Zinwell Corporation

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

(Stock Code 2485)

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Zinwell Corporation
Standalone Financial Statements and Independent Auditor's Report for the Years Ended December 31, 2023 and 2022
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Independent Auditors' Report

(113) Cai-Shen-Bao-Zi No. 23004494

To Zinwell Corporation,

Audit opinion

We have reviewed the accompanying parent company only balance sheet of Zinwell Corporation (the "Company") for the years ended December 31, 2023 and 2022 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements, present fairly, in all material respects, the individual financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its individual financial performance and individual cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of audit opinion

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

Key audit matters

Key audit matters refer to the most vital matters in our audit of the parent company only financial statements of the Company for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of the Company for the year ended December 31, 2023, are stated as follows:

Inventory valuation

Description

See Note 4 (12) to the parent company only financial statements for the accounting policy on inventories; Note 5 for the uncertainty over accounting estimates and assumptions of inventory valuation; Note 6(4) for the description of inventory valuation losses.

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

Corresponding audit procedures

We performed the following procedures for inventory valuation losses:

1. Based on our understanding of the Company's operations and industry nature, we assessed the reasonableness of the policies and procedures adopted to assess the inventory valuation losses, including the classification of inventories that determines the net realizable value.

2. We reviewed the Company's annual inventory plan and observed the annual inventories to evaluate the effectiveness of management in distinguishing and controlling obsolete inventory.
3. We verified the amounts used by the Company to determine the classification of obsolete inventory and the net realizable value of inventories, including obtaining the net realizable value report of each inventory, evaluating the appropriateness of the calculation logic of the reports, testing relevant supporting documents, and recalculating and evaluating the reasonableness of the inventory valuation losses determined by the Company.

Evaluation of accounts receivable impairment

Description

See Note 4(8) to the parent company only financial statements for the accounting policy on accounts receivable; see Note 5 for the uncertainty over accounting estimates and assumptions of impairment of accounts receivable; see Note 6(3) for the description of accounts receivable.

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

Corresponding audit procedures

We performed the following procedures for the evaluation of accounts receivable impairment:

1. Understand and test the credit risk management procedures of Zinwell Corporation,

including the assessment and management of sales customers' credit limits, and the expected credit loss assessment procedures.

2. We learned about the reasons for the failure to collect payment or reviewed the collection status after the balance sheet date for major accounts receivable not collected during the normal credit period.

Responsibilities of the management and the governing bodies for the parent company only financial statements

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

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

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

financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.

6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

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

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

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PwC Taiwan
Liang, I-Chang
CPAs
Wen, Ya-Fang
Financial Supervisory Commission
Approval Document:
Jin-Guan-Zheng-Shen No. 1070303009
Jin-Guan-Zheng-Shen No. 1100350706
March 6, 2024

Zinwell Corporation
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

	Assets	Notes	December 31, 2023			December 31, 2022		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	1,407,794	17	$	550,047	7
1150	Notes receivable, net	6(3)		148	-		414	-
1170	Accounts receivable, net	6(3)		1,639,697	20		1,904,545	22
1180	Accounts receivable – related parties, net	7		-	-		227,620	3
1200	Other receivables			29,351	-		36,413	-
1220	Current income tax assets			1,747	-		206	-
130X	Inventories	6(4)		617,634	7		810,405	10
1410	Prepayments	6(5)		6,773	-		5,768	-
11XX	**Total current assets**			3,703,144	44		3,535,418	42
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income – non-current	6(2)		270	-		204	-
1550	Investments accounted for using equity method	6(6)		2,046,142	24		2,124,010	25
1600	Property, plant and equipment	6(7) and 8		2,262,852	27		2,373,767	28
1755	Right-of-use assets	6(8)		3,015	-		1,519	-
1760	Investment property, net	6(9)		180,367	2		184,959	2
1780	Intangible assets	6(10)		12,024	-		14,724	-
1840	Deferred tax assets	6(25)		232,023	3		252,750	3
1900	Other non-current assets	6(11) and 8		28,774	-		18,376	-
15XX	**Total non-current assets**			4,765,467	56		4,970,309	58
1XXX	**Total assets**		$	8,468,611	100	$	8,505,727	100

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Zinwell Corporation
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

	Liabilities and Equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 350,000	4	$ 450,000	5
2130	Contract liabilities – current	6(19)	199,636	2	49,301	1
2150	Notes payable		93,470	1	84,867	1
2170	Accounts Payable		1,036,403	12	1,223,218	14
2180	Accounts payable – related parties	7	243,100	3	-	-
2200	Other payables	6(13)	296,685	4	275,539	3
2280	Lease liabilities – current	6(29)	2,406	-	765	-
2310	Advance receipts		29,920	-	73,226	1
2399	Other current liabilities – others		8	-	8	-
21XX	**Total current liabilities**		2,251,628	26	2,156,924	25
	Non-current liabilities					
2570	Deferred tax liabilities	6(25)	55,001	1	59,392	1
2580	Lease liabilities – non-current		634	-	758	-
2640	Net defined benefit liability – non-current	6(14)	79,880	1	94,659	1
2670	Other non-current liabilities – others	6(6)	5,729	-	2,360	-
25XX	**Total non-current liabilities**		141,244	2	157,169	2
2XXX	**Total liabilities**		2,392,872	28	2,314,093	27
	Share capital	6(15)				
3110	Ordinary share capital		3,176,890	38	3,176,890	37
	Capital surplus	6(16)(27)				
3200	Capital surplus		549,692	6	562,860	7
	Retained earnings	6(17)				
3310	Legal reserve		1,347,331	16	1,346,300	16
3320	Special reserve		133,156	2	117,161	1
3350	Undistributed earnings		1,028,174	12	1,121,579	13
	Other equity	6(18)				
3400	Other equity		(159,504)	(2)	(133,156)	(1)
3XXX	**Total equity**		6,075,739	72	6,191,634	73
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Material Events After the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 8,468,611	100	$ 8,505,727	100

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

Chairman: Huang, Chi-Jui   Manager: Lin, Ching-Hui   Accounting Officer: Hou, Ching-Yuan

Zinwell Corporation
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand
(except profit and loss per share in NT$)

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating income	6(19) and 7	$ 5,816,835	100	$ 6,582,035	100
5000	Operating costs	6(4)(24) and 7	(5,263,513)	(91)	(6,244,563)	(95)
5900	Gross profit		553,322	9	337,472	5
	Operating expenses	6(24) and 7				
6100	Marketing expenses		(90,201)	(1)	(212,424)	(3)
6200	Management expenses		(156,226)	(3)	(144,830)	(2)
6300	Research and development expenses		(212,310)	(4)	(204,771)	(3)
6450	Expected credit impairment (loss) benefit	12(2)	(19,489)	-	11,940	-
6000	Total operating expenses		(478,226)	(8)	(550,085)	(8)
6900	Operating profit (loss)		75,096	1	(212,613)	(3)
	Non-operating income and expenses					
7100	Interest income	6(20)	29,114	1	10,035	-
7010	Other income	6(21)	93,689	2	98,431	1
7020	Other gains and losses	6(22)	18,127	-	99,009	1
7050	Financial costs	6(23)	(9,253)	-	(407)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method	6(6)	(261,505)	(5)	33,508	1
7000	Total non-operating income and expenses		(129,828)	(2)	240,576	3
7900	**Net income before tax (net loss)**		(54,732)	(1)	27,963	-
7950	Income tax expense	6(25)	(17,398)	-	(27,580)	-
8200	**Net income (loss) in the current period**		($ 72,130)	(1)	$ 383	-
	Other comprehensive income, net					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(14)	($ 5,311)	-	$ 12,412	-
8316	Unrealized valuation gains or losses on investments in equity instruments at fair value through other comprehensive income	6(2)	66	-	(108)	-
8349	Income tax related to items not reclassified	6(25)	1,062	-	(2,482)	-
8310	Total amount of items not reclassified to profit or loss		(4,183)	-	9,822	-
	Items that may subsequently be reclassified to profit or loss					
8361	Exchange difference on translation of financial statements of foreign operations	6(18)	(26,414)	(1)	21,016	-
8360	Total amount of items that may subsequently be reclassified to profit or loss		(26,414)	(1)	21,016	-
8300	**Other comprehensive income, net**		($ 30,597)	(1)	$ 30,838	-
8500	**Total comprehensive income for this period**		($ 102,727)	(2)	$ 31,221	-
9750	Basic earnings (losses) per share	6(26)	($ 0.23)		$ -	
9850	Diluted earnings (loss) per share	6(26)	($ 0.23)		$ -	

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

Chairman: Huang, Chi-Jui　　Manager : Lin, Ching-Hui　　Accounting Officer: Hou, Ching-Yuan

Zinwell Corporation
Standalone Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

			Capital surplus				Retained earnings			Other equity		
	Notes	Ordinary share capital	Issuance premium	All changes in equity in subsidiaries	Changes in net equity of affiliated companies and joint ventures under equity method	Others	Legal reserve	Special reserve	Undistributed earnings	Exchange difference on translation of financial statements of foreign operations	Unrealized gains or loss on financial assets at FVTOCI	Total equity
2022												
Balance on January 1, 2022		$ 3,176,890	$ 503,594	$ 3,541	$ 56,672	$ 1,616	$ 1,346,300	$ 117,161	$ 1,111,266	($ 152,761)	($ 1,303)	$ 6,162,976
Net income for this period		-	-	-	-	-	-	-	383	-	-	383
Other comprehensive income for this period	6(18)	-	-	-	-	-	-	-	9,930	21,016	(108)	30,838
Total comprehensive income for this period		-	-	-	-	-	-	-	10,313	21,016	(108)	31,221
Changes in equity of subsidiaries	6(27)	-	-	(2,563)	-	-	-	-	-	-	-	(2,563)
Balance on December 31, 2022		$ 3,176,890	$ 503,594	$ 978	$ 56,672	$ 1,616	$ 1,346,300	$ 117,161	$ 1,121,579	($ 131,745)	($ 1,411)	$ 6,191,634
2023												
Balance on January 1, 2023		$ 3,176,890	$ 503,594	$ 978	$ 56,672	$ 1,616	$ 1,346,300	$ 117,161	$ 1,121,579	($ 131,745)	($ 1,411)	$ 6,191,634
Net loss for this period		-	-	-	-	-	-	-	(72,130)	-	-	(72,130)
Other comprehensive income for this period	6(18)	-	-	-	-	-	-	-	(4,249)	(26,414)	66	(30,597)
Total comprehensive income for this period		-	-	-	-	-	-	-	(76,379)	(26,414)	66	(102,727)
Earnings appropriation	6(17)											
Legal reserve		-	-	-	-	-	1,031	-	(1,031)	-	-	-
Special reserve		-	-	-	-	-	-	15,995	(15,995)	-	-	-
Changes in equity of subsidiaries	6(16)(27)	-	-	41,362	(54,530)	-	-	-	-	-	-	(13,168)
Balance on December 31, 2023		$ 3,176,890	$ 503,594	$ 42,340	$ 2,142	$ 1,616	$ 1,347,331	$ 133,156	$ 1,028,174	($ 158,159)	($ 1,345)	$ 6,075,739

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

Chairman: Huang, Chi-Jui   Manager: Lin, Ching-Hui   Accounting Officer: Hou, Chir

Zinwell Corporation
Standalone Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flows of operating activities			
Net income before tax (net loss) in the current period		($ 54,732)	$ 27,963
Adjustments			
Income and expenses			
Depreciation expense (including investment property and right-of-use assets)	6(7)(8)(9)(24)	179,972	159,197
Amortizations	6(24)	7,571	7,646
Expected credit impairment (loss) benefit	12(2)	19,489	(11,940)
Interest expense	6(23)	9,253	407
Interest income	6(20)	(29,114)	(10,035)
Dividend income	6(21)	(4)	(5)
Losses on disposal of property, plant and equipment	6(22)	210	300
Share of profit or loss of subsidiaries and associates recognized using the equity method	6(6)	261,505	(33,508)
Unrealized gross profit margin		6,359	(6,718)
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Notes and accounts receivable (including related parties)		473,245	(548,267)
Other receivables		9,586	6,288
Inventories		192,771	(298,536)
Prepayments		(1,005)	21,116
Net change in liabilities related to operating activities			
Contract liabilities – current		150,335	(88,172)
Notes and accounts payable (including related parties)		64,888	79,535
Other payables		20,059	(1,530)
Advance receipts		(43,306)	18,919
Provisions – non-current		-	(20)
Net defined benefit liability		(20,090)	(58,963)
Other current liabilities		-	(2)
Cash inflow (outflow) from operations		1,246,992	(736,325)
Interest received		26,589	10,035
Interest paid		(9,253)	(407)
Dividends received		4	5
Income tax returned		-	305
Income tax paid		(1,541)	-
Net cash inflows (outflows) from operating activities		1,262,791	(726,387)

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Zinwell Corporation
Standalone Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flow from investing activities			
Acquisition of investments accounted for using equity method	6(6) and 7	($ 225,809)	($ 39,200)
Payment for acquisition of property, plant and equipment	6(28)	(74,838)	(111,966)
Proceeds from disposal of property, plant and equipment		2,857	360
Payment for acquisition of intangible assets	6(28)	(5,355)	(1,567)
Increase in guarantee deposits paid		-	(2,008)
Decrease in guarantee deposits paid		864	2,194
Net cash outflow from investing activities		(302,281)	(152,187)
Cash flow from financing activities			
Short-term borrowings	6(29)	1,000,000	540,000
Repayment of short-term borrowings	6(29)	(1,100,000)	(90,000)
Repayment of lease principal	6(29)	(2,363)	(2,052)
Increase in guarantee deposits received	6(29)	-	1,814
Decrease in guarantee deposits received	6(29)	(400)	-
Net cash (outflow) inflow from financing activities		(102,763)	449,762
Increase (decrease) in cash and cash equivalents in the current period		857,747	(428,812)
Opening balance of cash and cash equivalents		550,047	978,859
Ending balance of cash and cash equivalents		$ 1,407,794	$ 550,047

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

Chairman: Huang, Chi-Jui Manager : Lin, Ching-Hui Accounting Officer: Hou, Ching-Yuan

Zinwell Corporation
Notes to Parent Company Only Financial Statements
2023 and 2022

Unit: NT$ thousands (unless otherwise specified)

I. Organization and Operations

(I) Zinwell Corporation (hereinafter referred to as the "Company") was incorporated in 1981 in accordance with the Company Act of the Republic of China. It mainly engages in the research and development, manufacturing, and trading of digital cable video transmission systems (including distributors and splitters, signal lead-out devices, multiple switches, and amplifiers), digital satellite communication transmission systems (including low-noise downconverters and ultra-small private satellite communication transceivers), and digital video products and equipment (including digital video converters and high-definition television receivers).

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

II. Date and Procedure for Approval of Financial Statements

This parent company only financial report has been approved by the Board of Directors for release on March 6, 2024.

III. Application of New and Revised International Financial Reporting Standards

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

The table below summarizes the new, revised, and amended standards and interpretations of the IFRSs and IASs, which apply in 2023, as endorsed and issued into effect by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023
Amendments to IAS No. 12 "International Tax Reform – Pillar Two Model Rules"	May 23, 2023

The standards and interpretations have no material impact on the Company's financial position and financial performance based on the assessment.

(II) Impact of new/revised IFRSs and IASs, as endorsed by the FSC, not yet adopted

The table below summarizes the new, revised, and amended standards and interpretations of the IFRSs and IASs, which apply in 2024, as endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 (Classification of Liabilities as Current or Non-Current)	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The standards and interpretations have no material impact on the Company’s financial position and financial performance based on the assessment.

(III) Impact of IFRSs and IASs released by the IASB but not yet endorsed by the FSC

The table below lists the new, revised, and amended standards and interpretations of the IFRSs and IASs, leased by the IASB but not yet endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 Insurance Contracts	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 (Initial Application of IFRS 17 and IFRS 9 – Comparative Information)	January 1, 2023
Amendments to IAS No. 21 “Lack of Convertibility”	January 1, 2025

The standards and interpretations have no material impact on the Company’s financial position and financial performance based on the assessment.

IV. Summary of Significant Accounting Policies

The main accounting policies used in the preparation of the parent company only financial statements are described below. Unless otherwise stated, such policies apply consistently throughout all reporting periods.

(I) Statement of compliance

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

(II) Basis of preparation

1. Except for the important items below, the parent company only financial statements are prepared at historical cost:

   (1) Financial assets measured at fair value through other comprehensive income.

   (2) Defined benefit liabilities recognized as the net amount of pension fund assets less the present value of defined benefit obligations.

2. The preparation of financial reports in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC requires the use of some critical accounting estimates. In the process of applying the Company's accounting policies, management also needs to exercise its judgment. For items involving high degree of judgment or complexity, or items involving critical assumptions and estimates of the parent company only financial statements, please refer to Note 5 for details.

(III) Foreign currency exchange

The items listed in the Company's parent company only financial statements are measured in the currency used in the main economic environment in which the Company operates, New Taiwan dollar (NTD), i.e. functional currency, as the presentation currency.

1. Foreign currency transactions and balances

   (1) Foreign currency transactions are translated at the rates prevailing of exchange at the transaction date or measurement date, and the exchange difference arising from the translation of such transactions are recognized as the current profit or loss.

   (2) The balance of foreign currency monetary assets and liabilities shall be and adjusted as per the rates of exchange prevailing at the balance sheet date, and the exchange difference arising from the adjustment is recognized as the current profit or loss.

   (3) The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit and loss (FVTPL), and is adjusted based on the spot exchange rate at the balance sheet date. The translation difference arising from the adjustment is recognized in current profit and loss. For measurement at fair value through other comprehensive income, it is adjusted based on the spot exchange rate at the balance sheet date, and the translation difference arising from the adjustment is recognized in

other comprehensive income. If it is not measured by fair value, it is measured at the historical exchange rate at the initial transaction date.

(4) All exchange gains or losses are listed in the "other gains and losses" on the income statement.

2. Translation of foreign operations

(1) For all investee entities whose functional currencies are different from the expression ones, their business results and financial position shall be translated into the expression currency in the following method:

A. The assets and liabilities presented at each balance sheet are translated at the closing exchange rate at the balance sheet date;

B. The income and expenses expressed in each comprehensive income statement are translated at the average exchange rate of the current period; and

C. All exchange differences arising from translation are recognized in other comprehensive income.

(2) Where a foreign operation is partially disposed of or sold is a subsidiary, the cumulative exchange differences recognized in other comprehensive income is reclassified to the foreign operation's non-controlling interests on a pro rata basis. However, even if the Company still retains part of the equity of the former subsidiary but has lost control over said foreign operation that is also as subsidiary, it shall be handled as disposal of the entire equity of the foreign operation.

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

1. Assets that meet one of the following conditions are classified as current assets:

(1) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.

(2) Liabilities held primarily for the purpose of trading.

(3) Assets expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

The Company classifies all assets that do not meet the conditions above as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

(1) Liabilities expected to be settled in the ordinary course of business.

(2) Liabilities held primarily for the purpose of trading.

(3) Liabilities expected to be settled within 12 months after the balance sheet date.

(4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the conditions above as non-current.

(V) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time and the risk of value changes is very small. Time deposits that meet the aforementioned definition and whose purpose is to satisfy short-term cash commitments (including time deposits with a contract period of less than three months) in operations are classified as cash equivalents.

(VI) Financial assets at FVTOCI

1. The Company may, upon initial recognition, make an irrevocable election to recognize the fair value changes of equity instrument investments that are not held for trading in other comprehensive income.
2. The Company adopts trade date accounting for financial assets at FVTOCI in compliance with transaction practices.
3. The Company measures said asset at fair value plus transaction costs upon initial recognition, which are subsequently measured at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously recognized in other comprehensive income shall not be subsequently reclassified to profit or loss and shall be transferred to retained earnings instead. When the right to receive dividends is established, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(VII) Financial assets at amortized cost

1. Where the financial assets have met both of the following conditions:
   (1) Financial assets held under the operational model for the purpose of collecting cash flow from contracts.
   (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts trade date accounting for financial assets at amortized cost in compliance with transaction practices.

3. The Company measures said asset at fair value plus transaction costs upon initial recognition, which are subsequently recognized in interest income and impairment loss using the effective interest method based on the amortization procedure during the circulation period. During de-recognition, such gains or losses are recognized in profit or loss.
4. The Company holds time deposits that do not meet the definition of cash equivalents. With the short holding period, the effect of discounting is not material, and it is measured by the amount of investment.

(VIII) Accounts and notes receivable

1. It refers to accounts and notes that have been unconditionally received in exchange for the right to the amount of consideration for the delivery of goods or services as agreed in the contract.
2. The non-interest-bearing short-term accounts and notes receivable is barely affected by discounting, so the Company measures them based on the original invoice amount.

(IX) Impairment of financial assets

The each balance sheet date, considers all reasonable and corroborative information, including forward-looking information, based on the financial assets at amortized cost. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses. For those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For accounts receivable that do not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.

(X) Derecognition of financial assets

When the Company’s contractual right to receive cash flows from financial assets has expired, said financial assets will be derecognized.

(XI) Lessor’s lease transactions – operating leases

The rental income from operating lease, after any incentives given to the lessee are deducted, is amortized using the straight-line method over the lease term and recognized in current profit or loss.

(XII) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost is determined by the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and production overhead (amortized based on normal production capacity) without including borrowing costs. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

(XIII) Investment under the equity method/subsidiaries and associates.

1. A subsidiary refers to an entity under the control of the Company (including structured entities). When the Company is exposed to variable returns from the participation in the entity or is entitled to said variable returns, and has the ability to affect such returns through its power over the entity, the Company controls the entity.
2. Unrealized gains and losses between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss on subsidiaries after acquired in current profit or loss, and recognizes the share of other comprehensive income on subsidiaries after acquired as other comprehensive income. If the Company's share of loss on a subsidiary that is recognized equals or exceeds its equity in the subsidiary, the Company continues to recognize the loss based on its shareholding percentage.
4. Associates refer to all entities that the Company has a significant influence on without control. Generally, the Company holds at least 20% of their voting shares directly or indirectly. The Company adopts the equity method to treat the investment in associates, which is recognized at cost of acquisition.
5. The Company recognizes the share of profit or loss on associates after acquired in current profit or loss, and recognizes the share of other comprehensive income on subsidiaries after acquired as other comprehensive income. If the Company's share of losses on an associate equals or exceeds its equity in the associate (including any other unsecured receivables), the Company will not recognize further losses unless the Company has incurred legal obligations or constructive obligations to said associate, or made payments on behalf of said associate.
6. When equity changes occur to an associate, which are not related to profit or loss and other comprehensive income, and said changes do not affect the shareholding percentage of the associate, the Company recognizes all equity changes in "capital surplus" based on the shareholding percentage.
7. Unrealized gains or losses arising from transactions between the Company and associates have been eliminated based on the proportion of its equity of the associates; unless evidence shows that the assets transferred have been impaired, the unrealized

losses are also eliminated. The accounting policies of the associates have been adjusted as necessary and are consistent with the policies adopted by the Company.

8. If the affiliated enterprise issues new shares, if the Company fails to subscribe or acquire them proportionally, resulting in a change in the investment ratio but still a significant impact on the affiliate, the “capital reserve” and “Investments accounted for using equity method.” If the investment ratio decreases as a result, in addition to the above-mentioned adjustment, the profit or loss previously recognized in other comprehensive income related to the decrease in ownership interest, and such profit or loss must be reclassified to if any, it is reclassified to profit or loss in proportion to the decrease.
9. Where the Company disposes of an associate and if it loses significant influence on the associate, for all amounts previously recognized in other comprehensive income related to the associate, the accounting treatment is on the same basis as if the Company directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when the relevant assets or liabilities are disposed of, so when the significant influence on the associate is lost, the gains or losses will be reclassified from equity to profit or loss. If the Company still has a significant influence on the associate, only the amount previously recognized in other comprehensive income is transferred out in the manner above on a pro rata basis.
10. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as those attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. The owners’ equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent company in the financial statements prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant, and equipment are accounted for on the basis of acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset only when the future economic benefits related to an item are likely to flow into the Company and the cost of the item can be reliably measured. The carrying amount of the part replaced shall be derecognized. All other maintenance costs are recognized in current profit or loss when incurred.

3. The subsequent measurement of property, plant, and equipment is based on a cost model. Except for land that is not depreciated, other assets in this regard are depreciated on a straight-line basis based on the estimated useful lives. If the components of property, plant, and equipment are significant, they shall be separately depreciated.

4. The Company conducts annual review at the end of each year to assess the estimated useful lives, residual value, and depreciation methods, If the expected residual value and useful lives are different from the previous estimates, or the expected consumption pattern of future economic benefits contained in an asset has changed significantly, the Group shall adjust it in accordance with the provisions of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” regarding changes in accounting estimates. The useful life of each asset is as follows:

Buildings and structures	5–55 years
Machinery and equipment	2–10 years
R&D equipment	2–8 years
Office equipment	3–8 years
Miscellaneous equipment	2–8 years

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

1. Leased assets are recognized in right-of-use assets and lease liabilities on the date they are available for use by the Company. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.

2. Lease liabilities are recognized at the present value of the unpaid lease payments at the discounted present value of the Company’s incremental borrowing rate at the beginning of the lease. The lease payments are fixed payments less any lease incentives receivable.

3. The right-of-use asset is recognized at cost at the commencement date of a lease, and the cost is the lease liabilities initially measured.

   Subsequently, the measurement is based on the cost model, and the depreciation expense is recognized when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.

(XVI) Investment property

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

(XVII) Intangible assets

Computer software is recognized at acquisition cost and amortized based on the estimated useful life of 1-6 years using the straight-line method.

(XVIII) Non-financial asset impairment

The Company estimates the recoverable amount of assets with signs of impairment at the balance sheet date. When the recoverable amount is lower than its carrying amount, it is recognized in impairment loss. The recoverable amount refers to the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When there is no impairment or reduced impairment in an asset recognized in prior years, the impairment loss shall be reversed, but the increased portion of the carrying amount of the asset due to the reversal of the impairment loss shall not exceed the carrying amount of the asset less depreciation or amortization without impairment loss recognized.

(XIX) Borrowings

It refers to short-term borrowings taken out from banks. The Company measures borrowings at fair value, less transaction costs, at the time of initial recognition and subsequently recognizes interest expenses on any difference between the amount, less transaction costs, and the redemption value, using the effective interest method according to the amortization procedures during the circulation period in profit or loss.

(XX) Accounts and notes payable

1. It refers to debts arising from the purchase of raw materials, merchandise, or services on credit, and notes payable arising from business and non-business.
2. The non-interest-bearing short-term accounts and notes payable is barely affected by discounting, so the Company measures them based on the original invoice amount.

(XXI) Derecognition of financial liabilities

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

(XXII) Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured by the expected non-discounted amount of cash paid, and are recognized as expenses when the relevant services are provided.

2. Pension

   (1) Defined contribution plan

   Regarding the defined contribution plan, the amount of the pension fund that shall be contributed is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

   (2) Defined benefit plan

   A. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees in the current or past service period, with the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) with the currency and period consistent with those of the defined benefit plan at the balance sheet date.

   B. The remeasurement generated by the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings.

3. Post-employment benefits

   Post-employment benefits are benefits provided when an employee's employment is terminated before the normal retirement date or when the employee decides to accept the benefits offered by the Company in exchange for termination of employment. The Company recognizes expenses when it is no longer able to withdraw the offer of post-employment benefits or when the relevant restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet date shall be discounted.

4. Employee compensation and directors' remuneration

   Employee compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the amount actually distributed as resolved by the Group and the estimated amount, it shall be treated as a change in accounting estimates. If the employee's remuneration is paid in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(XXIV) Income taxes

1. Income tax expenses include the current and deferred income taxes. Except for income tax related to items included in other comprehensive income or directly included in equity recognized in comprehensive income or in equity directly, income tax is recognized in profit and/or loss.

2. The Company calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the country where the taxable income is generated and the business is operated. The management regularly evaluates the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. Undistributed earnings are subject to income tax as per the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, income tax expenses as per the undistributed earnings based on the actual earnings to be distributed are recognized.

3. The temporary difference between the tax basis of assets and liabilities and their carrying amounts in the consolidated balance sheet is recognized for the deferred income tax using the balance sheet method. Deferred income tax liabilities from goodwill arising from initial recognition are not recognized. If the deferred income tax is derived from initial recognition of the asset or liability in a transaction (excluding business combinations), and if the accounting profit or taxable income (tax losses) is not affected at the time of the transaction, then the liabilities will not be recognized. With temporary differences caused by the investment in a subsidiary or an associate, if the Company can control the timing of the reversal of the temporary differences, and it is probable that temporary differences will not be reversed in the foreseeable future, the liabilities will not be recognized. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income

tax assets are reassessed.

5. The portion of the unused income tax carry-forward due to research and development expenditures after the balance sheet date is recognized as deferred income tax assets to the extent that it is likely that there will be future taxable income for the unused income tax carry-forward.

(XXV) Share capital

Ordinary shares are classified as equity. The incremental cost directly attributable to the issue of new shares or stock options are listed in equity as a deduction, net of tax, from the proceeds.

(XXVI) Revenue recognition

Sales of merchandise

1. The Company manufactures and sells digital cable and communications products, and the sales revenue is recognized when the control of a product is transferred to a customer, that is, when the product is delivered to the buyer, the buyer has the discretion to determine the product distribution channels and the price, and the Company has no outstanding performance obligations that may affect the buyer's acceptance of the product. When a product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the buyer, and the buyer accepts the product as per the sales contract, or when objective evidence shows that all criteria for acceptance have been met, the product has been delivered.
2. The payment terms for sales transactions usually expire 90 to 120 days after the date of shipment. As the period between the transfer of the promised goods or services to the customers and the payments by the customers has not exceeded one year, the Company did not adjust transaction price to reflect the time value of money.
3. The Company provides a standard warranty for the products sold, and is obliged to repair product defects; thus, provision is recognized upon sales.
4. Accounts receivable is recognized when goods are delivered to customers because at which time the Company's right to the consideration for contracts from customers is unconditional, except for the passage of time.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

During the preparation of the parent company only financial statements, management has exercised its judgments to adopt the accounting policies to be used, and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for applying the Group’s accounting policies

None.

(II) Critical accounting estimates and assumptions

1. Inventory valuation

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

The carrying amount of the Company’s inventories as of December 31, 2023 was NT$617,634.

2. Estimation of impairment of accounts receivable

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

As of December 31, 2023, the carrying amount of the Company’s accounts receivable (including related parties) was NT$1,639,697.

VI. Summary of Significant Accounting Titles

(I) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand and working capital	$	1,479	$	1,617
Checking deposit and demand deposit		822,540		548,430
Time deposit		583,775		-
	$	1,407,794	$	550,047

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

(II) Financial assets at fair value through other comprehensive income – non-current

Item	December 31, 2023		December 31, 2022	
Equity instruments				
TWSE-listed stocks	$	97	$	97
Stocks not listed on TWSE, TPEx, or emerging stock market		1,518		1,518
Valuation adjustment	(	1,345)	(	1,411)
	$	270	$	204

1. The Company has elected to classify strategic equity instrument investments as financial assets at FVTOCI. The fair values of such investments in 2023 and 2022 were NT$270 and NT$204, respectively.
2. The details of financial assets at FVTOCI, which are recognized in profit or loss and other comprehensive income are as follows:

	2023	2022
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 66	($ 108)
Dividend income recognized in profit or loss		
Held at the end of this period	$ 4	$ 5

3. The Company did not pledge financial assets at FVTOCI as collateral.

4. Please refer to Note 12 (2) for information on the credit risk of financial assets at FVTOCI.

(III) Notes and accounts receivable

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

1. None of the Company's notes receivable is past due. Please refer to Note 12. (2) for relevant information on the aging analysis of the accounts receivable based on the number of days past due and credit risk.
2. The balances of accounts receivable and notes receivable on December 31, 2023 and 2022 were generated from customer contracts, and the total amount of accounts receivable from customers as of January 1, 2022 was NT$1,578,812, and an allowance for losses was NT$17,425.
3. As of December 31, 2023 and 2022, regardless of other credit enhancements, the maximum amount of exposure to the credit risk arising from the Company's notes and accounts receivable was in the amount of NT$1,639,845 and NT$1,904,959, respectively.
4. The Company did not pledge notes and accounts receivable as collateral.

(IV) Inventories

	December 31, 2023		
	Costs	Allowance for valuation loss	Carrying amount
Raw materials	$ 642,922	($ 185,053)	$ 457,869
Work in progress	175,061	(36,735)	138,326
Finished goods	29,653	(12,022)	17,631
Merchandise	231	(7)	224
Inventory in transit – raw materials	3,584	-	3,584
	$ 851,451	($ 233,817)	$ 617,634

	December 31, 2022		
	Costs	Allowance for valuation loss	Carrying amount
Raw materials	$ 623,757	($ 124,672)	$ 499,085
Work in progress	243,855	(25,836)	218,019
Finished goods	53,152	(11,352)	41,800
Merchandise	7	(7)	-
Inventory in transit – raw materials	51,501	-	51,501
	$ 972,272	($ 161,867)	$ 810,405

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

	2023	2022
Cost of inventory sold	$ 5,186,120	$ 6,149,653
Loss from scrapping of inventories	-	33,086
Valuation loss	71,950	4,968
Others	(1,477)	(871)
	$ 5,256,593	$ 6,186,836

(V) Prepayments

	December 31, 2023	December 31, 2022
Prepayments to suppliers	$ 44	$ 1,067
Other prepayments	6,729	4,701
	$ 6,773	$ 5,768

(VI) Investments accounted for using equity method

	December 31, 2023		December 31, 2022	
	Amount	Shareholding	Amount	Shareholding
Subsidiaries:				
ZINWELL HOLDING (SAMOA) CORPORATION	$ 1,794,394	100%	$ 1,842,640	100%
AkiraNET	251,748	54.40%	278,659	47.92%
ZINWELL CORPORATION (H.K.) LIMITED	(3,769)	100%	2,711	100%
Associates:				
Itas Technology Corp.	-	38.11%	-	38.11%
Urmap. Inc.	-	28.07%	-	28.07%
	2,042,373		2,124,010	
Add: Reclassified to credit balance of investment using the equity method (under other non-current liabilities)	3,769		-	
	$ 2,046,142		$ 2,124,010	

1. For information on the Company's subsidiaries, please refer to Note 4 (3) of the 2023 consolidated financial statements.

2. The share of profit or loss recognized using the equity method for 2023 and 2022 based on the investees' financial statements audited by CPAs during the same periods was a profit of NT$261,505 and loss of NT$33,508, respectively.

3. On August 8, 2023 and March 23, 2022, as resolved by the board of directors, the Company increased the capital of AkiraNET Co. with NT$225,809 and NT$39,200 in cash respectively. After the capital increase, the shareholdings were 54.40% and 47.92%, respectively. The aforementioned capital increase registration has been completed.

4. As the Company intends to continue to invest in its associates, Itas Technology Corp. and Urmap. Inc., the losses recognized are limited to the book value of the investment in their equity. As of the date of the audit report, Itas Technology Corp.'s dissolution and liquidation procedures is in progress, and Urmap. Inc has ceased operations.

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(VII) Property, plant and equipment

	Land	Buildings	Machinery and equipment	R & D equipment	Office equipment	Molds and other equipment	Unfinished construction and equipment to be accepted	Total
January 1, 2023								
Costs	$ 728,663	$ 1,398,779	$ 776,624	$ 310,539	$ 63,940	$ 179,272	$ 9,032	$ 3,466,849
Accumulated depreciation	-	(268,613)	(365,485)	(285,188)	(39,508)	(134,288)	-	(1,093,082)
	$ 728,663	$ 1,130,166	$ 411,139	$ 25,351	$ 24,432	$ 44,984	$ 9,032	$ 2,373,767
2023								
January 1	$ 728,663	$ 1,130,166	$ 411,139	$ 25,351	$ 24,432	$ 44,984	$ 9,032	$ 2,373,767
Additions	-	2,112	35,858	4,454	2,600	13,602	6,522	65,148
Transfer	-	-	11,516	-	-	4,038	(15,554)	-
Disposal	-	-	(972)	(34)	(1,993)	(68)	-	(3,067)
Depreciation expenses	-	(72,178)	(73,767)	(7,557)	(5,096)	(14,398)	-	(172,996)
December 31	$ 728,663	$ 1,060,100	$ 383,774	$ 22,214	$ 19,943	$ 48,158	$ -	$ 2,262,852
December 31, 2023								
Costs	$ 728,663	$ 1,400,890	$ 817,546	$ 313,695	$ 63,583	$ 196,382	$ -	$ 3,520,759
Accumulated depreciation	-	(340,790)	(433,772)	(291,481)	(43,640)	(148,224)	-	(1,257,907)
	$ 728,663	$ 1,060,100	$ 383,774	$ 22,214	$ 19,943	$ 48,158	$ -	$ 2,262,852

	Land	Buildings	Machinery and equipment	R & D equipment	Office equipment	Molds and other equipment	Unfinished construction and equipment to be accepted	Total
January 1, 2022								
Costs	$ 814,670	$ 962,544	$ 675,015	$ 340,319	$ 53,219	$ 180,677	$ 632,395	$ 3,658,839
Accumulated depreciation	-	(294,379)	(312,427)	(309,808)	(34,884)	(135,364)	-	(1,086,862)
	$ 814,670	$ 668,165	$ 362,588	$ 30,511	$ 18,335	$ 45,313	$ 632,395	$ 2,571,977
2022								
January 1	$ 814,670	$ 668,165	$ 362,588	$ 30,511	$ 18,335	$ 45,313	$ 632,395	$ 2,571,977
Additions	-	2,670	40,983	3,388	6,259	9,746	52,787	115,833
Transfer	-	595,859	71,623	-	4,851	3,817	(676,150)	-
Disposal	-	-	(38)	(74)	(6)	(542)	-	(660)
Reclassification	(86,007)	(71,949)	-	-	-	-	-	(157,956)
Depreciation expenses	-	(64,579)	(64,017)	(8,474)	(5,007)	(13,350)	-	(155,427)
December 31	$ 728,663	$ 1,130,166	$ 411,139	$ 25,351	$ 24,432	$ 44,984	$ 9,032	$ 2,373,767
December 31, 2022								
Costs	$ 728,663	$ 1,398,779	$ 776,624	$ 310,539	$ 63,940	$ 179,272	$ 9,032	$ 3,466,849
Accumulated depreciation	-	(268,613)	(365,485)	(285,188)	(39,508)	(134,288)	-	(1,093,082)
	$ 728,663	$ 1,130,166	$ 411,139	$ 25,351	$ 24,432	$ 44,984	$ 9,032	$ 2,373,767

1. Due to the consideration for operations, the Company leased out some of the plant buildings in September 2022 and reclassified them as investment property for NT$157,956. Please refer to Note 6 (9) for details.
2. For information on property, plant and equipment pledged as collateral, please refer to Note 8 for details.

(VIII) Investment property – lessee

1. The assets leased by the Company include buildings and company cars over lease terms of two to three years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The lease terms of some dormitories and instruments leased by the Company do not exceed 12 months.
3. The changes of the Company's right-of-use assets during 2023 and 2022 are as follows:

	2023		
	Buildings	Company cars	Total
January 1	$ 316	$ 1,203	$ 1,519
Additions	3,880	-	3,880
Depreciation expenses	(1,933)	(451)	(2,384)
December 31	$ 2,263	$ 752	$ 3,015

	2022		
	Buildings	Company cars	Total
January 1	$ 2,215	$ -	$ 2,215
Additions	-	1,353	1,353
Depreciation expenses	(1,899)	(150)	(2,049)
December 31	$ 316	$ 1,203	$ 1,519

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

	2023	2022
Items affecting current profit or loss		
Interest expenses on lease liabilities	$ 62	$ 13
Expenses related to short-term lease contracts	1,653	1,538

5. The Company's total cash outflows from leases in 2023 and 2022 were NT$4,078 and NT$3,603, respectively.

(IX) Investment property

	Land		Buildings		Total	
January 1, 2023						
Costs	$	106,837	$	179,508	$	286,345
Accumulated depreciation		-	(	101,386)	(	101,386)
	$	106,837	$	78,122	$	184,959
2023						
January 1	$	106,837	$	78,122	$	184,959
Depreciation expenses		-	(	4,592)	(	4,592)
December 31	$	106,837	$	73,530	$	180,367
December 31, 2023						
Costs	$	106,837	$	179,508	$	286,345
Accumulated depreciation		-	(	105,978)	(	105,978)
	$	106,837	$	73,530	$	180,367

	Land		Buildings		Total	
January 1, 2022						
Costs	$	20,830	$	17,214	$	38,044
Accumulated depreciation		-	(	9,320)	(	9,320)
	$	20,830	$	7,894	$	28,724
2022						
January 1	$	20,830	$	7,894	$	28,724
Reclassification		86,007		71,949		157,956
Depreciation expenses		-	(	1,721)	(	1,721)
December 31	$	106,837	$	78,122	$	184,959
December 31, 2022						
Costs	$	106,837	$	179,508	$	286,345
Accumulated depreciation		-	(	101,386)	(	101,386)
	$	106,837	$	78,122	$	184,959

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

	2023	2022
Rental income from investment property	$ 12,251	$ 6,168
Direct operating expenses from investment property when rental income is generated in the period	$ 5,412	$ 2,857

2. The due dates of the lease payments from the Company's operating leases are analyzed below:

	December 31, 2023	December 31, 2022
2023	-	10,884
2024	12,711	12,683
2025	11,802	11,802
2026	417	417
Total	$ 24,930	$ 35,786

3. The fair values of the investment property held by the Company as of December 31, 2023 and 2022 were NT$208,708 and NT$209,906, respectively, which were estimated as per the market transaction prices in the vicinity of the investment property held by the Company. Such fair value belongs to Level 3 fair value.

4. For the Company's collateral with investment properties, please refer to the descriptions in Note 8.

(X) Intangible assets

	2023	2022
	Computer software	Computer software
January 1		
Costs	$ 27,910	$ 18,093
Accumulated amortization	(13,186)	(9,094)
	$ 14,724	$ 8,999
January 1	$ 14,724	$ 8,999
Additions	3,830	1,567
Transfer	-	8,250
Amortization expenses	(6,530)	(4,092)
December 31	$ 12,024	$ 14,724
December 31		
Costs	$ 31,740	$ 27,910
Accumulated amortization	(19,716)	(13,186)
	$ 12,024	$ 14,724

1. Details of amortization of intangible assets:

	2023	2022
Operating costs	$ 381	$ 472
Operating expenses	6,149	3,620
	$ 6,530	$ 4,092

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

(XI) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for business facilities	$ 21,768	$ 9,466
Guarantee deposits paid	6,771	7,635
Others	235	1,275
	$ 28,774	$ 18,376

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

(XII) Short-term borrowings

Nature of borrowings	December 31, 2023	Interest rate range	Collateral
Borrowings from banks			
Secured borrowings	$ 350,000	1.76%	See Note 8

Nature of borrowings	December 31, 2022	Interest rate range	Collateral
Borrowings from banks			
Secured borrowings	$ 100,000	2.00%～2.06%	See Note 8
Unsecured borrowings	350,000	1.90%～1.95%	None
	$ 450,000		

(XIII) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	$ 204,984	$ 182,509
Commission and royalties payable	21,656	22,274
Labor and health insurance expenses payable	13,963	12,932
Litigation damages payable	-	4,225
Service expenses payable	2,321	3,218
Business facilities payable	2,713	1,626
Employee remuneration payable	-	865
Others	51,048	47,890
	$ 296,685	$ 275,539

(XIV) Pension

1. Defined benefit plan

(1) The Company established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act. These regulations applied to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005, as well as formal employees who chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Pension benefits are based on the number of units granted and the average monthly salaries and wages of the last six months prior to retirement. Two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution equal to 2% of the total salaries per month as a pension fund and deposit it in the designated account in the name of the Labor Pension Funds Supervisory Committee with the Bank of Taiwan. In addition, the Company assesses the balance in the aforementioned labor pension reserve account by December 31 every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by March 31 of the following year.

(2) Amounts recognized in balance sheet are as follows:

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

(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
2023			
Balance on January 1	$ 234,510	($ 139,851)	$ 94,659
Current service cost	573	-	573
Interest expense (income)	3,049	(1,818)	1,231
	238,132	(141,669)	96,463
Remeasurements:			
Effect of change in demographic assumptions	-	-	-
Effect of change in financial assumptions	1,134	-	1,134
Experience adjustments	4,568	(391)	4,177
	5,702	(391)	5,311
Contribution to pension fund	-	(18,444)	(18,444)
Pension paid	(64,311)	60,861	(3,450)
Balance on December 31	$ 179,523	($ 99,643)	$ 79,880

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

(4) The Bank of Taiwan is commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the percentages and amount of items as stipulated in the fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposits in domestic and foreign financial institutions, investment in domestic and overseas listed equity securities or equity securities through private placement, or investment in domestic and overseas securitization products backed by real estate assets). The relevant utilization status is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, the government shall compensate the deficit after being authorized by the competent authorities. The Company have no right to participate in managing and operating said fund, hence the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. The fair value of the composition of the plan assets as of December 31, 2023 and 2022 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.40%	2.40%

The assumptions for the future mortality rate are based on the Taiwan Standard Ordinary Experience Mortality Table No. 6.

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

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Impact on the present value of defined benefit obligations	($ 2,811)	$ 2,892	$ 2,458	($ 2,404)
December 31, 2022				
Impact on the present value of defined benefit obligations	($ 4,411)	$ 4,551	$ 3,957	($ 3,861)

The sensitivity analysis above is based on the impact of a single assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis are the same as those for the prior period.

(6) The Company's expected contributions to the defined benefit pension plan for 2024 amount to NT$1,878.

(7) As of December 31, 2023, the weighted average duration of the pension plan is 7 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	$ 34,957
1–2 years	18,221
2–5 years	41,559
Over 5 years	50,646
	$ 145,383

2. Defined contribution plan

Effective on July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all employees with R.O.C. Nationality. Under the Labor Pension Act, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Company's pension costs under the defined contribution pension plan for 2023 and 2022 were NT$30,436 and NT$28,560, respectively.

(XV) Share capital

As of December 31, 2023 and 2022, the Company's authorized capital was NT$3,990,000 and divided into 399,000 thousand shares, of which 20,000 thousand shares were reserved for employee stock warrants, preferred stocks with stock options, or corporate bonds with stock options. The paid-in capital is NT$3,176,890, and the number of outstanding shares is 317,689 thousand in both years, with a par value of NT$10 per share. The Company has received all the capital for the shares issued.

(XVI) Capital surplus

1. According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate deficit, where the Company has no accumulated losses, shall be used to issue new shares or cash in proportion to the shareholders' original shares. In addition, as per the relevant provisions of the Securities and Exchange Act, where the capital surplus above is allocated for capitalization, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate for the capital losses unless the surplus reserve is insufficient to compensate such.

2. The Company's subsidiary, AkiraNET, issued stock options according to the contract (the fair value was US$3,551 thousand as per the results of the appraisal report) as it entrusted Coherent Logix Incorporated to conduct software and chip development and the licensing of relevant intellectual property rights in 2021. According to the above valuation report, Crystal Sky Power had recognized a capital reserve of US$3,551 thousand (approximately NT$98,412). However, the warrant had expired in August 2023, and the Company increased the capital by NT$54,530 according to its shareholding percentage.

(XVII) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings at the end of a fiscal year, the Company shall pay taxes first and compensate the cumulative losses; appropriate 10% of the balance for legal reserve, and set aside an amount for special reserve for the amount debited to shareholders' equity recognized for the year. Where there are still earnings, together with the cumulative undistributed earnings from the prior year, they will be handled as cumulative distributable earnings. The board of directors shall put forth a proposal to the shareholders' meeting for a resolution to retain or distribute said earnings. In the case of earnings distribution, the cash dividend shall not be less than 8% of the total dividends paid to shareholders.

2. The legal reserve shall not be used except for compensation for the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholdings. However, in the case of issue of new shares or cash, it shall only be conducted when such reserve exceeds 25% of the paid-in capital.

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

   (2) When the IFRSs were adopted for the first time, the special surplus reserve was allocated in accordance with the letter of Jin-Guan-Zheng-Fa-Zi No. 1090150022 on March 31, 2021. When the Company subsequently uses, disposes or reclassifies the relevant assets. The proportion of the surplus reserve is reversed. If the relevant asset is investment property, the part is reversed upon disposal or reclassification of land; the part other than land is reversed periodically during the period of use.

   (3) The amount of special reserve set aside by the Company due to the first-time adoption of IFRSs was NT$57,817. In addition, the Company did not use, dispose, or reclassify relevant assets in 2023 and 2022, with the special reserve reversed to undistributed earnings. As of December 31, 2023 and 2022, the amount of the special reserve due to the first-time adoption of IFRSs was NT$57,817.

4. (1) The shareholders' meeting of the Company passed a resolution on June 14, 2022 not to distribute dividends as there were no earnings as per the 2021 financial statements.

   (2) The 2022 earnings distribution proposal of the Company passed by the shareholders' meeting on June 14, 2023 is as follows:

	Amount
Legal reserve	$ 1,031
Special reserve	15,995

   (3) As proposed by the Board of Directors on March 6, 2024, as there were no earnings in the final accounts for 2023, dividends should not be distributed.

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

(XVIII) Other equity items

	2023		
	Foreign currency exchange	Unrealized valuation gains or losses	Total
January 1	($ 131,745)	($ 1,411)	($ 133,156)
Valuation adjustment	-	66	66
Foreign currency exchange difference	(26,414)	-	(26,414)
December 31	($ 158,159)	($ 1,345)	($ 159,504)

	2022		
	Foreign currency exchange	Unrealized valuation gains or losses	Total
January 1	($ 152,761)	($ 1,303)	($ 154,064)
Valuation adjustment	-	(108)	(108)
Foreign currency exchange difference	21,016	-	21,016
December 31	($ 131,745)	($ 1,411)	($ 133,156)

(XIX) Operating income

1. Details of revenue from contracts with customers

The Company’s revenue from goods and services transferred at a certain point in time can be divided into the following main product lines,

and each reportable segment earns relevant revenue:

	2023	2022
Digital cable and communication products	$ 5,814,410	$ 6,554,860
Others	2,425	27,175
	$ 5,816,835	$ 6,582,035

2. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Sales contracts	$ 199,636	$ 49,301	$ 137,473

(1) Significant changes in contract liabilities

The changes in the Company’s contractual liabilities in 2023 and 2022 were due to changes in the demand of sales customers in response to changes in the industrial economy and the different transaction conditions of each customer, as well as differences in the timing of collection of advances as promised and the Company's satisfaction of performance obligations.

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

	2023	2022
Sales contracts	$ 35,749	$ 102,258

(XX) Interest income

	2023	2022
Interest on bank deposits	$ 16,578	$ 1,691
Other interest income	12,536	8,344
	$ 29,114	$ 10,035

(XXI) Other income

	2023	2022
Rental income	$ 12,251	$ 6,168
Gains on write-off of litigation compensation payable	4,225	
Dividend income	4	5
Others (Note)	77,209	92,258
	$ 93,689	$ 98,431

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

(XXII) Other gains and losses

	2023	2022
Foreign currency exchange gains	$ 22,508	$ 101,255
Losses on disposal of property, plant and equipment	(210)	(300)
Depreciation expenses of investment property	(4,592)	(1,721)
Others	421	(225)
	$ 18,127	$ 99,009

(XXIII) Financial costs

	2023	2022
Interest expense		
- Borrowings from banks	$ 9,191	$ 389
- Lease contracts	62	13
- Other financial expenses	-	5
	$ 9,253	$ 407

(XXIV) Additional information on the nature of costs

By nature \ By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	$380,685	$268,319	$ 649,004	$327,504	$254,955	$ 582,459
Labor and health insurance expenses	44,587	23,690	68,277	38,427	23,126	61,553
Pension expenses	18,107	14,133	32,240	16,663	13,692	30,355
Directors' remuneration	-	7,800	7,800	-	7,800	7,800
Other employment costs	21,741	9,091	30,832	20,079	9,468	29,547
Depreciation expenses	150,042	25,338	175,380	132,394	25,082	157,476
Amortization expenses	1,422	6,149	7,571	4,026	3,620	7,646

Note 1: In 2023 and 2022, the average number of the Company's employees was 1,155 and 1,082, respectively, of whom the number of directors who did not concurrently serve as employees was 4.

Note 2: The Company's average employee benefit expenses in 2023 and 2022 were NT$678 and NT$653, respectively; the average salaries and wages in 2023 and 2022 were NT$564 and NT$540, respectively; the average employee salary adjustment in 2023 was 4.44%.

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

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

1. Per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 3% of the balance shall be appropriated for employee compensation and not be greater than 3% for director remuneration.

2. The estimated amount of the Company's employee remuneration in 2023 and 2022 was NT$0 and NT$865 respectively; the estimated amount of remuneration of directors was NT$0. The aforementioned amount is accounted for in the salary and wages account.
   The employee remuneration and remuneration of directors in 2023 were not estimated due to the Company's losses.
   The 2022 employees' remuneration and directors' remuneration were NT$865 and NT$0, respectively, as resolved by the Board of Directors, which were consistent with the amounts recognized in the 2022 financial statements.

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

(XXV) Income taxes

1. Income tax expense

(1) Components of income tax expenses:

	2023	2022
Deferred income tax:		
The initial generation and reversal of temporary differences	$ 17,398	$ 27,580

(2) Income tax expenses (gains) related to other comprehensive interests:

	2023	2022
Remeasurement of defined benefit plan	($ 1,062)	$ 2,482

2. Reconciliation between income tax expense and accounting profit:

	2023	2022
Income taxes on net income (loss) before tax at the statutory tax rate	($ 10,947)	$ 5,592
Effect of items that cannot be recognized as per laws and regulations	(369)	(1)
Changes in the evaluation of realizability of deferred income tax	(19,196)	2,480
Temporary difference not recognized as deferred income tax assets	47,910	12,946
Tax losses not recognized as deferred tax assets	-	6,563
Income tax expense	$ 17,398	$ 27,580

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

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
Deferred tax assets				
Temporary differences:				
Unrealized inventory valuation losses	$ 32,372	$ 14,390	$ -	$ 46,762
Net defined benefit liability	19,136	(4,018)	1,062	16,180
Portion in excess of the limit of allowance for bad debts	4,114	3,342	-	7,456
Compensation for unused annual leave	6,535	147	-	6,682
Unrealized exchange losses	4,524	9,985	-	14,509
Unrealized litigation losses	845	(845)	-	-
Tax losses	185,224	(44,790)	-	140,434
Subtotal	252,750	(21,789)	1,062	232,023
Deferred tax liabilities				
Temporary differences:				
Overseas investment income	($ 59,392)	$ 4,391	$ -	($ 55,001)
Total	$ 193,358	($ 17,398)	$ 1,062	$ 177,022

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income, net	December 31
Deferred tax assets				
Temporary differences:				
Unrealized inventory valuation losses	$ 31,379	$ 993	$ -	$ 32,372
Net defined benefit liability	33,411	(11,793)	(2,482)	19,136
Portion in excess of the limit of allowance for bad debts	4,114	-	-	4,114
Compensation for unused annual leave	6,085	450	-	6,535
Unrealized exchange losses	-	4,524	-	4,524
Unrealized litigation losses	845	-	-	845
Tax losses	187,704	(2,480)	-	185,224
Subtotal	263,538	(8,306)	(2,482)	252,750
Deferred tax liabilities				
Temporary differences:				
Overseas investment income	(39,746)	($ 19,646)	$ -	($ 59,392)
Unrealized exchange gains	(372)	372	-	-
Subtotal	(40,118)	(19,274)	-	(59,392)
Total	$ 223,420	($ 27,580)	($ 2,482)	$ 193,358

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

		December 31, 2023			
Item	Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
Research and development expenditure	2020–2022	$ 34,800	$ 15,604	$ 15,604	2022–2024

		December 31, 2022			
Item	Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
Research and development expenditure	2019–2021	$ 29,118	$ 29,118	$ 29,118	2021–2023

5. The effective period of the Company's unused tax losses and the relevant amounts of unrecognized deferred income tax assets are as follows:

December 31, 2023				
Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
2018–2023	$ 1,152,847	$ 928,897	$ 226,735	2028–2033

December 31, 2022				
Year	Amount filed/approved	Unused tax credits	Amount of unrecognized deferred income tax assets	Last valid year
2018–2022	$ 1,160,104	$ 1,160,104	$ 233,991	2028–2032

6. The deductible temporary differences of the Company's unrecognized deferred income tax assets on December 31, 2023 and December 31, 2022 were NT$334,301 and NT$94,749, respectively.

7. The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2021.

(XXVI) Earnings (losses) per share

	2023		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NT$)
Basic/Diluted loss per share			
Net loss attributable to ordinary shareholders in this period (Note)	($ 72,130)	317,689	($ 0.23)

	2022		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NT$)
Basic earnings per share			
Net income attributable to ordinary shareholders in this period	$ 383	317,689	$ -
Diluted earnings per share			
Net income attributable to ordinary shareholders in this period	$ 383	317,689	
Effect of the potential dilutive ordinary shares on employee compensation	-	51	
Net income attributable to ordinary shareholders in this period, plus effect of potential ordinary shares	$ 383	317,740	$ -

Note: The Company was operating at a loss for 2023. If the impact of employee compensation is included, it will have an anti-dilutive effect and is not included in the calculation of diluted loss per share.

(XXVII) Transactions with non-controlling interests

Regarding a subsidiary's cash capital increase, the Company did not subscribe in proportion to its shareholding:

1. AkiraNET conducted a cash capital increase and issued new shares on June 15, 2022. The Company did not subscribe in proportion to its shareholding and, thus, has equity reduced by 7.49%. This transaction led to an increase in non-controlling interests by NT$123,742 in 2022 and a decrease in equity attributable to owners of the parent company by NT$2,563.

2. AkiraNET issued new shares for cash capital increase on June 15 and August 25, 2023 respectively. The Company did not subscribe in accordance with the shareholding ratio and increased the stake by 6.48%. This transaction led to an increase in non-controlling interests by NT$123,359 in 2023 and a decrease in equity attributable to owners of the parent company by NT$13,168.

3. The effect of changes in AkiraNET's equity during 2023 and 2022 on the equity attributable to the Company is as follows:

	2023	2022
Cash	$ 110,191	$ 121,179
Increase in the carrying amount of non-controlling interests	(123,359)	(123,742)
Capital surplus – differences in changes in ownership interests in subsidiaries	($ 13,168)	($ 2,563)

(XXVIII) Additional information on cash flow

Investing activities with only partial cash payment:

	2023	2022
Property, plant, and equipment acquired	$ 65,148	$ 115,833
Add: Prepayments for business facilities, end of period	20,243	9,466
Less: Prepayments for business facilities, beginning of period	(9,466)	(19,077)
Add: Business facilities payable, beginning of period	1,626	7,370
Less: Business facilities payable, end of period	(2,713)	(1,626)
Cash paid in this period	$ 74,838	$ 111,966

	2023	2022
Intangible assets acquired	$ 3,830	$ 9,817
Add: Prepayments for business facilities, end of period	1,525	-
Less: Prepayments for business facilities, beginning of period	-	(8,250)
Cash paid in this period	$ 5,355	$ 1,567

(XXIX) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1	$ 450,000	$ 2,360	$ 1,523	$ 453,883
Changes in cash flows of financing activities	(100,000)	(400)	(2,363)	(102,763)
Lease liability interest expense payments (Note)	-	-	(62)	(62)
Other non-cash changes	-	-	3,942	3,942
December 31	$ 350,000	$ 1,960	$ 3,040	$ 355,000

	2022			
	Short-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1	$ -	$ 546	$ 2,222	$ 2,768
Changes in cash flows of financing activities	450,000	1,814	(2,052)	449,762
Lease liability interest expense payments (Note)	-	-	(13)	(13)
Other non-cash changes	-	-	1,366	1,366
December 31	$ 450,000	$ 2,360	$ 1,523	$ 453,883

Note: Cash flows of operating activities are listed.

VII. Related Party Transactions

(I) Name of the related party and relations

Name of related party	Relations with the Company
ZINWELL CORPORATION (H.K.) LIMITED (ZINWELL H.K.)	The Company's subsidiary
AkiraNET	The Company's subsidiary
Zinwell Electronic (Shenzhen). Co., Ltd. (Zinwell Shenzhen)	The Company's sub-subsidiary

1. Accounts receivable

	December 31, 2023	December 31, 2022
ZINWELL H.K.	$ -	$ 227,620

2. Accounts payable

	December 31, 2023	December 31, 2022
ZINWELL H.K.	$ 243,100	$ -

3. Procurement

	2023	2022
Merchandise purchases:		
ZINWELL H.K.	$ 1,345,924	$ 992,072

After the Company sells raw materials through ZINWELL H.K. to Zinwell Shenzhen for processing and production of finished goods, the Company buys back the finished goods through ZINWELL H.K. through the triangular trade and sells them to the Company's customers. The Company's sales of raw materials to the related party and repurchases of finished goods are priced at cost and cost plus agreed gross profit, respectively. As for the accounts receivable and payable thereof, the Company makes payments to the related party first depending on the related party' funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis. As for the amounts of said transactions with ZINWELL H.K., the sales income and purchases related to the processing of imported materials, which are double counted, are offset as per the regulations. Such amounts in 2023 and 2022 were NT$1,627,921 and NT$3,467,385, respectively.

4. Property transactions

Financial assets acquired – participation in subscription for cash capital increase

	Account title	Number of shares traded (in thousands of shares)	Investment amount in 2023
AkiraNET	Investments accounted for using equity method	22,581	$ 225,809

	Account title	Number of shares traded (in thousands of shares)	Investment amount in 2022
AkiraNET	Investments accounted for using equity method	392	$ 39,200

Please refer to Notes 6 (6) and (27) for details of the Company's cash capital increase in AkiraNET.

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

(II) Information on remuneration to key management personnel

	2023	2022
Salaries and other short-term employee benefits	$ 31,855	$ 34,989
Post-employment benefits	938	899
	$ 32,793	$ 35,888

VIII. Assets Pledged

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

Asset	Book value December 31, 2023	Book value December 31, 2022	Purpose of collateral
Property and plant			
- Land	$ 370,734	$ 78,099	Collateral for short-term borrowing facilities
- Buildings	598,105	-	Collateral for short-term borrowing facilities
Investment property			
- Land	63,369	63,369	Collateral for short-term borrowing facilities
- Buildings	66,206	70,513	Collateral for short-term borrowing facilities
Guarantee deposits paid			
- Other non-current assets (recognized in other non-current assets)	1,000	1,000	Security deposit for natural gas
	$ 1,099,414	$ 212,981	

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) The Company signs a royalties contract with MPEG LA, LLC, InterDigital CE Patent Holdings, SAS, Dolby Laboratories Inc., and HDMI Licensing Administrator, Inc., respectively, and the Company shall pay the royalties at the price agreed in the contract.

(II) 1. Shanghe Construction Co., Ltd. the contracted construction company of the Company's Chiayi plant, had objections to the amount for the reduction in of the door and window project and filed a lawsuit with the Taiwan New Taipei District Court in August, 2019 to claim that the Company shall make a disputed construction payment of NT$4,625 and the interest accrued. After being tried by the court of first instance in September 2021, the court ruled that the Company shall pay NT$4,225 and the interest accrued, and the Company has recognized litigation losses and other payables totaling NT$4,225. The Company was not satisfied and filed an appeal. On May 18, 2023, the Supreme Court finally ruled that the Company did not need to pay the above-mentioned dispute payment, and thus offset the payable profit of NT$4,225. Please refer to Note 6 (21) for details.

2. Shanghe Construction Co., Ltd. the contracted construction company of the Company's Chiayi plant, claimed that the negligence in many parts of the construction design drawing and the project delay have impacted its construction method and increased the project cost. It filed an appeal with the Taiwan New Taipei District Court in February 2020 that the Company shall pay an additional payment of NT$37,626 and the interest accrued. As both parties have signed a supplementary agreement on the changes in the engineering design project during the construction period, its claim, based on the Company's assessment, is unfounded; as such the Company did not recognize relevant losses for the above-mentioned dispute. As of the date of the audit report, the court of first instance has not yet made a judgment.

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

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

None.

XII. Others

(I) Capital management

The objectives of the Company's capital management are to ensure that the Company can continue as a going concern, maintain the best capital structure to reduce the capital cost, and provide dividends to shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts. The Company adjusts its loan amount due to the funds required for operation. The Company adopts the debt ratio as an indicator to monitor its capital; the ratio is calculated by dividing total debt by total capital. The total debt is the total debt presented in the parent company only balance sheet. The total capital is calculated as the "equity" as in the parent company only balance sheet plus the total debt.

The Company's strategy in 2023 remained the same as that in 2022. As of December 31, 2023 and 2022, the Company's debt ratio was 28% and 27%, respectively.

(II) Financial instruments

1. Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at FVTOCI		
Investment in designated equity instruments selected	$ 270	$ 204
Financial assets at amortized cost		
Cash and cash equivalents	1,407,794	550,047
Notes receivable	148	414
Accounts receivable (including related parties)	1,639,697	2,132,165
Other receivables	29,351	36,413
Guarantee deposits paid	6,771	7,635
	$ 3,084,031	$ 2,726,878
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 350,000	$ 450,000
Notes payable	93,470	84,867
Accounts payable (including related parties)	1,279,503	1,223,218
Other payables	296,685	275,539
Guarantee deposits received	1,960	2,360
	$ 2,021,618	$ 2,035,984
Lease liabilities	$ 3,040	$ 1,523

2. Risk management policy

(1) The daily operations of the Company are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Risk management is carried out by the Company's finance department in accordance with the Company's policy. The Company's finance department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Company's operating units.

3. The nature and level of material financial risks

(1) Market risk

Exchange rate risk

A. The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and CNY) used by the Company. The relevant exchange rate risk arises from assets and liabilities recognized.

B. The Company's management has formulated policies that the Company shall hedge its overall exchange rate risk through the finance department.

C. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 68,884	30.73	$ 2,116,805
GBP: NTD	887	39.19	34,762
EUR: NTD	250	34.03	8,508
Investments accounted for using equity method			
USD: NTD	$ 49,000	30.73	$ 1,794,394
Financial liabilities			
Monetary items			
USD: NTD	$ 39,936	30.73	$ 1,227,233
Investments accounted for using equity method			
HKD: NTD	$ 6,000	3.93	3,769

	December 31, 2022		
	Foreign currencies (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	$ 77,210	30.72	$ 2,371,891
GBP: NTD	882	37.06	32,687
EUR: NTD	731	32.74	23,933
<u>Non-monetary items</u>			
USD: NTD	$ 32	30.72	$ 993
<u>Investments accounted for using equity method</u>			
USD: NTD	$ 49,000	30.72	$ 1,842,640
HKD: NTD	6,000	3.94	2,711
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	$ 39,918	30.72	$ 1,226,281

D. The aggregate amount of net exchange losses (including realized and unrealized) of the Company's monetary items recognized for 2023 and 2022 due to the material impact of exchange rate fluctuations was NT$22,508 and NT$101,255, respectively.

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

	2023		
	Sensitivity analysis		
	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	$ 21,168	$ -
GBP: NTD	1%	348	-
EUR: NTD	1%	85	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	$ 12,272	$ -

	2022				
	Sensitivity analysis				
	Exchange rate band	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	1%	$	23,719	$	-
GBP: NTD	1%		327		-
EUR: NTD	1%		239		-
Financial liabilities					
Monetary items					
USD: NTD	1%	$	12,263	$	-

Price risk

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

Interest rate risk of cash flow and fair value

If the Company's interest rate risk comes from short-term borrowings at floating interest rates, the Company will be exposed to interest rate risk of cash flows; loans at fixed interest rates exposes the Company to the interest rate risk of fair value. In 2023 and 2022, the Company's borrowings were mainly denominated in NTD at fixed interest rates.

(2) Credit risk

A. The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms.

B. The Company has established credit risk management from the Company's perspective. In accordance with the internal credit policy, each operating entity within the Company must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors.

C. The Company adopts IFRS 9 to set the premise and assumption that when a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

D. Based on the Company's historical experience in payment collection, when a contract payment is overdue for more than 181 days, it is deemed to have been in default.

E. After the recourse procedures, the Company writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to carry out legal recourse procedures to preserve the creditor's rights. The Company has provided an allowance for all losses, and such overdue payments with recourse activities going on amounted to NT$214,775 on both December 31, 2023 and 2022.

F. The Company has included forward-looking considerations for the future and adjusted the loss rate established based on historical and current information in a specific period so as to estimate the allowances for losses on accounts receivable. The provision matrix as of December 31, 2023 and 2022 is as follows:

	Not past due	Past due for 1–90 days	Past due for 91–180 days	Past due for 181 day or more	Total
December 31, 2023					
Expected loss ratio	0.29%	1.43%	50.33%	100%	
Total carrying amount	$ 1,334,139	$ 313,276	$ 1,198	$ 16,058	$ 1,664,671
Allowance for losses	$ 3,833	$ 4,480	$ 603	$ 16,058	$ 24,974
December 31, 2022					
Expected loss ratio	0.09%	0.86%	29.42%	100%	
Total carrying amount	$ 1,462,929	$ 445,840	$ 1,261	$ -	$ 1,910,030
Allowance for losses	$ 1,284	$ 3,830	$ 371	$ -	$ 5,485

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

	2023		
	Accounts receivable	Other non-current assets – others	Total
January 1	$ 5,485	$ 214,775	$ 220,260
Impairment loss	19,489	-	19,489
December 31	$ 24,974	$ 214,775	$ 239,749

	2022		
	Accounts receivable	Other non-current assets – others	Total
January 1	$ 17,425	$ 214,775	$ 232,200
Reversal of impairment loss	(11,940)	-	(11,940)
December 31	$ 5,485	$ 214,775	$ 220,260

(3) Liquidity risk

A. The cash flow forecast is executed by each operating entity in the Company and is compiled by the Company's finance department. The Company's finance department monitors the forecast for the Company's liquidity requirements to ensure that it has sufficient funds to meet operational needs and maintains sufficient available credit lines at all times so that the Company does not violate the relevant borrowing limits or terms.

B. The remaining cash held by each operating entity will be transferred back to the Company's finance department when it exceeds the amount of working capital needed. The Company's finance department invests the remaining funds in interest-bearing demand deposits and time deposits. There is an appropriate maturity date or sufficient liquidity for the instruments selected by it so as to respond to the forecast above and to provide adequate liquidity.

C. The details of the Company's unused borrowing facilities are as follows:

	December 31, 2023	December 31, 2022
Floating interest rate		
Due within one year	$ 1,637,400	$ 1,757,299

D. The Company's non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. Except as stated in the table below, the undiscounted contractual cash flow of the Company's non-derivative financial liabilities is approximately equal to the book value thereof and is due within one year in the future. The remaining undiscounted cash flow:

December 31, 2023	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Non-derivative financial liabilities:					
Short-term borrowings	$ 350,650	$ -	$ -	$ -	$ 350,650
Lease liabilities	2,437	636	-	-	3,073

December 31, 2022	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Non-derivative financial liabilities:					
Short-term borrowings	$ 452,552	$ -	$ -	$ -	$ 452,552
Lease liabilities	778	459	306	-	1,543

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

(III) Fair value information

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

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

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

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

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

3. Financial instruments not measured at fair value

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

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

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

December 31, 2023	Level 1	Level 3	Total
Fair value on a recurring basis			
Financial assets at FVTOCI			
Equity securities	$ 270	$ -	$ 270

December 31, 2022	Level 1	Level 3	Total
Fair value on a recurring basis			
Financial assets at FVTOCI			
Equity securities	$ 204	$ -	$ 204

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

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

	TWSE-listed stocks
Quoted prices in the market	Closing prices

B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the parent company only balance sheet date (e.g. the yield curve published by Taipei Exchange and the average quoted price of Reuters commercial paper benchmark).

C. The output of the valuation model is the estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments held by the Company. Therefore, the estimated value of the valuation models will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model, management policies, and relevant control procedures, management believes that valuation adjustments are appropriate and necessary to properly express the fair value of financial and non-financial instruments in the parent company only balance sheet. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted according to current market conditions.

D. The Company has included credit risk valuation adjustments in the calculation of the fair value of financial instruments to reflect a counterparty's credit risk and the Company's credit quality, respectively.

5. There were no transfers between Level 1 and Level 2 in 2023 and 2022.

6. There are no changes in Level 3 in 2023 and 2022

7. There was no transfer to or out of Level 3 in 2023 and 2022.

8. In the Company's valuation process for fair value classified as Level 3, the finance department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly updating the inputs, data, and other necessary fair value adjustments to ensure that the valuation results are reasonable.

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

XIII. Additional Disclosures

(I) Information on significant transactions

1. Loans to others: Table 1.

2. Endorsements/guarantees provided to others: Table 2.

3. Securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Table 3.

4. Securities acquired or sold amounting to at least NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.

6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.

7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

9. Trading in derivative instruments: None.

10. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Table 6.

(II) Information on investees

Information on name and location of investees (excluding investees in mainland China): Table 7.

(III) Information on investments in mainland China

1. Basic information: Table 8.

2. Significant transactions with investees in mainland China, either directly or indirectly, through a business in a third region: Tables 1, 4, 5, and 6.

(IV) Information on major shareholders

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

XIV. Information on Segments

Not applicable.

Zinwell Corporation

Loan to Others

January 1 to December 31, 2023

Table 1

Unit: NT$ thousand

(except otherwise specified)

No. (Note 1)	Lender	Borrower	Account title	Related party status	Highest balance in this period	Ending balance	Amount drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for short-term financing	Allowance for bad debts	Collateral		Maximum amount for each borrower (Note 2)	Aggregate maximum amount (Note 2)	Remarks
													Name	Value			
1	Zinwell Holding (Samoa) Corporation	Zinwell Electronic (Shenzhen). Co., Ltd.	Other receivables	Yes	$ 337,975	$ 337,975	$ 337,975	3%–5%	The need for short-term financing	$ -	To improve working capital turnover	$ -	-	-	$ 1,794,394	$ 5,383,182	

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

1. The issuer is coded “0.”
2. The investees are coded sequentially beginning from “1” one after another.

Note II: As per the Company’s External Party Lending Procedures, the total amount of loans to others due to the need for short-term financing shall not exceed 40% of the Company’s net worth, and the cumulative amount of loans to individual parties shall not exceed 20% of the Company’s net worth.

The limit on the loans by each subsidiary to individual parties shall not exceed 100% of the lender’s net worth, and the total loans provided is limited to 300% of the lender’s net worth.

Zinwell Corporation

Endorsements Provided to Others

January 1 to December 31, 2023

Table 2

Unit: NT$ thousand

(except otherwise specified)

		Party endorsed/guaranteed												
No. (Note 1)	Company providing endorsement/guarantee	Name of company	Relations	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
0	Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Note 2	$ 607,574	$ 232,118	$ 100,000	$ 6,360	-	2%	$ 3,037,869	Y	N	N	
0	Zinwell Corporation	Zinwell Holding (Samoa) Corporation	Note 2	607,574	553,338	353,625	-	-	6%	3,037,869	Y	N	N	

Note I: The description of the No. column is as follows:
1. The issuer is coded “0.”
2. The investees are coded sequentially beginning from “1” one after another.

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

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

Zinwell Corporation

Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)

December 31, 2023

Table 3

Unit: NT$ thousand

(except otherwise specified)

Holder	Types and names of securities	Relations with the securities issuer	Account title	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding	Fair value	
Zinwell Corporation	TWSE-listed stocks							
〃	Transcom, Inc.	None	Investments in equity instruments at fair value through other comprehensive income – non-current	1,614	$ 270	-	$ 270	
	Unlisted stocks							
〃	Winds Four	〃	〃	14	-	18.92	-	
〃	Essence Technology Solution, Inc.	〃	〃	29,785	-	1.10	-	

Zinwell Corporation

Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

January 1 to December 31, 2023

Table 4

Unit: NT$ thousand

(except otherwise specified)

			Transaction details				transaction terms are different from general ones		Notes/Accounts receivable (payable)		
Supplier/Client	Name of transaction counterparty	Relations	Purchase/Sale	Amount (Note)	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes/accounts receivable (payable)	Remarks
Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Subsidiary	Purchase	$ 1,345,924	31	Receipts/payments on a monthly basis based on the net amount after credits and debts are offset	Not applicable	Not applicable	($ 243,100)	(18)	Note 1
Zinwell Corporation (H.K.) Limited	Zinwell Corporation	Parent company	Sale	(1,345,924)	(100)	〃	〃	〃	243,100	100	〃
〃	Zinwell Electronic (Shenzhen). Co.	Associate	Purchase	940,852	70	〃	〃	〃	(168,429)	(70)	Note 2
Zinwell Electronic (Shenzhen). Co., Ltd.	Zinwell Corporation (H.K.)	Associate	Sale	(940,852)	(100)	〃	〃	〃	168,429	100	〃

Note I: The above purchase and sale transaction amounts are the amounts net of repeated purchases and sales. Regarding the accounts receivable and payable arising from purchases and sales, the Company pays for the supplies to the related party first depending on the related party’s funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis.

Note II: The repeated purchases amounted to NT$1,627,921 in the current period. Due to the capital position of the related parties, as of December 31, 2023, ZINWELL CORPORATION (HK) LIMITED had an outstanding payment of NT$168,429 to Zinwell Electronic (Shenzhen). Co., Ltd.

Zinwell Corporation

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2023

Table 5

Unit: NT$ thousand

(except otherwise specified)

Company under accounts receivable	Name of transaction counterparty	Relations	Balance of accounts receivable from related parties	Turnover rate (Note 1)	Overdue receivables from related parties		Amount of payment recovered from related party after balance sheet date (Note 2)	Allowance for bad debt
					Amount	Response method		
Zinwell Corporation (H.K.) Limited	Zinwell Corporation	Parent company	$ 243,100	-	$ -	-	$ 183,792	$ -
Zinwell Electronic (Shenzhen). Co., Ltd.	Zinwell Corporation (H.K.) Limited	Associate	168,429	-	-	-	60,284	-
Zinwell Holding (Samoa) Corporation	Zinwell Electronic (Shenzhen). Co., Ltd.	Subsidiary	337,975	-	-	-	-	-

Note I: Receipts/payments based on the net amount after credits and debts are offset.
Note II: It is the information as of February 27, 2024.

Zinwell Corporation

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts

January 1 to December 31, 2023

Table 6

Unit: NT$ thousand

(except otherwise specified)

No. (Note 1)	Company name	Counterparty	Relations (Note 2)	Transaction: Account	Transaction: Amount	Transaction: Transaction terms	Transaction: As a percentage of consolidated total operating revenues or total assets
0	Zinwell Corporation	Zinwell Corporation (H.K.) Limited	1	Accounts Payable	$ 243,100	Note 3	3%
0	〃	〃	1	Purchases	1,345,924	〃	23%
1	Zinwell Corporation (H.K.) Limited	Zinwell Electronic (Shenzhen). Co., Ltd.	3	Accounts Payable	168,429	〃	2%
1	〃	〃	3	Purchases	940,852	〃	16%
2	Zinwell Holding (Samoa) Corporation	〃	3	Other receivables	337,975	-	4%
2	〃	〃	3	Interest income	5,367	-	-

Note I: 1. Parent company is coded “0.”
2. The subsidiaries are coded sequentially beginning from “1” one after another.

Note II: 1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.
4. Parent company to sub-subsidiary.
5. Sub-subsidiary to parent company.

Note III: The Company pays for the supplies to the related party first depending on the related party’s funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis.

Zinwell Corporation

Information on Name and Location of Investees (Excluding Investees in Mainland China)

January 1 to December 31, 2023

Table 7

Unit: NT$ thousand

(except otherwise specified)

Name of investor	Name of investee	Location	Principal business	Initial investment amount		Held at the end of period			Net profit (loss) on investee in this period	Investment income (loss) recognized for this period	Remarks
				End of this period	End of last year	Number of shares	Percentage	Carrying amount			
Zinwell Corporation	Zinwell Corporation (H.K.) Limited	Hong Kong	General investment	$ 23,592	$ 23,592	6,000,000	100.00	($ 3,769)	($ 121)	($ 121)	Subsidiary
Zinwell Corporation	Zinwell Holding (Samoa) Corporation	Independent State of Samoa	General reinvestment	1,505,525	1,505,525	49,000,000	100.00	1,794,394	(21,832)	(21,832)	Subsidiary
Zinwell Corporation	AkiraNET	Taiwan	Information software service	543,709	317,900	54,370,924	54.40	251,748	(454,736)	(239,552)	Subsidiary
Zinwell Corporation	Urmap Inc.	Cayman Islands	Information software and electronic information supply service	22,000	22,000	666,280	28.07	-	-	-	Investee measured using the equity method (Note 1)
Zinwell Corporation	Itas Technology Corp.	Taiwan	Other telecommunicatio	61,367	61,367	762,250	38.11	-	-	-	Investee measured using the equity method (Note 2)

Note I: Urmap Inc. has ceased its operations.

Note II: The shareholders' meeting passed a resolution to dissolve Itas Technology Corp. on April 22, 2019. As of the audit reporting date, the registration of the liquidation has not yet been completed.

Zinwell Corporation

Information on Investments in Mainland China-Basic Information

January 1 to December 31, 2023

Table 8

Unit: NT$ thousand

(except otherwise specified)

Investee	Principal business	Paid-in capital	Investment method (Note 1)	Cumulative amount of remittance from Taiwan to mainland China at the beginning of this period	Amount remitted from Taiwan to mainland China/Amount repatriated back to Taiwan during		Cumulative amount of remittance from Taiwan to mainland China at the end of this period	Net profit (loss) on investee in this period	Shareholding of the Company (direct or indirect)	Investment income (loss) recognized for this period (Note 2)	Carrying amount of investments at the end of the period	Cumulative amount of investment income repatriated to Taiwan as of the current period	Remarks
					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	$ 1,219,783	1	$ 1,219,783	$ -	$ -	$ 1,219,783	($ 31,748)	100	($ 31,748)	$ 1,388,984	$ -	Note 2
Zinwell Communications Corporation	Various electronic signal receivers, amplifiers, and user front-end processors for distribution	15,736	2	15,736	-	-	15,736	-	100	-	-	-	Note 3
Shanghai Broadband Digital Technology Co., Ltd.	Production and sales of digital TV set-top boxes	37,110	3	-	-	-	-	-	40	-	-	-	Note 3

Note I: Description of code of investment method:

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

Note II: The investment gains or losses on Zinwell Electronic (Shenzhen). Co., Ltd. are recognized based on the financial statements audited by the CPAs appointed by the parent company in Taiwan.

Note III: The investee has currently ceased operations.

Name of company	Cumulative amount of remittance from Taiwan to mainland China, end of current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Limit on investments in mainland China imposed by the Investment Commission of MOEA
Zinwell Corporation	$ 1,235,519	$ 1,258,245	$ 3,772,057

Zinwell Corporation
Cash and cash equivalents
December 31, 2023

Statement 1 Unit: NT$ thousand

Item	Summary	Amount
Cash on hand		$ 1,479
Checking deposit – NTD		2,094
Demand deposit – NTD		327,859
- USD	USD 14,626 thousand at an exchange rate of 30.73 USD: 1 NTD	449,385
- GBP	GBP 886 thousand at an exchange rate of 1 GBP: 39.19 NTD	34,724
- EUR	EUR 245 thousand at an exchange rate of 1 EUR: 34.03 NTD	8,335
- Others		143
		822,540
Time deposits – USD	USD 19,000 thousand	583,775
		$ 1,407,794

Zinwell Corporation
Accounts receivable
December 31, 2023

Statement 2 | Unit: NT$ thousand

Name of client	Amount	Remarks
Accounts receivable		
Customer A	$ 768,131	
Customer B	661,118	
Customer C	140,157	
Others	95,265	Note
	1,664,671	
Less: Allowance for losses	(24,974)	
	$ 1,639,697	

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

Zinwell Corporation
Inventories
December 31, 2023

Statement 3 Unit: NT$ thousand

Item	Amount		Remarks
	Costs	Market price	
Raw materials	$ 642,922	$ 477,069	The replacement cost of raw materials is adopted as the market price.
Work in progress	175,061	150,725	Inventory market price is net realizable value
Finished goods	29,653	19,909	〃
Merchandise	231	224	〃
Inventory in transit	3,584	3,584	〃
	851,451	$ 651,511	
Less: Allowance for inventory valuation losses	(233,817)		
	$ 617,634		

Zinwell Corporation
Equity Method
January 1 to December 31, 2023

Statement 4 | Unit: NT$ thousand

	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
Name	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	$ 1,892,377	-	$ -	-	-	($ 21,832)	$ -	$ -	49,000,000	100.00%	1,870,545	$ 36.62	$ 1,794,394	None
Add: Cumulative translation adjustment		(49,737)		-		-	-	(26,414)	-			(76,151)			
		1,842,640		-		-	(21,832)	(26,414)	-			1,794,394			
AkiraNET	31,790,000	278,659	22,580,924	225,809	-	-	(239,552)	-	(13,168)	54,370,924	54.40%	251,748	4.63	251,748	〃
		278,659		225,809		-	(239,552)	-	(13,168)			251,748			
ZINWELL CORPORATION (H.K.) LIMITED	6,000,000	(834)	-	-	-	-	(121)	-	(6,359)	6,000,000	100.00%	(7,314)	(0.63)	(3,769)	〃
Add: Cumulative translation adjustment		3,545		-		-	-	-	-			3,545			
Add: Reclassified to the account of "other liabilities – others"		-		-		-	-	-	3,769			3,769			
		2,711		-		-	(121)	-	(2,590)			-			
Itas Technology Corp.	762,250	31,054	-	-	-	-	-	-	-	762,250	38.11%	31,054	-	-	〃
Less: Impairment loss		(31,054)		-		-	-	-	-			(31,054)			
		-		-		-	-	-	-			-			
Urmap Inc.	666,280	(987)	-	-	-	-	-	-	-	666,280	28.07%	(987)	-	-	〃
Add: Cumulative translation adjustment		987		-		-	-	-	-			987			
		-		-		-	-	-	-			-			
		$ 2,124,010		$ 225,809		$ -	($ 261,505)	($ 26,414)	($ 15,758)			$ 2,046,142			

Zinwell Corporation
Short-term borrowings
December 31, 2023

Statement 5

Unit: NT$ thousand

Types of borrowings	Description	Ending balance	Contract period	Interest rate range	Financing facility	Mortgage or collateral	Remarks
Secured borrowings	Chang Hwa Commercial Bank	$ 350,000	113/02/07	1.76%	$ 1,000,000	See Note 8	
Unsecured borrowings	〃	-	-	-	706,675	None	
〃	Land Bank of Taiwan	-	-	-	180,725	〃	
〃	CTBC Bank	-	-	-	100,000	〃	
		$ 350,000			$ 1,987,400		

Zinwell Corporation
Accounts Payable
December 31, 2023

Statement 6 | Unit: NT$ thousand

Name of supplier	Amount	Remarks
Non-related party		
Supplier A	$ 771,536	
Others	264,867	The balance of each supplier did not exceed 5% of the total amount of this account.
	1,036,403	
Accounts payable – related parties		
ZINWELL CORPORATION (H.K.) LIMITED	243,100	
	$ 1,279,503	

Zinwell Corporation
Operating income
January 1 to December 31, 2023

Statement 7

Unit: NT$ thousand

Item	Quantity	Amount	Remarks
Net sales income			
Digital communication products and components	Note	$ 5,814,410	
Others		2,425	
		$ 5,816,835	

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

Zinwell Corporation
Operating costs
January 1 to December 31, 2023

Statement 8 Unit: NT$ thousand

Item	Amount
Raw materials at the beginning of the period	$ 675,258
Add: Purchase of raw materials in this period	1,369,537
Less: Raw materials at the end of the period	(646,506)
Sales of raw materials	(32,645)
Profit of inventory of raw materials	9
Raw materials consumed in this period	1,365,653
Direct labor	299,520
Overhead	654,052
Manufacturing cost	2,319,225
Add: Work in progress at the beginning of the period	243,855
Purchase of work in progress	7,138
Number of works in progress transferred to finished goods	122,027
Less: Work in progress at the end of the period	(175,061)
Sales of work in progress	(17,605)
Sales of work in progress (OEM)	(3,066)
Transferred to self-use	(84,906)
Cost of finished goods	2,411,607
Add: Finished goods at the beginning of the period	53,152
Purchase of finished goods	2,948,114
Less: Finished goods at the end of the period	(29,653)
Sales of finished goods (OEM)	(3,854)
Finished goods transferred to work in progress	(122,027)
Transferred to self-use	(121,488)
Cost of production and sales	5,135,851

Zinwell Corporation
Operating Costs (Continued)
January 1 to December 31, 2023

Statement 8 | Unit: NT$ thousand

Item	Amount
Merchandise at the beginning of the period	$ 7
Add: Purchase of supplies in this period	254
Less: Inventory of merchandise at the end of the period	(231)
Transferred to self-use	(11)
Cost of purchases and sales	19
Service costs	6,920
	5,142,790
Cost of raw materials and work in progress sold	50,250
Valuation loss	71,950
Inventory profit	(9)
Income from of sales of tailings	(1,468)
	$ 5,263,513

Zinwell Corporation
Overhead
January 1 to December 31, 2023

Statement 9 Unit: NT$ thousand

Item	Amount	Remarks
Indirect labor	$ 159,635	
Depreciation expenses	150,042	
Insurance	48,264	
Utilities	44,669	
Outsourced processing	63,773	
Others	187,669	The balance of each account did not exceed 5% of the total amount of this account.
	$ 654,052	

Zinwell Corporation
Operating expenses
January 1 to December 31, 2023

Statement 10

Unit: NT$ thousand

Item	Marketing expenses	Management expenses	Research and development expenses	Total
Salary and wages	$ 39,595	$ 91,716	$ 158,940	$ 290,251
Freight	25,401	33	120	25,554
Insurance	4,716	9,138	14,155	28,009
Depreciation expenses	267	16,355	8,716	25,338
Import and export costs	2,424	-	-	2,424
Others (Note)	17,798	38,984	30,379	87,161
	$ 90,201	$ 156,226	$ 212,310	$ 458,737

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