Zinwell Corporation

Standalone Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2020 and 2019

(Stock Code 2485)

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Zinwell Corporation

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zinwell Corporation

Opinion

We have audited the accompanying balance sheets of Zinwell Corporation (the "Company") as of December 31, 2020 and 2019, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2020 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.
Key audit matters for the Company's 2020 financial statements are stated as follows:

Valuation of inventory

Description

Please refer to Note 4(12) for the details of the information on the accounting policies; Note 5(2)A for uncertainty of accounting estimates and assumption in relation to inventory valuation; and Note 6(4) for the details of the allowance for inventory valuation losses.

The Company is engaged mainly in manufacturing and selling digital cable and communication products. Given the short lifecycle of electronic products and strong competition in the market, there is a higher risk of inventory valuation losses. The Company uses judgements and estimates to determine the net realisable value of inventories at balance sheet date, and adopts the lower of cost and net realisable value using the item-by-item approach. Since the Company’s inventory valuation is subject to management’s judgment and the valuation amount is significant to the financial statements, inventory valuation was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of accounting policies on inventory valuation allowance, and checked whether the Company consistently applied the policy during the financial reporting periods.
2. Obtained the net realisable value reports for each inventory; confirmed that the calculation logic has been applied consistently; sampled and tested related parameters including sources of information of sales and purchase files; and recalculated allowance for inventory valuation losses using the item-by-item approach based on the lower of cost and net realisable value.
3. Tested inventory aging movement; sampled and tested movement of inventory and verified the correctness of the classification on inventory aging.
4. Regarding inventories wherein aging is greater than certain periods, assessed the reversal of inventory valuation and obsolescence loss and compared with the allowance for inventory valuation losses that was provided in prior year; and discussed with management for the valuation result and the reasonableness of allowance for inventory valuation losses.

Impairment assessment of accounts receivable

Description

Please refer to Note 4(8) for the details of the information on the accounting policies; Note 5(2)B for uncertainty of accounting estimates and assumptions in relation to impairment on accounts receivable; and Note 6(3) for the details of impairment on accounts receivable.

The Company's impairment loss of accounts receivable is assessed in accordance with IFRS 9, 'Financial instruments'. For company assessment, the company refers to the historical loss occurrence rate and takes into consideration the current economic conditions and the forecast ability to assess the expected default possibility.

Since the assessment of allowance for uncollectible accounts is subject to management's judgement and the valuation amount is significant to the financial statements, impairment assessment of accounts receivable was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding on credit quality of the Company's credit customers, and assessed the reasonableness of policies and procedures on provision for allowance for uncollectible accounts and classification of accounts receivable.
2. For those allowance of uncollectible accounts assessed as a Company, referred to historical loss occurrence rate and management's forward-looking adjustment information, and evaluated the adequacy of allowance for uncollectible accounts. Additionally, for those significant amounts, tested the collections after balance sheet date.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Yi-Chang, Liang	Se-Kai, Lin

For and on behalf of PricewaterhouseCoopers, Taiwan
March 17, 2021

The accompanying 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 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
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 1,896,625	21	$ 1,557,040	18
1150	Notes receivable, net	6(3)	5,212	-	808	-
1170	Accounts receivable, net	6(3)	1,869,107	21	2,607,182	30
1180	Accounts receivable-related parties, net	7	-	-	2,553	-
1200	Other receivables		19,899	-	24,763	-
1220	Current income tax assets	6(22)	32,424	1	57,101	1
130X	Inventories, net	6(4)	459,590	5	470,788	5
1410	Prepayments	6(5)	12,908	-	13,625	-
11XX	**Total Current Assets**		4,295,765	48	4,733,860	54
	Non-current Assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	1,616	-	1,518	-
1550	Investments accounted for using equity method	6(6)	1,730,499	19	1,723,238	20
1600	Property, plant and equipment, net	6(7) and 8	2,336,394	26	1,978,618	22
1760	Investment property, net	6(8)	29,008	-	30,886	-
1780	Intangible assets, net		11,139	-	9,085	-
1840	Deferred income tax assets	6(22)	227,861	3	203,207	2
1900	Other non-current assets	6(9) and 8	324,715	4	130,015	2
15XX	**Total Non-current Assets**		4,661,232	52	4,076,567	46
1XXX	**Total Assets**		$ 8,956,997	100	$ 8,810,427	100

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ZINWELL CORPORATION AND SUBSIDIARIES
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current Liabilities					
2130	Contract liabilities-current	6(16)	258,143	3	201,632	3
2150	Notes payable		90,435	1	105,364	1
2170	Accounts payable		974,889	11	720,645	8
2180	Accounts payable- related parties	7	641,627	7	682,350	8
2200	Other payables	6(10)	300,552	3	285,383	3
2300	Other current liabilities		11	-	8	-
21XX	**Total Current Liabilities**		2,265,657	25	1,995,382	23
	Non-current Liabilities					
2550	Provisions for liabilities-non-current		20	-	20	-
2570	Deferred income tax liabilities	6(22)	37,241	1	41,130	-
2600	Other non-current liabilities	6(6)(10)(11)	188,916	2	174,007	2
25XX	**Total Non-current Liabilities**		226,177	3	215,157	2
2XXX	**Total Liabilities**		2,491,834	28	2,210,539	25
	Equity					
	Share Capital	6(12)				
3110	Common stock		3,176,890	36	3,176,890	36
	Capital Surplus	6(13)				
3200	Capital surplus		507,328	6	507,328	6
	Retained Earnings	6(14)				
3310	Legal reserve		1,346,300	15	1,346,300	15
3320	Special reserve		117,161	1	117,161	2
3350	Undistributed retained earnings		1,460,163	16	1,617,394	19
	Other Equity Interest	6(15)				
3400	Other equity interest		(142,679)	(2)	(165,185)	(2)
3XXX	**Total Equity**		6,465,163	72	6,599,888	75
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total Liabilities and Equity**		$ 8,956,997	100	$ 8,810,427	100

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

ZINWELL CORPORATION AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Years ended December 31,			
			2020		2019	
	Items	Notes	Amount	%	Amount	%
4000	Sales revenue	6(16)and7	$ 7,932,376	100	$ 7,743,691	100
5000	Operating Costs	6(4)(21) and7	(7,685,717)	(97)	(7,289,801)	(94)
5900	Gross Profit		246,659	3	453,890	6
	Operating Expenses	6(21) and7				
6100	Selling and marketing expenses		(89,320)	(1)	(115,453)	(1)
6200	General and administrative expenses		(172,709)	(2)	(207,869)	(3)
6300	Research and development expenses		(207,555)	(2)	(215,571)	(3)
6450	Impairment gain determined in accordance with IFRS 9		23,064	-	-	-
6000	Total Operating Expenses		(446,520)	(5)	(538,893)	(7)
6900	Operating Loss		(199,861)	(2)	(85,003)	(1)
	Non-operating Income and Expenses					
7100	Interest income	6(17)	25,308	-	35,469	-
7010	Other income	6(18)	139,642	2	30,632	-
7020	Other gains or losses	6(19)	(113,744)	(2)	(114,218)	(1)
7050	Finance costs	6(20)	(6)	-	(33)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(32,310)	-	(9,003)	-
7000	Total Non-operating Income and Expenses		18,890	-	(57,153)	(1)
7900	Loss before Income Tax		(180,971)	(2)	(142,156)	(2)
7950	Income tax benefit	6(22)	29,809	-	25,297	1
8200	Loss for the Year		($ 151,162)	(2)	($ 116,859)	(1)
	Other Comprehensive Income (Loss) Items that may not be reclassified subsequently to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(11)	($ 7,771)	-	($ 11,463)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)	149	-	397	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	1,554	-	2,292	-
8310	Components of other comprehensive loss that will be reclassified to profit or loss		(6,068)	-	(8,774)	-
	Components of other comprehensive income (loss)that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations	6(15)	22,505	-	(52,057)	(1)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		22,505	-	(52,057)	(1)
8300	Other comprehensive income (loss) for the year, net of tax		$ 16,437	-	($ 60,831)	(1)

8500	Total Comprehensive Loss for the Year		($ 134,725)	(2)	($ 177,690)	(2)
	Loss Attributable to:					
9750	Basic Losses Per Share (In dollars)	6(23)				
	Net loss		($ 0.48)		($ 0.37)	
9850	Diluted Losses Per Share (In dollars)	6(23)				
	Net loss		($ 0.48)		($ 0.37)	

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

ZINWELL CORPORATION AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent									
			Capital surplus			Retained earnings			Other equity interest		
	Notes	Common stock	Additional paid-in capital	Changes in share of associates accounted for under equity method	Capital surplus, others	Legal reserve	Special reserve	Undistributed retained earnings	Financial statement translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2019											
Balance at January 1, 2019		$ 3,176,890	$ 503,594	$ 2,142	$ -	$ 1,316,634	$ 84,329	$ 1,968,402	($ 113,128)	($ 4,032)	$ 6,934,831
Loss for the year		-	-	-	-	-	-	(116,859)	-	-	(116,859)
Other income (loss) for the year	6(15)	-	-	-	-	-	-	(9,171)	(52,057)	397	(60,831)
Total comprehensive income (loss) income		-	-	-	-	-	-	(126,030)	(52,057)	397	(177,690)
Other changes in capital surplus		-	-	-	1,592	-	-	-	-	-	1,592
Distribution of 2018 earnings	6(14)										
Legal reserve		-	-	-	-	29,666	-	(29,666)	-	-	-
Special reserve		-	-	-	-	-	32,832	(32,832)	-	-	-
Cash dividends		-	-	-	-	-	-	(158,845)	-	-	(158,845)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	-	-	(3,635)	-	3,635	-
Balance at December 31, 2019		$ 3,176,890	$ 503,594	$ 2,142	$ 1,592	$ 1,346,300	$ 117,161	$ 1,617,394	($ 165,185)	$ -	$ 6,599,888
2020											
Balance at January 1, 2020		$ 3,176,890	$ 503,594	$ 2,142	$ 1,592	$ 1,346,300	$ 117,161	$ 1,617,394	($ 165,185)	$ -	$ 6,599,888
Loss for the year		-	-	-	-	-	-	(151,162)	-	-	(151,162)
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	-	(6,217)	22,505	149	16,437
Total comprehensive income (loss)		-	-	-	-	-	-	(157,379)	22,505	149	(134,725)
Changes in non-controlling interests for the year		-	-	-	-	-	-	-	-	-	-
value through other comprehensive income	6(15)	-	-	-	-	-	-	148	-	(148)	-
Balance at December 31, 2020		$ 3,176,890	$ 503,594	$ 2,142	$ 1,592	$ 1,346,300	$ 117,161	$ 1,460,163	($ 142,680)	$ 1	$ 6,465,163

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

ZINWELL CORPORATION AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
	Notes	2020	2019
Cash flows from operating activities			
Loss before tax		($ 180,971)	($ 142,156)
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation (investment properties included)	6(7)(8)(21)	112,174	51,525
Amortization	6(21)	6,751	5,259
Expected credit gain	12(2)	(23,064)	-
Interest expense	6(20)	6	33
Interest income	6(17)	(25,308)	(35,469)
Dividend income	6(18)	(105)	(17)
Share of loss of associates and joint ventures Accounted for using equity method	6(6)	32,310	9,003
(Gain) loss on disposal of property, plant and equipment	6(19)	(1,179)	43,901
Gain on disposal of investments	6(19)	(3,398)	-
Impairment loss on financial assets	6(6)	218	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes and accounts receivable		759,288	91,339
Other receivables		8,862	13,511
Inventories		11,198	16,155
Prepayments		(12,908)	(13,625)
Other current assets		4,902	7,736
Net changes in liabilities relating to operating activities			
Contract liabilities-current		56,511	114,724
Notes and accounts payable		198,592	319,252
Other payables		(21,082)	(43,340)
Other current liabilities		3	-
Other non-current liabilities		(1,263)	(30,890)
Cash provided by operations		921,537	406,941
Interest received		25,308	35,469
Dividend received	6(18)	105	17
Interest paid		(6)	(33)
Income taxes refunded (paid)		27,497	(672)
Net cash provided by operating activities		974,441	443,066

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ZINWELL CORPORATION AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2020	2019
Cash flows from investing activities			
Proceeds from disposal of financial assets at fair value through other comprehensive income		$ 3,449	$ 397
Acquisition Investments accounted for using equity method	7(1)	(9,000)	-
Non-current prepayments for investments	6(9)and7(1)	(269,700)	
Acquisition of property, plant and equipment	6(24)	(431,843)	(256,238)
Proceeds from disposal of property, plant and equipment		1,201	15,764
Decrease in guarantee deposits paid		734	57,989
Acquisition of intangible assets		(4,080)	(2,200)
Decrease in other financial assets		-	368,592
Increase in other non-current assets		(224)	(2,891)
Decrease in prepayments for business facilities		74,490	48,278
Net cash flows (used in) provided by investing activities		(634,973)	229,691
Cash flows from financing activities			
Increase (decrease) increase in guarantee deposits received	6(25)	117	(35)
Cash dividends paid	6(14)	-	(158,845)
Unclaimed cash dividends		-	1,592
Net cash used in financing activities		117	(157,288)
Increase in cash and cash equivalents		339,585	515,469
Cash and cash equivalents at beginning of year	6(1)	1,557,040	1,041,571
Cash and cash equivalents at end of year	6(1)	$ 1,896,625	$ 1,557,040

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

Zinwell Corporation
Notes to Standalone Financial Statements
For the Years Ended December 31, 2020 and 2019

Unit: NTD thousands
(unless stated otherwise)

I. Organization and Operations

(I) Zinwell Corporation (hereinafter referred to as the "Company") was incorporated in 1981 in accordance with the provisions of the Company Act of the Republic of China. Its main business includes R&D, manufacturing, and trading of digital video broadcasting systems (including distributors and splitters, signal lead-out units, multiple switches, and amplifiers), digital satellite communication transmission systems (including low-noise block downconverters and ultra-small private satellite communication transceivers), and digital video products and devices (including digital video converters and high-definition TV receivers.

(II) The Company's stock has been traded on the Taiwan Stock Exchange since September 2001.

II. Date and Procedures for Approval of the Financial Report

This standalone financial statements were approved by the board of directors on March 17, 2021 for release.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) Impact of Adoption of the New/Revised Standards and Interpretations of IFRSs endorsed by Financial Supervisory Commission (FSC)

The table below summarizes the new, revised, and amended standards and interpretations of the IFRSs, applicable in 2020, as endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 and IAS 8 "Disclosure Initiative–Definition of Materiality”	January 1, 2020
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 - “Interest Rate Benchmark Reform”	January 1, 2020
Amendment to IFRS 16 “COVID-19-Related Rent Concessions”	June 1, 2020 (Note)

Note: The FSC allows the early application from January 1, 2020 onward.

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, as endorsed by the FSC, not yet adopted

The table below summarizes the new, revised, and amended standards and interpretations of the IFRSs, applicable in 2021, as endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 4 "Deferral Of Effective Date of IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

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 released by the IASB but not yet endorsed by the FSC

The Table below summarizes the new, revised, and amended standards and interpretations of the IFRSs, leased by the IASB

but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 3 - "Reference to the Conceptual Framework"	January 1, 2022
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
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “ Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
“2018-2020 IFRSs improvements”	January 1, 2022

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 standalone financial statements are described below. Unless otherwise stated, such policies apply consistently throughout all reporting periods.

(I) Statement of compliance

The standalone 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, standalone 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, the 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 standalone financial statements, please refer to Note 5 for details.

(III) Foreign currencies

The items listed in the Company's standalone financial statements are measured in the currency used in the main economic environment in which the Company operates (i.e. functional currency). The standalone financial statements are presented in the Company's functional currency, namely the New Taiwan dollar", 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) 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 companies, associates, and joint arrangements with a functional currency that is different from the presentation currency, their business results and financial position shall be converted into the presentation currency based on the methods below:
      A. The assets and liabilities presented at each balance sheet are translated at the rates of exchange prevailing 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) Assets 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 in operations are classified as cash equivalents.

(VI) Financial assets at fair value through other comprehensive income (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 assets 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 Company, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) 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 the 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 lease

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 and relevant variable sale expenses.

(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. 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.
9. 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 years–55 years
Machinery and equipment	3–8 years
Transportation equipment	2–8 years
Office equipment	3–8 years
Miscellaneous equipment	2–6.5 years

(XV) Lessee's lease transactions

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.

(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 to 55 years.

(XVII) Intangible assets

Computer software

Computer software is recognized at acquisition cost and amortized based on the estimated useful life of 6 years using the straight-line method.

(XVIII) Impairment of non-financial assets

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. Except for goodwill, 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) Accounts and notes payable

1. It refers to debts arising from the purchase of raw materials, merchandize, 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.

(XX) Derecognition of the financial liabilities

The Company derecognizes their financial liabilities when the obligations specified in a contract are fulfilled, cancelled, or expired.

(XXI) 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.

(XXII) 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 the 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' and supervisors' 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.

(XXIII) Income tax

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 10% of 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 10% of 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.

(XXIV) 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.

(XXV) Dividend allocation

Dividends are recognized in the Company’s financial statements in the period in which they are approved to be distributed as resolved by the Company’s shareholders’ meeting. Cash dividends are recognized as liabilities. Stock dividends are recognized as stock dividends to be allocated and reclassified to ordinary shares on the record date of issue of new shares.

(XXVI) Recognition of revenue

Sales of merchandize

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 show 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 Judgements and Key Sources of Estimation and Uncertainty

During the preparation of the parent company only financial statements, the 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.

(I) 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.

   As of December 31, 2020, the carrying amount of the Company's inventories was NT$459,590.

2. Estimated impairment of accounts receivable

   During the assessment process of allowance for bad debts, 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 receivable and provide an appropriate allowance accordingly. The assessment of said allowance 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.

   As of December 31, 2020, the carrying amount of the Company's accounts receivable was NT$1,869,107.

VI. Summary of Significant Accounting Titles

(I) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 1,592	$ 1,528
Checking deposit and demand deposit	1,895,033	1,555,512
	$ 1,896,625	$ 1,557,040

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. For the cash and cash equivalents that the Company has pledged as collateral and has reclassified to other non-current assets, please refer to Note 8 for details.

(II) Financial assets at FVTOCI - Non-current

Item	December 31, 2020	December 31, 2019
Equity instruments		
Stocks on emerging stock market	$ 97	$ -
Unlisted stocks	1,518	1,518
Valuation adjustment	1	-
	$ 1,616	$ 1,518

1. The Company has elected to classify strategic equity instrument investments as financial assets at FVTOCI. The fair values of such investments in 2020 and 2019 were NT$1,616 and NT$1,518, respectively.
2. In 2020, due to financial planning and the considerations for the market environment, the Company sold equity securities at a fair value of NT$3,449, and the cumulative gains on such disposal was NT$148.
3. The details of financial assets at FVTOCI, which are recognized in profit or loss and other comprehensive income are as follows:

	December 31, 2020	December 31, 2019
Equity instruments at FVTOCI		
Changes in fair value recognized in other comprehensive income	$ 149	$ 397
Cumulative gains or losses reclassified to retained earnings due to derecognition	($ 148)	($ 3,635)
Dividend income recognized in profit or loss		
Held at the end of the current period	$ 3	$ 17
Derecognized at the end of the current period	102	-
	$ 105	$ 17

4. The Company did not pledge financial assets at FVTOCI as collateral.
5. For information on the credit risk of financial assets at FVTOCI, please refer to Note 12 (2).

(III) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 5,212	$ 808
Accounts receivable	$ 1,879,998	$ 2,633,245
Installments receivable	8,113	16,226
	1,888,111	2,649,471
Less: Unrealized interest income on installments receivable	(79)	(300)
Less: Allowance for losses	(18,925)	(41,989)
	$ 1,869,107	$ 2,607,182

1. The aging analysis of accounts receivable is as follows:

	December 31, 2020	December 31, 2019
Not past due	$ 1,569,158	$ 1,952,869
Past due for less than 30 days	47,846	333,685
Past due for 31–90 days	105,735	127,065
Past due for 91 day or more	165,372	235,852
Total	$ 1,888,111	$ 2,649,471

The aging analysis above is based on the number of overdue days.

2. The balances of accounts receivable and notes receivable on December 31, 2020 and 2019 were generated from customer contracts, and the balance of accounts receivable from customers as of January 1, 2019 was NT$2,699,773.
3. The interest income recognized in profit or loss in 2020 and 2019 was NT$221 and NT$362, respectively.
4. The Company did not pledge notes and accounts receivable as collateral.
5. For information on credit risk, please refer to Note 12 (2).

(IV) Inventories

	December 31, 2020		
	Costs	Allowance for valuation loss	Carrying amount
Raw materials	$ 373,651	($ 120,450)	$ 253,201
Work in progress	194,896	(44,235)	150,661
Finished goods	39,436	(29,390)	10,046
Merchandise	8	(8)	-
Inventory in transit - raw materials	45,682	-	45,682
	$ 653,673	($ 194,083)	$ 459,590

	December 31, 2019		
	Costs	Allowance for valuation loss	Carrying amount
Raw materials	$ 365,010	($ 174,998)	$ 190,012
Work in progress	185,791	(12,562)	173,229
Finished goods	51,647	(14,172)	37,475
Merchandise	77	(62)	15
Inventory in transit - raw materials	70,057	-	70,057
	$ 672,582	($ 201,794)	$ 470,788

The Company's inventory cost recognized in expenses in the current period:

	2020	2019
Cost of inventory sold	$ 7,658,830	$ 7,244,198
Valuation loss	27,280	46,028
Others	(393)	(425)
	$ 7,685,717	$ 7,289,801

(V) Prepayment

	December 31, 2020	December 31, 2019
Excess Business Tax paid	$ 4,184	$ -
Other prepayments	4,030	4,940
Prepayments to suppliers	2,621	3,364
Others	2,073	5,321
	$ 12,908	$ 13,625

(VI) Investment using the equity method

	December 31, 2020		December 31, 2019	
	Amount	Shareholding ratio	Amount	Shareholding ratio
Subsidiaries:				
ZINWELL HOLDING (SAMOA) CORPORATION	$ 1,730,499	100%	$ 1,719,337	100%
AkiraNET	(181)	90%	-	-
ZINWELL CORPORATION (H.K.) LIMITED	(13,561)	100%	(5,458)	100%
B1-Media Corp.	-	48%	3,901	48%
Associate:				
Itas Technology Corp.	-	38.11%	-	38.11%
Urmap. Inc.	-	28.07%	-	28.07%
	1,716,757		1,717,780	
Add: Reclassified to "Other liabilities - Others" (under "Other non-current liabilities")	13,742		5,458	
	$ 1,730,499		$ 1,723,238	

1. The losses from the investments using the equity method by the investees recognized in the financial statements, which were audited by the CPAs appointed, for 2020 and 2019 were NT$32,310 and NT$9,003, respectively.
2. The Company invested in the establishment of AkiraNET (hereinafter referred to as "AkiraNET") in May 2020. In addition, the Company, as approved by the board of directors on December 14, 2020, increased the capital of AkiraNET in cash. As of December 31, 2020, the capital increase in cash in the amount of NT$269,700 was recognized in "prepaid investment", and the shareholding ratio was 55% after the capital increase. AkiraNET has completed the change registration on January 25, 2021.
3. As the Company intends to continue to invest in ZINWELL CORPRATION (HK) LIMITED and AkiraNET, it continues to recognize the losses thereof in investment losses, and the credit balances of long-term equity investment as of December 31, 2020 and 2019 in "Other liabilities - Others". As the Company has no intention of continuing to engage in the equity investment of Itas Technology Corp. and Urmap. Inc. using the equity method, the losses thereof recognized are limited to the carrying amount of the equity investment.
4. If B1-Media Corp. conducted a liquidation in 2020, the recoverable amount would decrease based on the Company's assessment, and the Company recognized the impairment loss of $218. B1-Media Corp. has filed a liquidation plan on January 7, 2021
5. As of December 31, 2019, the Company's unrealized gross profit on sales from downstream sales transactions was NT$1,063, which has been written off and debited to "investments using the equity method".
6. As of December 31, 2020 and 2019, the total carrying amount of the Company's associates that were not individually material was $0.
7. For information on the Company's subsidiaries, please refer to Note 4 (3) of the 2020 consolidated financial statements.

(VII) Property, plant, and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction projects and equipment to be inspected	Total
January 1, 2020								
Costs	$ 811,369	$ 407,363	$ 500,726	$ 5,941	$ 49,157	$ 491,363	$ 595,595	$ 2,861,514
Accumulated depreciation	-	(204,151)	(232,626)	(3,848)	(28,992)	(413,279)	-	(882,896)
	$ 811,369	$ 203,212	$ 268,100	$ 2,093	$ 20,165	$ 78,084	$ 595,595	$ 1,978,618
January 1, 2020	$ 811,369	$ 203,212	$ 268,100	$ 2,093	$ 20,165	$ 78,084	$ 595,595	$ 1,978,618
Additions	-	12,135	39,292	-	3,333	13,614	399,720	468,094
Disposal	-	(1)	(2)	-	(12)	(7)	-	(22)
Reclassification	3,301	(1,677)	-	-	-	-	-	1,624
Depreciation expenses	-	(45,389)	(41,039)	(322)	(3,728)	(21,442)	-	(111,920)
Transfer	-	544,303	33,317	-	504	5,829	(583,953)	-
December 31,	$ 814,670	$ 712,583	$ 299,668	$ 1,771	$ 20,262	$ 76,078	$ 411,362	$ 2,336,394
December 31, 2020								
Costs	$ 814,670	$ 961,186	$ 559,719	$ 5,941	$ 52,301	$ 509,932	$ 411,362	$ 3,315,111
Accumulated depreciation	-	(248,603)	(260,051)	(4,170)	(32,039)	(433,854)	-	(978,717)
	$ 814,670	$ 712,583	$ 299,668	$ 1,771	$ 20,262	$ 76,078	$ 411,362	$ 2,336,394

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Equipment to be inspected	Total
January 1, 2019								
Costs	$ 811,369	$ 482,853	$ 307,124	$ 4,573	$ 38,871	$ 494,104	$ 612,988	$ 2,751,882
Accumulated depreciation	-	(236,044)	(233,013)	(3,975)	(32,065)	(414,878)	-	(919,975)
	$ 811,369	$ 246,809	$ 74,111	$ 598	$ 6,806	$ 79,226	$ 612,988	$ 1,831,907
2019								
January 1	$ 811,369	$ 246,809	$ 74,111	$ 598	$ 6,806	$ 79,226	$ 612,988	$ 1,831,907
Additions	-	3,205	45,987	-	2,759	9,289	196,437	257,677
Disposal	-	(40,024)	(19,514)	-	(61)	(66)	-	(59,665)
Depreciation expenses	-	(12,016)	(14,716)	(145)	(1,864)	(22,560)	-	(51,301)
Transfer	-	5,238	182,232	1,640	12,525	12,195	(213,830)	-
December 31,	$ 811,369	$ 203,212	$ 268,100	$ 2,093	$ 20,165	$ 78,084	$ 595,595	$ 1,978,618
December 31, 2019								
Costs	$ 811,369	$ 407,363	$ 500,726	$ 5,941	$ 49,157	$ 491,363	$ 595,595	$ 2,861,514
Accumulated depreciation	-	(204,151)	(232,626)	(3,848)	(28,992)	(413,279)	-	(882,896)
	$ 811,369	$ 203,212	$ 268,100	$ 2,093	$ 20,165	$ 78,084	$ 595,595	$ 1,978,618

For information on property, plant and equipment pledged as collateral, please refer to Note 8 for details.

(VIII) Investment property

	Land	Buildings and structures	Total
January 1, 2020			
Costs	$ 24,131	$ 14,824	$ 38,955
Accumulated depreciation	-	(8,069)	(8,069)
	$ 24,131	$ 6,755	$ 30,886
January 1, 2020	$ 24,131	$ 6,755	$ 30,886
Reclassification	(3,301)	1,677	(1,624)
Depreciation expenses	-	(254)	(254)
December 31,	$ 20,830	$ 8,178	$ 29,008
December 31, 2020			
Costs	$ 20,830	$ 17,214	$ 38,044
Accumulated depreciation	-	(9,036)	(9,036)
	$ 20,830	$ 8,178	$ 29,008

	Land	Buildings and structures	Total
January 1, 2019			
Costs	$ 24,131	$ 14,824	$ 38,955
Accumulated depreciation	-	(7,845)	(7,845)
	$ 24,131	$ 6,979	$ 31,110
January 1, 2019	$ 24,131	$ 6,979	$ 31,110
Depreciation expenses	-	(224)	(224)
December 31,	$ 24,131	$ 6,755	$ 30,886
December 31, 2019			
Costs	$ 24,131	$ 14,824	$ 38,955
Accumulated depreciation	-	(8,069)	(8,069)
	$ 24,131	$ 6,755	$ 30,886

1. Rental income and direct operating expenses of investment property:

	2020	2019
Rental income from investment property	$ 3,477	$ 3,624
Direct operating expenses from investment property when rental income is generated in the period	$ 385	$ 293

2. The fair values of the investment property held by the Company as of December 31, 2020 and 2019 were NT$83,538 and NT$65,330, 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.

(IX) Other non-current assets

	December 31, 2020	December 31, 2019
Prepaid investment	$ 269,700	$ -
Prepayment for equipment	37,212	111,702
Guarantee deposits paid	8,516	9,250
Others	9,287	9,063
	$ 324,715	$ 130,015

1. Please refer to Note 6 (6) 2 for the details of prepaid investment.
2. Please refer to Note 8 for the details of the financial assets pledged

(X) Other payables/Other non-current liabilities

1. Other payables

	December 31, 2020	December 31, 2019
Salaries and bonuses payable	$ 173,049	$ 176,194
Commission and royalties payable	23,133	36,406
Equipment payment payable	39,830	3,579
Others	64,540	69,204
	$ 300,552	$ 285,383

2. Other non-current liabilities

	December 31, 2020	December 31, 2019
Accrued pension liabilities	$ 174,628	$ 168,120
Guarantee deposits received	546	429
Others	13,742	5,458
	$ 188,916	$ 174,007

(XI) Pension

1. Defined benefit plan

(1) The Company established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act, which were applicable to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005 and to the formal employees who still chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Under the defined benefit pension plan, 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. Pension benefits are based on the number of units granted and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes 2% of the total salaries every month as a pension fund and deposits it to the designated account in the name of the Labor Pension Funds Supervisory Committee at 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:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 262,244	$ 252,533
Fair value of plan assets	(87,616)	(84,413)
Net defined benefit liabilities (recognized in other non-current liabilities)	$ 174,628	$ 168,120

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2020			
Balance at January 1	$ 252,533	($ 84,413)	$ 168,120
Current service cost	994	-	994
Interest expense (income)	1,768	(591)	1,177
	255,295	(85,004)	170,291
Remeasurements:			
Effect of change in financial assumptions	9,385	-	9,385
Experience adjustments	1,093	(2,707)	(1,614)
	10,478	(2,707)	7,771
Pension fund contribution	-	(3,434)	(3,434)
Pension paid	(3,531)	3,531	-
Balance at December 31	$ 262,242	($ 87,614)	$ 174,628

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2019			
Balance at January 1	$ 243,224	($ 55,677)	$ 187,547
Current service cost	1,190	-	1,190
Interest expense (income)	2,432	(557)	1,875
	246,846	(56,234)	190,612
Remeasurements:			
Effect of change in financial assumptions	7,144	-	7,144
Experience adjustments	6,177	(1,858)	4,319
	13,321	(1,858)	11,463
Pension fund contribution	-	(33,955)	(33,955)
Pension paid	(7,634)	7,634	-
Balance at December 31	$ 252,533	($ 84,413)	$ 168,120

(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 are less than aforementioned rates, the government shall compensate the deficit after being authorized by the competent authorities. The Company has 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, 2020 and 2019 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The actuarial assumptions related to pension are as follows:

	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	2.40%	2.40%

The assumptions for the future mortality rate are based on the Taiwan Life Insurance Life Table No. 5.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2020				
Impact on the present value of defined benefit obligations	($ 5,928)	$ 6,141	$ 5,397	($ 5,247)
December 31, 2019				
Impact on the present value of defined benefit obligations	($ 5,975)	$ 6,198	$ 5,500	($ 5,340)

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 the year ended December 31, 2021 amount to NT$3,402.

(7) As of December 31, 2020, the weighted average duration of the pension plan is 9 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	$	32,199
1–2 years		12,112
2–5 years		39,768
Over 5 years		67,864
	$	151,943

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 the years ended December 31, 2020 and 2019 were NT$28,258 and NT$28,255, respectively.

(XII) Share capital

As of December 31, 2020 and 2019, the Company's authorized capital was NT$3,990,000 and divided into 399,000,000 shares, of which 20,000,000 shares were reserved for employee stock warrants, preferred stocks with stock options, or corporate bonds with stock options. The number of outstanding shares is 317,689,037, with a par value of NT$10 per share.

(XIII) Capital surplus

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 the capital losses, unless the surplus reserve is insufficient to compensate such losses.

(XIV) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings in 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 of the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholding ratio. However, in the case of issue of new shares or cash, it shall be limited to the portion of the legal reserve in excess of 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) Upon the first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed.
   (3) Upon the first-time adoption of IFRSs, the Company elected to reclassify the cumulative translation adjustment to the undistributed earnings per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012; thus, the Company's balance of a special reserve provided was NT$57,817 on January 1, 2013.
4. The Company's 2018 earnings distribution proposal passed by the shareholders' meeting on June 12, 2019 is as follows:

	2018	
	Amount	Dividend per share (NTD)
Legal reserve	$ 29,666	
Special reserve	32,832	
Cash dividend	158,845	$ 0.50

   The information on the distribution of earnings proposed by the Company's board of directors and the resolution adopted by the shareholders' meeting is available on the Market Observatory Post System (MOPS).
5. The Company's shareholders' meeting on June 16, 2020 approved that the Company did not plan to distribute dividends due to losses after tax for 2019.
6. For the information on employee compensation and remuneration of directors and supervisors, please refer to Note 6 (21).

(XV) Other equity items

	2020		
	Unrealized valuation gains or losses	Foreign currency exchange	Total
January 1	$ -	($ 165,185)	($ 165,185)
Valuation adjustment	149	-	149
Disposal of financial assets at FVTOCI	(148)	-	(148)
Foreign currency exchange difference	-	22,505	22,505
December 31	$ 1	($ 142,680)	($ 142,679)

	2019		
	Unrealized valuation gains or losses	Foreign currency exchange	Total
January 1	($ 4,032)	($ 113,128)	($ 117,160)
Valuation adjustment	397	-	397
Disposal of financial assets at FVTOCI	3,635	-	3,635
Foreign currency exchange difference	-	(52,057)	(52,057)
December 31	$ -	($ 165,185)	($ 165,185)

(XVI) Operating revenue

	2020	2019
Revenue from customer contracts	$ 7,932,376	$ 7,743,691

1. Details of revenue from customer contracts

   The Company's revenue comes from the transfer of merchandise at a certain point in time. The revenue can be broken down into the main product lines below:

	2020	2019
Digital cable and communication products	$ 7,932,376	$ 7,743,691

2. Contract liabilities

   The contract liabilities recognized related to revenue from customer contracts are as follows:

	December 31, 2020	December 31, 2019	January 1, 2019
Sales contracts	$ 258,143	$ 201,632	$ 86,908

(1) Significant changes in contract liabilities

In response to the recent rapid changes in the digital video market, the prepayments from sales customers to the Company have increased for collaborative development.

(2) Contract liabilities at the beginning of the period recognized in revenue in the current period:

	2020	2019
Sales contracts	$ 18,804	$ 20,221

(XVII) Interest income

	2020	2019
Interest on bank deposits	$ 25,087	$ 35,107
Other interest income	221	362
	$ 25,308	$ 35,469

(XVIII) Other revenue

	2020	2019
Rental income	$ 3,477	$ 3,624
Dividend income	105	17
Others (Note)	136,060	26,991
	$ 139,642	$ 30,632

Note: It is mainly the one-off project fee charged by the Company to assist customers in developing new products.

(XIX) Other gains and losses

	2020	2019
Foreign currency exchange losses	($ 117,850)	($ 54,655)
Gains (losses) on disposal and scrapping of property, plant and equipment	1,179	(43,901)
Gains on disposal of investment	3,398	-
Other losses, net	(471)	(15,662)
	($ 113,744)	($ 114,218)

(XX) Financial cost

	2020	2019
Interest expense	$ 6	$ 33

(XXI) Additional information on the nature of costs

By function / By nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salaries and wages	$ 297,448	$ 286,438	$ 583,886	$ 298,028	$ 303,373	$ 601,401
Labor and health insurance expenses	33,322	22,502	55,824	32,501	23,713	56,214
Pension expenses	16,038	14,391	30,429	15,783	15,537	31,320
Directors' remuneration	-	7,450	7,450	-	7,800	7,800
Other employment costs	19,503	10,765	30,268	18,903	12,152	31,055
Depreciation expenses	92,325	19,849	112,174	30,968	20,557	51,525
Amortization expenses	5,204	1,547	6,751	2,370	2,889	5,259

Note 1: In 2020 and 2019, the average number of the Company’s employees was 1,037 and 1,072, respectively. The number of directors who did not serve as employees concurrently was 3 and 4, respectively.

Note 2: The Company's average employee benefit expenses in 2020 and 2019 were NT$677 and NT$674, respectively; the average salaries and wages in 2020 and 2019 were NT$565 and NT$563, respectively; the average employee salary adjustment in 2020 was 0.36%.

Note 3: The remuneration of the Company's supervisors in 2020 and 2019 was both NT$0. The Company has set up an audit committee, so there was no supervisor's remuneration paid.

Note 4: 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.

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 remuneration of directors and supervisors.
2. The estimated amount of the Company's employee compensation in 2020 and 2019 was both NT$0; the estimated amount of remuneration of directors and supervisors was both $0. The aforementioned amount is accounted for in the salaries and wages account.

   The employee compensation and remuneration of directors and supervisors in 2020 were not estimated due to the Company's losses for 2020.

   The employee compensation and the remuneration of directors and supervisors for 2019 approved by the board of directors was both $0, which was consistent with the amount recognized in the financial statements for 2019.

   Information on employee compensation and the remuneration of directors and supervisors approved by the Company's board of directors is available on MOPS.

(XXII) Income tax

1. Income tax benefits

(1) Components of income tax benefits:

	2020	2019
Current income tax:		
Income tax receivable at the end of the period	($ 32,424)	($ 57,101)
Surtax on undistributed earnings	-	(4,020)
Amount of income tax receivable that has not been collected from prior years	31,945	57,810
Income tax receivable from current income	(479)	(3,311)
Overestimate of income tax in prior years	(2,820)	(2,786)
Withholding and provisional tax	479	2,105
Surtax on undistributed earnings	-	4,020
Total current income tax	(2,820)	28
Deferred income tax:		
The initial generation and reversal of temporary differences	(26,989)	(25,325)
Income tax benefits	($ 29,809)	($ 25,297)

(2) Amount of income tax related to other comprehensive income:

	2020	2019
Remeasurement of defined benefit plan	($ 1,554)	($ 2,292)

2. Reconciliation between income tax expense and accounting profit:

	2020	2019
Income tax calculated based on net profit before tax at the statutory tax rate	($ 36,194)	($ 28,431)
Overestimate of income tax in prior years	(2,820)	(2,786)
Effect of items that cannot be recognized as per laws and regulations	1,948	3,106
Changes in the evaluation of realizability of deferred income tax	7,257	-
Effect of investment income tax credits	-	(1,206)
Surtax on undistributed earnings	-	4,020
Income tax benefits	($ 29,809)	($ 25,297)

3. The amount of each deferred income tax asset or liability arising from temporary differences is as follows:

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
Deferred income tax assets				
-Temporary differences:				
Inventory valuation and obsolescence losses	$ 40,358	($ 1,542)	$ -	$ 38,816
Pension	33,829	(253)	1,554	35,130
Portion in excess of the limit of allowance for bad debts	18,177	(11,289)	-	6,888
Compensation for unused annual leave	5,813	135	-	5,948
Unrealized exchange losses	19,585	(16,952)	-	2,633
Loss carryforward	85,445	53,001	-	138,446
	203,207	23,100	1,554	227,861
- Deferred income tax liabilities:				
Overseas investment gains	(41,130)	3,889	-	(37,241)
	$ 162,077	$ 26,989	$ 1,554	$ 190,620

(The following space is intentionally left blank)

	2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
Deferred income tax assets				
-Temporary differences:				
Inventory valuation and obsolescence losses	$ 50,126	($ 9,768)	$ -	$ 40,358
Pension	37,715	(6,178)	2,292	33,829
Portion in excess of the limit of allowance for bad debts	18,177	-	-	18,177

Compensation for unused annual leave	5,430	383	-	5,813
Unrealized exchange losses	5,070	14,515	-	19,585
Loss carryforward	58,868	26,577	-	85,445
	175,386	25,529	2,292	203,207
- Deferred income tax liabilities:				
Overseas investment gains	(40,926)	(204)	-	(41,130)
	$ 134,460	$ 25,325	$ 2,292	$ 162,077

4. 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, 2020

Item	Year	Amount filed/approved	Unused credits	Amount of unrecognized deferred income tax assets	Last year in which such credits are effective
Research and development expenditure	2018–2019	$ 15,700	$ 15,700	$ 15,700	2020–2021

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, 2020

Year	Amount filed/approved	Unused credits	Amount of unrecognized deferred income tax assets	Last year in which such credits are effective
2018–2020	$ 692,226	$ 692,226	$ -	2028–2030

December 31, 2019

Year	Amount filed/approved	Unused credits	Amount of unrecognized deferred income tax assets	Last year in which such credits are effective
2018–2019	$ 415,982	$ 415,982	$ -	2028–2029

6. The Company’ s profit-seeking enterprise income tax returns filed have been approved by the tax collection authorities up to 2018 except for the year of 2017.

(XXIII) Earnings/Loss per share

	2020		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NTD)
Basic loss per share			
Net loss attributable to ordinary shareholders in the current period	($ 151,162)	317,689	($ 0.48)

	2019		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NTD)
Basic loss per share			
Net loss attributable to ordinary shareholders in the current period	($ 116,859)	317,689	($ 0.37)

(XXIV) Additional information on cash flow

Investing activities with only partial cash payment:

	2020	2019
Purchase of property, plant, and equipment	$ 468,094	$ 257,677
Add: Payables for equipment, beginning of period	3,579	2,140
Add: Payables for equipment, end of period	(39,830)	(3,579)
Cash paid in the current period	$ 431,843	$ 256,238

(XXV) Changes in liabilities from financing activities

	Guarantee deposits received for 2020	Guarantee deposits received for 2019
January 1	$ 429	$ 464
Changes in financing cash flow	117	(35)
December 31	$ 546	$ 429

(The following space is intentionally left blank)

VII. Related Party Transactions

(I) Name of the related party and relationship

Name of related party	Relationship with the Company
ZINWELL CORPORATION (H.K.) LIMITED (ZINWELL H.K.)	Subsidiary
AkiraNET	Subsidiary
B1-Media Corp.	Subsidiary
Zinwell Electronic (Shenzhen). Co., Ltd. (Zinwell Shenzhen)	Sub-subsidiary
Pei-Ji Digital Co., Ltd.	Sub-subsidiary (Note)
Digi Homewin Corp.	The Chairman of the company is a relative with the second degree of kinship of a directors of the Company

Note: The Company's subsidiary B1-Media Corp. sold 100% of the equity of sub-subsidiary Pei-Ji Digital Co., Ltd. on July 20, 2020, causing the Company to lose control over said sub-subsidiary.

1. Operating Revenue

	2020	2019
Sales of merchandize:		
Subsidiary	$ 598	$ 2,104
Sub-subsidiary	706	2,298
	$ 1,304	$ 4,402

(1) The price of the Company's sales to related parties is based on the agreed price, and the payment term is open account with net 90 to 120 days, but, in practice, the collection of payments is conducted irregularly.

(2) 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 revenue and purchases related to the processing of imported materials, which are double counted, are offset as per the regulations. Such amounts in 2020 and 2019 were NT$5,038,298 and NT$3,614,176, respectively.

2. Purchases

	2020	2019
Purchase of merchandise:		
ZINWELL H.K.	$ 1,371,345	$ 2,121,835

(1) The amount of transactions with ZINWELL H.K. above has excluded the purchase amount that has been double counted as per the regulations. Please refer to the details of 7. (1) 1.(2).

(2) The transaction prices for purchases from related parties above are based on the related parties' costs plus the agreed gross profit.

The Company pays for the supplies to ZINWELL H.K. 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.

3. Receivables from related parties (December 31, 2020: None)

	December 31, 2019	
Accounts receivable:		
Subsidiary	$	195
Sub-subsidiary		2,358
	$	2,553

4. Payables to related parties

	December 31, 2020		December 31, 2019	
Accounts payable:				
ZINWELL H.K.	$	641,627	$	682,350

5. Property transactions

Acquisition of financial assets (2019: None)

	Account title	Number of shares traded	Item traded	Investment amount in 2020	
Subsidiary	Investment using the equity method	900,000	AkiraNET	$	9,000
	Prepaid investment	26,970,000	〃		269,700
				$	278,700

Please refer to Note 6(5) for subsidiaries' capital increase in cash.

6. For loans to related parties and endorsements/ guarantees provided to related parties, please refer to Note 13, (1) 1. and 2.

(II) Information on remuneration to key management personnel

	2020		2019	
Salaries and other short-term employee benefits	$	24,036	$	27,420
Post-employment benefits		671		662
	$	24,707	$	28,082

VIII. Pledged assets

The details of the assets pledged by the Company as collateral are as follows:

Asset	Book value December 31, 2020	Book value December 31, 2019	Purpose of collateral
Property and plant			
─ Land	$ 141,468	$ 141,468	Short-term borrowing facilities
─ Buildings and structures	79,130	83,442	Short-term borrowing facilities
Guarantee deposits paid			
─ Pledged time deposit (recognized in other non-current assets)	1,000	1,000	Security deposit for natural gas
	$ 221,598	$ 225,910	

Note: The property and plant collateral is not restricted substantively.

IX. Significant Contingent Liabilities and Unrecognized Commitments

1. 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.
2. As of December 31, 2020 and 2019, the Company has signed contracts for the construction of the Chiayi plant and purchases of machinery and equipment, and the amounts of payments that had not been made were NT$5,372 and NT$18,786, respectively.
3. As of December 31, 2020, the Company has signed a contract for the construction of the Hsinchu plant and the purchase of machinery and equipment, and the amount of payment that had not been made was NT$$278,159.
4. The Company received a civil complaint from the Taiwan New Taipei District Court on February 17, 2020 from the Shanghe Construction Co., Ltd. to seek compensation from the Company for NT$37,626 due to the construction cost dispute, plus the interest accrued at 5% of the annual interest rate from June 14, 2019 to the settlement date. This lawsuit is still on trial in the Taiwan New Taipei District Court. The Company has appointed an attorney to assist in handling this case. The result of the lawsuit has yet to be determined by the court without material impact on the Company's operating conditions, finances, and business.

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

1. The Company's board of directors resolved, on March 17, 2021, a proposal to invest in the establishment of a wholly-owned subsidiary ZINWELL INTERNATIONAL (SAMOA) CORPORATIO (tentative company name) with a capital of US$10,000,000, which will then invest in the establishment of a wholly-owned company named Zinwell Technology (Shenzhen) Co., Ltd. (tentative company name) in mainland China with a capital of US$9,000,000. For relevant information, please refer to the MOPS.
2. Please refer to Note 6 (6) for details.

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 standalone balance sheet. The total capital is calculated as the "equity" as in the standalone balance sheet plus the total debt.

The Company's strategy in 2020 remained the same as that in 2019. As of December 31, 2020 and 2019, the Company's debt ratio was 28% and 25%, respectively.

(II) Financial instruments

1. Types of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at FVTOCI		
Investment in designated equity instruments selected	$ 1,616	$ 1,518
Financial assets measured at amortized cost		
Cash and cash equivalents	1,896,625	1,557,040
Notes receivable	5,212	808
Accounts receivable (including related parties)	1,869,107	2,609,735
Other receivables	19,899	24,763
Guarantee deposits paid	8,516	9,250
	$ 3,800,975	$ 4,203,114
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable	90,435	105,364
Accounts payable (including related parties)	1,616,516	1,402,995
Other payables	300,552	285,383
Guarantee deposits received	546	429
	$ 2,008,049	$ 1,794,171

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

Interest 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 exchange rate risk arises from future business transactions and assets and liabilities recognized.

B. The Company's management has formulated policies that require each company within the Company to manage exchange rate risk in relation to its functional currency. Said companies shall hedge their overall exchange rate risks through the Company's 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, 2020		
	Foreign currencies (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 131,308	28.50	$ 3,742,278
GBP: NTD	1,193	38.90	46,408
EUR: NTD	1,037	35.03	36,326
Financial liabilities			
Monetary items			
USD: NTD	$ 55,454	28.50	$ 1,580,439

	December 31, 2019				
	Foreign currencies (thousand)		Exchange rate	Carrying amount (NTD)	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	$	140,921	30.10	$	4,241,722
GBP: NTD		1,228	39.53		48,543
EUR: NTD		1,228	33.73		41,420
Financial liabilities					
Monetary items					
USD: NTD	$	46,080	30.10	$	1,387,008

D. The aggregate amount of net exchange losses (including realized and unrealized) of the Company's monetary items recognized for 2020 and 2019 due to the material impact of exchange rate fluctuations was NT$117,850 and NT$54,655, respectively.

E. The analysis of the Company's foreign currency market risk arising from significant exchange rate fluctuations is as follows:

	2020				
	Sensitivity analysis				
	Exchange rate band	Effect on profit and loss		Effect on other comprehensive income	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	1%	$	37,423	$	-
GBP: NTD	1%		464		-
EUR: NTD	1%		363		-
Financial liabilities					
Monetary items					
USD: NTD	1%	$	15,804	$	-

	2019				
	Sensitivity analysis				
	Exchange rate band	Effect on profit and loss		Effect on other comprehensive income	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	1%	$	42,417	$	-
GBP: NTD	1%		485		-
EUR: NTD	1%		414		-
Financial liabilities					
Monetary items					
USD: NTD	1%	$	13,870	$	-

Price risk

The Company's equity instruments exposed to the price risk are financial assets held at FVTOCI. The Company is not exposed to the price risk arising from the merchandise.

Interest rate risk of cash flow and fair value

The interest rate risk of the Company mainly arises from short-term borrowings. Loans taken out at floating interest rates expose the Company to the interest rate risk of cash flow while loans taken out at fixed interest rates expose the Company to the interest rate risk of fair value.

(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. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.

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, when a contract payment is overdue for more than 181 days, it is deemed to have been in default.

E. The Company groups customers' accounts receivable based on customer ratings and customer types.

F. 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 the legal recourse procedures to preserve the creditor’s rights. The overdue payments that the Company had written off with the legal recourse procedures still underway were NT$219,768 and NT$218,794 as of December 31, 2020 and 2019, respectively.

G. 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 from accounts receivable and other non-current assets-others. The information on the loss rate method as of December 31, 2020 and 2019 is as follows:

	Group A	Group B	Total
December 31, 2020			
Expected loss rate	0.03%~3.81%	100.00%	
Total carrying amount	$ 1,887,137	$ 219,768	$ 2,106,905
Allowance for losses	$ 17,951	$ 219,768	$ 237,719

	Group A	Group B	Total
December 31, 2019			
Expected loss rate	0.03%~45.61%	100.00%	
Total carrying amount	$ 2,649,471	$ 218,794	$ 2,868,265
Allowance for losses	$ 41,989	$ 218,794	$ 260,783

Note: Per the Company's credit risk management policy, the customers are classified as follows:

Group A: Customers with good credit ratings with the historical loss rate of 0%.

Group B: Customers with the overdue period too long and a low recovery rate. It is proposed to set an overdue loss rate of 100%.

H. The Company's simplified method for changes in the allowances for losses for accounts receivable and overdue payments is as follows:

	2020		
	Accounts receivable	Other non-current assets - Others	Total
January 1	$ 41,989	$ 218,794	$ 260,783
Reversal of impairment loss	(23,064)	-	(23,064)
December 31	$ 18,925	$ 218,794	$ 237,719

	2019		
	Accounts receivable	Other non-current assets - Others	Total
January 1	$ 89,235	$ 171,548	$ 260,783
Reclassification adjustments	(47,246)	47,246	-
December 31	$ 41,989	$ 218,794	$ 260,783

(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 of the Company's liquidity requirements to ensure that it has sufficient funds to meet operational needs, and maintains sufficient available credit limits 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 required. 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 Company's non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts of the undiscounted contractual cash flows of notes payable, accounts payable, and other payables are approximately equal to their carrying amounts, and they are due within one year.

(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 (8).

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, other receivables, other financial assets, guarantee deposits paid, short-term borrowings, 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, 2020	Level 1	Level 3	Total
Fair value on a recurring basis			
Equity securities and financial assets at FVTOCI	$ 98	$ 1,518	$ 1,616

December 31, 2019	Level 1	Level 3	Total
Fair value on a recurring basis			
Equity securities and financial assets at FVTOCI	$ -	$ 1,518	$ 1,518

(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 :

	Stocks on emerging stock market
Quoted prices in the market	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, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the parent company only balance sheet, valuation adjustments are appropriate and necessary. 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 into 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 fair value in 2020 and 2019.

6. The table below shows the changes in Level 3 fair value in 2020 and 2019:

	2020	2019
	Non-derivative equity instruments	Non-derivative equity instruments
January 1	$ 1,518	$ 1,518
Losses recognized in other comprehensive income		
Recognized in unrealized valuation gains or losses on investment in equity instruments at FVTOCI	-	397
Sales in the current period	-	(397)
December 31	$ 1,518	$ 1,518

7. There was no transfer into or out of Level 3 fair value in 2020 and 2019.
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 quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

	Fair value on December 31, 2020	Valuation technique	Significant unobservable input	Interval (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Unlisted stocks	$ 1,518	Comparable listed company method	Price-to-book ratio multiplier	2	The higher the multiplier and control premium, the higher the fair value.
			Discounts for lack of market liquidity	50%	The higher the discount for lack of market liquidity, the lower the fair value.

	Fair value on December 31, 2019	Valuation technique	Significant unobservable input	Interval (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Unlisted stocks	$ 1,518	Comparable listed company method	Price-to-book ratio multiplier	2	The higher the multiplier and control premium, the higher the fair value.
			Discounts for	50%	The higher the

lack of market liquidity	discount for lack of market liquidity, the lower the fair value.

10. 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. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Table 3.
4. Marketable 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 Investment 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.

XIV. Segment Information

N/A.

Zinwell Corporation
Cash and cash equivalents
December 31, 2020

Statement 1 Unit: NTD thousands

Item		Summary		Amount
Cash on hand				$ 1,592
Checking deposit	- NTD			2,065
Demand deposit	- NTD			159,029
	- USD	USD	58,214,000 at an exchange rate of 1 USD to 28.50 NTD	1,658,867
	- GBP	GBP	1,191,000 at an exchange rate of 1 GBP to 38.90 NTD	46,342
	- EUR	EUR	816,000 at an exchange rate of 1 EUR to 35.03 NTD	28,567
	- Others			163
				1,895,033
				$ 1,896,625

Zinwell Corporation
Accounts receivable
December 31, 2020

Statement 2 Unit: NTD thousands

Name of customer	Amount	Remarks
Accounts receivable		
Customer A	$ 1,375,795	
Customer B	274,825	
Others	229,378	Note 1
	1,879,998	
Installments receivable	8,113	Note 1
	1,888,111	
Less: Unrealized interest income on installments receivable	(79)	Note 2
Less: Allowance for losses	(18,925)	
	$ 1,869,107	

Note 1: The balance of each customer did not exceed 5% of the total amount of this account
Note 2: The instalments receivable are recognized as the interest income that shall be recognized in the future years using the interest method.

Zinwell Corporation
Inventories
December 31, 2020

Statement 3 Unit: NTD thousands

Item	Amount: Costs	Amount: Market price	Remarks
Raw materials	$ 373,651	$ 254,257	The replacement cost of raw materials is adopted as the market price
Work in progress	194,896	152,744	Market price is based on net realizable value
Finished goods	39,436	10,863	〃
Merchandise	8	-	〃
Inventory in transit	45,682	45,682	〃
	653,673	$ 463,546	
Less: Allowance for inventory valuation losses	(194,083)		
	$ 459,590		

Zinwell Corporation
Changes in Investment Using the Equity Method
From January 1, 2020 to December 31, 2020

Statement 4

Unit: NTD thousands

Name	Opening balance: Number of shares	Opening balance: Amount	Increase in the current period: Number of shares	Increase in the current period: Amount	Decrease in the current period: Number of shares	Decrease in the current period: Amount	Investment gains (losses)	Cumulative translation adjustment	Other adjustment items	Closing balance: Number of shares	Closing balance: Shareholding ratio	Closing balance: Amount	Net equity: Unit price (NTD)	Net equity: Total price	Collateral or pledge
ZINWELL HOLDING (SAMOA) CORPORATION	49,000,000	$ 1,802,514	-	$ -	-	-	($ 11,343)	$ -	$ -	49,000,000	100.00%	1,791,171	$ 35.32	$ 1,730,499	None
Add: Cumulative translation adjustment		(83,177)		-		-	-	22,505	-			(60,672)			
		1,719,337		-		-	(11,343)	22,505	-			1,730,499			
AkiraNET	-	-	900,000	9,000	-	-	(9,181)	-	-	900,000	90.00%	(181)	(0 .20)	(181)	〃
Add: Reclassified to the account of "Other liabilities - Others"		-		-		-	-	-	181			181			
		-		9,000		-	(9,181)	-	181			-			
ZINWELL CORPORATION (H.K.) LIMITED	6,000,000	(9,003)	-	-	-	-	(8,103)	-	-	6,000,000	100.00%	(17,106)	(2 .26)	(13,561)	〃
Add: Cumulative translation adjustment		3,545		-		-	-	-	-			3,545			
Add: Reclassified to the account of "Other liabilities - Others"		5,458		-		-	-	-	8,103			13,561			
		-		-		-	(8,103)	-	8,103			-			
B1-Media Corp.	3,480,000	3,901	-	-	-	-	(3,683)	-	-	3,480,000	48.00%	218	-	-	〃
Less: Impairment loss		-		-		-	-	-	(218)			(218)			
		3,901		-		-	(3,683)	-	(218)			-			
Itas Technology Corp.	762,250	31,504	-	-	-	-	-	-	-	762,250	38.11%	31,504	-	-	〃
Less: Impairment loss		(31,504)		-		-	-	-	-			(31,504)			
		-		-		-	-	-	-			-			
Urmap Inc.	666,280	(987)	-	-	-	-	-	-	-	666,280	28.07%	(987)	-	-	〃
Add: Cumulative translation adjustment		987		-		-	-		-			987			
		-		-		-	-	-	-			-			
		$ 1,723,238		$ 9,000		$ -	($ 32,310)	$ 22,505	$ 8,066			$ 1,730,499			

Zinwell Corporation
Accounts Payable
December 31, 2020

Statement 5 | Unit: NTD thousands

Name of supplier	Amount	Remarks
Non-related party		
BSKYB	$ 523,564	
SAMSUNG-EG	72,865	
Others	378,460	The balance of each supplier did not exceed 5% of the total amount of this account
	974,889	
Related party		
ZINWELL CORPORATION (H.K.) LIMITED	641,627	
	$ 1,616,516	

Zinwell Corporation
Operating Revenue
From January 1, 2020 to December 31, 2020

Statement 6 Unit: NTD thousands

Item	Quantity	Amount	Remarks
Net sales revenue			
Digital communication products and components	Note	$ 7,932,376	

Note: Due to the wide variety of products, it is difficult to classify the products.

Zinwell Corporation
Operating Costs
From January 1, 2020 to December 31, 2020

Statement 7 Unit: NTD thousands

Item	Amount
Raw materials at the beginning of the period	$ 435,067
Add: Purchase of raw materials in the current period	681,193
Less: Raw materials at the end of the period	(419,333)
Sales of raw materials	(18,683)
Scrapping of raw materials	(12,954)
Losses of inventory of raw materials	110
Transferred to self-use	323,101
Raw materials consumed in the current period	988,501
Direct labor	204,856
Production overhead	462,711
manufacturing cost	1,656,068
Add: Work in progress at the beginning of the period	185,791
Purchase of work in progress	20,679
Number of work in progress transferred to finished goods	6,687
Number of work in progress transferred to merchandise	5
Less: Work in progress at the end of the period	(194,896)
Sales of work in progress	(5,489)
Scrapping of work in progress	(7,162)
Transferred to self-use	(402,796)
Cost of finished goods	1,258,887
Add: Finished goods at the beginning of the period	51,647
Purchase of finished goods	6,413,435
Less: Finished goods at the end of the period	(39,436)
Scrapping of finished goods	(14,812)
Finished goods transferred to work in progress	(6,687)
Finished goods transferred to merchandise	(8)
Transferred to self-use	(34,671)
Cost of production and sales	7,628,355

Zinwell Corporation
Operating costs (continued)
From January 1, 2020 to December 31, 2020

Statement 7 Unit: NTD thousands

Item	Amount
Merchandise at the beginning of the period	77
Add: Purchase of supplies in the current period	6,295
Cost of raw materials and work in progress sold	24,172
Number of work in progress transferred to merchandise	8
Less: Inventory of merchandise at the end of the period	(8)
Scrapping of merchandise	(64)
Merchandise transferred to work in progress	(5)
Cost of purchases and sales	30,475
	7,658,830
Valuation loss	27,280
Inventory losses	(110)
Revenue of sales of tailings	(283)
	$ 7,685,717

Zinwell Corporation
Production overhead
From January 1, 2020 to December 31, 2020

Statement 8 Unit: NTD thousands

Item	Amount	Remarks
Indirect labor	$ 149,748	
Depreciation expenses	92,325	
Outsourced processing	45,977	
Insurance expenses	35,569	
Water, electricity, and gas expenses	30,679	
Others	108,413	The balance of each account did not exceed 5% of the total amount of this account
	$ 462,711	

Zinwell Corporation

Operating expenses

From January 1, 2020 to December 31, 2020

Statement 9 Unit: NTD thousands

Item	Marketing expenses	Management expenses	Research and development expenses	Total
Salaries and wages	$ 40,180	$ 114,962	$ 153,137	$ 308,279
Freight	34,015	49	63	34,127
Insurance expenses	5,421	8,576	13,414	27,411
Depreciation and depletion	258	7,829	11,762	19,849
Service expenses	-	12,417	-	12,417
Import and export expenses	4,152	-	-	4,152
Others (Note)	5,294	28,876	29,179	63,349
	89,320	172,709	207,555	469,584

Note: The balance of each account did not exceed 5% of the total amount of this account

Zinwell Corporation

Loans to others:

From January 1, 2020 to December 31, 2020

Table 1

Unit: NTD thousands (unless stated otherwise)

No. (Note 1)	Lender	Borrower	General ledger account	Related party status	The highest amount in the current period	Closing balance	Actual amount drawn	Interest rate range	Nature of loan	Amount of transactions	Reason for short-term financing	Allowance for bad debt	Collateral		Limit on loan granted to a single party (Note 2)	Total limit on loans granted (Note 2)	Remarks
													Name	Value			
1	ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Electronic (Shenzhen). Co., Ltd.	Other receivables	Yes	$ 313,456	$ 313,456	$ 313,456	3%~5%	Necessity of short-term financing	-	Working capital	-	-	-	$ 1,730,499	$ 5,191,497	

Note 1: The description of the code column is as follows:

(1) The Company is coded "0".

(2) The investees are coded sequentially beginning from "1" by each individual company.

Note 2: 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/guarantees provided to others
From January 1, 2020 to December 31, 2020

Table 2

Unit: NTD thousands
(unless stated otherwise)

No. (Note 1)	Name of company that provides endorsements/guarantees	Party endorsed/guaranteed		Maximum amount of endorsement/guarantee for a single enterprise (Note 3)	Maximum balance of endorsements/guarantees in the current period	Balance of endorsement/guarantee at the end of period	Actual 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	Relationship											
0	Zinwell Corporation	Zinwell Corporation	Note 2	$ 646,516	$ 10,000	$ 10,000	$ 10,000	$ -	-	$ 3,232,582	N	N	N	
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Note 3	646,516	236,781	236,781	5,414	-	4%	3,232,582	Y	N	N	
0	Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Note 3	646,516	541,952	541,952	-	-	8%	3,232,582	Y	N	N	

Note 1: The description of the code column is as follows:
(1) The Company is coded “0”.
(2) The investees are coded sequentially beginning from “1” by each individual company.

Note 2: A company with which the Company does business.

Note 3: A subsidiary in which more than 50% of its ordinary shares are held directly.

Note 4: 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

Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures)

December 31, 2020

Table 3

Unit: NTD thousands
(unless stated otherwise)

				At the end of the period				
Company	Type and name of securities	Relationship with the securities issuer	General ledger account	Number of shares	Carrying amount	Shareholding ratio	Fair value	Remarks
Zinwell Corporation	Winds Four	None	Investment in equity instruments at FVTOCI - non-current	14	$ 982	18.92%	$ 982	
〃	Essence Technology Solution, Inc.	〃	〃	29,785	536	1.10%	536	
〃	Transcom, Inc.	〃	〃	999	98	-	98	
					$ 1,616			

Zinwell Corporation

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

From January 1, 2020 to December 31, 2020

Table 4

Unit: NTD thousands
(unless stated otherwise)

			Transaction				Situation and reason that transaction terms are different from general ones		Notes/Accounts receivable (payable)		
Supplier/Customer	Name of transaction counterparty	Relationship	Purchase/Sales	Amount	Proportion to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Proportion to notes/accounts receivable (payable)	Remarks
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Subsidiary	Purchases	$ 1,371,345	19%	Receipts/payments on a monthly basis based on the net amount after credits and debts are offset	N/A	N/A	($ 641,627)	(38%)	
ZINWELL CORPORATION (H.K.) LIMITED	Zinwell Corporation	Parent	Sales	(1,371,345)	(100%)	〃	〃	〃	641,627	100%	
	Zinwell Electronic (Shenzhen). Co., Ltd.	Associate	Purchases	327,667	22%	〃	〃	〃	(404,537)	(62%)	
Zinwell Electronic (Shenzhen). Co., Ltd.	ZINWELL CORPORATION (H.K.) LIMITED	Associate	Sales	(327,667)	(100%)	〃	〃	〃	404,537	100%	

Zinwell Corporation

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2020

Table 5

Unit: NTD thousands
(unless stated otherwise)

Company under accounts receivable	Name of transaction counterparty	Relationship	Balance of accounts receivable from related parties	Turnover rate	Overdue receivables from related parties		Recovered amount from related party after balance sheet date	Allowance for bad debt
					Amount	Response method		
ZINWELL CORPORATION (H.K.) LIMITED	Zinwell Corporation	Subsidiary	Accounts receivable of $641,627	Note	$ -	-	$ -	$ -
ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Electronic (Shenzhen). Co., Ltd.	Subsidiary	Other receivables of $313,456	-	-	-	-	-

Note: Receipts/payments based on the net amount after credits and debts are offset

Zinwell Corporation

Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts

From January 1, 2020 to December 31, 2020

Table 6

Unit: NTD thousands
(unless stated otherwise)

				Transaction			
No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Proportion to consolidated total operating revenues or total assets
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMIETD	1	Accounts payable	$ 641,627	Note 3	7%
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMIETD	1	Purchases	1,371,345	〃	17%
0	Zinwell Corporation	AkiraNET	1	Prepaid investment	269,700	-	3%
1	ZINWELL CORPORATION (H.K.) LIMIETD	Zinwell Electronic (Shenzhen). Co., Ltd.	3	Accounts payable	404,537	〃	5%
1	ZINWELL CORPORATION (H.K.) LIMIETD	Zinwell Electronic (Shenzhen). Co., Ltd.	3	Purchases	327,667	〃	4%
2	ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Electronic (Shenzhen). Co., Ltd.	3	Other receivables	313,456	-	4%
2	ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Electronic (Shenzhen). Co., Ltd.	3	Interest income	5,171	-	-

Note 1: (1) Parent company is coded “0”.
(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: (1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: 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)

From January 1, 2020 to December 31, 2020

Table 7

Unit: NTD thousands
(unless stated otherwise)

Name of investor	Name of investee	Location	Principal business	Initial investment amount: At the end of the current period	Initial investment amount: At the end of last year	Held at the end of period: Number of shares	Held at the end of period: Percentage	Held at the end of period: Carrying amount	Net profit (loss) on investee in the current period	Investment income (loss) recognized for the current period	Remarks
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Hong Kong	General investment	$ 22,038	$ 22,038	6,000,000	100.00	($ 13,561)	($ 8,103)	($ 8,103)	Subsidiary
Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Samoa	General reinvestment	1,395,520	1,395,520	49,000,000	100.00	1,730,499	(11,343)	(11,343)	Subsidiary
Zinwell Corporation	B1-Media Corp.	Taiwan	Information software and data processing service	477,298	477,298	3,480,000	48.00	-	(7,673)	(3,683)	Subsidiary
Zinwell Corporation	AkiraNET	Taiwan	Information software service	9,000	-	900,000	90.00	(181)	(10,202)	(9,181)	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
Zinwell Corporation	Itas Technology Corp.	Taiwan	Other telecommunications and communications-related business services	61,367	61,367	762,250	38.11	-	-	-	Investee measured using the equity method
B1-Media Corp.	Olemap, Inc.	Taiwan	Information software and electronic information supply service	20,000	20,000	2,000,000	21.51	-	-	-	Subsidiary measured using the equity method

B1-Media Corp.	Pei-Ji Digital Co., Ltd.	Taiwan	Information software and data processing service	-	8,000	-	-	-	(2,960)	-	Subsidiary measured using the equity method (Note)

Note: Sold on July 20, 2020.

Zinwell Corporation

Information on Investments in Mainland China-Basic Information

From January 1, 2020 to December 31, 2020

Table 8

Unit: NTD thousands (unless stated otherwise)

Name of investee in mainland China	Principal business	Paid-in capital	Investment method (Note 1)	Cumulative amount of remittance from Taiwan to mainland China, beginning of current period	Amount remitted from Taiwan to mainland China/Amount repatriated back to Taiwan in the current period		Cumulative amount of remittance from Taiwan to mainland China, end of current period	Net profit (loss) on investee in the current period	Shareholding of the Company (direct or indirect)	Investment income (loss) recognized for the current 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
					Outward remittance	Repatriation							
Zinwell Communications Corporation	Various electronic signal receivers, amplifiers, and user front-end processors for distribution	$ 14,699	1	$ 14,699	$ -	$ -	$ 14,699	$ -	100	$ -	$ -	$ -	Note 3
Shanghai Broadband Digital Technology Co., Ltd.	Production and sales of digital TV set-top boxes	34,666	2	-	-	-	-	-	40	-	-	-	Note 3
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	1,130,656	3	1,130,656	-	-	1,130,656	2,775	100	2,775	1,367,196	-	

Note 1: Description of code of investment method:

1. Established ZINWELL CORPORATION (HK.) LIMITED through a third-region business to invest in companies in mainland China.

2. Invested HKD 3,775,000 through a loan taken out by ZINWELL CORPORATION (HK.) LIMITED.

3. Established ZINWELL HOLDING (SAMOA) CORPORATION through a third-region business to invest in companies in mainland China.

Note 2: 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 3: 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	$ 1,145,355	$ 1,166,478	$ 3,879,383