

Zinwell Corporation
Standalone Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020
(Stock Code: 2485)

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Zinwell Corporation
2021 and 2020 Standalone Financial Statements and Independent Auditors'
Report
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Independent Auditors' Report

(2022) Cai-Shen-Bao No. 21004681

To Zinwell Corporation,

Audit opinion

We have reviewed the accompanying standalone balance sheets of Zinwell Corporation (the "Company") for the years ended December 31, 2021 and 2020 and the relevant standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "standalone financial statements").

In our opinion, the accompanying standalone financial statements, based on our audit results, present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2021 and 2020 and for the years then ended, and its standalone financial performance and standalone cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the standalone financial statements." We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the standalone financial statements of the Company for the year ended December 31, 2021, based on our professional judgment. These matters were addressed in our audit of the standalone financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the standalone financial statements of the Company for the year ended December 31, 2021, are stated as follows:

Valuation of inventories

Description

See Note 4 (11) to the standalone financial statements for the accounting policy on inventories; see Note 5 to the standalone financial statements for the uncertainty of accounting estimates and assumptions of valuation of inventories; see Note 6 (4) to the standalone financial statements for the description of inventory valuation losses.

The Company engages in the sales of digital wired and communication products. Due to the rapid changes in technology, the short life cycle of electronic products, and the fierce market competition, the risk of inventory valuation loss or obsolescence loss is high and the valuation of obsolete inventory often involves subjective judgment. The aforementioned matters also exist in the subsidiaries of the Company (recognized as investments using the equity method), so we believe that the valuation of inventories of the Company and its subsidiaries is a key audit matter.

Corresponding audit procedures

We performed the following procedures for inventory valuation losses:

1. Based on our understanding of the Company's operations and industry nature, we assessed the reasonableness of the policies and procedures adopted to assess the inventory valuation losses, including the classification of inventories that determines the net realizable value.
2. We reviewed the Company's annual inventory plan and observed the annual inventories to evaluate the effectiveness of management in distinguishing and controlling obsolete inventory.
3. We verify the amounts used by the Company to determine the classification of obsolete inventory and the net realizable value of inventories, including obtaining the net realizable value report of each inventory, evaluating the appropriateness of the calculation logic of the reports, testing relevant supporting documents, and recalculating and evaluating the reasonableness of the inventory valuation losses determined by the Company.

Evaluation of impairment of accounts receivable

Description

See Note 4(7) to the standalone financial statements for the accounting policy on accounts receivable; see Note 5 to the standalone financial statements for the uncertainty of accounting estimates and assumptions of impairment of accounts receivable; see Note 6(3) to the standalone financial statements for the description of accounts receivable.

The process of evaluating the impairment of the Company's accounts receivable was affected by many factors, including clients' financial position, internal credit ratings, and historical transaction records. This might affect the assessment of clients' credit quality. We grouped clients based on the evaluation results and evaluated the expected credit losses by group. As the aforementioned evaluation often involve subjective judgments of the management, and the Company's accounts receivable and its evaluated amount have a significant impact on the financial statements, we consider that the evaluation of impairment of accounts receivable is one of the key audit matters.

Corresponding audit procedures

The corresponding procedures we performed for the evaluation of impairment of accounts receivable are listed as follows:

1. Understand the Company's credit risk management procedures, including the assessment of credit quality and the classification of clients.
2. Understand the reasons for the failure to collect payment or review the collection situation after the balance date for major accounts receivable not collected during the normal credit period.

Responsibilities of the management and the governing bodies for the standalone financial statements

The responsibilities of the management are to prepare the standalone financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance on whether the standalone financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the standalone financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the standalone financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the standalone financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the standalone financial statements (including relevant notes), and whether the standalone financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the standalone financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's standalone financial statements for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PwC Taiwan

Liang, I-Chang

CPAs

Wen, Ya-Fang

Financial Supervisory Commission

Approval Document No.

Jin-Guan-Zheng-Shen No. 1070303009

Jin-Guan-Zheng-Shen No. 1100350706

March 23, 2022

Zinwell Corporation
Standalone Balance Sheets
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

Assets	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 978,859	12	\$ 1,896,625	21
1150	Notes receivable, net	6(3)	2,503	-	5,212	-
1170	Accounts receivable, net	6(3)	1,558,884	19	1,869,107	21
1180	Accounts receivable, net – related parties	7	10,985	-	-	-
1200	Other receivables		42,701	1	19,899	-
1220	Current income tax assets		511	-	32,424	1
130X	Inventory	6(4)	511,869	7	459,590	5
1410	Prepayment	6(5)	24,500	-	12,908	-
11XX	Total current assets		3,130,812	39	4,295,765	48
Non-current assets						
1517	Financial assets at fair value through other comprehensive income – non-current	6(2)	312	-	1,616	-
1550	Investments accounted for using equity method		2,045,909	25	1,730,499	19
1600	Property, plant, and equipment	6(6)	2,571,977	32	2,336,394	26
1755	Right-of-use assets	6(7) and 8	2,215	-	-	-
1760	Investment property, net	6(8)	28,724	-	29,008	-
1780	Intangible assets	6(9)	8,999	-	11,139	-
1840	Deferred tax assets	6(10)	263,538	3	227,861	3
1900	Other non-current assets	6(24)	42,361	1	324,715	4
15XX	Total non-current assets		4,964,035	61	4,661,232	52
1XXX	Total assets		\$ 8,094,847	100	\$ 8,956,997	100

(Continued on next page)

Zinwell Corporation
Standalone Balance Sheets
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

Liabilities and Equity	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities – current	6(18)	137,473	2	258,143	3
2150	Notes payable		87,603	1	90,435	1
2170	Accounts payable		1,140,947	14	974,889	11
2180	Accounts payable – related parties	7	-	-	641,627	7
2200	Other payables	6(12)	282,813	3	289,310	3
2280	Lease liabilities – current		1,903	-	-	-
2310	Advance receipts		54,307	1	11,242	-
2399	Other current liabilities – others		10	-	11	-
21XX	Total current liabilities		<u>1,705,056</u>	<u>21</u>	<u>2,265,657</u>	<u>25</u>
Non-current liabilities						
2550	Provision – non-current		20	-	20	-
2570	Deferred tax liabilities	6(24)	40,118	1	37,241	1
2580	Lease liabilities – non-current		319	-	-	-
2640	Net defined benefit liability – non-current	6(13)	166,034	2	174,628	2
2670	Other non-current liabilities – others	6(6)	20,324	-	14,288	-
25XX	Total non-current liabilities		<u>226,815</u>	<u>3</u>	<u>226,177</u>	<u>3</u>
2XXX	Total liabilities		<u>1,931,871</u>	<u>24</u>	<u>2,491,834</u>	<u>28</u>
Share capital						
3110	Common stock	6(14)	3,176,890	39	3,176,890	36
Capital surplus						
3200	Capital surplus	6(15)(26)	565,423	7	507,328	6
Retained earnings						
3310	Legal reserve	6(16)	1,346,300	17	1,346,300	15
3320	Special reserve		117,161	1	117,161	1
3350	Undistributed earnings		1,111,266	14	1,460,163	16
Other equity						
3400	Other equity	6(17)	(154,064)	(2)	(142,679)	(2)
3XXX			<u>6,162,976</u>	<u>76</u>	<u>6,465,163</u>	<u>72</u>
Material contingent liabilities and unrecognized contractual commitments						
3X2X	Total liabilities and equity	9	<u>\$ 8,094,847</u>	<u>100</u>	<u>\$ 8,956,997</u>	<u>100</u>

The notes attached are part of the standalone financial statements. Please refer to them at the same time.

Chairman: Huang Chi, Jui

Manager: Lin, Ching-Hui

Accounting Supervisor: He, Wen-Shun

Zinwell Corporation
Standalone Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand
(except for earnings per share which is in NTD)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating Income	6(18) and 7	\$ 6,277,543	100	\$ 7,932,376	100
5000 Operating Costs	6(4)(23) and 7	(6,253,241)	(99)	(7,685,717)	(97)
5900 Gross profit		<u>24,302</u>	<u>1</u>	<u>246,659</u>	<u>3</u>
Operating Expenses	6(23) and 7				
6100 Marketing expenses		(151,181)	(3)	(89,320)	(1)
6200 Management expenses		(134,322)	(2)	(172,709)	(2)
6300 Research and development expenses		(205,230)	(3)	(207,555)	(2)
6450 Expected credit impairment losses	12(2)	<u>5,519</u>	<u>-</u>	<u>23,064</u>	<u>-</u>
6000 Total operating expenses		(<u>485,214</u>)	(<u>8</u>)	(<u>446,520</u>)	(<u>5</u>)
6900 Operating income		(<u>460,912</u>)	(<u>7</u>)	(<u>199,861</u>)	(<u>2</u>)
Non-operating income and expenses					
7100 Interest income	6(19)	14,611	-	25,308	-
7010 Other income	6(20)	83,246	1	139,642	2
7020 Other gains and losses	6(21)	(11,726)	-	(113,744)	(2)
7050 Financial cost	6(22)	(19)	-	(6)	-
7070 Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	6(6)	(<u>8,316</u>)	<u>-</u>	<u>32,310</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>77,796</u>	<u>1</u>	<u>18,890</u>	<u>-</u>
7900 Net income before tax		(<u>383,116</u>)	(<u>6</u>)	(<u>180,971</u>)	<u>2</u>
7950 Income tax expense	6(24)	<u>28,909</u>	<u>-</u>	<u>29,809</u>	<u>-</u>
8200 Net income for the period		<u>\$ 354,207</u>	(<u>6</u>)	<u>\$ 151,162</u>	<u>2</u>
Other comprehensive income, net					
Items not reclassified to profit or loss					
8311 Remeasurement of defined benefit plans	6(13)	\$ 6,638	-	(\$ 7,771)	-
8316 Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	6(2)	(1,304)	-	149	-
8349 Income tax related to items not reclassified	6(24)	(<u>1,328</u>)	<u>-</u>	<u>1,554</u>	<u>-</u>
8310 Total amount of items not reclassified to profit or loss		<u>4,006</u>	<u>-</u>	(<u>6,068</u>)	<u>-</u>
Items that may subsequently be reclassified to profit or loss					
8361 Exchange difference on translation of financial statements of foreign operations	6(17)	(<u>10,081</u>)	<u>-</u>	<u>22,505</u>	<u>-</u>
8360 Total amount of items that may subsequently be reclassified to profit or loss		(<u>10,081</u>)	<u>-</u>	<u>22,505</u>	<u>-</u>
8300 Other comprehensive income, net		(<u>\$ 6,075</u>)	<u>-</u>	<u>\$ 16,437</u>	<u>-</u>
8500 Total comprehensive income for the period		(<u>\$ 360,282</u>)	(<u>6</u>)	(<u>\$ 134,725</u>)	(<u>2</u>)
9750 Basic earnings per share	6(25)	(<u>\$ 1.11</u>)	(<u>0.48</u>)	(<u>\$ 0.48</u>)	(<u>0.48</u>)
9850 Diluted earnings per share	6(25)	(<u>\$ 1.11</u>)	(<u>0.48</u>)	(<u>\$ 0.48</u>)	(<u>0.48</u>)

The notes attached are part of the standalone financial statements. Please refer to them at the same time.

Chairman: Huang Chi, Jui

Manager: Lin, Ching-Hui

Accounting Supervisor: He, Wen-Shun

Zinwell Corporation
Standalone Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Note	Capital surplus				Retained earnings			Other equity		Total equity	
		Common stock	Capital surplus – issue at premium	Capital surplus – difference between the price of the acquisition or disposal of subsidiary's equity and the book value	Capital surplus – changes in net equity of associates and joint ventures recognized using the equity method	Capital surplus – others	Legal reserve	Special reserve	Undistributed earnings	Exchange difference on translation of financial statements of foreign operations		Unrealized gain or loss on financial assets at fair value through other comprehensive income
<u>2020</u>												
Balance as 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
Net loss for the period		-	-	-	-	-	-	(151,162)	-	-	-	(151,162)
Other comprehensive income for the current period	6(17)	-	-	-	-	-	-	(6,217)	22,505	149	-	16,437
Total comprehensive income for the period		-	-	-	-	-	-	(157,379)	22,505	149	-	(134,725)
Disposal of equity instruments at fair value through other comprehensive income	6(17)	-	-	-	-	-	-	148	-	(148)	-	-
Balance as 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
<u>2021</u>												
Balance as at January 1, 2021		\$ 3,176,890	\$ 503,594	\$ -	\$ 2,142	\$ 1,592	\$ 1,346,300	\$ 117,161	\$ 1,460,163	(\$ 142,680)	(\$ 1)	\$ 6,465,163
Net loss for the period		-	-	-	-	-	-	(354,207)	-	-	-	(354,207)
Other comprehensive income for the current period	6(17)	-	-	-	-	-	-	5,310	(10,081)	(1,304)	-	(6,075)
Total comprehensive income for the period		-	-	-	-	-	-	(348,897)	(10,081)	(1,304)	-	(360,282)
Difference between the price of the acquisition or disposal of subsidiary's equity and the book value	6(26)	-	-	3,541	-	-	-	-	-	-	-	3,541
Changes in associates and joint ventures recognized using the equity method	6(15)	-	-	-	54,530	-	-	-	-	-	-	54,530
Changes in other capital surplus		-	-	-	-	-	-	-	-	-	-	24
Balance as at December 31, 2021		\$ 3,176,890	\$ 503,594	\$ 3,541	\$ 56,672	\$ 1,592	\$ 1,346,300	\$ 117,161	\$ 1,111,266	(\$ 152,761)	(\$ 1,303)	\$ 6,162,976

The notes attached are part of the standalone financial statements. Please refer to them at the same time.

Chairman: Huang Chi, Jui

Manager: Lin, Ching-Hui

Accounting Supervisor: He, Wen-Shun

Zinwell Corporation
Standalone Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Note	From January 1, 2021 to December 31, 2021	From January 1, 2020 to December 31, 2020
<u>Cash flow from operating activities</u>			
Net loss before tax for the period		(\$ 383,116)	\$ 180,971
Adjustments			
Income and expenses			
Depreciation expense (including investment property and right-of-use assets)	6(7)(8)(9)(23)	127,060	112,174
Amortizations	6(23)	7,881	6,751
Expected credit impairment gain	12(2)	(5,519)	(23,064)
Interest income	6(19)	(14,611)	(25,308)
Interest expense	6(22)	19	6
Dividend income	6(20)	(1)	(105)
Share of loss of subsidiaries and associates recognized using the equity method	6(6)	8,316	32,310
Loss (gain) on disposal of property, plant and equipment	6(21)	5	(1,179)
Gain on disposal of investments	6(21)	-	(3,398)
Impairment losses on financial assets	6(6)	-	218
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Notes and accounts receivable (including related parties)		303,447	759,288
Other receivables		168	8,862
Inventory		(52,279)	11,198
Prepayment		(11,592)	(12,908)
Other current assets		(23,825)	4,902
Net change in liabilities related to operating activities			
Contract liabilities – current		(120,670)	56,511
Notes and accounts payable (including related parties)		(478,401)	198,592
Other payables		25,988	(17,363)
Net defined benefit liability		(1,956)	(1,263)
Advance receipts		43,065	(3,719)
Other current liabilities		(1)	3
Cash inflow (outflow) from operations		(576,022)	921,537
Interest received		14,611	25,308
Interest paid		(19)	(6)
Dividends received	6(20)	1	105
Income tax refunded		26,693	27,497
Net cash inflow (outflow) from operating activities		(534,736)	974,441

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Zinwell Corporation
Standalone Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

	Note	From January 1, 2021 to December 31, 2021	From January 1, 2020 to December 31, 2020
<u>Cash flow from investing activities</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(2)	\$ -	\$ 3,449
Acquisition of investment using the equity method		-	(9,000)
Increase in prepayment for investment	6(11)	-	(269,700)
Payment for acquisition of property, plant and equipment	6(27)	(382,974)	(360,685)
Proceeds from disposal of property, plant and equipment		38	1,201
Payment for acquisition of intangible assets	6(27)	(1,287)	(748)
Decrease in guarantee deposits paid		2,229	816
Increase in guarantee deposits paid		(1,536)	(82)
Decrease (increase) in other non-current assets		2,076	(224)
Net cash outflow from investing activities		(381,454)	(634,973)
<u>Cash flow from financing activities</u>			
Lease principal repayment	6(28)	(1,576)	-
Increase in guarantee deposits received	6(28)	-	147
Decrease in guarantee deposits received	6(28)	-	(30)
Net cash inflow (outflow) from financing activities		(1,576)	117
Increase (decrease) in cash and cash equivalents for the period		(917,766)	339,585
Opening balance of cash and cash equivalents		1,896,625	1,557,040
Ending balance of cash and cash equivalents		\$ 978,859	\$ 1,896,625

The notes attached are part of the standalone financial statements. Please refer to them at the same time.

Chairman: Huang Chi, Jui

Manager: Lin, Ching-Hui

Accounting Supervisor: He, Wen-Shun

Zinwell Corporation
Notes to Standalone Financial Statements
2021 and 2020

Unit: NTD thousand
(except otherwise specified)

I. Organization and Operations

- (I) Zinwell Corporation (hereinafter referred to as the “Company”) was established in 1981 in accordance with the Company Act of the Republic of China. Its main business scope includes research and development, manufacturing, and trading of digital cable video transmission systems (including distributors and splitters, signal lead-out devices, multiple switches, and amplifiers), digital satellite communication transmission systems (including low-noise downconverters and ultra-small private satellite communication transceivers), and digital video products and equipment (including digital video converters and high-definition television receivers).
- (II) The Company’s stock has been traded on the Taiwan Stock Exchange since September 2001.

II. Date and Procedure for Approval of Financial Statements

This standalone financial report has been approved by the Board of Directors for release on March 23, 2022.

III. Application of New and Revised International Financial Reporting Standards

(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 2021, as endorsed by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 (Deferral of effective date of IFRS 9)	January 1, 2021
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021
Amendment to IFRS 16 (COVID-19-Related Rent Concessions After June 30, 2021)	April 1, 2021 (Note)

Note: The FSC allows the early application from January 1, 2021 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 2022, as endorsed by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 3 (Reference to the Conceptual Framework)	January 1, 2022
Amendments to IAS 16 (Property, Plant and Equipment – Proceeds before Intended Use)	January 1, 2022
Amendments to IAS 37 (Onerous Contracts – Cost of Fulfilling a Contract)	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

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 lists the new, revised, and amended standards and interpretations of the IFRSs, released by the IASB but not yet endorsed by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be determined by IASB
IFRS 17 Insurance Contracts	January 1, 2023
Improvement to IFRS 17 Insurance Contracts	January 1, 2023
Amendments to IFRS 17 (Initial Application of IFRS 17 and IFRS 9 – Comparative Information)	January 1, 2023
Amendments to IAS 1 (Classification of Liabilities as Current or Non-Current)	January 1, 2023
Amendments to IAS 1 (Disclosure of Accounting Policies)	January 1, 2023
Amendments to IAS 8 (Definition of Accounting Estimates)	January 1, 2023
Amendments to IAS 12 (Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)	January 1, 2023

The 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 currency exchange

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, New Taiwan dollar (NTD), i.e. functional currency, as the presentation currency.

1. Foreign currency transactions and balances
 - (1) Foreign currency transactions are translated at the rates prevailing of exchange at the transaction date or measurement date, and the exchange difference arising from the translation of such transactions are recognized as the current profit or loss.
 - (2) The balance of foreign currency monetary assets and liabilities shall be and adjusted as per the rates of exchange prevailing at the balance sheet date, and the exchange difference arising from the adjustment is recognized as the current profit or loss.
 - (3) The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit and loss (FVTPL), and is adjusted based on the spot exchange rate at the balance sheet date. The translation difference arising from the adjustment is recognized in current profit and loss. For measurement at fair value through other comprehensive income, it is adjusted based on the spot exchange rate at the balance sheet date, and the translation difference arising from the adjustment is recognized in other comprehensive income. If it is not measured by fair value, it is measured at the historical exchange rate at the initial transaction date.
 - (4) All exchange gains or losses are listed in the “other gains and losses” on the income statement.

2. Translation of foreign operations

- (1) For all investee entities whose functional currencies are different from the expression ones, their business results and financial position shall be translated into the expression currency in the following method:
 - A. The assets and liabilities presented at each balance sheet are translated at the closing exchange rate at the balance sheet date;
 - B. The income and expenses expressed in each comprehensive income statement are translated at the average exchange rate of the current period; and
 - C. All exchange differences arising from translation are recognized in other comprehensive income.
- (2) Where a foreign operation is partially disposed of or sold is a subsidiary, the cumulative exchange differences recognized in other comprehensive income is reclassified to the foreign operation's non-controlling interests on a pro rata basis. However, even if the Company still retains part of the equity of the former subsidiary but has lost control over said foreign operation that is also as subsidiary, it shall be handled as disposal of the entire equity of the foreign operation.

(IV) Criteria for classification of current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:
 - (1) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.
 - (2) 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) Assets 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) 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.

(VI) Financial assets at amortized cost

1. Where the financial assets have met both of the following conditions:
 - (1) Financial assets held under the operational model for the purpose of collecting cash flow from contracts.
 - (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts trade date accounting for financial assets at amortized cost in compliance with transaction practices.
3. The Company measures said asset at fair value plus transaction costs upon initial recognition, which are subsequently recognized in interest income and impairment loss using the effective interest method based on the amortization procedure during the circulation period. During derecognition, 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.

(VII) 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.

(VIII) Impairment of financial assets

The Company, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking) 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.

(IX) 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.

(X) 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.

(XI) 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.

(XII) 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.

(XIII) 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	5–55 years
Machinery and equipment	3–8 years
Transportation equipment	2–8 years
Office equipment	3–8 years
Miscellaneous equipment	5–6.5 years

(XIV) Lessee’s lease transactions – right-of-use assets/lease liabilities

1. Leased assets are recognized in right-of-use assets and lease liabilities on the date they are available for use by the Company. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.
2. The right-of-use asset is recognized at cost at the commencement date of a lease, and the cost is the lease liabilities initially measured.
Subsequently, the measurement is based on the cost model, and the depreciation expense is recognized when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.

(XV) Investment property

Investment property is recognized at cost, and subsequently measured at cost. Except for land, the useful life is depreciated using the straight-line method based on the useful lives of 40–55 years.

(XVI) Intangible assets

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

(XVII) 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.

(XVIII) 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.

(XIX) Derecognition of the financial liabilities

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

(XX) 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.

(XXI) 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' 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.

(XXII) 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.

(XXIII) 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.

(XXIV) 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.

(XXV) 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.

(II) Critical accounting estimates and assumptions

1. Inventory valuation

Since inventory must be calculated at the lower of cost or net realizable value, the Company must exercise judgment and make estimation to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Company assesses the value of inventory due to normal wear and tear, obsolescence, or market sales value not available at the balance sheet date, and reduces the cost of inventory to the net realizable value. This inventory valuation is mainly conducted based on the estimated product demand in a specific period in the future, so material changes may occur. Please refer to Note 6 for details on inventory evaluation.

The carrying amount of the Company's inventories as of December 31, 2021 was NT\$511,869.

2. Estimation of impairment of accounts receivable

During the estimation of impairment of accounts receivable, the Company must exercise judgment and conduct estimation to determine the future recoverability of accounts receivable. The future recoverability is affected by many factors, such as the customer's financial position, the Company's internal credit ratings, and historical transaction records, which may affect the customer's ability to make a payment. If there are doubts about the recoverability, the Company needs to evaluate the possibility of recovery for the individual account receivables and recognize them in impairment as appropriate. The estimation of impairment is based on reasonable expectations of future events based on the situation at the balance sheet date; however, the actual results may differ from the estimation, which may result in material changes. Please refer to Note 6 for details on estimation of impairment of accounts receivable.

As of December 31, 2021, the carrying amount of the Company's accounts receivable (including related parties) was NT\$1,569,869.

VI. Summary of Significant Accounting Titles

(I) Cash

	December 31, 2021	December 31, 2020
Cash on hand and working capital	\$ 1,540	\$ 1,592
Checking deposit and demand deposit	977,319	1,895,033
	<u>\$ 978,859</u>	<u>\$ 1,376,015</u>

1. The financial institutions the Company deals with have high credit ratings. The Company also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low.
2. Please refer to Note 8 for details of the time deposits that the Company has pledged as collateral and has reclassified to other non-current assets.

(II) Financial assets at FVTOCI – non-current

Item	December 31, 2021	December 31, 2020
Equity instruments		
TWSE-listed stocks	\$ 97	\$ 97
Stocks not listed on TWSE, TPEX, or emerging stock market	1,518	1,518
Valuation adjustment	(1,303)	(1)
	<u>\$ 312</u>	<u>\$ 1,616</u>

1. The Company has elected to classify strategic equity instrument investments as financial assets at FVTOCI. The fair values of such investments in 2021 and 2020 were NT\$312 and NT\$1,616, 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:

	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	(\$ 1,304)	\$ 149
Cumulative gains or losses reclassified to retained earnings due to derecognition	\$ -	(\$ 148)
Dividend income recognized in profit or loss		
Held at the end of this period	\$ 1	\$ 3
Derecognized at the end of this period	-	102
	<u>\$ 1</u>	<u>\$ 105</u>

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

(III) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 2,503	\$ 5,212
Accounts receivable	\$ 1,576,309	\$ 1,879,998
Installments receivable	-	8,113
	<u>1,576,309</u>	<u>1,888,111</u>
Less: Unrealized interest income on installments receivable	-	(79)
Less: Allowance for losses	(17,425)	(18,925)
	<u>\$ 1,558,884</u>	<u>\$ 1,869,107</u>

1. The Company's all notes receivable are not overdue. The aging analysis of accounts receivable is as follows:

	December 31, 2021	December 31, 2020
Not past due	\$ 1,293,837	\$ 1,569,158
Past due for 30–90 days	280,677	153,581
Past due for 91–180 days	144	132,363
Past due for 181 day or more	1,651	33,009
	<u>\$ 1,576,309</u>	<u>\$ 1,888,111</u>

The above is an aging analysis based on the number of days overdue. Please refer to Note 12. (2) for relevant information on credit risk.

2. The balances of accounts receivable and notes receivable on December 31, 2021 and 2020 were generated from customer contracts, and the total amount of accounts receivable from customers as of January 1, 2020 was NT\$2,649,979, and the allowance for losses was NT\$41,989.
3. The interest income recognized in profit or loss in 2021 and 2020 was NT\$79 and NT\$221, respectively.
4. As of December 31, 2021 and 2020, regardless of other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Company's notes and accounts receivable was in the amount of NT\$1,561,387 and NT\$1,874,319, respectively.
5. The Company did not pledge notes and accounts receivable as collateral.

(IV) Inventories

	December 31, 2021		
	Costs	Allowance for valuation loss	Carrying amount
Raw materials	\$ 418,104	(\$ 112,883)	\$ 305,221
Work in progress	189,454	(28,467)	160,987
Finished goods	32,374	(15,541)	16,833
Merchandise	8	(8)	-
Inventory in transit – raw materials	28,828	-	28,828
	<u>\$ 668,768</u>	<u>(\$ 156,899)</u>	<u>\$ 511,869</u>

	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
	<u>\$ 653,673</u>	<u>(\$ 194,083)</u>	<u>\$ 459,590</u>

The Company's inventory cost recognized in expenses in this period:

	2021	2020
Cost of inventory sold	\$ 6,261,361	\$ 7,658,830
Loss from scrapping of inventories	29,311	34,992
Gain on recovery	(37,184)	(7,712)
Others	(247)	(393)
	<u>\$ 6,253,241</u>	<u>\$ 7,685,717</u>

As the Company disposed of inventories with valuation losses in 2021 and 2020, it resulted in gain on recovery of valuation losses.

(V) Prepayment

	December 31, 2021	December 31, 2020
Prepayments to suppliers	\$ 13,152	\$ 2,621
Excess Business Tax paid	6,731	4,184
Other prepayments	4,617	5,238
Others	-	865
	<u>\$ 24,500</u>	<u>\$ 12,908</u>

(VI) Investment using the equity method

	December 31, 2021		December 31, 2020	
	Amount	Shareholding	Amount	Shareholding
Subsidiaries:				
Zinwell Holding (Samoa) Corporation	\$ 1,739,158	100%	\$ 1,730,499	100%
AkiraNET	306,751	55.41%	(181)	90%
Zinwell Corporation (H.K.) Limited	(19,778)	100%	(13,561)	100%
B1-Media Corp.	-	-	-	48%
Associate:				
Itas Technology Corp.	-	38.11%	-	38.11%
Urmapp. Inc.	-	28.07%	-	28.07%
	2,026,131		1,716,757	
Add: Reclassified to credit balance of investment using the equity method (under other non-current liabilities)	19,778		13,742	
	<u>\$ 2,045,909</u>		<u>\$ 1,730,499</u>	

1. Please refer to Note 4(3) of the Company's 2021 consolidated financial statements for information on the Company's subsidiaries.
2. The share of losses recognized using the equity method for 2021 and 2020 based on the investees' financial statements audited by CPAs during the same periods was NT\$8,316 and NT\$32,310, respectively.
3. As of December 31, 2021, because the investee sold machinery and equipment to the Company in 2021, the unrealized gain of NT\$7,947 from the upstream transaction has been eliminated and accounted for as a deduction to "investment using the equity method."
4. 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, and the shareholding ratio reached 55.41% after the capital increase. The above capital increase in cash was in the amount of NT\$269,700, recognized in "other non-current assets." AkiraNET has completed the change registration in January 2021.
5. As 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 NT\$218. B1-Media Corp. has completed the liquidation on May 13, 2021.
6. As the Company intends to continue to invest in its associates, Itas Technology Corp. and Urmapp. Inc., the losses recognized are limited to the book value of the investment in their equity. As of the date of the audit report, Itas Technology Corp.'s dissolution and liquidation procedures is in progress, and Urmapp. Inc has ceased operations.

(VII) Property, plant, and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction projects and equipment to be inspected	Total
January 1, 2021								
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)
	<u>\$ 814,670</u>	<u>\$ 712,583</u>	<u>\$ 299,668</u>	<u>\$ 1,771</u>	<u>\$ 20,262</u>	<u>\$ 76,078</u>	<u>\$ 411,362</u>	<u>\$ 2,336,394</u>
<u>2021</u>								
January 1	\$ 814,670	\$ 712,583	\$ 299,668	\$ 1,771	\$ 20,262	\$ 76,078	\$ 411,362	\$ 2,336,394
Addition	-	1,358	43,148	265	1,977	15,491	298,580	360,819
Disposal	-	-	(3)	-	(17)	(23)	-	(43)
Depreciation expenses	-	45,776	(53,248)	(352)	(4,031)	(21,786)	-	(125,193)
Transfer	-	-	73,023	-	145	4,379	(77,547)	-
December 31	<u>\$ 814,670</u>	<u>\$ 668,165</u>	<u>\$ 362,588</u>	<u>\$ 1,684</u>	<u>\$ 18,336</u>	<u>\$ 74,139</u>	<u>\$ 632,395</u>	<u>\$ 2,571,977</u>
December 31, 2021								
Costs	\$ 814,670	\$ 962,544	\$ 675,015	\$ 6,206	\$ 53,219	\$ 514,790	\$ 632,395	\$ 3,658,839
Accumulated depreciation	-	(294,379)	(312,427)	(4,522)	(34,884)	(440,650)	-	(1,086,862)
	<u>\$ 814,670</u>	<u>\$ 668,165</u>	<u>\$ 362,588</u>	<u>\$ 1,684</u>	<u>\$ 18,336</u>	<u>\$ 74,139</u>	<u>\$ 632,395</u>	<u>\$ 2,571,977</u>

	Land	Buildings	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)
	<u>\$ 811,369</u>	<u>\$ 203,212</u>	<u>\$ 268,100</u>	<u>\$ 2,093</u>	<u>\$ 20,165</u>	<u>\$ 78,084</u>	<u>\$ 595,595</u>	<u>\$ 1,978,618</u>
<u>2021</u>								
January 1	\$ 811,369	\$ 203,212	\$ 268,100	\$ 2,093	\$ 20,165	\$ 78,084	\$ 595,595	\$ 1,978,618
Addition	-	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	<u>\$ 814,670</u>	<u>\$ 712,583</u>	<u>\$ 299,668</u>	<u>\$ 1,771</u>	<u>\$ 20,262</u>	<u>\$ 76,078</u>	<u>\$ 411,362</u>	<u>\$ 2,336,394</u>
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)
	<u>\$ 814,670</u>	<u>\$ 712,583</u>	<u>\$ 299,668</u>	<u>\$ 1,771</u>	<u>\$ 20,262</u>	<u>\$ 76,078</u>	<u>\$ 411,362</u>	<u>\$ 2,336,394</u>

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

(VIII) Investment property – lessee

1. The assets leased by the Company are buildings, and the lease term is usually 2 years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The lease term of some dormitories leased by the Company does not exceed 12 months.
3. The changes in the Company's right-of-use assets in 2021 are as follows: (2020: None)

	<u>Buildings</u>
January 1	\$ -
Addition	3,798
Depreciation expenses	(1,583)
December 31	<u>\$ 2,215</u>

4. The information on the profit or loss items related to lease contracts is as follows:

	<u>2021</u>	<u>2020</u>
<u>Items affecting current profit or loss</u>		
Interest expenses on lease liabilities	\$ 16	\$ -
Expenses related to short-term lease contracts	1,820	3,404

5. The Company's total cash outflows from leases in 2021 and 2020 were NT\$3,412 and NT\$3,404, respectively.

(IX) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2021			
Costs	\$ 20,830	\$ 17,214	\$ 38,044
Accumulated depreciation	-	(9,036)	(9,036)
	<u>\$ 20,830</u>	<u>\$ 8,178</u>	<u>\$ 29,008</u>
<u>2021</u>			
January 1	\$ 20,830	\$ 8,178	\$ 29,008
Depreciation expenses	-	(284)	(284)
December 31	<u>\$ 20,830</u>	<u>\$ 7,894</u>	<u>\$ 28,724</u>
December 31, 2021			
Costs	\$ 20,830	\$ 17,214	\$ 38,044
Accumulated depreciation	-	(9,320)	(9,320)
	<u>\$ 20,830</u>	<u>\$ 7,894</u>	<u>\$ 28,724</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1, 2020			
Costs	\$ 24,131	\$ 14,824	\$ 38,955
Accumulated depreciation	-	(8,069)	(8,069)
	<u>\$ 24,131</u>	<u>\$ 6,755</u>	<u>\$ 30,886</u>
<u>2021</u>			
January 1	\$ 24,131	\$ 6,755	\$ 30,886
Reclassification	(3,301)	1,677	1,624
Depreciation expenses	-	(254)	(254)
December 31	<u>\$ 20,830</u>	<u>\$ 8,178</u>	<u>\$ 29,008</u>
December 31, 2020			
Costs	\$ 20,830	\$ 17,214	\$ 38,044
Accumulated depreciation	-	(9,036)	(9,036)
	<u>\$ 20,830</u>	<u>\$ 8,178</u>	<u>\$ 29,008</u>

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

	<u>2021</u>	<u>2020</u>
Rental income from investment property	<u>\$ 3,688</u>	<u>\$ 3,477</u>
Direct operating expenses from investment property when rental income is generated in the period	<u>\$ 427</u>	<u>\$ 385</u>

2. The fair values of the investment property held by the Company as of December 31, 2021 and 2020 were NT\$87,161 and NT\$83,538, 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.
3. The Company did not pledge investment property as collateral.

(X) Intangible assets

	<u>2021</u>	<u>2020</u>
	Computer software	Computer software
January 1		
Costs	\$ 17,226	\$ 13,146
Accumulated amortization	(6,087)	(4,061)
	<u>\$ 11,139</u>	<u>\$ 9,085</u>
January 1	\$ 11,139	\$ 9,085
Addition	867	4,080
Amortization expenses	(3,007)	(2,026)
December 31	<u>\$ 8,999</u>	<u>\$ 11,139</u>
December 31		
Costs	\$ 18,093	\$ 17,226
Accumulated amortization	(9,094)	(6,087)
	<u>\$ 8,999</u>	<u>\$ 11,139</u>

1. Details of amortization of intangible assets:

	<u>2021</u>	<u>2020</u>
Operating Costs	\$ 441	\$ 547
Operating Expenses	2,566	1,479
	<u>\$ 3,007</u>	<u>\$ 2,026</u>

2. The Company did not pledge intangible assets as collateral.

(XI) Other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepaid investment	\$ -	\$ 269,700
Prepayments for business facilities	27,327	37,212
Guarantee deposits paid	7,823	8,516
Others	7,211	9,287
	<u>\$ 42,361</u>	<u>\$ 324,715</u>

Please refer to Note 8 for the Company's financial assets pledged as collateral.

(XII) Other payables

	December 31, 2021	December 31, 2020
Salaries and bonuses payable	\$ 183,187	\$ 173,049
Commission and royalties payable	21,866	23,133
Business facilities payable	7,370	39,830
Litigation damages payable	4,225	-
Others	66,165	53,298
	<u>\$ 282,813</u>	<u>\$ 289,310</u>

(XIII) Pension

1. Defined benefit pension regulations

(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 makes a contribution equal to 2% of the total salaries every month as a pension fund and deposit it to the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. In addition, the Company assess 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, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 246,863	\$ 262,244
Fair value of plan assets	(80,829)	(87,616)
Net defined benefit liability	<u>\$ 166,034</u>	<u>\$ 174,628</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance on January 1	\$ 262,242	(\$ 87,614)	\$ 174,628
Service cost in this period	894	-	894
Interest expense (income)	787	(263)	524
	<u>263,923</u>	<u>(87,877)</u>	<u>176,046</u>
Remeasurements:			
Effect of change in demographic assumptions	200	-	200
Effect of change in financial assumptions	(8,720)	-	(8,720)
Experience adjustments	3,212	(1,330)	1,882
	<u>(5,308)</u>	<u>(1,330)</u>	<u>(6,638)</u>
Contribution to pension fund	-	(3,374)	(3,374)
Pension paid	(11,752)	11,752	-
Balance on December 31	<u>\$ 246,863</u>	<u>(\$ 80,829)</u>	<u>\$ 166,034</u>
2020			
Balance on January 1	\$ 252,533	(\$ 84,413)	\$ 168,120
Service cost in this period	994	-	994
Interest expense (income)	1,768	(591)	1,177
	<u>255,295</u>	<u>(85,004)</u>	<u>170,291</u>
Remeasurements:			
Effect of change in financial assumptions	9,385	-	9,385
Experience adjustments	1,093	(2,707)	(1,614)
	<u>10,478</u>	<u>(2,707)</u>	<u>7,771</u>
Contribution to pension fund	-	(3,434)	(3,434)
Pension paid	(3,531)	3,531	-
Balance on December 31	<u>\$ 262,242</u>	<u>(\$ 87,614)</u>	<u>\$ 174,628</u>

- (4) The Bank of Taiwan is commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the percentages and amount of items as stipulated in the fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposits in domestic and foreign financial institutions, investment in domestic and overseas listed equity securities or equity securities through private placement, or investment in domestic and overseas securitization products backed by real estate assets). The relevant utilization status is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, the government shall compensate the deficit after being authorized by the competent authorities. The Company have no right to participate in managing and operating said fund, hence the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. The fair value of the composition of the plan assets as of December 31, 2021 and 2020 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (5) The actuarial assumptions related to pension are as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.70%</u>	<u>0.30%</u>
Future salary increases	<u>2.40%</u>	<u>2.40%</u>

The assumptions for the future mortality rate are based on the Taiwan Standard Ordinary Experience Mortality Table No. 5.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2021				
Impact on the present value of defined benefit obligations	(\$ 5,099)	\$ 5,272	\$ 4,609	(\$ 4,489)
December 31, 2020				
Impact on the present value of defined benefit obligations	(\$ 5,928)	\$ 6,141	\$ 5,397	(\$ 5,247)

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, 2022 amount to NT\$3,315.
- (7) As of December 31, 2021, 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	\$	34,682
1-2 years		13,037
2-5 years		42,261
Over 5 years		70,279
	<u>\$</u>	<u>160,259</u>

2. Defined contribution pension 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, 2021 and 2020 were NT\$26,697 and NT\$28,258, respectively.

(XIV) Share capital

As of December 31, 2021 and 2020, 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 paid-in capital is NT\$3,176,890, and the number of outstanding shares is 317,689,000 in both years, with a par value of NT\$10 per share. The Company has received all the capital for the shares issued.

(XV) Capital surplus

1. According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate deficit, where the Company has no accumulated losses, shall be used to issue new shares or cash in proportion to the shareholders' original shares. In addition, as per the relevant provisions of the Securities and Exchange Act, where the capital surplus above is allocated for capitalization, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate the capital losses, unless the surplus reserve is insufficient to compensate such losses.
2. The Company's subsidiary, AkiraNET, issued stock options according to the contract (the fair value was US\$3,551,000 as per the results of the appraisal report) as it entrusted Coherent Logix Incorporated to conduct software and chip development and the licensing of relevant intellectual property rights in

2021. As per the above appraisal report, AkiraNET recognized US\$3,551,000 (about NT\$98,412) in capital surplus, and the Company's capital surplus by NT\$54,530 in proportion to the shareholding.

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings at the end of a fiscal year, the Company shall pay taxes first and compensate the cumulative losses; appropriate 10% of the balance for legal reserve, and set aside an amount for special reserve for the amount debited to shareholders' equity recognized for the year. Where there are still earnings, together with the cumulative undistributed earnings from the prior year, they will be handled as cumulative distributable earnings. The board of directors shall put forth a proposal to the shareholders' meeting for a resolution to retain or distribute said earnings. In the case of earnings distribution, the cash dividend shall not be less than 8% of the total dividends paid to shareholders.
2. The legal reserve shall not be used except for compensation of the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholdings. However, in the case of issue of new shares or cash, it shall only be conducted when such reserve exceeds 25% of the paid-in capital.
3.
 - (1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
 - (2) 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) The amount of special reserve set aside by the Company due to the first-time adoption of IFRSs was NT\$57,817. In addition, the Company did not use, dispose, or reclassify relevant assets in 2021 and 2020, with the special reserve reversed to undistributed earnings. As of December 31, 2021 and 2020, the amount of the special reserve due to the first-time adoption of IFRSs was both NT\$57,817.
4.
 - (1) The Company's shareholders' meeting passed a resolution on August 26, 2021 and June 16, 2020 not to distribute dividends as there were no earnings as per the 2020 and 2019 annual financial statements.
 - (2) As proposed by the board of directors on March 23, 2022, the Company would not distribute dividends because there were no earnings as per the 2020 and 2019 annual financial statements.

The above-mentioned information on the distribution of earnings as proposed by the board of directors and resolved by the shareholders' meeting is available on the Market Observation Post System (MOPS).

(XVII) Other equity items

	2021		
	Foreign currency exchange	Unrealized valuation gains or losses	Total
January 1	(\$ 142,680)	\$ 1	(\$ 142,679)
Valuation adjustment	-	(1,304)	(1,304)
Foreign currency exchange difference	(10,081)	-	(10,081)
December 31	(\$ 152,761)	(\$ 1,303)	(\$ 154,064)

	2020		
	Foreign currency exchange	Unrealized valuation gains or losses	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	(\$ 142,680)	(\$ 1)	(\$ 142,679)

(XVIII) Operating income

1. Details of income from customer contracts

The Company's income comes from the transfer of merchandise at a certain point in time. The income from customer contracts is as follows:

	2021	2020
Digital cable and communication products	\$ 6,277,543	\$ 7,932,376

2. Contract liabilities

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

	December 31, 2021	December 31, 2020	January 1, 2020
Sales contracts	\$ 137,473	\$ 258,143	\$ 201,632

(1) Significant changes in contract liabilities

A customer terminated a contract with the Company in 2021. After the negotiation, both parties agree that the advance receipts for the above project will be used to offset the Company's cost of purchases for said project. Due to the above transactions, the Company reduced contract liabilities by NT\$105,000, which was recognized in other losses of NT\$9,781. Please refer to Note 6(21) for details.

(2) Opening balance of contract liabilities recognized in income in this period:

	<u>2021</u>	<u>2020</u>
Sales contracts	\$ 14,714	\$ 18,804

(XIX) Interest income

	<u>2021</u>	<u>2020</u>
Interest on bank deposits	\$ 712	\$ 5,000
Other interest income	13,899	20,308
	<u>\$ 14,611</u>	<u>\$ 25,308</u>

(XX) Other income

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 3,688	\$ 3,477
Rental income	1	105
Other income – others	79,557	136,060
	<u>\$ 83,246</u>	<u>\$ 139,642</u>

Note: Other income is mainly from assisting customers with product development.

(XXI) Other gains and losses

	<u>2021</u>	<u>2020</u>
Foreign currency exchange gains (losses)	\$ 2,584	(\$ 117,850)
Gains (losses) on disposal of property, plant and equipment	(5)	1,179
Depreciation expenses of investment property	(284)	(254)
Gain on disposal of investments	-	3,398
Loss on termination of contract	(9,781)	-
Litigation damages	(4,225)	-
Others	(15)	(217)
	<u>(\$ 11,726)</u>	<u>(\$ 113,744)</u>

(XXII) Financial costs

	<u>2021</u>	<u>2020</u>
Interest expense		
- Lease contracts	\$ 16	\$ -
- Other financial expenses	3	6
	<u>\$ 19</u>	<u>\$ 6</u>

(XXIII) Additional information on the nature of costs

By function By nature	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$284,302	\$252,430	\$536,732	\$297,448	\$286,438	\$583,886
Labor and health insurance expenses	34,077	24,156	58,233	33,322	22,502	55,824
Pension expenses	14,610	13,505	28,115	16,038	14,391	30,429
Directors' remuneration	-	7,450	7,450	-	7,450	7,450
Other employment costs	18,136	9,597	27,733	19,503	10,765	30,268
Depreciation expenses	106,356	20,420	126,776	92,325	19,595	111,920
Amortization expenses	5,481	2,400	7,881	5,204	1,547	6,751

Note 1: In 2021 and 2021, the average number of the Company's employees was 995 and 1,037, respectively. The number of directors who did not serve as employees concurrently was four and three, respectively.

Note 2: The Company's average employee benefit expenses in 2021 and 2020 were NT\$657 and NT\$677, respectively; the average salary and wages in 2021 and 2020 were NT\$542 and NT\$565, respectively; the average employee salary adjustment in 2021 was (4.07 %).

Note 3: The Company's remuneration policy is based on the principle of equal pay for equal work. The Company determines differentiated remuneration, adjusts salary, and issues bonuses based on each employee's position, performance, and contribution while regularly reviewing the employees' overall remuneration every year to ensure the competitiveness in the labor market.

Note 4: The remuneration may be paid to directors and managers when they perform duties related to the Company's business. The amount is based on their participation in the Company's operations and the value of their contributions. In accordance with the Company's Articles of Incorporation, the board of directors is authorized to determine their remuneration according to the general level in the industry. Managers' overall remuneration includes salary, bonuses, and benefits, and is determined mainly based on the salary levels in the market, the performance evaluation indicators suggested by the Remuneration Committee, and individuals' contribution to the Company's overall operations.

1. Per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 3% of the balance shall be appropriated for employee compensation and not be greater than 3% for remuneration of directors and supervisors.
2. The estimated amount of the Company's employee remuneration in 2021 and 2020 was both NT\$0; the estimated amount of remuneration of

directors was both \$0. The aforementioned amount is accounted for in the salary and wages account.

The employee remuneration and remuneration of directors in 2021 were not estimated due to the Company's losses for 2021.

The employee remuneration and the remuneration of directors for 2020 approved by the board of directors was both \$0, which was consistent with the amount recognized in the financial statements for 2020.

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

(XXIV) Income tax

1. Income tax benefits

(1) Components of income tax expenses:

	<u>2021</u>	<u>2020</u>
Current income tax:		
Income tax (overestimates) estimates for prior years	5,219	(2,820)
Deferred income tax:		
The initial generation and reversal of temporary differences	(34,128)	(26,989)
Income tax benefits	<u>(\$ 28,909)</u>	<u>(\$ 29,809)</u>

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

	<u>2021</u>	<u>2020</u>
Remeasurement of defined benefit plan	(\$ 1,328)	(\$ 1,554)

2. Reconciliation between income tax expense and accounting profit:

	<u>2021</u>	<u>2020</u>
Income tax calculated based on net income before tax at the statutory tax rate	(\$ 76,623)	(\$ 36,194)
Income tax underestimates (overestimates) for prior years	5,219	(2,820)
Effect of items that cannot be recognized as per laws and regulations	4,167	1,948
Changes in the evaluation of realizability of deferred income tax	5,699	7,257
Tax losses not recognized as deferred tax assets	32,629	-
Income tax benefits	<u>(\$ 28,909)</u>	<u>(\$ 29,809)</u>

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

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
<u>Deferred tax assets</u>				
Temporary differences:				
Unrealized inventory valuation losses	\$ 38,816	(\$ 7,437)	\$ -	\$ 31,379
Net defined benefit liability	35,130	(391)	(1,328)	33,411
Portion in excess of the limit of allowance for bad debts	6,888	(2,774)	-	4,114
Compensation for unused annual leave	5,948	137	-	6,085
Unrealized exchange losses	2,633	(2,633)	-	-
Unrealized litigation losses	-	845	-	845
Tax losses	138,446	49,258	-	187,704
Subtotal	<u>227,861</u>	<u>37,005</u>	<u>(1,328)</u>	<u>263,538</u>
<u>Deferred tax liabilities</u>				
Temporary differences:				
Overseas investment income	(\$ 37,241)	(\$ 2,505)	\$ -	(\$ 39,746)
Unrealized exchange gains	-	(372)	-	(372)
Subtotal	<u>(37,241)</u>	<u>(2,877)</u>	<u>-</u>	<u>(40,118)</u>
Total	<u>\$ 190,620</u>	<u>\$ 34,128</u>	<u>(\$ 1,328)</u>	<u>\$ 223,420</u>
2020				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
<u>Deferred tax assets</u>				
Temporary differences:				
Unrealized inventory valuation losses	\$ 40,358	(\$ 1,542)	\$ -	\$ 38,816
Net defined benefit liability	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
Tax losses	85,445	53,001	-	138,446
Subtotal	<u>203,207</u>	<u>23,100</u>	<u>1,554</u>	<u>227,861</u>
<u>Deferred tax liabilities</u>				
Temporary differences:				
Overseas investment income	(\$ 41,130)	(\$ 3,889)	\$ -	(\$ 37,241)
Subtotal	<u>(41,130)</u>	<u>(3,889)</u>	<u>-</u>	<u>(37,241)</u>
Total	<u>\$ 162,077</u>	<u>\$ 26,989</u>	<u>\$ 1,554</u>	<u>\$ 190,620</u>

4. As per the provisions of the Statute for Industrial Innovation, the details of the investment tax credits to which the Company is entitled, not recognized in deferred income tax assets, are as follows:

December 31, 2021

Item	Year	Amount filed / approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
Research and development expenditure	2019–2020	\$ 20,582	\$ 20,582	\$ 20,582	2021–2022

December 31, 2020

Item	Year	Amount filed / approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
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, 2021

Year	Amount filed / approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
2018–2021	\$ 1,101,655	\$ 1,101,655	\$ 163,143	2028–2031

December 31, 2020

Year	Amount filed / approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
2018–2020	\$ 692,226	\$ 692,226	\$ -	2028–2030

6. The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2019.

(XXV) Loss per share

	2021		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NTD)
<u>Basic/Diluted loss per share</u>			
Net loss attributable to ordinary shareholders in this period	(\$ 354,207)	317,689	(\$ 1.11)

	2020		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NTD)
<u>Basic/Diluted loss per share</u>			
Net loss attributable to ordinary shareholders in this period	(\$ 151,162)	317,689	(\$ 0.48)

(XXVI) Transactions with non-controlling interests

AkiraNET (hereinafter referred to as “AkiraNET”), a subsidiary of the Company, conducted a cash capital increase and issued new shares on December 31, 2020. The Company did not subscribe in proportion to its shareholding and, thus, has equity reduced by 34.59%. This transaction led to an increase in non-controlling interests by NT\$219,759 in 2021 and an increase in equity attributable to owners of the parent company by NT\$273,241.

The effect of changes in AkiraNET’s equity in 2021 on the equity attributable to the Company is as follows:

	2021
Cash	\$ 223,300
Increase in the carrying amount of non-controlling interests	(219,759)
Capital surplus – difference between the price of the acquisition or disposal of subsidiary’s equity and the book value	\$ 3,541

(XXVII) Additional information on cash flow

Investing activities with only partial cash payment:

	<u>2021</u>	<u>2020</u>
Property, plant, and equipment acquired	\$ 360,819	\$ 468,094
Add: Prepayments for business facilities, end of period	19,077	\$ 28,962
Less: Prepayments for business facilities, beginning of period	(28,962)	(\$ 100,540)
Add: Business facilities payable, beginning of period	39,410	3,579
Less: Business facilities payable, end of period	(7,370)	(39,410)
Cash paid in this period	<u>\$ 382,974</u>	<u>\$ 360,685</u>

	<u>2021</u>	<u>2020</u>
Intangible assets acquired	\$ 867	\$ 4,080
Add: Prepayments for business facilities, end of period	8,250	\$ 8,250
Less: Prepayments for business facilities, beginning of period	(8,250)	(\$ 11,162)
Add: Business facilities payable, beginning of period	420	-
Less: Business facilities payable, end of period	-	(420)
Cash paid in this period	<u>\$ 1,287</u>	<u>\$ 748</u>

(XXVIII) Changes in liabilities from financing activities

	2021		
	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1	\$ 546	\$ -	\$ 546
Changes in cash flows of financing activities	-	(1,576)	(1,576)
Lease liability interest expense payments (Note)	-	(16)	(16)
Other non-cash changes	-	3,814	3,814
December 31	<u>\$ 546</u>	<u>\$ 2,222</u>	<u>\$ 2,768</u>

	2020		
	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1	\$ 429	\$ -	\$ 429
Changes in cash flows of financing activities	117	(-)	(117)
December 31	<u>\$ 546</u>	<u>\$ -</u>	<u>\$ 546</u>

Note: Cash flows of operating activities are listed.

VII. Related Party Transactions

(I) Name of the related party and relations

<u>Name of related party</u>	<u>Relations with the Company</u>
Zinwell Corporation (H.K.) Limited (Zinwell H.K.)	The Company's subsidiary
AkiraNET	The Company's subsidiary
B1-Media Corp.	The Company's subsidiary (Note 1)
Zinwell Electronic (Shenzhen). Co., Ltd. (Zinwell Shenzhen)	The Company's subsidiary
Pei-Ji Digital Co., Ltd.	The Company's sub-sub-subsidiary

Note 1: B1-Media Corp. undertook dissolution and liquidation in 2020 and completed the liquidation process on May 13, 2021.

Note 2: B1-Media Corp. sold 100% equity of the Company's sub-sub-subsidiary, Pei-Ji Digital Co., Ltd., on July 20, 2020, so the Company lost control over the sub-sub-subsidiary.

1. Operating income

	<u>2021</u>	<u>2020</u>
Sales of merchandize:		
Subsidiary	\$ -	\$ 598
Sub-subsidiary	-	706
	<u>\$ -</u>	<u>\$ 1,304</u>

The price of the Company's sales to related parties is based on the agreed price, and the payment term is net 90 to 120 days after the end of the month. However, please refer to the purchases from related parties paragraph below for payment collection.

2. Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary	<u>\$ 10,985</u>	<u>\$ -</u>

3. Purchases

	<u>2021</u>	<u>2020</u>
Sales of merchandize:		
ZINWELL H.K.	<u>\$ 815,432</u>	<u>\$ 1,371,345</u>

After the Company sells raw materials through ZINWELL H.K. to Zinwell Shenzhen for processing and production of finished goods, the Company buys back the finished goods through ZINWELL H.K. through the triangular trade and sells them to the Company's customers. The Company's sales of raw materials to the related party and repurchases of finished goods are priced at cost and cost plus agreed gross profit, respectively. As for the accounts receivable and payable thereof, the Company makes payments to the related party first depending on the related party' funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis. As for the amounts of said transactions with ZINWELL H.K., the sales income and purchases related to the processing of imported materials, which are double counted, are offset as per the regulations. Such amounts in 2021 and 2020 were NT\$4,278, 593 and NT\$5,038,298, respectively.

4. Accounts receivable:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable		
ZINWELL H.K.	<u>\$ -</u>	<u>\$ 641,627</u>

5. Property transactions

(1) Property, plant, and equipment acquired

	2021	2020
Sub-subsidiary	\$ 7,947	\$ -

(2) Financial assets acquired – participation in subscription for cash capital increase (2021: None)

	Account title	Number of shares traded	Investment amount in 2020
AkiraNET	Investments accounted for using equity method	900	\$ 9,000
	Prepaid investment	26,970	269,700
			\$ 278,700

Due to the completion of the change registration for the cash capital increase by AkiraNET in January 2021, the Company reclassified “prepaid investment” to “investments accounted for using equity method.” Please refer to Note 6(6) and (26) for details.

6. Please refer to Note 13 for details of loans to related parties and endorsements/guarantees provided to related parties.

(II) Information on remuneration to key management personnel

	2021	2020
Salaries and other short-term employee benefits	\$ 29,457	\$ 24,036
Post-employment benefits	773	671
	\$ 30,230	\$ 24,707

VIII. Pledged assets

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

Asset	Book value		Purpose of collateral
	December 31, 2021	December 31, 2020	
Property and plant			
- Land			Collateral for short-term borrowing facilities
	\$ 141,468	\$ 141,468	
- Buildings			Collateral for short-term borrowing facilities
	74,821	79,130	
Guarantee deposits paid			
- Pledged time deposit (recognized in other non-current assets)			Security deposit for natural gas
	1,000	1,000	
	\$ 217,289	\$ 221,598	

Note: The collateral for the above property and plant are note substantively restricted as the borrowing facilities have not been drawn.

IX. Significant Contingent Liabilities and Unrecognized Commitments

- (I) The Company signs a royalty's contract with MPEG LA, LLC, InterDigital CE Patent Holdings, SAS, Dolby Laboratories Inc., and HDMI Licensing Administrator, Inc., respectively, and the Company shall pay the royalties at the price agreed in the contract.
- (II) As of December 31, 2021 and 2020, the Company has signed contracts for the construction of the Hsinchu and the Chiayi plants and purchases of machinery and equipment, and the amounts of payments that had not been made while the contracts had been signed were NT\$17,459 and NT\$283,561, respectively.
- (III) 1. Shanghe Construction Co., Ltd. the contracted construction company of the Company's Chiayi plant, had objections to the amount for the reduction in of the door and window project and filed a lawsuit with the Taiwan New Taipei District Court in August 2019 to claim that the Company shall make a disputed construction payment of NT\$4,625 and the interest accrued. After being tried by the court of first instance in September 2021, the court ruled that the Company shall pay NT\$4,225 and the interest accrued, and the Company has recognized litigation losses and other payables totaling NT\$4,225. The Company filed an appeal due to dissatisfaction with the rule, and as of the date of the audit report, the court of second instance has not yet made a judgment.
- 2. Shanghe Construction Co., Ltd. the contracted construction company of the Company's Chiayi plant, claimed that the negligence in many parts of the construction design drawing and the project delay have impacted its construction method and increased the project cost. It filed an appeal with the Taiwan New Taipei District Court in February 2020 that the Company shall pay an additional payment of NT\$37,626 and the interest accrued. As of the date of the audit report, the court of first instance has not yet made a judgment. As both parties have signed a supplementary agreement on the changes in the engineering design project during the construction period, its claim, based on the Company's assessment, is ungrounded, and the Company has appointed an attorney to request the court to dismiss the above appeal; as a result, the Company did not recognize relevant losses for the above-mentioned dispute.

The Company will actively defend against said ongoing litigation cases. However, due to the unpredictable nature of legal cases, it is impossible to accurately estimate potential losses (if any). Although the outcome of the lawsuit is yet to be determined by the court, it has no material impact on the Company's operation, finance, and business.

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

None.

XII. Others

(I) Capital management

The objectives of the Company's capital management are to ensure that the Company can continue as a going concern, maintain the best capital structure to reduce the capital cost, and provide dividends to shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts. The Company adjusts its loan amount due to the funds required for operation. The Company adopts the debt ratio as an indicator to monitor its capital; the ratio is calculated by dividing total debt by total capital. The total debt is the total debt presented in the 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 2021 remained the same as that in 2020. As of December 31, 2021 and 2020, the Company's debt ratio was 24% and 28%, respectively.

(II) Financial instruments

1. Types of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at FVTOCI		
Investment in designated equity instruments selected	\$ 312	\$ 1,616
Financial assets at amortized cost		
Cash	978,859	1,896,625
Notes receivable	2,503	5,212
Accounts receivable (including related parties)	1,569,869	1,869,107
Other receivables	42,701	19,899
Guarantee deposits paid	7,823	8,516
	<u>\$ 2,602,067</u>	<u>\$ 3,800,975</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Notes receivable	\$ 87,603	\$ 90,435
Accounts receivable (including related parties)	1,140,947	1,616,516
Other receivables	282,813	289,310
Guarantee deposits paid	546	546
	<u>\$ 1,511,909</u>	<u>\$ 1,996,807</u>
Lease liabilities	<u>\$ 2,222</u>	<u>\$ -</u>

2. Risk management policy
 - (1) The daily operations of the Company are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.
 - (2) Risk management is carried out by the Company's finance department in accordance with the Company's policy. The Company's finance department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Company's operating units.

3. The nature and level of material financial risks

- (1) Market risk

- 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 relevant exchange rate risk arises from assets and liabilities recognized.
 - B. The Company's management has formulated policies that the Company shall hedge its overall exchange rate risk through the finance department.
 - C. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

December 31, 2021			
	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 86,864	27.68	\$ 2,404,396
GBP: NTD	1,180	37.28	43,990
EUR: NTD	751	31.32	23,521
<u>Non-monetary items</u>			
USD: NTD	\$ 471	27.68	\$ 13,102
<u>Investments accounted for using equity method</u>			
USD: NTD	\$ 49,000	27.68	\$ 1,739,158
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 43,109	27.68	\$ 1,193,257
<u>Investments accounted for using equity method</u>			
HKD: NTD	\$ 6,000	3.55	\$ 19,778

				December 31, 2020		
				Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
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
<u>Non-monetary items</u>						
USD: NTD	\$	92		28.50	\$	2,621
<u>Investments accounted for using equity method</u>						
USD: NTD	\$	49,000		28.50	\$	1,730,499
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD	\$	55,454		28.50	\$	1,580,439
<u>Investments accounted for using equity method</u>						
HKD: NTD	\$	6,000		3.68	\$	13,561

D. The aggregate amount of (realized and unrealized) net exchange gains (losses) of the Company's monetary items recognized for 2021 and 2020 due to the material impact of exchange rate fluctuations was NT\$2, 584 and (NT\$117,850), respectively.

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

				2021		
				Sensitivity analysis		
				Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD		1%	\$	24,044	\$	-
GBP: NTD		1%		440		-
EUR: NTD		1%		235		-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD: NTD		1%	\$	11,933	\$	-

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

Price risk

The Company's equity instruments exposed to the price risk are financial assets at FVTOCI held. The Company was not exposed to major price risks.

Interest rate risk of cash flow and fair value

If the Company's interest rate risk comes from short-term borrowings at floating interest rates, the Company will be exposed to interest rate risk of cash flows; loans at fixed interest rates exposes the Company to the interest rate risk of fair value. As the Company did not have long-term and short-term borrowings in 2021 and 2020, the interest rate risk had no impact on the Company.

(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 collection, 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 recognized in losses with the legal recourse procedures still underway as of December 31, 2021 and 2020 were NT\$214,775 and NT\$219,768, 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 ratio method as of December 31, 2021 and 2020 is as follows:

	Group A	Group B	Total
<u>December 31, 2021</u>			
Expected loss ratio	0.03%~5.91%	100%	
Total carrying amount	\$ 1,576,309	\$ 214,775	\$ 1,791,084
Allowance for losses	\$ 17,425	\$ 214,775	\$ 232,200
	Group A	Group B	Total
<u>December 31, 2020</u>			
Expected loss ratio	0.03%~3.81%	100%	
Total carrying amount	\$ 1,887,137	\$ 219,768	\$ 2,106,905
Allowance for losses	\$ 17,951	\$ 219,768	\$ 237,719

Note: As 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 payments for over 181 days and a low chance of payment recovery based on the assessment.

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

	2021		
	Accounts receivable	Other non-current assets – Others	Total
January 1	\$ 18,925	\$ 218,794	\$ 237,719
Reversal of impairment loss	(1,500)	(4,019)	(5,519)
December 31	<u>\$ 17,425</u>	<u>\$ 214,775</u>	<u>\$ 232,200</u>
	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	<u>\$ 18,925</u>	<u>\$ 218,794</u>	<u>\$ 237,719</u>

(3) Liquidity risk

- A. The cash flow forecast is executed by each operating entity in the Company and is compiled by the Company's finance department. The Company's finance department monitors the forecast for the Company's liquidity requirements to ensure that it has sufficient funds to meet operational needs and maintains sufficient available credit lines at all times so that the Company does not violate the relevant borrowing limits or terms.
- B. The remaining cash held by each operating entity will be transferred back to the Company's finance department when it exceeds the amount of working capital needed. The Company's finance department invests the remaining funds in interest-bearing demand deposits and time deposits. There is an appropriate maturity date or sufficient liquidity for the instruments selected by it so as to respond to the forecast above and to provide adequate liquidity.
- C. The Company's non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. Except as stated in the table below, the undiscounted contractual cash flow of the Company's non-derivative financial liabilities is approximately equal to the book value thereof and is due within one year in the future. The remaining undiscounted cash flow:

December 31, 2021	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
<u>Non-derivative financial liabilities:</u>					
Lease liabilities	\$ 1,911	\$ 321	\$ -	\$ -	\$ 2,232

The Company does not expect that the cash flow in the maturity date analysis will occur significantly earlier or that the actual amount will be significantly different.

(III) Fair value information

1. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs for assets or liabilities. The Company's equity instrument investments without active markets belong to this level.

2. For information on the fair value of investment property measured at cost, please refer to Note 6 (9).

3. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, guarantee deposits paid, notes payable, accounts payable, other payables, and guarantee deposits received) are reasonable approximations of the fair values.

4. Financial and non-financial instruments measured at fair value are classified by the Company based on the nature, characteristics, risk, and the level of fair value of assets. The relevant information is as follows:

- (1) The Company's classification is based on the nature of assets. The relevant information is as follows:

December 31, 2021	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<u>Fair value on a recurring basis</u>			
Financial assets at FVTOCI			
Equity securities	\$ <u>312</u>	\$ <u>-</u>	\$ <u>312</u>
December 31, 2020	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<u>Fair value on a recurring basis</u>			
Financial assets at FVTOCI			
Equity securities	\$ <u>98</u>	\$ <u>1,518</u>	\$ <u>1,616</u>

- (2) The methods and assumptions used by the Company to measure fair value are as follows:

- A. Where the Company uses market quoted prices as the fair value input (i.e. Level 1), the tools are classified based on the characteristics as follows:

Quoted prices in the market	<u>TWSE/TPEX listed stocks</u> Closing prices
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- 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 2021 and 2020.
6. The table below shows the changes in Level 3 fair value in 2021 and 2020:

	2021	2020
	Non-derivative equity instruments	Non-derivative equity instruments
January 1	\$ 1,518	\$ 1,518
Losses recognized in other comprehensive income		
Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	(1,518)	-
December 31	<u>\$ -</u>	<u>\$ 1,518</u>

7. There was no transfer in/out to/from Level 3 fair value.
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, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Unlisted stocks	\$ 1,518	Comparable listed company method	Price-to-book ratio	2	The higher the ratio 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.

10. The valuation model was adopted by the Company after careful evaluation, but using different valuation models may result in different valuation results.

(IV) Other matters

During the COVID-19 pandemic, the Company has given top priority to pandemic prevention and safety and employees' health protection. In accordance with relevant anti-pandemic regulations, the Company has grouped employees for work at different locations and implemented the work-from-home approach. In addition to strengthening the anti-pandemic measures, we continue to pay close attention to the development of the pandemic and update relevant countermeasures in real time. Based on the assessment, the pandemic did not cause a material impact on the Company's financial position and financial performance in 2021.

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.

(IV) Segment Information

The Company does not have a single shareholder holding 5% or more of the Company's shares.

XIV. Information on Operating Segments

Not applicable.

Zinwell Corporation
Loan to Others
For the Year Ended December 31, 2021

Table 1

No. (Note 1)	Lender	Borrower	Account title	Related party status	Highest balance in this period	Ending balance	Amount drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for short-term financing	Allowance for bad debt	Collateral		Maximum amount for each borrower (Note 2)	Aggregate maximum amount (Note 2)	Remarks
													Name	Worth			
1	Zinwell Holding (Samoa) Corporation	Zinwell Electronic (Shenzhen). Co., Ltd.	Other receivables	Yes	\$ 304,513	\$ 304,513	\$ 304,513	3%~5%	The need for short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 1,747,105	\$ 5,241,315	

Unit: NTD thousand
(except otherwise specified)

Note 1: The description of the No. column is as follows:

- (1) The issuer is coded "0".
- (2) The investees are coded sequentially beginning from "1" by each individual company.

Note 2: As per the Company's External Party Lending Procedures, the total amount of loans to others due to the need for short-term financing shall not exceed 40% of the Company's net worth, and the cumulative amount of loans to individual parties shall not exceed 20% of the Company's net worth. The limit on the loans by each subsidiary to individual parties shall not exceed 100% of the lender's net worth, and the total loans provided is limited to 300% of the lender's net worth.

Zinwell Corporation
Endorsements/Guarantees Provided to Others
For the Year Ended December 31, 2021

Table 2

Unit: NTD thousand
(except otherwise specified)

No. (Note 1)	Company	Party endorsed / guaranteed		Maximum amount of endorsement / guarantee for a single enterprise (Note 3)	Maximum balance of endorsements / guarantees in this period	Ending balance of endorsements / guarantees provided	Amount drawn	Amount of endorsements / guarantees with assets pledged	Ratio of cumulative endorsements / guarantees to net worth as in the latest financial statements	Upper limit on endorsements / guarantees (Note 3)	Parent company to subsidiary	Subsidiary to parent company	To entity in mainland China	Remarks
		Name of company	Relations											
0	Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Note 2	\$ 616,298	\$ 232,878	\$ 122,146	\$ 5,537	\$ -	2	3,081,488	Y	N	N	
0	Zinwell Corporation	Zinwell Holding (Samoa) Corporation	Note 2	616,298	532,196	421,464	-	-	7	3,081,488	Y	N	N	

Note 1: The description of the No. column is as follows:

(1) The issuer is coded "0".

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

Note 2: A subsidiary in which more than 50% of its ordinary shares are held directly.

Note 3: As per the Company's Operating Procedures for Endorsements and Guarantees, the total amount of the Company's endorsements/guarantees provided shall not exceed 50% of the Company's net worth. The limit on endorsements/guarantees provided to a single enterprise shall not exceed 20% of the total amount of the Company's endorsements/guarantees provided.

Zinwell Corporation
 Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)
 December 31, 2021

Table 3

					Unit: NTD thousand (except otherwise specified)				
					End of the period				
Company	Type and name of securities	Relations with the securities issuer	Account title	Number of shares	Carrying amount	Shareholding	Fair value	Remarks	
Zinwell Corporation	TWSE-listed stocks								
"	Transcom, Inc.	None	Investment in equity instruments at fair value through other comprehensive income – non-current	1,468	\$ 312	-	\$ 312		
	Unlisted stocks								
"	Winds Four	"	"	14	-	18.92	-		
"	Essence Technology Solution, Inc.	"	"	29,785	-	1.10	-		
					<u>\$ 312</u>				

Table 3

Zinwell Corporation
Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2021

Table 4

Unit: NTD thousand
(except otherwise specified)

Supplier / Customer	Name of transaction counterparty	Relations	Transaction details				Situation and reason that transaction terms are different from general ones		Notes / Accounts receivable (payable)		Remarks
			Purchase / Sales	Amount (Note)	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes / accounts receivable (payable)	
Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Subsidiary	Purchases	\$ 815,432	8	Receipts / payments on a monthly basis based on the net amount after credits and debts are offset	Not applicable	Not applicable	\$ 10,985	-	
Zinwell Corporation (H.K.) Limited	Zinwell Corporation	Parent	Sales	(815,432)	100	"	"	"	(10,985)	(7)	
"	Zinwell Electronic (Shenzhen). Co., Ltd.	Associate	Sales	(44,538)	-	"	"	"	126,463	100	
Zinwell Electronic (Shenzhen). Co., Ltd.	Zinwell Corporation (H.K.) Limited	Associate	Purchases	44,538	15	"	"	"	(126,463)	(68)	

Note: The above purchase and sale transaction amounts are the amounts net of repeated purchases and sales.

Zinwell Corporation
 Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
 December 31, 2021

Table 5

Unit: NTD thousand
(except otherwise specified)

Company under accounts receivable	Name of transaction counterparty	Relations	Balance of accounts receivable from related parties	Turnover rate	Overdue receivables from related parties		Amount of payment recovered from related party after balance sheet date	Allowance for bad debt
					Amount	Response method		
Zinwell Holding (Samoa) Corporation	Zinwell Electronic (Shenzhen). Co., Ltd.	Subsidiary	Other receivables of NT\$304,513	Note	\$ -	-	\$ -	\$ -

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
For the Year Ended December 31, 2021

Table 6

Unit: NTD thousand
(except otherwise specified)

No. (Note 1)	Company name	Counterparty	Relations (Note 2)	Transaction			As a percentage of consolidated total operating revenues or total assets
				Account	Amount	Transaction terms	
0	Zinwell Corporation	Zinwell Corporation (H.K.) Limited	1	Accounts receivable	\$ 10,985	Note 3	-
0	"	"	1	Purchases	815,432	"	13%
1	ZINWELL CORPORATION (H.K.) LIMIEDT	Zinwell Electronic (Shenzhen). Co., Ltd.	3	Accounts receivable	126,463	"	2%
1	"	"	3	Sales	44,538	"	1%
1	ZINWELL HOLDING (SAMOA) CORPORATION	"	3	Other receivables	304,513	-	4%
2	"	"	3	Interest income	4,890	-	-
0	Zinwell Corporation	Zinwell Electronic (Shenzhen). Co., Ltd.	4	Property, plant, and equipment	7,947	Note 4	-
3	Zinwell Electronic (Shenzhen). Co., Ltd.	Zinwell Corporation	5	Other income	7,947	"	1%

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.

(4) Parent company to sub-subsidiary.

(5) Sub-subsidiary to parent company.

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.

Note 4: Within five days from the date of issuance.

Zinwell Corporation
Information on Name and Location of Investees (Excluding Investees in Mainland China)
For the Year Ended December 31, 2021

Table 7

Name of investor	Name of investee	Location	Principal business	Unit: NTD thousand (except otherwise specified)								
				Initial investment amount		Held at the end of period			Net profit (loss) on investee in this period	Investment income (loss) recognized for this period	Remarks	
				End of this period	End of last year	Number of shares	Percentage	Carrying amount				
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Hong Kong	General investment business	\$ 21,288	\$ 21,288	\$ 6,000,000	100	(\$ 19,778)	(\$ 6,217)	(\$ 6,217)	Subsidiary	
Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Independent State of Samoa	General reinvestment business	1,356,467	1,356,467	49,000,000	100	1,739,158	26,687	18,740	Subsidiary	
Zinwell Corporation	AkiraNET	Taiwan	Information software service	278,700	9,000	27,870,000	55.41	306,751	(37,608)	(20,839)	Subsidiary	
Zinwell Corporation	Urmap Inc.	Cayman Islands	Information software and electronic information supply service	22,000	22,000	666,280	28.07	-	-	-	Investee measured using the equity method (Note 1)	
Zinwell Corporation	Itas Technology Corp.	Taiwan	Other telecommunications and communications-related business services	61,367	61,367	762,250	38.11	-	-	-	Investee measured using the equity method (Note 2)	

Note 1: Urmap Inc. has ceased its operations.

Note 2: The shareholders' meeting passed a resolution to dissolve Itas Technology Corp. on April 22, 2019, and the change registration is underway.

Zinwell Corporation
Information on Investments in Mainland China-Basic Information
For the Year Ended December 31, 2021

Table 8

Unit: NTD thousand
(except otherwise specified)

Investee	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 this 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 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	\$ 1,099,015	1	\$ 1,099,015	\$ -	\$ -	\$ 1,099,015	\$ 32,684	100	\$ 32,684	\$ 1,389,798	\$ -	Note 2
Zinwell Communications Corporation	Various electronic signal receivers, amplifiers, and user front-end processors for distribution	14,199	2	14,199	-	-	14,199	-	100	-	-	-	Note 3
Shanghai Broadband Digital Technology Co., Ltd.	Production and sales of digital TV set-top boxes	33,486	3	-	-	-	-	-	40	-	-	-	Note 3

Note 1: Description of code of investment method:

1. Established Zinwell Holding (Samoa) Corporation in a third region to invest in companies in mainland China.
2. Established Zinwell Corporation (HK.) Limited in a third region to invest in companies in mainland China.
2. Invested HKD 3,775,000 through a loan taken out by Zinwell Corporation (HK.) Limited.

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	\$ 1,113,214	\$ 1,133,702	\$ 3,845,897

Table 8

Zinwell Corporation
Cash
December 31, 2021

Statement 1

Unit: NTD thousand

Item	Summary	Amount
Cash on hand		\$ 1,540
Checking deposit – NTD		3,841
Demand deposit – NTD		137,505
- USD	USD 27,763,000 at an exchange rate of 27.68 USD: 1 NTD	768,554
- GBP	GBP 1,179,000 at an exchange rate of 37.28 GBP: 1 NTD	43,945
- EUR	EUR 745,000 at an exchange rate of 31.32 EUR: 1 NTD	23,327
- Others		147
		<u>977,319</u>
		<u>\$ 978,859</u>

Zinwell Corporation
Accounts Receivable
December 31, 2021

Statement 2

Unit: NTD thousand

Item	Amount	Remarks
<u>Accounts Receivable</u>		
Customer A	\$ 1,186,421	
Customer B	276,793	
Others	<u>113,095</u>	Note
	1,576,309	
Less: Allowance for losses	(<u>17,425</u>)	
	\$ 1,558,884	
Accounts receivable – related party Zinwell Corporation (H.K.) Limited (Zinwell H.K.)	<u>10,985</u>	
	<u>\$ 1,569,869</u>	

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

Zinwell Corporation
Inventory
December 31, 2021

Statement 3

Unit: NTD thousand

Item	Amount		Remarks
	Costs	Market price	
Raw materials	\$ 418,104	\$ 308,248	The replacement cost of raw materials is adopted as the market price
Work in progress	189,454	167,591	Market price is net realizable value
Finished goods	32,374	17,571	"
Merchandise	8	-	"
Inventory in transit	28,828	28,828	"
	<u>668,768</u>	<u>\$ 522,238</u>	
Less: Allowance for inventory valuation losses	(<u>156,899</u>)		
	<u>\$ 511,869</u>		

Zinwell Corporation
Changes in Investment Using the Equity Method
For the Year Ended December 31, 2021

Statement 4

Unit: NTD thousand

Name	Opening balance		Increase in this period		Decrease in this period		Investment income (losses)	Cumulative translation adjustment	Other adjustments	Ending balance			Net equity value		Collateral or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Shareholding	Amount	Unit price (NTD)	Total price	
Zinwell Holding (Samoa) Corporation	49,000,000	\$ 1,791,171	-	\$ -	-	\$ -	\$ 18,740	\$ -	\$ -	49,000,000	100.00%	1,809,911	\$ 35.49	\$ 1,739,158	None
Add: Cumulative translation adjustment		(60,672)		-		-	-	(10,081)				(70,753)			
		<u>1,730,499</u>		<u>-</u>		<u>-</u>	<u>18,740</u>	<u>(10,081)</u>				<u>1,739,158</u>			
AkiraNET	900,000	(181)	26,970,000	269,700	-	-	(20,839)	-	58,071	27,870,000	55.41%	306,751	11.01	306,751	"
Add: Reclassified to the account of "other liabilities – others"		181		-		-	-	-	(181)			-			
		<u>-</u>		<u>269,700</u>		<u>-</u>	<u>(20,839)</u>	<u>-</u>	<u>57,890</u>			<u>306,751</u>			
ZINWELL CORPORATION (H.K.) LIMITED	6,000,000	(17,106)	-	-	-	-	(6,217)	-	-	6,000,000	100.00%	(23,323)	(3.30)	(19,778)	"
Add: Cumulative translation adjustment		3,545		-		-	-	-	-			3,545			
Add: Reclassified to the account of "other liabilities – others"		13,561		-		-	-	-	6,217			19,778			
		<u>-</u>		<u>-</u>		<u>-</u>	<u>(6,217)</u>	<u>-</u>	<u>6,217</u>			<u>-</u>			
B1-Media Corp.	3,480,000	218	-	-	(3,480,000)	(218)	-	-	-	-	-	-	-	-	"
Less: Impairment loss		(218)		-		218	-	-	-			-			
		<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>			
Itas Technology Corp.	762,250	31,504	-	-	-	-	-	-	-	762,250	38.11%	31,504	-	-	"
Less: Impairment loss		(31,504)		-		-	-	-	-			(31,504)			
		<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>			
Urmap Inc.	666,280	(987)	-	-	-	-	-	-	-	666,280	28.07%	(987)	-	-	"
		987		-		-	-	-	-			987			
		<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>			
		<u>\$ 1,730,499</u>		<u>\$ 269,700</u>		<u>\$ -</u>	<u>(\$ 8,316)</u>	<u>(\$ 10,081)</u>	<u>\$ 64,107</u>			<u>\$ 2,045,909</u>			

Zinwell Corporation
Accounts payable
December 31, 2021

Statement 5

Unit: NTD thousand

<u>Name of supplier</u>	<u>Amount</u>	<u>Remarks</u>
<u>Non-related party</u>		
Supplier A	\$ 630,925	
Supplier B	66,000	
Others	444,022	
	<u>\$ 1,140,947</u>	The balance of each supplier did not exceed 5% of the total amount of this account.

Zinwell Corporation
Operating Income
For the Year Ended December 31, 2021

Statement 6

Unit: NTD thousand

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Net sales income			
Digital communication products and components	Note	\$ <u>6,277,543</u>	

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

Zinwell Corporation
Operating Costs
For the Year Ended December 31, 2021

Statement 7

Unit: NTD thousand

Item	Amount
Raw materials at the beginning of the period	\$ 419,333
Add: Purchase of raw materials in this period	797,335
Less: Raw materials at the end of the period	(446,932)
Sales of raw materials	(17,049)
Scrapping of raw materials	(10,755)
Profit of inventory of raw materials	1
Raw materials consumed in this period	741,933
Direct labor	189,867
Overhead	418,765
Manufacturing cost	1,350,565
Add: Work in progress at the beginning of the period	194,896
Purchase of work in progress	26,618
Number of work in progress transferred to merchandise	46,705
Less: Work in progress at the end of the period	(189,454)
Sales of work in progress	(11,938)
Scrapping of work in progress	(11,771)
Transferred to self-use	(162,652)
Cost of finished goods	1,242,969
Add: Finished goods at the beginning of the period	39,436
Purchase of finished goods	5,089,826
Less: Finished goods at the end of the period	(32,374)
Scrapping of finished goods	(6,785)
Finished goods transferred to work in progress	(46,705)
Finished goods transferred to merchandise	(13)
Transferred to self-use	(57,218)
Cost of production and sales	6,229,136

Zinwell Corporation
Operating Costs (Continued)
For the Year Ended December 31, 2021

Statement 7

Unit: NTD thousand

<u>Item</u>	<u>Amount</u>
Merchandise at the beginning of the period	\$ 8
Add: Purchase of supplies in this period	3,225
Number of work in progress transferred to merchandise	13
Less: Inventory of merchandise at the end of the period	(8)
Cost of purchases and sales	<u>3,238</u>
	6,232,374
Cost of raw materials and work in progress sold	28,987
Loss from scrapping of inventories	29,311
Gain on recovery	(37,184)
Inventory profit	(1)
Income from of sales of tailings	(246)
	<u>\$ 6,253,241</u>

Zinwell Corporation
Overhead
For the Year Ended December 31, 2021

Statement 8

Unit: NTD thousand

Item	Amount	Remarks
Indirect labor	\$ 142,164	
Depreciation expenses	106,356	
Insurance	36,350	
Utilities	29,328	
Outsourced processing	16,622	
Others	87,945	The balance of each account did not exceed 5% of the total amount of this account.
	<u>\$ 418,765</u>	

Zinwell Corporation
Operating Expenses
For the Year Ended December 31, 2021

Statement 9

Unit: NTD thousand

Item	Marketing expenses	Management expenses	Research and development expenses	Total
Salary and wages	\$ 40,232	\$ 80,876	\$ 152,277	\$ 273,385
Freight	91,757	48	71	91,876
Insurance	5,089	7,873	13,820	26,782
Depreciation expenses	248	9,214	10,958	20,420
Service expenses	-	8,429	-	8,429
Import and export costs	4,577	-	-	4,577
Others (Note)	9,278	27,882	28,103	65,263
	<u>\$ 151,181</u>	<u>\$ 134,322</u>	<u>\$ 205,229</u>	<u>\$ 490,732</u>

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