

Stock code:  
**2485**



# **Handbook for the 2024 Annual Meeting of Shareholders**

**Meeting Time: June 12, 2024**

**Place: 2, Wen Hua Road, HsinChu Industrial  
Park, Hsinchu Hsien 303, Taiwan (R.O.C.)  
(The Company's Hsinchu Plant)**

## **Important Disclaimer**

**This English-version handbook 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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# **Zinwell Corporation**

## **One. Meeting Procedure**

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Management Presentation (Company Reports)
- IV. Proposed Resolution
- V. Questions and Motions
- VI. Adjournment

# **Zinwell Corporation**

**Two. Meeting Agenda**      Meeting type : physical meeting

- I. Time: June 12, 2024 (Wednesday), 9:00AM
- II. Place: No. 2, Wenhua Rd., Hsinchu Industrial Park, Hsinchu County (the Company's Hsinchu Plant)
- III. Call the Meeting to Order
- IV. Chairperson Remarks
- V. Management Presentation (Company Reports)
  1. Business Report 2023.
  2. Audit Committee's Review Report on the Financial Statements 2023.
  3. The status in the Company's making of endorsements and guarantees until December 31, 2023.
- VI. Proposed Resolution
  1. Adoption of the 2023 Business Report and Financial Statements.
  2. Adoption of the Proposal for 2023 Deficit compensation.
- VII. Questions and Motions
- VIII. Adjournment

### **Three. Management Presentation (Company Reports)**

#### **I. Business Report 2023.**

Explanation: For the business report 2023, please refer to Attachment 1 on Page 6 herein.

#### **II. Audit Committee's Review Report on the Financial Statements 2023.**

##### **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 06, 2024

### **III. The status in the Company's making of endorsements and guarantees until December 31, 2023.**

Explanation:

1. Until December 31, 2023, under the limit of endorsements/guarantees made for the subsidiary, ZINWELL CORPORATION (H.K.) LIMITED, NT\$100 million, respectively, US\$207,000 has been disbursed.
2. Until December 31, 2023, under the limit of endorsements/guarantees made for the subsidiary, ZINWELL CORPORATION (H.K.) LIMITED, NT\$200 million and US\$5 million, respectively, \$0 has been disbursed.

### **Four. Proposed Resolution**

#### **Case No. 1: Adoption of the 2023 Business Report and Financial Statements.**

**Submitted by the Board of directors**

Explanation:

1. The Company's financial statements 2023, including business report, parent company only and consolidated financial statements. 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. Also, the business report (please refer to Attachment 1 on Page 6 herein) and financial statements have been approved by the Board and reviewed by the Audit Committee, which issued the review report (please refer to Page 3 herein).
2. Parent Company Only and Consolidated Financial Statements, and Independent Auditor's Report 2023 (Please refer to Attachment 2 on Page 9 herein).

Resolution:

#### **Case No. 2: Adoption of the Proposal for 2023 Deficit compensation.**

**Submitted by the Board of directors**

Explanation:

1. In consideration of the loss after tax 2023, the Company doesn't plan to distribute stock dividends. .
2. Deficit Compensation Statement 2023 ( please refer to Attachment 3 on page 33 of this handbook).

Resolution:

## **Five. Questions and Motions**

### **Adjournment**

## Zinwell Corporation

### 2023 Business Report

#### I. 2023 Business Report

##### 1. 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)

##### 2. Execution of Budget

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, therefore, it is not applicable.

##### 3 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 (outflow) from operating activities (in thousands)		1,353,566	(739,804)
Financial Structure	Debt to total assets ratio (%)	27.35	29.57
	Long-term capital to property, plant and equipment ratio (%)	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



#### 4. Research & Development

In FY2023, \$387.411 milin R&D, acco The research and development results are also on track with the company's scheduled progress.

## II. Summary of Business Plan for 2024

### 1. 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.

### 2. 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.

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

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

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

- (1) 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.
- (2) 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.
- (3) 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

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			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

Notes	Capital surplus					Retained earnings			Other equity		Total equity
	Ordinary share capital	Issuance premium	All changes in equity in subsidiaries	Changes in net equity of affiliated companies and joint ventures under equity method	Others	Legal reserve	Special reserve	Undistributed earnings	Exchange difference on translation of financial statements of foreign operations	Unrealized gains or loss on financial assets at FVTOCI	
<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 6(18) for this period	-	-	-	-	-	-	-	9,930	21,016	( 108 )	30,838
Total comprehensive income for this period	-	-	-	-	-	-	-	10,313	21,016	( 108 )	31,221
Changes in equity of subsidiaries 6(27)	-	-	( 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 6(18) for this period	-	-	-	-	-	-	-	( 4,249 )	( 26,414 )	66	( 30,597 )
Total comprehensive income for this period	-	-	-	-	-	-	-	( 76,379 )	( 26,414 )	66	( 102,727 )
Earnings appropriation 6(17)	-	-	-	-	-	1,031	-	( 1,031 )	-	-	-
Legal reserve	-	-	-	-	-	-	15,995	( 15,995 )	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of subsidiaries 6(16)(27)	-	-	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

## 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 significant 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 quality limits of customers and the assessment process of the expected credit losses, etc.
2. Regarding significant amount of overdue accounts receivable, inspected the uncollected reason 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 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			
			Notes	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

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**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	%
Current liabilities						
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	Total current liabilities		2,228,886	26	2,568,048	28
Non-current liabilities						
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	Total non-current liabilities		137,548	1	158,462	2
2XXX	Total liabilities		2,366,434	27	2,726,510	30
Equity attributable to owners of the parent						
Share capital		6(15)				
3110	Common stock		3,176,890	37	3,176,890	34
Capital surplus		6(16)				
3200	Capital surplus		549,692	6	562,860	6
Retained earnings		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
Other equity interest						
3400	Other equity interest		( 159,504)	( 2)	( 133,156)	( 1)
31XX	Equity attributable to owners of the parent		6,075,739	70	6,191,634	67
36XX	Non-controlling interest		211,024	3	302,850	3
3XXX	Total equity		6,286,763	73	6,494,484	70
Significant contingent liabilities and unrecognised contract commitments 9						
3X2X	Total liabilities and equity		\$ 8,653,197	100	\$ 9,220,994	100

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 deficit 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 deficit 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 income that will not be reclassified to profit or loss</b>		( 4,183)	-	9,822	-
<b>Components of other comprehensive 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 (deficit) earnings per share</b>	6(25)	\$ 0.23)		\$ -	
9850	<b>Diluted (deficit) 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				
							Financial statement translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Total					
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 )
	6(26)	-	( 2,563 )	-	-	-	-	-	( 2,563 )	-	( 2,563 )
	6(26)	-	-	-	-	-	-	-	-	123,742	123,742
		\$ 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 )
	6(17)										
		-	-	1,031	-	( 1,031 )	-	-	-	-	-
		-	-	-	15,995	( 15,995 )	-	-	-	-	-
	6(16)(26)	-	( 13,168 )	-	-	-	-	-	( 13,168 )	-	( 13,168 )
	6(26)	-	-	-	-	-	-	-	-	123,359	123,359
		\$ 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**  
**Deficit Compensation Statement 2023**

Unit: New Taiwan Dollars

Item	Amount
<b>Net loss after tax for 2023</b>	(72, 131, 615)
Add: Retained earnings at beginning of the period	1,104,552,379
Less: Adjustments to retained earnings in 2023 – remeasurement of net defined benefit liability	(4,249,050)
<b>Cumulative distributable earnings as of the end of 2023</b>	<b>1, 028, 171, 714</b>

Board Chairman:  
Chi-Ruei Huang

Manager:  
Ching-Hui Lin

Accounting Supervisor:  
Jing-Yuan Hou

## **Seven. Appendices**

### **[Appendix 1]**

#### **Zinwell Corporation Shareholder Meeting Conference Rules**

1. Unless otherwise specified in law, shareholder meetings of the Company shall proceed according to the Conference Rules.
2. The term "shareholder" mentioned throughout the Conference Rules shall include shareholders and their proxies.
3. Shareholders shall present attendance cards to signify their presence at shareholder meetings. The quantity of shares represented in the meeting is calculated based on the attendance cards collected.
4. Attendance and votes in a shareholders' meeting are calculated based on the number of shares represented. The number of shares in attendance shall be counted according to the shares indicated in the sign-in book or the sign-in cards handed in and the sign-in record on the video conferencing platform plus the number of shares whose voting rights are exercised in writing or by electronic means.
5. When the chair is of the opinion that a proposal has been discussed sufficiently to Shareholders' meetings shall be held at the Company's business location, plant premise, branch premise, or at any location that is suitable and convenient for shareholders to attend. Meetings shall not commence anytime earlier than 9 a.m. or later than 3 p.m.  
  
When the Company convenes a shareholders' meeting by video conference, it is not subject to the restriction on the venue of the meeting under the preceding paragraph.
6. Shareholders' meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is also

unavailable, the Chairman may appoint one of the directors to act on behalf. If the Chairman does not appoint a delegate, one shall be elected among the directors to act on his behalf.

Changes to the method of convening the shareholders' meeting shall be subject to a resolution by the Board of Directors and shall be made no later than before the notice of the shareholders' meeting is sent.

7. The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholder meetings.
8. Organizers of the shareholder meeting shall wear proper identification or arm badges. The chairperson may instruct picketers or security staff to help maintain order in the meeting. While maintaining order in the meeting, all picketers (or security staff) shall wear arm badges that identify their role as "Picketeer."
9. The entire proceeding of the Company's shareholder meetings shall be recorded in video or audio, and kept for at least 1 year. Shareholder meeting resolutions shall be compiled into detailed minutes, signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. Meeting minutes mentioned in the preceding Paragraph may be disseminated by way of public announcements. The minutes shall detail: the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding, and voting outcomes of various motions (including weight). If director election is held during the meeting, the minutes shall disclose the number of votes received by each candidate. Minutes shall be retained indefinitely for as long as the Company exists.
10. The chairperson should announce commencement of meeting as soon as it is due. However, if current attendees represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If attending shareholders represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to

Paragraph 1, Article 175 of The Company Act. However, special resolutions and director elections cannot be reached by way of tentative resolution.

If the number of shares represented accumulates to more than half of all outstanding shares as the meeting progresses, the chairperson may, depending on the state of the meeting, propose the tentative resolutions for final voting according to Article 174 of The Company Act. Proposal of tentative resolution for final voting is not considered a change of meeting agenda as mentioned in Paragraph 1, Article 11 of the Conference Rules.

11. For shareholder meetings that are convened by the board of directors, the board of directors will determine the meeting agenda. All proposed motions (including special motions and amendments to existing motions) shall be voted on a case-by-case basis. A conference handbook shall be prepared and distributed to attending shareholders or proxies. Meetings shall proceed accordingly to the agenda unless resolved otherwise during the shareholder meeting.

The above rule also applies to shareholder meetings that are convened by any entitled party other than the board of directors.

In either of the two arrangements described above, the chairperson cannot dismiss the meeting while a motion (including special motions) is still in progress. However, the chairperson may announce to adjourn the meeting whilst in session if disorder or any other occurrence prevents the meeting from progressing.

Once a meeting is adjourned, shareholders may not elect to continue the meeting with another chairperson or at a different venue unless the chairperson is found to have dismissed the meeting in violation of the conference rules. In which case, attending shareholders may elect another chairperson with the support of more than half of voting rights represented to continue the meeting.

12. Shareholders who wish to speak during the meeting shall produce an opinion slip detailing the topic, shareholder ID (or the attendance ID serial) and shareholder's name. The order of shareholders' comments is

determined by the chairperson. Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments expressed shall be taken into record. While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson.

13. Opinions should be concise. Shareholders cannot speak for more than two times, for 5 minutes each, on the same topic without the consent of the chairperson. The chairperson may restrain shareholders or interrupt any comments that violate the above rules. Speakers should speak politely on matters that are relevant to the discussion, and refrain from speaking on private matters. The chairperson should restrain or interrupt speakers who are impolite or speak outside the designated topic; other attending shareholders may also request to have the chairperson exercise restraint or interruption.
14. Corporate entities may only appoint one representative to attend shareholder meetings. Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak per motion.
15. After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.
16. The chairperson may announce to discontinue further discussion if the topic in question is considered to have been sufficiently discussed to proceed with voting. Sufficient time should be allocated for voting.
17. Unless otherwise specified in The Company Act or the Articles of Incorporation, a decision is passed with the consent of shareholders representing more than half of total voting interests in the meeting. A motion is considered passed if the chairperson receives no objection from any attending shareholders upon inquiry. This voting method is

deemed as effective as does the conventional ballot method.

18. In cases where several amendment or alternative solutions have been proposed at the same time, the chairperson shall determine the order in which proposals are to be voted. However, if any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.
19. The chairperson shall appoint ballot examiners and ballot counters to support the voting process. The ballot examiner shall be a shareholder. Outcome of a vote shall be documented and announced on site.
20. The chairperson may call the meeting into recess at a suitable time. If a motion cannot be completed in one meeting session, shareholders may reach a resolution to continue the meeting in the next 5 days and no further notice or announcement is needed.
21. In the event of a major disaster such as air raid, earthquake, or fire, the chairperson shall terminate or suspend the meeting immediately to evacuate attendees, and announce a new meeting time one hour after the alert is lifted.
22. Any matters that are not addressed in the Conference Rules shall be governed by The Company Act and Articles of Incorporation.
23. The above Conference Rules shall take effect immediately once approved during shareholder meeting; the same applies to all subsequent revisions.

The Conference Rules were first established on December 9, 1988.

The 1st amendment was made on April 28, 1998.

The 2nd amendment was made on June 14, 2002.

The 3rd amendment was made on June 18, 2012.

The 4th amendment was made on June 14, 2016.

The 5th amendment was made on June 16, 2020.

The 6th amendment was made on June 14, 2022.



**Zinwell Corporation  
Articles of Incorporation**

**Chapter One General Provisions**

Article 1: The company is incorporated in accordance with the Company Act, and has been named Zinwell Corporation.

Article 2: The Company's business activities comprise the following:

1. CA01090 Aluminum Casting.
2. CA04010 Surface Treatments.
3. CC01020 Electric Wires and Cables Manufacturing.
4. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
5. CC01050 Data Storage Media Units Manufacturing.
6. CC01060 Wired Communication Equipment and Apparatus Manufacturing.
7. CC01070 Telecommunication Equipment and Apparatus Manufacturing.
8. CC01080 Electronic Parts and Components Manufacturing.
9. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
10. CC01110 Computers and Peripheral Equipment Manufacturing.
11. F118010 Wholesale of Computer Software.
12. F119010 Wholesale of Electronic Materials.
13. F401010 International Trade.
14. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
15. F601010 Intellectual Property.
16. I103060 Management Consulting Services.
17. I301010 Software Design Services.
18. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may provide endorsements and guarantees to outside parties for business-related purposes. All endorsements and guarantees to outside parties shall comply with relevant rules of the securities authority.

Article 2-2: The Company may become limited liability shareholders of other companies; its total investments are not subject to the "40% paid-up capital" restriction imposed under Article 13 of The Company Act, but the amount of which is to be determined by board of directors of the Company.

Article 3: The Company is headquartered in New Taipei City, Taiwan, and may establish domestic or foreign branches subject to board of directors' approval.

Article 4: Deleted.

## **Chapter Two Share Capital**

Article 5: The Company has an authorized capital of Three Billion Nine Hundred and Ninety Million New Taiwan Dollars in three hundred and ninety-nine million shares. Each share has a face value of Ten New Taiwan Dollars. Share capital can be raised in multiple issues. The board of directors is authorized to issue unissued shares in multiple offerings depending on the actual circumstances. The total capital mentioned in the above Paragraph shall have NT\$200 million in twenty million shares reserved to accommodate issuance of employee warrants, preferred shares with embedded warrant, or corporate bonds with embedded warrant. Each share has a face value of NT\$10, which the board of directors may resolve to issue in multiple offerings.

The board of directors is authorized to exercise discretion in situations where the Company is permitted by laws to buy back its own shares.

Any transfer of shares to employees below the average buyback price or issuance of employee warrants with exercise price below market price shall be resolved in a shareholder meeting with the presence of shareholders representing more than half of outstanding shares, and voted in favor by more than two-thirds of votes present in the meeting.

Article 6: Unless otherwise specified by law and securities regulation, issues concerning transfer of share ownership, pledge of shares, loss of share certificate, ownership inheritance, gifting, loss/change of seal, change of address, and share-related affairs shall be handled according to "Regulations Governing the Administration of Shareholder Services of Public Companies."

Article 7: Deleted.

Article 8: Shares of the Company may be issued in non-tangible form, subject to registration and compliance with rules of the centralized securities depository.

Article 9: Unless otherwise regulated by laws, transfer of share ownership shall be suspended during the 60 days prior to an annual general meeting, during the 30 days prior to an extraordinary shareholder meeting, and during the 5 days prior to the baseline date of any dividend, bonus or rights distribution.

### **Chapter Three Shareholder Meetings**

Article 10: The Company convenes two types of shareholder meeting: the annual general meeting and extraordinary shareholder meetings. Annual general meetings (AGMs) are convened once a year within six months after the end of each financial year. Extraordinary shareholder meetings may be held whenever deemed necessary, subject to compliance with the relevant laws.

Article 10-1: The Company may convene shareholders' meeting by video conference or in other methods as announced by the Ministry of Economic Affairs.

Article 11: The Company is required to notify all shareholders at least 30 days before convention of annual general meeting, and at least 15 days before convention of extraordinary shareholder meeting. Notifications, as mentioned in the preceding Paragraph, shall specify the date, the venue, and topics to be discussed during the meeting. Unless otherwise specified in The Company Act, shareholder meetings are to be convened by the board of directors.

Article 12: Shareholder meetings of the Company shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is also unavailable, the Chairman may appoint one of the directors to act on behalf. If the Chairman does not appoint a delegate, one shall be elected among the directors to act on behalf. Shareholder meetings that are convened by entitled parties other than the board of directors shall be chaired by the convener; if there are two or more conveners, one shall be appointed among them to act as chairperson.

Article 13: If a shareholder is unable to attend the shareholder meeting in person, a proxy can be appointed by completing the Company's proxy form and by specifying the scope of delegated authority.

Use of proxy form shall comply with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 14: Shareholders of the Company are entitled to one vote for every share held, except for the circumstances described in Article 179 of The Company Act where shareholders are restricted or prohibited from exercising voting rights.

Article 14-1: The following motions have to be resolved in a shareholder meeting:

1. Amendment of the Articles of Incorporation.

- 2.Election and dismissal of directors.
- 3.Permission for directors to engage in business activities that coincide with those of the Company, whether for directors' own benefits or for the benefits of others.
4. Establishment, modification, or termination of agreements that involve the leasing, mandate, or co-management of the entire business.
- 5.Transfer of entire or major businesses or properties.
- 6.Acceptance of full business or property from another party that has significant effect on the Company's operations.
- 7.Other matters that have to be resolved in a shareholder meeting, as mandated by law.

Article 15: Except otherwise regulated by law, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

#### **Chapter Four Board of Directors**

Article 16: The Company shall have 9 to 15 directors who are elected using the nomination system from the list of director candidates presented during the shareholder meeting. Directors shall serve a term of 3 years, which is renewable if re-elected. The total quantity of shares held across all directors shall comply with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies." When electing directors at shareholder meetings, each share shall be vested with voting rights equal to the number of directors to be elected; these voting rights may be concentrated on one candidate or spread across multiple candidates. Candidates receiving the highest number of votes are elected as directors.

Amongst the directors chosen above, there shall be no fewer than two independent directors and they shall not represent less than one-fifth of the board.

Restrictions concerning independent directors' eligibility, shareholding, concurrent employment, nomination, method of election and all other compliance issues are governed by relevant laws of the securities authority.

Article 16-1: The Company shall assemble an Audit Committee that consists entirely of independent directors according to Article 14-4 of Securities and Exchange Act. The Audit Committee is responsible for carrying out

supervisors' duties mentioned in The Company Act, Securities and Exchange Act, and related regulations.

Article 17: The board of directors shall appoint one Chairman and one Vice Chairman during a board meeting with more than two-thirds of directors present, and with the support of more than half of all attending directors. The Chairman serves as the Company's representative to the outside world.

Article 18: The board of directors shall convene regular meetings at least once every three months, and may convene ad-hoc meetings at any time deemed necessary. All meetings are to be convened and chaired by the Chairman. If the Chairman is unable to perform duties, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors shall appoint one among them to perform the Chairman's duties.

Article 18-1: Convention of board meeting shall be advised to all directors at least 7 days in advance. However, meetings can be held in shorter notices in the case of emergency. Convention of board of directors meetings may be advised through written correspondence, E-mail, or fax.

Article 19: The board of directors shall exercise the following authorities:

Making of business decisions for the Company. All business decisions should be executed according to board of directors' resolutions, except for matters that have to be resolved in a shareholder meeting, as specified in laws or the Articles of Incorporation.

Article 20: Unless otherwise regulated by The Company Act, board resolution is passed only if more than half of total board members are present in a meeting, and with more than half of attending directors voting in favor.

Article 21: Directors may appoint other directors to attend board meetings and exercise voting rights on their behalf for all motions raised during the meeting by issuing a written authorization. However, one director can only represent the presence of one other director. Where board meeting is carried out by way of video conferencing, those who participate in the video conference are considered to have attended the meeting in person.

Article 22: Deleted

Article 23: Deleted

Article 24: The Company may compensate the Chairman and directors for the services rendered regardless of the state of its profitability. The board of directors is authorized to determine the level of compensation based on individual

directors' participation and contribution to the Company's operations, up to the highest salary tier stated in the Company's Salary Determination Policy. Any earnings concluded by the Company are subject to distribution of remuneration according to Article 27.

The board of directors is authorized to determine compensation for independent directors in reference to peer levels. However, independent directors are not entitled to profit sharing mentioned in Article 27.

Article 24-1: The Company shall purchase liability insurance policies to cover directors' and supervisors' liabilities over the course of their service, and thereby reduce and diversify risk of major losses that the Company and shareholders may suffer as a result of mistake or negligence committed by directors.

### **Chapter Five Managers**

Article 25: The Company has one President position. Appointment, dismissal, and compensation of whom shall comply with Article 29 of The Company Act.

### **Chapter Six Accounting**

Article 26: The Company's accounting period begins January 1 and ends December 31 each year. The board of directors is responsible for preparing the following statements and reports at the end of each financial year. These statements and reports shall be submitted to the Audit Committee for review (with review report issued) at least 30 days before the AGM, and presented during the AGM for the final acknowledgment.

1. Business report.
2. Financial statements.
3. Earnings appropriation or loss reimbursement proposal.

Article 27: 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.

Article 27-1: 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 board present, and voted in favor by more than half of all attending directors.

This decision shall also be reported in shareholder meeting.

Article 28: Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act and relevant regulations.

Article 29: The Articles of Incorporation was established on February 28, 1981.

The 1st amendment was made on June 19, 1981.

The 2nd amendment was made on August 3, 1982.

The 3rd amendment was made on May 11, 1984.

The 4th amendment was made on December 17, 1986.

The 5th amendment was made on November 2, 1989.

The 6th amendment was made on November 27, 1989.

The 7th amendment was made on November 10, 1992.

The 8th amendment was made on December 10, 1992.

The 9th amendment was made on February 1, 1993.

The 10th amendment was made on May 17, 1996.

The 11th amendment was made on January 15, 1997.

The 12th amendment was made on May 29, 1997.

The 13th amendment was made on June 20, 1998.

The 14th amendment was made on May 29, 2000.

The 15th amendment was made on May 2, 2000.

The 16th amendment was made on July 11, 2000.

The 17th amendment was made on July 11, 2000.

The 18th amendment was made on May 2, 2001.

The 19th amendment was made on June 14, 2002.

The 20th amendment was made on June 18, 2003.

The 21st amendment was made on June 15, 2004.

The 22nd amendment was made on June 14, 2005.

The 23rd amendment was made on June 14, 2006.

The 24th amendment was made on June 13, 2007.

The 25th amendment was made on June 13, 2008.

The 26th amendment was made on June 19, 2009.

The 27th amendment was made on June 17, 2010.

The 28th amendment was made on June 18, 2015.

The 29th amendment was made on June 14, 2016.

The 30th amendment was made on June 12, 2019.

The 31st amendment was made on June 14, 2022.



### [Appendix 3]

#### Shareholding of Current Directors

Below is a breakdown of directors' shareholding, based on shareholder registry as of the book closure date (April 14, 2024). Statutory minimum required shareholding across all directors as of the above date is: 12, 707, 561 (%).

The Company has assembled an Audit Committee, therefore supervisors' statutory minimum shareholding requirements do not apply.

Title	Name	Shareholding position as of the book closure date (shares)
Chairman	Chi-Rui Huang	11, 564, 943
Vice Chairman	Hung-Chi Hsiao	8, 832, 329
Director	Ching-Hui Lin	6, 574, 132
Director	Chi-An Huang	3, 064, 161
Director	Chi-Nan Huang	3, 634, 019
Director	I-Chuan Lin	946, 339
Director	Wen-Hsieng Chiang	487, 295
Director	Chien-Cheng Wu	498, 079
Director	Wen-Shun Ho	50, 217
Independent Director	Ming-Yo Huang	0
Independent Director	Chien-Te Liu	0
Independent Director	Jun-cheng Chen	0
Total directors' shareholding		35, 651, 514

Note: Total outstanding shares as of the book closure date (April 14, 2024):

Common 317,689,037shares.