities</b>	2,726,510	2,366,434	(360,076)	(13.21)
<b>The proprietor equity attributed to the parent company</b>	6,191,634	6,075,739	(115,895)	(1.87)
Share capital	3,176,890	3,176,890	0	0.00
Capital reserve	562,860	549,692	(13,168)	(2.34)
Retained earnings	2,585,040	2,508,661	(76,379)	(2.95)
Other equity	(133,156)	(159,504)	(26,348)	19.79
Non-controlled equity	302,850	211,024	(91,826)	(30.32)
<b>Total shareholders' equity</b>	6,494,484	6,286,763	(207,721)	(3.20)

Note: If the ratio of increase or decrease reaches 20%, and the amount exceeds NT\$10,000,000 dollars, it shall be analyzed and explained.

(1) Decrease in intangible assets: Due to that the chip development project of the subsidiary AkiraNET was not verified as expected, so impairment on intangible assets was recognized.

(2) Decrease in non-controlling interests: Due to the successive loss of the subsidiary AkiraNET.

## II. Comparative analysis table of the financial performance (result of business operation)

Expressed in Thousand NT Dollars

Item \ Year	2022	2023	Increase (decrease) amount	Percentage of changes
Net Operating Revenue	6,582,035	5,816,835	(765,200)	(11.63)
Operating costs	(6,085,024)	(5,236,211)	848,813	(13.95)
Gross profit	497,011	580,624	83,613	16.82
Operating expenses	(751,378)	(729,767)	21,611	(2.88)
Operating loss	(254,367)	(149,143)	105,224	(41.37)
Non-operating income and expenses	232,145	(120,235)	(352,380)	(151.79)
(Net loss) before tax	(22,222)	(269,378)	(247,156)	1,112.21
Income tax (expense) benefit	(45,139)	(17,937)	27,202	(60.26)
(Net loss) this term	(67,361)	(287,315)	(219,954)	326.53
Other comprehensive profit and/or loss	30,838	(30,597)	(61,435)	(199.22)
Total other comprehensive (loss) this term	(36,523)	(317,912)	(281,389)	770.44
(Net loss) attributed to the parent company's proprietor	383	(72,130)	(72,513)	(18,932.90)
(Net loss) attributed to non-controlled equity	(67,744)	(215,185)	(147,441)	217.64
Total comprehensive profit and/or loss attributed to the parent company's proprietor	31,221	(102,727)	(133,948)	(429.03)
Total comprehensive profit and/or loss attributed to non-controlled equity	(67,744)	(215,185)	(147,441)	217.64
Earnings per share	0.00	(0.23)	(0.23)	(18,933)

(EPS)(NT\$)				
<p>1. Analysis and explanation of the change in the increase and decrease ratio in the last two years (change ratio reaches 20%):</p> <ul style="list-style-type: none"> <li>(1) Decrease in operating loss: Mainly due to the difference in product mix sold and appreciation of the US dollar resulting in the increase in gross profit and the decrease in operating expenses from the previous year.</li> <li>(2) Decreases in non-operating income and expenses: Mainly due to the impairment on intangible assets recognized this year.</li> <li>(3) Increases in (net loss) before tax: Mainly due to the increase in non-operating expenses.</li> <li>(4) Decrease in income tax: Due to the increase in deferred income tax assets and the decrease in deferred income tax liabilities.</li> <li>(5) Less net loss before tax, decrease in net loss for the period, increase in other comprehensive income, decrease in total other comprehensive (loss) for the period, and increases in net (loss) attributable to owners of parent, net (loss) attributable to non-controlling interests, total comprehensive income attributable to owners of parent, total comprehensive income attributable to non-controlling interests and earnings per share: All were due to the increase in non-operating expenses from the previous year.</li> </ul> <p>2. Reason(s) of any change of the Company's primary business (e.g. changes arising from the adjustment of sale prices or costs, increase or decrease in product mix and production volume or renewal of depreciated products). If there is any existing or anticipated substantial changes of its operational policy, market condition, economic environment or other internal or external factors, the potential effect on the Company's future financial performance of said changes and action to be taken: none.</p> <p>3. Anticipated sales volume for the coming year and its basis, and the main factor leading to the Company's forecast of continuous sales growth or decline: Although the global economy is still hindered by uncertainties such as the effect of monetary tightening, the gradually normalized inventory levels of European and US customers are expected to drive restocking and sales. In addition, the AI wave also fuels the demand for network and communication products such as high-end switches and forms a favorable environment for the sales of network communication products. The Company shall strive to develop and add value to products and continuously collaborate with operators for developing new products while coping with favorable and unfavorable factors of external market.</p>				

### III. Cash flow

(I) Analysis into the liquidity over the past two years:

Item \ Year	2022	2023	Rate of change
Cash flow ratio	(28.81)%	60.73%	(310.79)%
Cash flow appropriate ratio	(17.56)%	42.43%	(341.63)%
Cash reinvestment ratio	(8.84)%	16.20%	(283.26)%
Analytical explanation on the changes in the increase/decrease ratios Increases in cash flow adequacy ratio and cash reinvestment ratio: Mainly due to the collection of accounts receivable resulting in the net cash inflow from operating activities.			

(II) Analysis into cash liquidity in one year ahead:

Expressed in Thousand NT Dollars

Beginning cash balance (1)	Cash flow in operating activities anticipated for the entire year (2)	Cash outflow anticipated in the entire year (3)	Anticipated cash surplus (shortage) (1) + (2) - (3)	Anticipated countermeasures toward the cash shortfall	
				Investment plans	Wealth management plans
1,407,794	1,000,000	450,000	1,957,794	—	—
1. Analysis into changes in cash flow in the one year ahead: (1) Operating activities: Although the global economy is still hindered by uncertainties such as the effect of monetary tightening, with the gradually normalized inventory levels of European and US customers and the AI wave, the operating revenue and gross profit of 2024 will remain stable, and the business is expected to perform normally. (2) Investing and financing activities: Mainly due to the acquisition of machinery and equipment for operational needs resulting in the net cash outflow. 2. The remedial measures toward anticipated cash inadequacy and the analyses into the liquidity: The cash balance and bank credit facilities are sufficient to support the Company's operation, and the indicators such as current ratio and quick ratio remain sound.					

### IV. The significant capital expenditure in the recent year and its impact upon the finance and business operation:

(I) Fact about utilization of major capital expenditures and the source of the fund so required: In 2016 the Company used its own funds to purchase Class A industrial land in 3,441.24 ping at Chia Tai Industrial Zone to erect Chia Tai Plant for which the Company already obtained factory registration certificate in the first quarter, Year 2019. In the 4th quarter of 2019, the Company erected Hsinchu Plant No. 2 with its own land through an outsourcee. In 2021, the Group, through its consolidated entity AkiraNET Company, entered into the software and chip development and IP license agreement with the US company Coherent with a total contract value of US\$21,514 thousand. For the best result of this R&D project, both parties agreed to amend the content of agreement on October 6,

2022, where the amended contract has a total value of US\$13,953 thousand. The advanced payment for intellectual property rights in the amount of US\$3,579 thousand as the original down payment has been taken back accordingly. In addition, due to the semiconductor supply chain interruption arising from the pandemic, the raw materials planned to be used in the technology in research ran short; therefore, in order to control the development costs and avoid any postponement of the R&D project, the chip development of this project has been re-assigned to Socionext Inc. Socionext Inc. thus carried out the front-end design, back-end specification design and improvement, packaging and testing of the designated chips according to the contract, which amounted to US\$10,570 thousand. In 2023, the chip development project of the subsidiary included in the consolidated financial statements AkiraNET was not verified as expected, so the impairment on prepaid technology development fee and intellectual property was recognized. As of December 31, 2023, the prepaid technology development fees and intellectual property royalty totaled NT\$37,686 thousand and NT\$111,639 thousand, respectively.

(II) The effort to procure additional machines and research & development equipment which would believe to yield such benefits:

During 2023, the Company did not launch purchase of major machine and research & development equipment. This part is not applicable. Prepaid technology development fee The purpose is to lay out future product specifications and increase the competitiveness of the Group's products.

#### **V. The reinvestment policy in the latest year, the major reasons behind the profit loss and the countermeasures plans and the investment plan in the upcoming year ahead:**

(I) Reinvestment policies

Here at the Company, we launch reinvestment in response to demand for business operation given account of the future development.

For the reinvestment, we have conducted prudential evaluation on the venues, organization type, shareholding ratio, financial conditions and the like,

and take the outcome as the very grounds for policymaking process. Toward the reinvested undertakings, we firmly dominate the business performance, financial conditions to analyze into the result of investment,

to facilitate the management authority to conduct follow-up evaluation so as to demonstrate the maximum possible concerted performance (synergy).

(II) The major reasons behind the profit or loss for the reinvestment launched in the latest year and the corrective action plans

The company's reinvestment information in 2023, including investment losses recognized by equity method evaluation in NT\$261,505,000. The reinvested company "AkiraNET Company" is still in the product research and development stage and has no revenue yet.

(III) Future investment programs: Primarily to expand the base business-related investment, focusing on the principal business development so as to boost the overall performance.

#### **VI. Risk facts and evaluation**

(I) The impact brought by interest rates, exchange rates, inflation upon the Company's profit and/or loss in the latest year and the future countermeasures:

1. Please explain the impact from foreign exchange profit and/or loss and interest revenues and expenditures upon the Company's profit and/or loss over the past

two years, and the Interest revenues and expenditures over the past two years as enumerated below:

Expressed in Thousand NT Dollars		
Item	2023	2022
Profit and/or loss in foreign exchange, net amount(A)	29,847	104,322
Interest revenues and expenditures, net amount (B)	25,437	11,582
Operating revenues, net amount (C)	5,816,835	6,582,035
Operating loss, net amount (D)	(149,143)	(254,367)
The percentage of net profit and/or loss in foreign exchange to the net amount of net operating revenues A/C	0.51%	1.58%
The percentage of profit and/or loss in foreign exchange to the net amount operating benefit A/D	(20.01%)	(41.01%)
The percentage of interest revenues and expenditures to the net amount of operating revenues B/C	0.44%	0.18%
The percentage of interest revenues and expenditures to the net amount of operating interest B/D	(17.06%)	(4.55%)

2. The Company's effort toward the impact to be brought by change in exchange rate, interest rate, inflation upon the Company's profit and/or loss, and the Company's countermeasures:

The change in exchange rate, interest rate, inflation shall form an impact upon the Company's profit and/or loss. The inflation might lead to an increase in costs and expenses. Fluctuations in interest rate would affect the Company's interest income. In the aspect of exchange rates, where the Company revenues are largely denominated in U.S. dollars, the appreciation and depreciation of exchange rate would largely affect the Company's profit and/or loss in foreign exchange and equally affected the Company's profitability. Here at the Company, we, therefore, adopt a natural hedging mode to have the net foreign currency position down to the lowest possible level so as to minimize the potential impact in changes in the exchange rates upon the Company's profit and/or loss. Besides this, the Company's Department of Finance, as well, tries to collect the updates regarding exchange rate, interest rate, inflation in real time to firmly dominate the up-to-date trend of the changes in economic data and, in turn, work out the most appropriate countermeasures.

- (II) In the most recent year while the Company engaged in highly risky, high leverage

investment, loaning fund to others, endorsements/guarantees and derivative financial instruments, such policies, profitability or loss, the major reasons behind and the countermeasures to be taken in the future.

As of the publication date of the annual report, the Company had not engaged in highly risky, high leverage investment, loaning fund to others. We granted endorsements/guarantees only toward our own subsidiaries and engaged in derivative financial instruments only for hedging purposes. Besides this, we have duly enacted “Procedures for Loaning of Funds to Others,” “Procedures for Endorsements/Guarantees,” “Procedures for the Acquisition or Disposal of Assets” and “Transactions in Derivative Financial Instruments” which have been officially resolved in the shareholders’ meeting. Whenever we engage in relevant business operation in the future, we shall faithfully comply with the relevant provisions.

(III) The future research & development plans and the research & development-oriented costs the Company is to budget for:

1. The future research & development plans:

- (1) Here at the Company, we adequately dominate customer needs and put forth maximum possible efforts to satisfy their needs. The long-term cultivated research & development experts in the Company would continually launch deep cultivation into the mainstream research & development technology & know-how.
- (2) Closely in coordination with the industry characteristics, we integrate into the highest possible competitive edge. We further vigorously boost highly added values to have our products taking the lead the entire industry.
- (3) We engage in research & development toward high-definition digital satellite and terrestrial broadcasting television receivers, storage and playback systems in possession of the hard disk recording and playback and wireless distribution functions. They further can be used as a center for other home audio-visual equipment.
- (4) Continually as always, we bring in and cultivate high level research & development experts to further solidify our strength so as to further effectively dominate technology & know-how and opportunities in the markets.
- (5) We team up with research & development know-how-oriented suppliers into strategic alliance to guide their research & development power into development of new technology & know-how. In turn, our Company has virtually minimized research & development costs and risks.
- (6) By all available means we closely and firmly dominate the trend of product development so that our products and services are highly competitive amidst fierce competitions and consistent with market demands. In turn, we enjoy the benefits of volume production and advanced research & development fruits.

2. The research & development costs scheduled to be invested: In Year 2023, the total research & development costs invested in the Company accounted for 6.66% of the total operating revenues. In the present year, we shall continually invest huge amount of workforce and funds into research & development. In 2024, the total research & development cost we invest shall account for approximately 5–6% of the total operating revenues.

(IV) The impact incurred by the changes in major policies at home and abroad, changes in laws in most recent year upon the Company’s financial standing and the Company’s countermeasures:

Toward the changes in major policies at home and abroad, changes in laws in most recent year, we have worked out and adopted countermeasures as appropriate. That means such changes in major policies at home and abroad are not supposed to bring any significant impact upon our business performance. In the days and years ahead, we shall closely watch relevant information and work out sound countermeasures in due time to satisfy the requirements of the Company's business operation.

- (V) The impact of recent annual technological changes (including information security risks) and industry changes on the company's financial business and countermeasures:

Where the technology industry is advancing with each passing day and the changes in the industry and the development of technology will have a certain degree of impact upon the members of our industry. Once our Company fails to cope with the changes in technology or the industry, we shall in real time adjust our strategies or launch products that are competitive enough to meet market needs. These factors might adversely affect the Company's financial standings. To prevent such changes in industry and technology from adversely affecting our Company, the entire staff of the Company would pay close attention to various changes in industry and technology in real time and would evaluate the possible impact from each change. In turn we shall propose effective response strategies and develop products that satisfy market needs to promptly launch competitive products, maintain and enhance the Company's dominating competitive advantage. Countermeasures: The company formulates internal information security policies, plans and implements information security protection and information security policy promotion and implementation. In order to prevent information security threats, the company's information department builds an information security protection system to improve the overall information environment. In terms of security, information security education, training and publicity are carried out from time to time, so as to improve the information security knowledge and professional skills of the company's colleagues.

- (VI) The impact incurred by the changes in corporate image in the most recent year upon the Company's corporate risk management and the Company's countermeasures:

As always, we firmly uphold our corporate image through good faith management policy without any intent to strive for unlawful interest at all. In both corporate culture and internal control system, we absolutely insist such key and decent corporate principles.

- (VII) As of the publication date of the annual report, our Company had no plans at all for corporate mergers and acquisitions:

As of the publication date of the annual report, our Company had no plans at all for corporate mergers and acquisitions.

- (VIII) Expected benefits, potential risks and countermeasures of plant expansion: N/A.

- (IX) Potential risks to be faced from centralized purchase or sales and the corresponding

countermeasures:

The Company's top five purchasers accounted for about 45% of the Company's total purchases; the largest sales customer accounted for 53% of the Company's net amount of business operation.

(1) The potential risk of customer concentration might be an event where the Company faces a single customer's order default or order reduction that should have a huge impact on the Company's performance.

(2) Our Company's countermeasures are to try to boost products' competitive edge and scatter the markets for our sales.

(X) The potential risks upon the Company in the event where the directors and supervisors or key shareholders holding over 10% of shareholding each launch huge transfer or replacement and the Company's countermeasures:

As of the publication date of the annual report, there had been no directors and supervisors or key shareholders holding over 10% of shareholding each launching huge transfer or replacement.

(XI) The potential impact and risks upon the Company in the event of changes in the managerial powers and the Company's countermeasures:

In the latest fiscal year and as of the publication date of the annual report, the Company has not undergone a change in managerial power.

(XII) Litigious & non-litigious affairs:

(1) The Company's litigious & non-litigious affairs or administrative disputes with final and irrevocable court judgment or remaining outstanding in the latest fiscal year and as of the publication date of the annual report:

1. Shanghe Construction Co., Ltd., the contractor builder of the company's Chiayi plant, has There is an objection to the reduction of the amount, and in August 2019, it filed a petition with the New Taipei District Court that the company should pay the disputed construction fee of NT\$4,625,000 and its interest. After being heard by the court of first instance in September 2021, it was judged that the company should pay NT\$4,225,000 and its interest. The company has already accrued litigation losses and other payables totaling NT\$4,225,000. The Company appealed against the judgment. On May 18, 2023, the Supreme Court decided that the Company was not required to pay the above-mentioned dispute payment, and thus the payables were written off with profits of NT\$4,225,000.

2. Shanghe Construction Co., Ltd., the contractor builder of the company's Chiayi plant, claims that the construction design drawings have Negligence and extension of the construction period, which affect the way of construction and increase the cost of the project, in February 2020 Monthly appealed to the New Taipei District Court that the company should repay the above-mentioned construction dispute amount of NT\$37,626,000 and its Interest. The first instance

has not yet decided. Because the two parties have signed the engineering change design project during the construction period The supplementary agreement is based on the company's assessment that its claim is unfounded and has appointed a lawyer to apply to the court The above-mentioned claims were rejected, resulting in no provision for relevant losses for the above-mentioned disputes.

The company will actively defend the aforementioned litigation cases that are still in progress, but due to the unpredictability of legal cases It is impossible to accurately estimate the possible loss (if any) at present. Although the outcome of the lawsuit is pending However, there is no material impact on the operation, finance and business of the Company.

- (2) The Company's litigious & non-litigious affairs or administrative disputes with final and irrevocable court judgment or remaining outstanding implicating the Company's directors and supervisors, general manager, substantial responsible person, key shareholder(s) holding over 10% in shareholding in the past two years and as of the publication date of the annual report: None.

(XIII) Other significant risks and countermeasures: None.

## **VII. Other significant issues worth mentioning:**

Organization chart in risk management:

Here at the Company, the risk management toward various business operation has been duly assigned onto respective managerial units based on attribute of business operation. Further the Audit Office, based on the characteristics of risks, work out annual audit plans. Those risk management units assume the following powers and responsibilities:

1. Managerial Analysis Audit Office:  
Assume the responsibility to update and implement the internal control system so as to strengthen the functions of internal control system, assure the continued validity, accomplish the reliability of financial statements, effect of business operation and faithful compliance with laws and ordinances concerned.
2. Department of Finance assumes the responsibility for financial dispatch, control over exchange rate related risks, set up sound mechanism to hedge risks to minimize potential financial risks.
3. The Product Division and Business Division assume the responsibility for marketing strategies, product promotion to firmly dominate trends in the markets to defuse potential risks in business operation.
4. The Research & Development Division controls research & development related resources, boost the research & development result, enhance technology & know-how and minimize risks linked up with product development.
5. The Manufacturing Division assumes the responsibility to maximize production efficiency,

improve the yield to effectively dominate production cost and minimize potential risks in manufacture.

6. Information (MIS) Office

- A. It assumes the responsibility for planning and management of software & hardware for computer systems.
- B. Assume the responsibility for network information security control and protective measures to minimize potential risks in information security.
- C. In terms of information security control, the Company has duly set up sound computerized information management system to map out the Company's information safety & security. Meanwhile, on a regular basis every year, we launch sound auditing process to assure the effectiveness of the system management to comply with legal requirements. Overall, the information security risk is not covered within the Company's major operating risks.

7. Department of Finance –Legal Dept.

It assumes the responsibility of legal risk management to faithful comply with the government policies, settle a dispute in contract or litigation to soften potential risks in laws.

## **Eight. Special entries**

### **I. Affiliated enterprises related information**

- (1)Consolidated Business Reports of Affiliated Enterprises (For details, please refer to P286 – P292)
- (2)Consolidated Financial Statement of Affiliated Enterprises (For details, please refer to P134 – P201)
- (3)Report on Relations

The Company is not required to work out Report on Relations as our Company not a firm affiliated to another.

### **II. In the latest fiscal year and as of the publication date of the annual report, the facts of private placement of negotiable securities should be disclosed to the shareholders' meeting or the board of directors.**

**Regarding the date and amount so passed, grounds for pricing and the rationality thereof, method to choose specific people and the reason and necessity to launch the private placement: N/A.**

### **III. In the latest fiscal year and as of the publication date of the annual report, the fact where a subsidiary disposes or possesses of the Company's share certificates: None.**

### **IV. Other necessary supplementation:**

- (I) The grounds and base for amortize evaluation items upon the assets and liabilities:  
Was allowance for doubtful accounts provided with objective proof, indicating that the

receivables have indeed incurred an impairment, in particular specific evaluation on the chance to collect the overdue receivables. In case of objective proof on impairment, the loss in the impairment should be recognized (expense for bad debt).

(II) Objects and methods on the hedging accounting

As of December 31, 2023, the Company has not undertaken hedging derivative financial instruments related financial instruments.

(III) The financial and accounting heads shall participate in and complete the outsourced training programs as required by the competent authority(ies):

1. The contents of training programs are as enumerated below and number of hours in the outsourced training programs shall be declared in real time.

Title	Name	Date of outsourced training programs	Sponsors	Title of the outsourced training program	Number of hours in outsourced training programs
The financial and accounting heads	Jing-Yuan Hou	6 hours a day and 5 days in total on 2023.03.16 2023.03.17 2023.03.22 2023.03.23 2023.03.24	Accounting Research and Development Foundation	Training program for new accounting managers of securities issuers, securities dealers or stock exchanges (online lecture)	30

Note: The Chief Finance and Accounting Officer Wen-Shun Ho was transferred on October 3, 2022, and the new Chief Finance and Accounting Officer Jing-Yuan Hou was on board on November 2, 2022.

2. The audit heads shall participate in and complete the outsourced training programs as required by the competent authority(ies). The contents of training programs are as enumerated below and the number of hours in the outsourced training programs shall be declared in real time.

Title	Name	Date of outsourced training programs	Sponsors	Title of the outsourced training program	Number of hours in outsourced training programs
Internal Audit Supervisor	Yi-Fen Huang	2023.01.09	The Institute of Internal Auditors	The relationship between salary cycle and compliance with labor laws and regulations	6

		2023.04.24	The Institute of Internal Auditors	Auditing of sales collection and purchase payment cycle	6
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(IV) The Company's key performance targets

1. Financial targets

Significance: The optimization of the Company's financial structure and solvency as well as the control over the bank financing contract restrictions.

Percentage	Formula	Target KPI	2023	2022
(1) Liability ratio	Liabilities/shareholding equity	< 50%	39.38%	37.37%
(2) Current ratio	Current assets/Current liabilities	>200%	164.47%	163.91%
(3) Interest coverage ratio	Net profit before tax and before dividend/Interest expenditure this term	> 5	(4.92)	69.71

2. Performance target

Significance: Cost control efficiency and profit creation.

Percentage	Formula	Target KPI	2023	2022
(1) Advertising performance indicators	Sales revenues/Advertising fees (NT\$)	2,000	32,948	85,358
(2) Research & development performance indicators	Sales revenues/Research & development fees (NT\$)	30	27	32
(3) Freight performance indicators	Sales revenues/Freight (NT\$)	200	228	44
(4) Travel fares performance indicators	Sales revenues/Travel fares (NT\$)	500	1,265	3,607

(V) The appraisal grounds to evaluate the fair values of the Company's financial commodities are classified into five categories:

1. Assets or liabilities measured at cost
2. Financial assets evaluated at equity method.
3. Investment into bonds without active markets
4. Stocks or deposit receipt certificates (DRC) are evaluated on the grounds of the fair

values as determined through the selling prices

5. Financial instruments other than the above are evaluated based on the fair value determined by the average fair price or selling price in a certain range.

**Nine. In the latest fiscal year and as of the publication date of the annual report the transaction conducted under Subparagraph 2, Paragraph 3 of Article 36 of Securities and Exchange Act that would have significant impact upon the shareholders' equity or prices of share certificates: None**

Zinwell Corporation  
Consolidated Financial Statements of Affiliated  
Enterprises  
Year 2023

Zinwell Corporation  
Consolidated Financial Statements of Affiliated Enterprises 2023  
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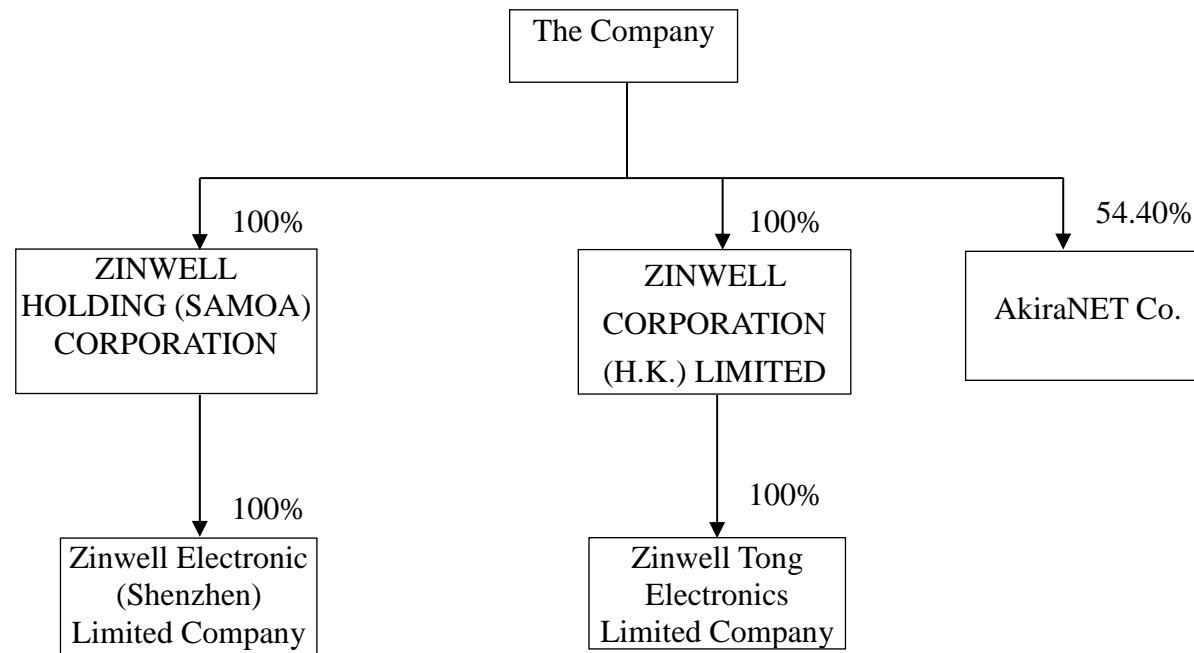
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Zinwell Corporation  
Consolidated Financial Statements of Affiliated Enterprises 2023

I. Profiles of affiliated enterprises

(I) Organization in summary of affiliated enterprises

1. Organization charts of affiliated enterprises



2. An affiliated company presumed in accordance with Article 369-3 of the Company Act: None.

3. An affiliated company presumed in accordance with Paragraph 2, Article 369-2 of the Company Act with the personnel, finance or business operation directly under control by the Company: None.

(II) Fundamental data of affiliated enterprises

Expressed in Thousand NT Dollars

Name of enterprise	Date of incorporation	Address	Paid-in capital	Major business or production lines
ZINWELL CORPORATION (H.K.) LIMITED	June 24, 1998	FLAT/RM 501 5/F 113 ARGYLE ST MONGKOK KL	23,592	General information business
Zinwell Electronic Corporation	October 19, 1998	3F, No. 1 Taixing Road, Danzhutou Village, Buji Township, Huagang District, Shenzhen City, China	15,736	All sorts of electronic signal receiving, amplifying, and distributing users oriented front-end equipment and other processors
ZINWELL HOLDING (SAMOA) CORPORATION	February 28, 2003	Offshore Chambers,P.O.Box 217, Apia, Samoa	1,505,525	General reinvestment business
Zinwell Electronic (Shenzhen). Co., Ltd.	September 11, 2003	No. 2 Guangming Tongyu Industrial Zone Fenxin Road, Zhgenmei Community, Guangming Street, Baoan District, Shenzhen City, China	1,219,783	Engaged in manufacture and sales of supporting equipment for digital cable television system, supporting equipment for digital satellite communication system, and supporting equipment for high frequency transmitting and receiving systems
AkiraNET Co.	May 26, 2020	14F., No. 62, Nanjing W. Rd., Datong Dist., Taipei City	999,380	Information software services

Note 1: The exchange rate quoted on December 31, 2023 was US : NT = 1:30.725, HK : NT = 1:3.932, RMB : NT = 1: 4.3284

(III) Data of the same shareholders when presumed with control power or affiliated relationship: None

(IV) The business lines covered by such businesses operated by overall affiliated enterprises

The businesses operated by the Company and the Company's affiliated enterprises are primarily the manufacture, buying, and sales of the satellite communications and cable television equipment and materials as enumerated below:

B1-Media Corporation: Primarily as supply services for electronic information and the businesses related thereto.

Zinwell Electronic Corporation: Primarily as a company in Mainland China outsourced by the Company for processing services so as

to lower the costs and boost competitive edge.

Zinwell Electronic (Shenzhen). Co., Ltd.: Primarily as a production and marketing stronghold for the Company in production of digital cable television system supporting equipment, digital satellite communications systems and such products.

## (V) Data of directors and supervisors and managerial officers of all affiliated enterprises

Expressed in Thousand NT Dollars; Shares, %

Name of enterprise	Title	Name of representative	Number of shares held	
			Number of shares	Shareholding percentage
AkiraNET Co.	Chairman Director Director	Zinwell Corporation's corporate representative: Chi-Jui Huang Zinwell Corporation's corporate representative: Wen-Shun Ho Zinwell Corporation's corporate representative: Tzu-Ching Lin	54,370,924	54.40%
	Supervisor	Chi-Nan Huang	—	—
ZINWELL CORPORATION (H.K.) LIMITED	BOARD OF DIRECTOR	Chi-Jui Huang	—	—
	MANAGING DIRECTOR	Ching-Hui Lin	—	—
Zinwell Electronic Corporation	BOARD OF DIRECTOR	Ching-Hui Lin	—	—
	MANAGING DIRECTOR	Ching-Hui Lin	—	—
ZINWELL HOLDING (SAMOA) CORPORATION	BOARD OF DIRECTOR	Chi-Jui Huang	—	—
Zinwell Electronic (Shenzhen). Co., Ltd.	Statutory representative	Cheng-Tsung Hsieh	—	—

## II. Business performance of affiliated enterprises

The financial and business performance of those affiliated enterprises

Expressed in Thousand NT Dollars

Name of enterprise	Amount of capital	Total value of assets	Total liabilities	Net worth	Operating revenues	Operating profit	Profit and/or loss in the present term (after tax)	Earnings per share (in NT\$) (after tax)
AkiraNET Co.	999,380	544,045	81,272	462,773	-	(189,102)	(454,736)	(4.55)
ZINWELL CORPORATION (H.K.) LIMITED	23,592	246,635	250,404	(3,769)	4,960	-	(121)	(0.02)
Zinwell Electronic Corporation	15,736	-	-	-	-	-	-	-
ZINWELL HOLDING (SAMOA) CORPORATION	1,505,525	1,797,926	-	1,797,926	-	(354)	(21,832)	(0.45)
Zinwell Electronic (Shenzhen). Co., Ltd.	1,219,783	1,783,329	394,345	1,388,984	2,950,013	37,351	(31,748)	Note 2

Note 1: In case of an affiliated enterprise as a foreign concern, the relevant figures have been converted into New Taiwan dollars based on the exchange rate quoted as of the as of the publication date of the annual report.

Note 2: Not applicable, as a limited company

ZINWELL CORPORATION

Chairman: Chi-Jui Huang