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2020 Annual Report

Notice to readers

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

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

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四、Auditors

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五、Overseas Securities Exchange : None

六、Corporate Website : <http://www.zinwell.com.tw>

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Zinwell Corporation
One. Letter to Shareholders
Business report

I. Result of implementation of consolidated business plan

Unit: Thousand in New Taiwan Dollars; Earned Income per Share in New Taiwan Dollars

Item	2020	2019	Increase (Decrease) %
Net Operating Revenue	7,937,362	7,779,711	2.03
Gross profit	271,434	508,907	(46.66)
Operating loss	(258,839)	(122,116)	111.96
Non-operating income and expenses	84,100	(26,861)	(413.09)
(Loss) after tax	(156,171)	(127,716)	22.28
Loss per share after tax (NT\$)	(0.48)	(0.37)	29.73

II. Execution of Budget

Not applicable, as in accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose the financial forecast information for the fiscal year 2020.

III. Analysis of Financial Income and Expenditure and Profitability

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

Item		2020	2019
Net cash inflow from operating activities (NTD thousand)		994,947	426,788
Financial Structure	Debt to total assets ratio (%)	25.58	21.25
	Long-term capital to property, plant and	233.58	263.34
Liquidity Analysis	Liquidity ratio (%)	277.15	348.98
	Quick ratio (%)	199.36	265.99
	Times interest earned	(789.67)	(343.85)
Profitability	Return on Assets (%)	(1.83)	(1.46)
	Return on equity (%)	(2.39)	(1.88)
	Net profit margin (%)	(1.97)	(1.64)
	Earnings or Loss per share after tax (NT\$)	(0.48)	(0.37)

IV. Research & Development

The Company has invested the capital in R&D totaling NT\$217,650,000, i.e. 2.74% of the operating revenue, in 2020. The research and development results are also on track with the Company's scheduled progress.

V. Summary of Business Plan for 2021

(I) Operation Policies

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

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

(II) Sales Forecast and its Basis

In 2020, the global economy was affected by the political and economic conflicts between the U.S. and China and the COVID-19 pandemic, resulting in a shortage of materials in the downstream electronics supply chain; suppliers have raised prices and generally lengthened product lead times. The tight supply situation and rising raw material prices show no signs of abating in the first quarter of 2021, further affecting the company's physical economy.

Since the beginning of the pandemic last year, central banks around the world have implemented monetary easing, while the US has implemented an unprecedented unlimited QE policy resulting in an extended low interest rate environment. However, the spillover effect from the massive QE by central banks in Europe and the U.S., as well as the sharp rise in the exchange rate of New Taiwan Dollar in 2020 caused by the uncontrolled hot money, will remain difficult to be reversed in the near future. Based on the above-mentioned reasons, in response to the supply chain issues such as the increase of freight and raw material costs, although some of the company's costs have been passed on to the downstream customers, the increased exchange rate fluctuation caused by international hot money (the appreciation of the New Taiwan dollar and Renminbi against the U.S. dollar has more impact than expected) still affects the company's gross margin and operational performance.

The COVID-19 pandemic has led to a dramatic increase in the number of remote workers, causing organizations to re-examine whether their existing remote access infrastructure is secure enough and scalable. This in turn drives the development of related applications, while allowing consumers to be more demanding in terms of creating a networked environment and the quality of connection to the telecom terminal products. According to IEK's estimation from ITRI, Taiwan's communication equipment output is estimated to reach NT\$868 billion in 2021, up 4% from 2020, thanks to the upgrade of various types of network equipment including cell phones, WLAN, GPS, Ethernet LAN Switch, and Cable CPE products driven by 5G.

In 2021, Wi-Fi 5 and Wi-Fi 6 shipments will cross over and the market will be replaced by Wi-Fi 6. Wi-Fi 6 will be the growth driver for Taiwan's communications industry in 2021, driving 4.8% growth in the wireless communications sector. In the other area of networking, fixed-line service providers will continue to expand FTTH network construction, promote 1Gbps+ services for home users, and introduce new generation 10G PON networks. The next generation 10G PON network is expected to have a positive impact on the industry.

As the COVID-19 pandemic continues to spread, coupled with ongoing global political and economic conflicts, these unanticipated events have not only changed business models and reshaped industry value chains, but also made it more difficult to predict customer demand and behavior. To this end, the company will carefully address the impact of the outbreak on its customers' related business and operations.

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

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

(IV) Improve the cost control and shorten the product development cycle.

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

- (I) Impact from external competition: Product development in the networking industry is changing rapidly, but chip solutions are becoming more readily available, thus lowering the technology threshold; while product innovation is accelerating, if the company takes too long to develop products, it will miss the opportunity to enter the market. In recent years, the industry's gross profit has been compressed, and the Company needs to continuously reduce costs and improve production efficiency in order to maintain its profitability.
- (II) Impact from the regulatory conditions: The Company complies with government policies and laws, and its finance, auditing and legal departments are well informed of important policy or legal changes in order to comply with regulations and global trends in order to ensure the smooth operation for the Company.
- (III) Impact from the overall business environment: Due to the increasing complexity of the overall business environment, the Company will consider the industry profile and observe the overall economic development when evaluating various resource investments and business strategies, and will integrate internal technology and development resources to seek the best business opportunities.

Thank you all, and we wish all shareholders

All the best!

Board Chairman:
Huang, Chi-Ruei

Manager:
Lin, Ching-Hui

Accounting Supervisor:
H0, Wen-Shun

Two. Company Profile

I. Date of Incorporation: March 18, 1981

II. Company profile

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

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

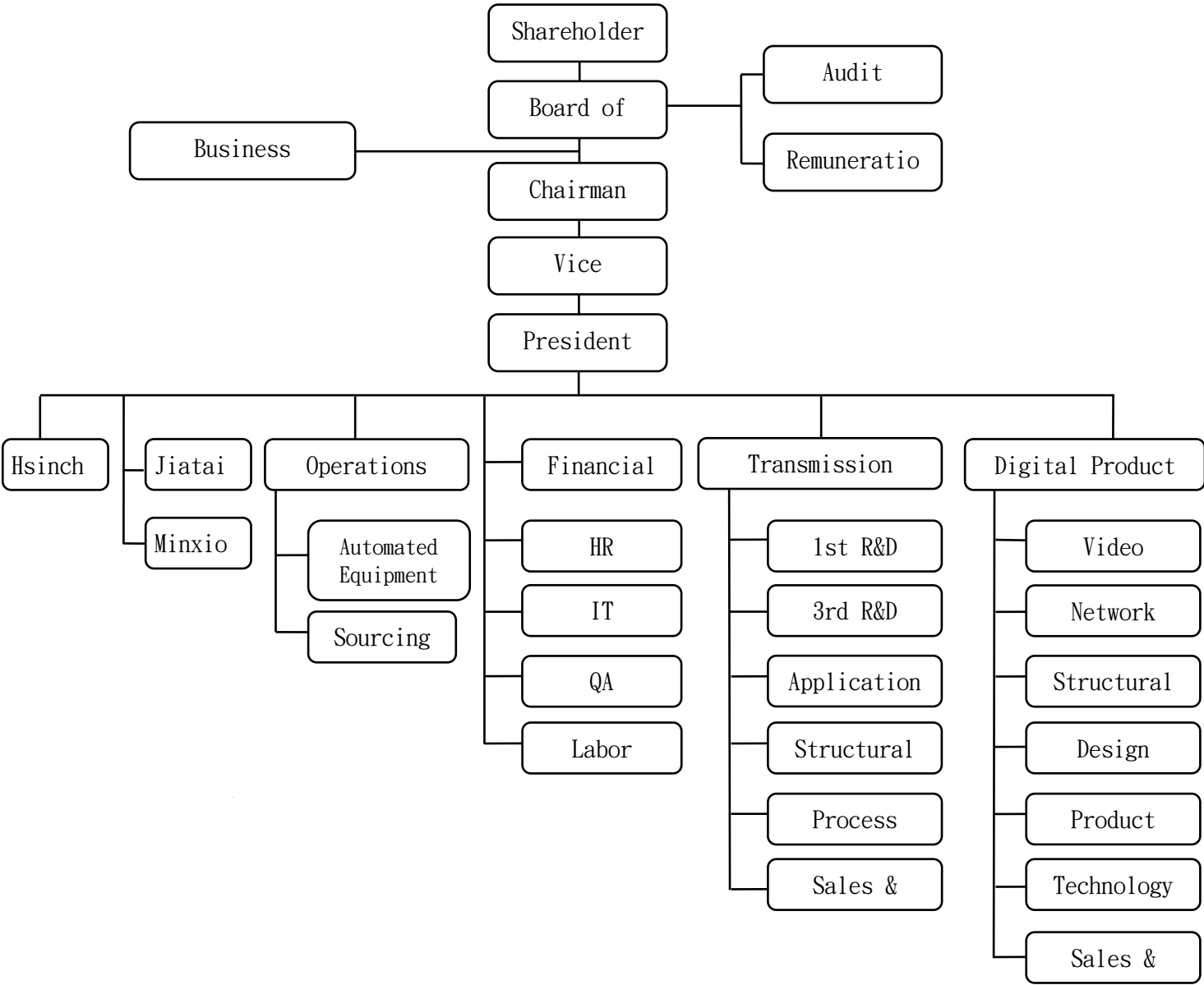
Year	Milestones
	Registration Certificate
	The new factory premises of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD. was completed and activated officially.
	Upon capital increase by NT\$150,139,320, the total paid-in capital became NT\$2,392,705,260.
	Upon conversion of employee stock warrants into common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

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

Three. Corporate governance

- I. Organizational system
 - 1. Organizational structure

Organizational Chart of Zinwell Corporation



2. Operations and functions

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

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

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

(I) Directors and Supervisors:

1. Background of Directors and Supervisors

April 18, 2021																	Unit: Thousand Shares			
Job Title (Note 1)	Nationality or place of domicile	Name	Gender	Date elected / appointed	Term of office	Date first elected (Note 2)	Shareholding as of elected date (Note 6)		Current shareholding (Note 6)		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or relatives with the second degree of kinship acting as a Director, Supervisor, or other managerial officer			Remarks (Note 4)
							Number of shares	% of Ownersh ip	Number of shares	% of Ownersh ip	Number of shares	% of Ownership	Numb er of shares	% of Ownersh ip			Job Title	Name	Relati onship	
Chairman	R.O.C.	Huang, Chi-Jui	Male	2019/06/12	3 years	1998/06/20	11,565	3.64%	11,565	3.64%	1,774	0.56%	0	0.00%	Department of Accounting, Soochow University President, Zinwell Corporation	Chairman of the Company Chairman of ZINWELL CORPORATION (H.K.) LIMITED Chairman of Shumu International Co., Ltd. (樹木國際(股)公司) Chairman of ZINWELL HOLDING (SAMOA) CORPORATION Director of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD.	(Note 5)	(Note 5)	(Note 5)	-
Vice Chairman	R.O.C.	Hung-Chi Hsiao	Male	June 12, 2019	3 years	June 20, 1998	8,832	2.78%	8,832	2.78%	203	0.06%	0	0.00%	Graduated from Department of Computer Science, Tamsui Institute of Business Administration Vice President, Zinwell Corporation	Vice Chairman of the Company	—	—	—	-
Director	R.O.C.	Ching-Hui Lin	Male	June 12, 2019	3 years	June 20, 1998	6,574	2.07%	6,574	2.07%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Manager of MTI, Inc.	President of the Company President of ZINWELL CORPORATION (H.K.) LIMITED Director of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD.	—	—	—	-
Director	R.O.C.	Chi-Nan Huang	Male	2019/06/12	3 years	1998/06/20	3,634	1.14%	3,634	1.14%	0	0.00%	0	0.00%	Graduated from National Chia-Yi Industrial Vocational High School R&D Deputy Manager of Yong Le Electronics Co., Ltd.	Assistant Vice President, Chairman Office of the Company Director of B1-MEDIA CORP. (Note 8) Director of Shumu International Co.,	(Note 5)	(Note 5)	(Note 5)	-
Director	R.O.C.	Chi-An Huang	Male	June 12, 2019	3 years	June 20, 1998	3,064	0.96%	3,064	0.96%	0	0.00%	0	0.00%	Graduated from Sieh Chih Vocational High School Vice President, Zinwell Corporation	Vice President of Jiatai Plant of the Company Director of Shumu International Co., (樹木國際(股)公司)	(Note 5)	(Note 5)	(Note 5)	-
Director	R.O.C.	I-Chuan Lin	Male	2019/06/12	3 years	1998/06/20	946	0.30%	946	0.30%	0	0.00%	0	0.00%	Undergraduate, Department of Industrial and Information Management, National Cheng Kung University Chairman of TOPDEK INC.	Chairman of TOPDEK INC.	—	—	—	-
Director	R.O.C.	Yu-Hsing Liang	Male	2019/06/12	3 years	1998/06/20	553	0.17%	553	0.17%	18	0.01%	0	0.00%	Graduated from Department of Electrical Engineering Lead Engineer of MTI, Inc. Senior Engineer of BEHAVIOR TECH	Vice President of 1st R&D Division of the Company	—	—	—	-

Job Title (Note 1)	Nationality or place of domicile	Name	Gender	Date elected / appointed	Term of office	Date first elected (Note 2)	Shareholding as of elected date (Note 6)		Current shareholding (Note 6)		Shares held by spouse and underage children		Shares held in the names of others		Main career (academic) achievements (Note 3)	Current positions in the Company and other companies	Spouse or relatives with the second degree of kinship acting as a Director, Supervisor, or other managerial officer			Remarks (Note 4)
							Number of shares	% of Ownersh	Number of shares	% of Owners	Number of	% of Ownership	Numb er of	% of Owners			Job Title	Name	Relati onship	
Director	R.O.C.	Wen-Hsieng Chiang	Male	2019/06/12	3 years	May 5, 2001	487	0.15%	487	0.15%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Sales Engineer of MTI, Inc.	Vice President of 1st Business Division of the Company	—	—	—	-
Director	R.O.C.	Wen-Shun Ho	Male	June 12, 2019	3 years	June 17, 2010	50	0.02%	50	0.02%	0	0.00%	0	0.00%	Graduated from Department of Business Administration, Feng Chia University Financial Dept., NANKANG RUBBER TIRE CORP., LTD.	Assistant Vice President, Financial Division of the Company Supervisor of B1-MEDIA CORP. (Note 8) Juristic-Person Director of	—	—	—	-
Director	R.O.C.	Chien-Cheng Wu	Male	June 12, 2019	3 years	June 14, 2016	498	0.16%	498	0.16%	0	0.00%	0	0.00%	DREXEL U.MBA Sales Engineer of MTI, Inc.	Vice President of 2nd Business Division of the Company	—	—	—	-
Independent Director	R.O.C.	Ming-Yu Huang	Male	June 12, 2019	3 years	June 14, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Accounting, Soochow University Vice President and CPA of PwC Taiwan Vice Chairman of PRICEWATERHOUSECOOP ERS MANAGEMENT CONSULTING COMPANY LTD. Director of 2nd Term and Supervisor of 2nd Term of 1st Taiwan CPA Association, ROC	CPA of Zhi Cheng CPA Firm (志成 會計師事務所) Chairman of Chuan Cheng Investment Consulting Co., Ltd. (傳 誠投資顧問(股)公司) Chairman of Chuan Cheng Wang Wang Investment Limited Company (傳誠旺旺投資有限公司) Independent Director of Taroko Co., Ltd. Independent Director of Hotai Finance Corporation Director of Crazy Play Inc. Director of Chuwa Wool Industry Co., (Taiwan) Ltd. Juristic-Person Director of Bole Film	—	—	—	-
Independent Director	R.O.C.	Chien-Te Liu	Male	June 12, 2019	3 years	June 14, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Mechanical Engineering, National Cheng Kung University Guangzhou Synerchip Technology Co, Ltd. Chairman of Greater China	Guangzhou Synerchip Technology Co, Ltd. Chairman of Greater China	—	—	—	-
Independent Director	R.O.C.	Hung Sha (Note 7)	Male	June 12, 2019	3 years	2018/06/12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Law, 23rd Term, Fu Hsing Kang College Judge Advocate Chief Military Prosecutor Military Justice Section Chief Attorney-at-Law	President, Da Zhong Law Office (大 中法律事務所) Primary: Taipei Secondary: Keelung/Taoyuan/Miaoli	—	—	—	-

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

Note 2: The Company elected the directors of 13th Board and also established the Audit Committee to replace supervisors on June 14, 2016. The supervisors were discharged after the new directors take office.

Note 3: Previous work experiences relating to their current roles; if the person worked in an auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.

Note 4: Whether the Chairman and President or equivalent (the supreme management) of the Company are the same person, spouses, or relatives within the first degree of kinship: None.

Note 5: Chairman Chi-Ruei Huang, Director Chi-Ruei Huang and Director Chi-An Huang are brothers.

Note 6: Note: The total outstanding shares have been 317,689,037 common shares until April 18, 2020.

Note 7: Independent Director Sha Hung has been discharged on May 25, 2020.

Note 8: The liquidation of B1-MEDIA CORP. was completed on May 13, 2021.

2. Major shareholders of corporate shareholders :

April 18, 2021

Name of corporate shareholder	Major shareholders of corporate shareholders
None	

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

April 18, 2021

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

4. Background of Directors and Supervisors (2)

April 18, 2021

Name	Qualification	Having more than 5 years of work experience and the following qualifications			Compliance of independence (Note 1)												Number of other public companies the independent director concurrently serve as an independent director.
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution.	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences relevant to business operations as required to perform the assigned duties.	1	2	3	4	5	6	7	8	9	10	11	12	
Chi-Jui Huang			✓					✓	✓	✓	✓		✓	✓	✓	✓	0
Hung-Chi Hsiao			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ching-Hui Lin			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chi-An Huang			✓			✓		✓	✓	✓	✓		✓	✓	✓	✓	0
Chi-Nan Huang			✓					✓	✓	✓	✓		✓	✓	✓	✓	0
I-Chuan Lin			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yu-Hsing Liang			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wen-Hsien Chiang			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wen-Shun Ho			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chien-Cheng Wu			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ming-Yu Huang		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chien-Te Liu			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hung Sha (Note 2)		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: For the Directors and Supervisors who match the following descriptions within the two years before they assume the positions and during their term of office, please enter “✓” under the corresponding code.

- (1) Not employed by other companies or any of their affiliated companies.
- (2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
- (3) Does not hold more than 1% of the company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.
- (4) Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item (1) or persons described in the Item (2) and Item (3).
- (5) Not a Director, Supervisor, or employee of any corporate shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 corporate shareholders of the Company, or the corporate shareholders who appoint their representatives to serve as the Director or Supervisor the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
- (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the directors or voting shares of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
- (7) Not a director(supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by the Company that is an independent director in the Company, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with Securities and Exchange Act or laws of the registered country).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or relative within the second degree of kinship to any other directors.
- (11) Does not meet any descriptions stated in Article 30 of the Company Act.
- (12) Not elected as a government or corporate representative according to Article 27 of the Company Act.

Note 2: Independent Director Sha Hung has been discharged on May 25, 2020.

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

Unit: shares

April 18, 2021

Title (Note 1)	Nationality	Name	Gender	Date elected / appointed	Shareholding Under Own Name		Shares held by spouse and underage children		Shares held in the names of others		Major academic and work experience (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks (Note 3)
					Number of shares	% of Ownership	Number of shares	% of Ownership	Number of shares	% of Ownership			Title	Name	Relationship	
President	R.O.C.	Ching-Hui Lin	Male	February 1, 1997	6,574,132	2.07%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Manager of MTI, Inc. President, Zinwell Corporation	President of ZINWELL CORPORATION (H.K.) LIMITED Director of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD.	—	—	—	—
Vice President of Jiatai Plant of the Company	R.O.C.	Chi-An Huang	Male	March 18, 1981	3,064,161	0.96%	0	0.00%	0	0.00%	Graduated from Sieh Chih Vocational High School Vice President, Zinwell Corporation	Director of Shumu International Co., Ltd. (樹木國際(股)公司)	Assistant Vice President of Chairman Office	Chi-Nan Huang	Brothers	—
Vice President of 1st R&D Division	R.O.C.	Yu-Hsing Liang	Male	February 1, 1997	553,352	0.17%	18,249	0.01%	0	0.00%	Graduated from Department of Electrical Engineering Senior Engineer of BEHAVIOR TECH COMPUTER CORP. Lead Engineer of MTI, Inc. Vice President of 1st R&D Division, Zinwell Corporation	None	—	—	—	—
Assistant Vice President of Chairman Office	R.O.C.	Chi-Nan Huang	Male	July 1, 1985	3,634,019	1.14%	0	0.00%	0	0.00%	Graduated from National Chia-Yi Industrial Vocational High School R&D Deputy Manager of Yong Le Electronics Co., Ltd. (永樂電 子(股)公司) R&D Section Manager of Wang Le Electronics Co., Ltd. (萬樂電 子(股)公司) Assistant Vice President, Chairman Office of Zinwell Corporation	Director of B1-MEDIA CORP. (Note 5) Director of Shumu International Co., Ltd. (樹木國際(股)公司) Supervisor of AkiraNET Co.	Vice President of Chiayi Plant	Chi-An Huang	Brothers	—
Vice President of 1st Business Division	R.O.C.	Wen-Hsien Chiang	Male	May 2, 2001	487,295	0.15%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Sales Engineer of MTI, Inc. Vice President of 1st Business Division, Zinwell Corporation	None	—	—	—	—
Assistant Vice President of Operations Management Center	R.O.C.	Cheng-Yi Cheng	Male	April 1, 1986	21,533	0.01%	0	0.00%	0	0.00%	Graduated from Department of Electronics, Oriental Institute of Technology QA Section Head of Ya Qing Electronics Co. Ltd. (雅慶電子 公司) Biotech Section Head of	None	—	—	—	—

Title (Note 1)	Nationality	Name	Gender	Date elected / appointed	Shareholding Under Own Name		Shares held by spouse and underage children		Shares held in the names of others		Major academic and work experience (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks (Note 3)
					Number of shares	% of Ownership	Number of shares	% of Ownership	Number of shares	% of Ownership			Title	Name	Relationship	
											Everspring Industry Co., Ltd. Assistant Vice President, Engineering Division of Zinwell Corporation					
Vice President, 2nd Business Division	R.O.C.	Chien-Cheng Wu	Male	February 1, 1997	498,079	0.16%	5	0.00%	0	0.00%	DREXEL U.MBA Sales Engineer of MTI, Inc. 2nd Business Division of Zinwell Corporation Vice President	None	—	—	—	—
Assistant Vice President of Sourcing Division	R.O.C.	Huai-Pao Chia	Male	October 16, 1995	0	0.00%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Deputy Manager of CS BRIGHT CORPORATION Assistant Vice President, Outsourcing Division of Zinwell Corporation	None	—	—	—	—
Assistant Vice President of President Office	R.O.C.	Cheng-Tsung Hsieh	Male	September 15, 2000	289,193	0.09%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Responsible person of HWA CHEARN ENTERPRISES CO., LTD. Assistant Vice President, President Office of Zinwell Corporation	Zinwell Corporation	—	—	—	—
Assistant Vice President of President Office	R.O.C.	Chien-Lung Yang (Note 4)	Male	September 15, 2000	88,414	0.03%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, Minghsin University of Science and Technology Director, Manufacturing Dept. of CHAMPION TECH ENTERPRISE INC. Assistant Vice President, President Office of Zinwell Corporation	Vice President of ZINWELL ELECTRONIC (SHENZHEN) CO., LTD.	—	—	—	—
Assistant Vice President of Financial Division	R.O.C.	Wen-Shun Ho	Male	March 16, 1998	50,217	0.02%	0	0.00%	0	0.00%	Graduated from Department of Business Administration, Feng Chia University Financial Dept., NANKANG RUBBER TIRE CORP., LTD. Assistant Vice President, Financial Division of Zinwell Corporation	Supervisor of B1-MEDIA CORP. (Note 5) Juristic-Person Director of AkiraNET Co.	—	—	—	—

Title (Note 1)	Nationality	Name	Gender	Date elected / appointed	Shareholding Under Own Name		Shares held by spouse and underage children		Shares held in the names of others		Major academic and work experience (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree of kinship acting as managers			Remarks (Note 3)
					Number of shares	% of Ownership	Number of shares	% of Ownership	Number of shares	% of Ownership			Title	Name	Relationship	
Assistant Vice President of 2nd R&D Division	R.O.C.	Shu-Chi Wang	Male	April 1, 2013	109,682	0.03%	0	0.00%	0	0.00%	Graduated from Department of Electrical Engineering, National Taiwan University of Science and Technology Assistant Vice President, 2nd R&D Division of Zinwell Corporation	None	—	—	—	—
Assistant Vice President of 3rd R&D Division	R.O.C.	Yu-Kung Tsai	Male	April 1, 2013	42,000	0.01%	0	0.00%	0	0.00%	Department of Electrical and Computer Engineering, Tamkang University Manager of Kai Liang Co., Ltd. (鎔聯(股)) Assistant Vice President, 3rd R&D Division of Zinwell Corporation	None	—	—	—	—
Assistant Vice President of 3rd Business Division	R.O.C.	Hsin-Chou Wu	Male	April 1, 2014	20,281	0.01%	0	0.00%	0	0.00%	Department of Business Administration, Feng Chia University Assistant Vice President, 3rd Business Division of Zinwell Corporation	None	—	—	—	—
Assistant Vice President of Operations Management Center	R.O.C.	Pei-Hung Tsai	Male	September 1, 2015	43,383	0.01%	0	0.00%	0	0.00%	Graduated from Department of Mechanical Engineering, National Chin-Yi University of Technology Assistant Vice President, Transmission Product Business Unit of Zinwell Corporation	None	—	—	—	—
Jiatai Plant Manager	R.O.C.	Chen-Cheng Juan (Note 4)	Male	January 4, 2021	0	0.00%	0	0.00%	0	0.00%	MBA, National University of Tainan Jiatai Plant Manager, Zinwell Corporation	None	—	—	—	—

- Note 1: Include background information of the President, Vice Presidents, Assistant Vice Presidents, heads of various departments and branches, and anyone of equivalent authority to the above, regardless of their job titles.
- Note 2: Previous work experiences relating to their current roles; if the person worked in an auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.
- Note 3: If the Chairman and President or equivalent (the supreme management) of the Company are the same person, spouses or relatives within 1st degree of kinship, disclosed the reason, rationality, necessity and responsive measures (e.g. Increasing the seats of independent director, and a majority of directors prohibited from serving as employees or managers concurrently).
- Note 4: Assistant Vice President Chien-Lung Yang retired on January 20, 2021. Plant Manager Chen-Cheng Juan took office on January 4, 2021.
- Note 5: The liquidation of B1-MEDIA CORP. was completed on May 13, 2021.

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

1. Director

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

April 18, 2021

Unit: NT\$ Thousand

Title	Name (Note 1)	Remuneration to directors								Sum of A, B, C, and D as percentage of net income (Note 10)		Employee remuneration received by directors								The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)		Remuneration from investees other than subsidiaries, or parent company (Note 11)	
		Remuneration (A) (Note 2)		Retirement Pension (B)		Director remuneration (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Retirement pension (F)		Employee remuneration (G)(Note 6)							
		The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	The Company	All companies included in the consolidated statements (Note 7)	Cash	Stock	Cash	Stock	The Company	All companies included in the consolidated statements (Note 7)		
Director	Huang, Chi-Ruei	600	600	-	-	-	-	-	-	-	-	1,660	1,660	31	31	-	-	-	-	-	-	-	-
Director	Hung-Chi Hsiao	600	600	-	-	-	-	-	-	-	-	1,556	1,556	26	26	-	-	-	-	-	-	-	-
Director	Ching-Hui Lin	600	600	-	-	-	-	-	-	-	-	2,387	2,387	129	129	-	-	-	-	-	-	-	-
Director	Chi-An Huang	600	600	-	-	-	-	-	-	-	-	1,680	1,680	24	24	-	-	-	-	-	-	-	-
Director	Chi-Nan Huang	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	I-Chuan Lin	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Yu-Hsing Liang	600	600	-	-	-	-	-	-	-	-	2,119	2,192	118	118	-	-	-	-	-	-	-	-
Director	Wen-Hsieng Chiang	600	600	-	-	-	-	-	-	-	-	1,943	1,943	108	108	-	-	-	-	-	-	-	-
Director	Wen-Shun Ho	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Chien-Cheng Wu	600	600	-	-	-	-	-	-	-	-	1,921	1,921	105	105	-	-	-	-	-	-	-	-
Independent Director	Ming-Yu Huang	600	600	-	-	-	-	14	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Chien-Te Liu	600	600	-	-	-	-	14	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Hung Sha	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Remuneration scale table

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

Note 1: Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representatives are stated separately), whereas the amount of benefits and allowances are presented in aggregate sums. Any Directors who co-headed the President or Vice President positions are disclosed in this table and

in Table (3-1) or (3-2) below.

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

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

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

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

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

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

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

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

Note 10: Net income refers to that in the most recent year. If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity: Not applicant, as the Company suffers loss in the current period.

Note 11: a. This field represents all forms of remuneration the Director has received from the Company's invested businesses other than subsidiaries.

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

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

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

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

April 18, 2021

Unit: NTD
thousands

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Salaries, Bonuses and Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)(Note B)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 8)		Remuneration from invested businesses other than subsidiaries (Note 9)
		The Company	All companie s included in the consolidat ed statements (Note 5)	The Compan y	All companie s included in the consolidat ed statements (Note 5)	The Compan y	All companie s included in the consolidat ed statements (Note 5)	The Company		All companies included in consolidated statements (Note 5)		The Company	All companies included in consolidated statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Ching-Hui Lin	2,130	2,130	129	129	257	257	-	-	-	-	-	-	None
Vice President of Jiatai Plant of the Company	Chi-An Huang	1,498	1,498	24	24	52	52	-	-	-	-	-	-	None
Vice President of 1st R&D Division	Yu-Hsing Liang	1,911	1,911	118	118	208	208	-	-	-	-	-	-	None
Vice President of 1st Business Division	Wen-Hsien Chiang	1,760	1,760	108	108	183	183	-	-	-	-	-	-	None
2nd Business Division Vice President	Chien-Chen g Wu	1,765	1,765	105	105	156	156	-	-	-	-	-	-	None

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

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

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

"Share-based Payment." Amounts including employee stock options, RSAs and subscription to cash issues are treated as remuneration.

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

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

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

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

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

Note 9:

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

4. Remuneration to Top 5 senior managers

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

Job Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Salaries, Bonuses and Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 6)		Remuneration from invested businesses other than subsidiaries (Note 7)
		The Compan y	All compani es included in the consolid ated statemen ts (Note 5)	The Compa ny	All compani es included in the consolid ated statemen ts (Note 5)	The Compa ny	All compani es included in the consolid ated statemen ts (Note 5)	The Company		All companies included in consolidated statements (Note 5)		The Compan y	All compani es included in the consolid ated statemen ts	
								Cash	Stock	Cash	Stock			
President	Ching-Hui Lin	2,130	2,130	129	129	257	257	-	-	-	-	-	-	None
Vice President of Jiatai Plant of the Company	Chi-An Huang	1,498	1,498	24	24	52	52	-	-	-	-	-	-	None
Vice President of 1st R&D Division	Yu-Hsing Liang	1,911	1,911	118	118	208	208	-	-	-	-	-	-	None
Vice President of 1st Business Division	Wen-Hsie n Chiang	1,760	1,760	108	108	183	183	-	-	-	-	-	-	None
Vice President, 2nd Business Division	Chien-Che ng Wu	1,765	1,765	105	105	156	156	-	-	-	-	-	-	None

Note 1: The “Top 5 Senior Managers” refer to the Company's management. The standards governing identification the management shall be subject to the requirements applicable to the “management” referred to in the letter of Securities and Futures Commission, Ministry of Finance under Tai-Cai-Zhen-3-Zi No. 0920001301 dated March 27, 2003. The principles for calculating the remuneration to the “top 5 senior managers” are based on the total of the Salaries, Retirement Pension, Bonuses and Allowances received by the managers from the companies included into the consolidated financial companies and the employment remuneration received by them (namely, the sum of A+B+C+D). Then, the top 5 senior managers are identified as the top 5 managers receiving the highest remuneration in order. Any directors who serve as said managers concurrently shall complete the form (4-1).

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

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

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

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

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

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

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

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

5. Managers receiving employee remuneration and state of distribution

The Board resolved on March 17, 2021 that no 2020 employee remuneration should be distributed.

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

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

<div> <div>Item</div> <div>Title</div> </div>	As percentage of net income							
	2020				2019			
	The Company		All companies included into the consolidated financial statements		The Company		All companies included into the consolidated financial statements	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	7,478 (Note 1)	- (Note 3)	7,478 (Note 1)	- (Note 3)	7,847	-	7,847	-
Supervisor	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)	Not applicable (Note 2)
President and Vice President	10,404 (Note 1)	- (Note 3)	10,404 (Note 1)	- (Note 3)	10,407	-	10,407	-

Note 1: The Board resolved on March 17, 2021 that no 2020 employee remuneration should be distributed.

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

Note 3: Not to calculate, as the Company suffered loss in 2020.

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

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

IV. Corporate governance

(I) Functionality of Board of Directors

A total of 6 meetings (A) were held in 2020; below are the attendance records:

Title	Name	Actual attendance B	Proxy Attendance	Percentage of actual (proxy) attendance (%) 【 B/A 】	Remarks
Chairman	Huang, Chi-Jui	6	0	100%	
Director	Hung-Chi Hsiao	6	0	100%	
Director	Ching-Hui Lin	6	0	100%	
Director	Chi-An Huang	0	6	0%	
Director	Chi-Nan Huang	6	0	100%	
Director	I-Chuan Lin	0	6	0%	
Director	Yu-Hsing Liang	0	6	0%	
Director	Wen-Hsien Chiang	0	6	0%	
Director	Wen-Shun Ho	6	0	100%	
Director	Chien-Cheng Wu	0	6	0%	
Independent Director	Ming-Yi Huang	6	0	100%	
Independent Director	Chien-Te Liu	6	0	100%	
Independent Director	Hung Sha	0	3	0%	Discharged on May 25, 2020; to attend for 3 times, but actually attend for 0 time.

Other remarks:

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

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

Date/Session	Discussed Agenda	Objected or reserved by independent directors	Company's response to independent director's opinions	Resolution
5th Meeting of 14th Board March 18, 2020	1. Proposal for the Company's issuance of 2019 "Declaration of Internal Control"	None	None	Passed by all present directors unanimously.

6th Meeting of 14th Board May 6, 2020	1. Proposal for dissolution and liquidation of the subsidiary, B1-MEDIA CORP. 2. Proposal for investment in incorporation of the new subsidiary, AkiraNET Co.	None	None	Passed by all present directors unanimously.
7th Meeting of 14th Board August 5, 2020	1. The Company's regular assessment on the independent auditor's independence. 2. Proposal for amendments to certain provisions of the Company's "Operating Procedure for Loaning of Funds to Others" 3. Proposal for amendments to certain provisions of the Company's "Operating Procedure for Making of Endorsement/Guarantee" 4. The proposal that the Company shall resolve whether the Company's accounts receivable that remain uncollected for a specific period past the normal credit term refer to the loan to others in nature, per the competent authority's requirement.	None	None	Passed by all present directors unanimously.
8th Meeting of 14th Board November 4, 2020	1. The Company shall resolve whether the Company's accounts receivable that remain uncollected for a specific period past the normal credit term refer to the loan to others in nature, per the competent authority's requirement.	None	None	Passed by all present directors unanimously.
9th Meeting of 14th Board December 16, 2020	1. The Company's 2021 annual internal audit plan 2. The Company's execution of the investment agreement 3. The Company's participation in the cash capital increase in the subsidiary, AkiraNET Co. and waiver to subscribe for certain shares. 4. The Company's tariff endorsement/guarantee	None	None	Passed by all present directors unanimously.

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

II. For directors' avoidance of motions which involves conflict of interest, the names of directors, details of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:

Date/Session	Discussed Agenda	Directors	Reason of Recusal for Conflict of Interest and Participation in Voting
9th Meeting of 14th Board December 16, 2020	The Company's execution of the investment agreement	Chairman Chi-Jui Huang	Recused from participating in the discussion and voting to avoid the conflict of interest.

III. The TWSE/TPEX-listed company shall disclose the evaluation cycle and period, scope of

evaluation, method and contents of evaluation about the Board of Directors' self (or peer) performance evaluation, and specify the status of evaluation conducted by the Board of Directors the schedule attached hereto.

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Once per year	From January 1, 2020 until December 31, 2020	Board of Directors	Board Member's Self-Evaluation	1. Participation in the Company's operation 2. Board decision-making quality 3. Composition and structure of Board 4. Election and continuing education of directors 5. Internal control
		Individual Board Member	Board Member's Self-Evaluation	1. Alignment with the goals and mission of the Company 2. Knowledge of the directors' duties 3. Participation in the Company's operation 4. Management of internal relationship and communication 5. Professionalism and continuing education of directors 6. Internal control
		Functional committees	Board Member's Self-Evaluation	1. Participation in the Company's operation 2. Knowledge of functional committees' duties 3. Functional committees decision-making quality 4. Formation and member election of the functional committees 5. Internal control

Status:

For the Board performance evaluation 2020, each director has completed the self-evaluation and report the same to the Board meeting on March 17, 2021.

Evaluation result:

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

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

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

V. Independent directors' attendance at each Board meeting:

Independent directors' attendance at each Board meeting in 2020						
Independent Director	✓: Personal attendance			☆: Proxy attendance		※: Absent
	February 3, 2020 Board of Directors	March 18, 2020 Board of Directors	May 6, 2020 Board of Directors	August 5, 2020 Board of Directors	November 4, 2020 Board of Directors	December 16, 2020 Board of Directors
Ming-Yo Huang	✓	✓	✓	✓	✓	✓
Chien-Te Liu	✓	✓	✓	✓	✓	✓
Hung Sha	☆	☆	☆	Discharged on May 25, 2020	Discharged on May 25, 2020	Discharged on May 25, 2020

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

1. Functionality of the Audit Committee:

A total of 5 meetings (A) were held in 2020; below are the attendance records:

Title	Name	Actual attendance B	Proxy Attendance	Percentage of actual (proxy) attendance (%) 【 B/A 】	Remarks
Independent Director	Ming-Yo Huang	5	0	100%	
Independent Director	Chien-Te Liu	5	0	100%	
Independent Director	Hung Sha	0	2	0%	Discharged on May 25, 2020; to attend for 2 times, but actually attend for 0 time.

Other remarks:

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

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

Date/Session	Discussed Agenda	Any resolution disagreed by the Audit Committee but passing by more than two-thirds of the whole directors.	Audit Committee's resolution	Company's response to Audit Committee's opinions
5th Meeting of the 14th Board March 18, 2020	1. The Company's 2019 parent company only financial statements 2. The Company's 2019 consolidated financial statements 3. Proposal for the Company's issuance of 2019 "Declaration of Internal Control" 4. Report on the Company's internal audit plan Q1 2020	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.

6th Meeting of 14th Board May 6, 2020	1. Report on the Company's internal audit plan Q2 2020 2. Report on the Company's consolidated financial statements Q1 2020 3. Proposal for dissolution and liquidation of the subsidiary, B1-MEDIA CORP. 4. Proposal for investment in incorporation of the new subsidiary, AkiraNET Co.	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
7th Meeting of 14th Board August 5, 2020	1. Report on the Company's internal audit plan Q3 2020 2. Report on the Company's consolidated financial statements Q2 2020 3. The Company's regular assessment on the independent auditor's independence. 4. Proposal for amendments to certain provisions of the Company's "Operating Procedure for Loaning of Funds to Others" 5. Proposal for amendments to certain provisions of the Company's "Operating Procedure for Making of Endorsement/Guarantee" 6. The Company shall resolve whether the Company's accounts receivable that remain uncollected for a specific period past the normal credit term refer to the loan to others in nature, per the competent authority's requirement.	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
8th Meeting of 14th Board November 4, 2020	1. Report on the Company's internal audit plan Q4 2020 2. Report on third Company's consolidated financial statements Q3 2020 3. The Company shall resolve whether the Company's accounts receivable that remain uncollected for a specific period past the normal credit term refer to the loan to others in nature, per the competent authority's requirement.	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.
9th Meeting of 14th Board December 16, 2020	1. Report on the Company's internal audit plan Q5 2020 2. The Company's 2021 annual internal audit plan 3. The Company's participation in the cash capital increase in the subsidiary, AkiraNET Co. and waiver to subscribe for certain shares. 4. The Company's tariff endorsement/guarantee	None	Passed by all present Audit Committee members unanimously.	Passed by all present directors unanimously.

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

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

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

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

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

2. For external auditors (CPAs): Upon the external auditor's completion of the audit on semi-annual and annual financial statements, the independent directors convenes a

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

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

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

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

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

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(II) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	✓		towards the global market, leadership and decision making, etc.. [For details, please refer to the following Appendix 2.] (II) The Company has established the Remuneration Committee and Audit Committee pursuant to laws. It will establish other functional committees subject to the business needs.	(II) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.
(III) Has the Company established a set of policies and assessment tools to evaluate the Board's performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	✓		(III) The Company has established the “Regulations Governing Board Performance Evaluation.” The Board performance evaluation results and Board members’ performance evaluation results have been reported to the Board meeting on March 17, 2021 and disclosed on the Company's website. The evaluation results are stated as following: (1) The Board performance evaluation (average scores): 97.08 (2) The Board member's (self or peer) performance evaluation (average scores): 97.67	(III) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”, and no material deviation found.
(IV) Does the Company have the independence of the independent auditor evaluated regularly?	✓		(IV) The Company conducts the assessment on independent auditors’ independence for once per year. The 2020 independent auditors’ independence assessment results have been approved by	(IV) Compliance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”,

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

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

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

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

Assessment criteria	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>by the contracts executed with customers and related requirements strictly, and also ensure customers' interest and right and provide fair service quality.</p> <p>(VIII) The Company's purchase of liability insurance for directors and supervisors: The Company has renewed the liability insurance for directors and managers at its expenses in December 2020, and reported the same to the Board of Directors on March 17, 2021.</p>	
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.</p> <p>The Company has conducted the corporate governance self-evaluation per the competent authority's requirement, and improved the corporate governance practices step by step, in order to upgrade the Company's corporate governance image.</p>				

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

Appendix 1: Directors' continuing education:

Title	Name	Training date		Organizer	Course name	Training hours	Whether the continuing education meets the requirements?
		Start	End				
Director	Chi-Nan Huang	2020/09/22	2020/09/22	Taiwan Stock Exchange Corporation	TWSE-Listed Company "Corporate Governance 3.0-Sustainability Roadmap" Summit Forum Agenda	3	Yes
Director	Wen-Shun Ho	2020/12/04	2020/12/04	Accounting Research and Development Foundation	Common Corporate Governance Deficiencies in Enterprises and Interpretation of Related Laws & Regulations	3	Yes
		2020/11/24	2020/11/24		Interpretation of False Financial Statements and How to See Through Key Information in the Financial Report	3	Yes
		2020/10/23	2020/10/23		Case Study on Investigation on "Capital Flows" in False Financial Statement Case and Related Legal Liability	3	Yes
		2020/10/07	2020/10/07		Focus of Amendments to IFRSs and Common Deficiencies	3	Yes

Title	Name	Training date		Organizer	Course name	Training hours	Whether the continuing education meets the requirements?
		Start	End				
Independent Director	Ming-Yu Huang	2020/10/07	2020/10/07	Taiwan CPA Association, ROC	Family Trust	6	Yes
		2020/10/06	2020/10/06	Taiwan CPA Association, ROC	Latest Development in Common Reporting Standard (CRS) and the International Tax Cooperation Economic Substance Law, and Impact Posed by Controlled Foreign Corporation Rules to Taiwan Businessman's Investment Structure	3	Yes
		2020/09/08	2020/09/08	Taiwan Corporate Governance Association	Contests for Corporate Control and Case Study	3	Yes
		2020/07/21	2020/07/21	Taiwan CPA Association, ROC	Insurance and Estate/Gift Tax, and Basic Income Tax	6	Yes

Appendix 2: Status of the Diversification Policy of Board Members Implemented by the Individual Director:

Measurements of diversity Name	Name	Ability to make operational judgments.	Ability to analyze accounting and financial issues	Business administration	Crisis management	Industry knowledge	Vision towards the global market	Leadership	Decision making
Director Chi-Jui Huang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Hung-Chi Hsiao	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Ching-Hui Lin	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Chi-An Huang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Chi-Nan Huang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director I-Chuan Lin	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Yu-Hsing Liang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Wen-Hsien Chiang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Wen-Shun Ho	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director Chien-Cheng Wu	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Ming-Yu Huang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Chien-Te Liu	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director Hung Sha	Male	✓	✓	✓	✓	✓	✓	✓	✓

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

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

Scope of duties:

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

1. Information of the Remuneration Committee Members

Status (Note 1)	Qualification	Having more than 5 years of work experience and the following qualifications			Compliance with independence (Note 2)										Number of positions as Remuneration Committee member in other public companies	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experience s required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent Director	Ming-Yu Huang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Chien-Te Liu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Hung Sha		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Discharged on May 25, 2020
Others	Chun-Cheng Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Newly elected on August 5, 2020

Note 1: Please describe the party's title as director, independent director, or others.

Note 2: A "✓" is placed in the box below if the member met the following conditions at any time during active duty and two years prior to the date of appointment.

- (1) Not employed by other companies or any of their affiliated companies.
- (2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to independent director positions in the Company, its parent

- company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
- (3) Does not hold more than 1% of the company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the company.
 - (4) Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item (1) or persons described in the Item (2) and Item (3).
 - (5) Not a Director, Supervisor, or employee of any corporate shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 corporate shareholders of the Company, or the corporate shareholders who appoint their representatives to serve as the Director or Supervisor the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
 - (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the directors or voting shares of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
 - (7) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with Securities and Exchange Act or laws of the registered country).
 - (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by the Company that is an independent director in the Company, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with Securities and Exchange Act or laws of the registered country).
 - (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
 - (10) Does not meet any descriptions stated in Article 30 of the Company Act.

2. Operations of Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of office held by 4th Committee members: from June 20, 2019 to June 11, 2022.

The Remuneration Committee held 2 meetings (A) in 2020. Details of members' eligibility and attendance are as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Percentage of actual (proxy) attendance (%) (B/A) (Note)	Remarks
Convener (Independent Director)	Ming-Yu Huang	2	0	100%	Re-elected as 4th Committee Member in 2019
Member (Independent Director)	Chien-Te Liu	2	0	100%	Re-elected as 4th Committee Member in 2019
Member (Independent Director)	Hung Sha	0	1	0%	Re-elected as 4th Committee Member in 2019 Discharged on May 25, 2020; to attend for 1 times, but actually attend for 0 time.
Member (Independent Director)	Chun-Cheng Chen	1	0	100%	Newly elected on August 5, 2020

Other remarks:

- I. Should the Board rejects or modifies the suggestions from the Remuneration Committee, the following should be stated: date of the Board meeting, term of the Board, contents of the agenda, resolutions of the Board and the Company's handling of the Remuneration Committee's opinion. (If the remunerations approved by the Board are better than that suggested by the Remuneration Committee, the difference and the reason for the difference should be stated): None.
- II. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

Note:

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

(V) Status of corporate social responsibility, and deviation from Corporate Social Responsibility

Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

The Company fulfills its social responsibility by valuing and protecting employees, shareholders and stakeholders, etc., and uses the best effort to boost and practice the environmental protection policies, such as environmental protection, energy conservation, carbon reduction, greening and recycling.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
I. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies or strategies? (Note 3)	✓		The Company has established its own "Corporate Social Responsibility Best-Practice Principles" and disclosed the same on the Company's website and MOPS. The Company expressly states its corporate social responsibility policy to boost the corporate governance, develop sustainable environment, participate in social welfare, and strengthen the disclosure of information about corporate social responsibility. Meanwhile, the Company implements the ISO 14001 environmental management system certification, and ISO 9001 quality management system certification. The Company has also passed the ISO45001 occupational safety and health management system certification on May 12, 2020.	No material deviation was found.
II. Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	✓		Formulate the social responsibility management rules, have the personnel unit responsible for enactment and maintenance of the rules, and collect applicable laws and regulations. Procurement Outsourcing Dept. is responsible for dealing with the requirements from suppliers and contractors, and supervising them. Occupational Safety Office and General Affairs Dept. are responsible for dealing with the requirements from undertakers and supervising them. Responsible for proposing and executing corporate social responsibility policies, systems or related management policies, and promotional plans, and reporting to the Board of Directors periodically.	No material deviation was found.
III. Environmental issues				

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		(I) The Company has acquired the discharge permits as required. The Company's environmental protection documents and prevention facilities are considered satisfying the environmental protection laws. Meanwhile, the Company has established the ISO14001 management system to practice the environmental management system.	No material deviation was found.
(II) Is the Company committed to enhancing the efficient utilization of resources and to using renewable materials that have a low impact on the environment?	✓		(II) The Company reduces the waste to be incinerated and buried by classification of sources, reducing waste generated from production process and recycling the waste. For the waste outsourcing, reuse is adopted as the first priority, and then incineration and landfill. The goods and materials exchanged across departments, if any, will be held in containers which may be reused, or are made of recyclable materials.	No material deviation was found.
(III) Whether the Company assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to climate issues?	✓		(III) In order to mitigate the impact posed by the global climate and environmental transformation to enterprises and human beings, the Company adopts natural gas in replace of low sulfur fuel oil in the production process in which the equipment needs to heat energy to complete production, and considers energy-saving and carbon-reduction equipment as	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(IV) Whether the Company gathers the statistics about the annual greenhouse gas emission, water consumption and gross weight of waste for the past two years, and adopts policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods?	✓		<p>the first priority before planning and designing the production process equipment, in order to make some contribution to the global environment.</p> <p>Meanwhile, the Company's products all satisfy the RoHS of EU in order to make the products practical and eco-friendly.</p> <p>(IV) Annual GHG inspection sets the annual quality goal: Negative growth of power consumption consumption, and reduction of paper consumption, etc.</p>	No material deviation was found.
IV. Social issues (I) Has the Company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		<p>(I) The Company sets forth the “Social Responsibility Management Regulations,” follows the internationally recognized human right standards, including the “Social Accountability Standard,” “International Labour Convention” and “Universal Declaration of Human Rights,” and complies with the local labor laws and regulations, in order to stop any activities infringing upon and violating human rights. The Management Regulations are posed on the Company's</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(II) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?	✓		<p>official website and relevant public information after the Chairman enters his signature thereto.</p> <p>(II) The Company has set forth the work rules and related personnel management regulations, covering the basic pay, working hours, days off, pension, labor/national health insurance benefits, and occupational hazard compensation for the Company's employees, which are held satisfying the Labor Standards Act. The Company establishes the Employee Benefits Committee consisting of the members elected by employees. The Committee takes charge of various welfare issues. The Company's remuneration policy is based on personal competence, contribution to the Company and performance, with the positive correlation with the business performance. The Company establishes the "Labor Pension Fund Supervisory Committee" pursuant to laws, and contributes the pension fund to the bank maintained at the Bank of Taiwan periodically. The Committee meeting is convened on a quarterly basis to review the allocation and utilization of pension fund. For any employee who applies the new</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		<p>labor pension system, the Company will contribute 6% of his/her salary to the personal pension account maintained at Labor Insurance Bureau on a monthly basis, in order to provide the employee with protection for his/her retirement life.</p> <p>(III) The Company has passed the ISO45001 occupational safety and health management system certification on May 12, 2020. All of the Company's employees shall be responsible for the industrial safety and health on their own. In order to fulfill the industrial safety and health with respect to themselves, their subordinate personnel, and machine, equipment and environment, they shall comply with the Company's safety and health regulations, and safety and health directions instructed by various supervisors. Per the relevant requirements, the Company install some alarm sign in the environment or on the facilities with the concerns about safety or occupation hazard, or has the environment or facilities equipped with protective devices. The Company shall also organize the health checkup for employees periodically.</p>	No material deviation was found.
(IV) Does the Company have an effective career capacity	✓		<p>(IV) Each department of the Company proposes its annual</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
<p>development training program established for employees?</p> <p>(V) Whether the Company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopts related consumers protection policy and complaining procedures?</p>	✓		<p>training plan in accordance with the operating procedure for training. The Company plans and arranges various internal/external training programs per the organizational needs, department's needs and employee's personal needs, in order to improve and update employees' knowledge and skills and build generous HR capitals. The career development plan prepared for employees attends to the core competence training and employees' balanced physical and mental development at the same time.</p> <p>(V) Implement the ISO 9001 quality management system, follow the international standards including EU regulations and EEIC, establish the B021 Customers' (External Groups') Complaint Processing Regulations and B035 Sales Return Management Regulations. In order to establish the ethical enterprise culture and the Company's robust development and to provide itself with the reference framework for successful business operations, it has set forth its own "Ethical Management Best-Practice Principles" to expressly define the operating procedures, conduct guidelines, punishment on violations and complaining</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(VI) Whether the Company adopts any specific suppliers' management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	✓		<p>system, hoping and asking the Company's members, including the Board of Directors and management, to practice ethical management policies. Meanwhile, in order to prevent any unethical conduct, the Company's material insider information dedicated unit will keep noting the requirements under related laws and regulations, and communicating the same to directors, managers and employees. The Company has set forth the "Regulations Governing Whistle-Blowing Against Illegal and Unethical or Dishonest Conduct" to deal with whistle-blown cases and complaints. The Company already set up the stakeholder section on the website. Any consumer who wishes to file a complaint may contact the Company via Tel. No., written correspondence and email from time to time.</p> <p>(VI) The Company has set forth the "Supplier Risk Assessment Management Regulations" to manage the suppliers. The supplier risk assessment shall cover quality/environment/occupational, safety and health management systems. The risk assessment taskforce shall consist of the persons holding the position as</p>	No material deviation was found.

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
			engineer or above from Sourcing Dept., Contracting Dept., R&D/Engineering Dept., QA Dept. and Management Dept., which may conduct documentary review or on-site evaluation on the suppliers. Most of the Company's suppliers have worked with the Company for a long term. If any supplier is likely to pose negative impact to the important environment, employment conditions, human rights and society, the Company may claim termination or rescission of contract.	
V. Whether the Company prepares the report disclosing the Company's non-financial information, such as CSR report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third party certification unit?		✓	The Company has not yet prepared the report. Notwithstanding, the Company has already set forth its own "Corporate Social Responsibility Best-Practice Principles." The Company participates in environmental protection, social service and care, and sponsorship for public welfare activities actively, in order to practice the social responsibility as an enterprise physically.	
VI. If the Company has established its own corporate social responsibility code of conducts in accordance with the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies", please describe the current practices and any deviations of its own code of conduct from said Principles: The Company has set forth its own "Corporate Social Responsibility Best-Practice Principles" in accordance with the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies" and related laws. For the other details about implementation status, please refer to said remarks.				
VII. Other information useful to the understanding of corporate social responsibilities: (I) Consumer interest and right: The Company sets up the "stakeholder section" and whistle-blowing mailbox to respond the complaints filed by investors, suppliers, customers and employees, in order				

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEX-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
<p>to practice the protection of consumer interest and right.</p> <p>(II) Human rights: Maintain human dignity and basic human rights, comply with related labor laws and regulations, protect employees’ interest and right, and use the best effort to provide employees with a comfortable and safety working environment. 1. Organization of the labor-management meeting in accordance with the “Regulations for Implementing Labor-Management Meeting. 2. Enactment of the Regulations Governing Complaint and Punishment Against Sexual Harassment in Workplace” to maintain the concerned parties’ interest and privacy. 3. Install the opinion mailbox for employees; employees’ opinion will be answered by the responsible unit; the responsible unit will also provide solutions.</p> <p>(III) Environmental protection: The Company values energy conservation very much, and uses its best effort to practice various energy conservation and carbon reduction policy, including reducing the on hours spent in activating air conditioner host and raising the temperature. The new lights must be power-saving and eco-friendly, and the old power-consumption equipment shall be replaced step by step. Use the best effort to promote electronic operations, reduce the consumption of paper, continue improving the resources recycling, and achieve the goal for effective recycling of resources.</p>				

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

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

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

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

Assessment criteria	Actual governance (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
<p>I. Ethical Management Policies and Plans</p> <p>(I) Has the Company stated in its Memorandum or external correspondence about the ethical management policies and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?</p>	✓		<p>(I) The Company has set forth its own “Ethical Management Best-Practice Principles”, so that the Company should execute the Principles in internal management and external business activities strictly. The Company's “Rules of Procedure for Board Meeting” expressly states the system for recusal from conflict of interest. Where any motions submitted to the Board meeting involve conflict of interest with any director himself/herself or the juristic person represented by him/her and, therefore, it is likely to impair the interest of the Company, or any director considers that he/she should recuse himself/herself voluntarily and does so per resolution by the Board of Directors, the director shall recuse himself/herself from discussion and voting, and also be prohibited from exercising voting right on behalf of another director.</p>	No material deviation was found.
<p>(II) Whether the Company establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the</p>	✓		<p>(II) The Company has set up the “Ethical Management Best-Practice Principles” to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, in order to prevent any unethical conduct.</p>	No material deviation was found.

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

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

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

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

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

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

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

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

1. Declaration of Internal Control

Zinwell Corporation

Declaration of Internal Control System

Date: December 31, 2020

The following declaration was made based on the 2020 self-assessment of the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance its internal control policies are the responsibility the Company's Board of Directors and Managers; such policies were implemented throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws were identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
- IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2020 (Note 2). This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This statement forms an integral part of the Company's annual report and prospectus, and shall be made public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the Company's Board of Directors meeting held on March 17, 2021. None of the 12 directors present at the meeting held any objections, and all directors unanimously agreed to the contents of this declaration.

Zinwell Corporation

The Chairman: Chi-Ruei Huang Signature & seal

President: Ching-Hui Lin Signature & seal

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

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

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

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

1. Major resolutions passed by shareholders' meetings:

Meeting Date	Meeting Type	Important Resolution
June 16, 2020	Shareholders' Meeting	<ol style="list-style-type: none"> 1. Passed the 2019 financial statements Resolution: The voting results for the motion: approval votes: 200,865,155, 97.17% of the total votes; disapproval vote: 75,601; abstention votes/no votes: 5,767,605; invalid vote: 0; the motion was approved as it was proposed by the Board of Directors upon the voting. 2. Passing the 2019 deficit compensation plan. Resolution: The voting results for the motion: approval votes: 201,081,827, 97.27% of the total votes; disapproval vote: 86,768; abstention votes/no votes: 5,539,766; invalid vote: 0; the motion was approved as it was proposed by the Board of Directors upon the voting. 3. Passed the amendments to certain provisions of the Company's "Rules for Procedure of Shareholders' Meetings." Resolution: The voting results for the motion: approval votes: 201,304,251, 97.38% of the total votes; disapproval vote: 79,981; abstention votes/no votes: 5,324,129; invalid vote: 0; the motion was approved as it was proposed by the Board of Directors upon the voting. Status: Already completed per the amended Regulations.

2. Important resolution by the Board of Directors:

Meeting Date	Meeting Type	Important Resolution
March 18, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Passed the Company's 2019 parent company only financial statements. 2. Passed the Company's 2019 business report and 2019 consolidated financial statements. 3. Passed the Company's 2019 deficit compensation plan. 4. Passed the amendments to certain provisions of the Company's "Corporate Governance Best-Practice Principles." 5. Passed the amendments to certain provisions of the Company's "Corporate Social Responsibility Best-Practice Principles." 6. Passed the amendments to certain provisions of the Company's "Rules for Procedure of Shareholders' Meetings." 7. Passed the Company's 2020 business plan. 8. Passed the valid appraisal on the 2019 internal control system issued by the Company and the "Declaration of Internal Control". 9. Passed the Company's 2019 employee remuneration and director remuneration distribution. 10. Passed the convention of 2020 annual general meeting. 11. Passed the acceptance of shareholders' proposals at the Company's

Meeting Date	Meeting Type	Important Resolution
		2020 annual general meeting.
May 6, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Passed the proposal for dissolution and liquidation of the subsidiary, B1-MEDIA CORP. 2. Passed the proposal for investment in incorporation of the new subsidiary, AkiraNET Co.
August 5, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Passed the Company's regular assessment on the independent auditor's independence. 2. Passed the appointment of Remuneration Committee member to fill the vacancy. 3. Passed the proposal for amendments to certain provisions of the Company's "Operating Procedure for Loaning of Funds to Others." 4. Passed the proposal for amendments to certain provisions of the Company's "Operating Procedure for Making of Endorsement/Guarantee." 5. Passed the amendments to certain provisions of the Company's "Rules for Procedure of Board of Directors' Meetings." 6. Passed the amendments to certain provisions of the Company's "Rules Governing the Scope of Powers of Independent Directors." 7. Passed the amendments to certain provisions of the Company's "Articles of Incorporation for Audit Committee." 8. Passed the proposal that the Company shall resolve whether the Company's accounts receivable that remain uncollected for a specific period past the normal credit term refer to the loan to others in nature, per the competent authority's requirement.
November 4, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Passed the amendments to certain provisions of the Company's "Articles of Incorporation for Remuneration Committee." 2. Passed the amendments to certain provisions of the Company's "Regulations Governing Board Performance Evaluation." 3. Passed the amendments to certain provisions of the Company's "Code of Ethical Conduct". 4. Passed the proposal that the Company shall resolve whether the Company's accounts receivable that remain uncollected for a specific period past the normal credit term refer to the loan to others in nature, per the competent authority's requirement.
December 16, 2020	Board of Directors	<ol style="list-style-type: none"> 1. Passed the Company's 2021 annual internal audit plan. 2. Passed the Company's execution of the investment agreement. 3. Passed the Company's participation in the cash capital increase in the subsidiary, AkiraNET Co. and waiver to subscribe for certain shares. 4. Passed the amendments to certain provisions of the Company "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises." 5. Passed the Company's tariff endorsement/guarantee. 6. Passed the Company's 2020 distribution of year-end bonus to managers reviewed by Remuneration Committee.

Meeting Date	Meeting Type	Important Resolution
March 17, 2021	Board of Directors	<ol style="list-style-type: none"> 1. Passed the Company's 2020 parent company only financial statements. 2. Passed the Company's 2020 business report and 2020 consolidated financial statements. 3. Passed the Company's 2020 deficit compensation plan. 4. Passed the Company's 2020 employee remuneration and director remuneration distribution. 5. Passed the valid appraisal on the 2020 internal control system issued by the Company and the "Declaration of Internal Control." 6. Passed the proposal that the Company shall resolve whether the Company's accounts receivable that remain uncollected for a specific period past the normal credit term refer to the loan to others in nature, per the competent authority's requirement. 7. The Company's 2021 business plan. 8. In order to activate the value of assets of the Company's indirect subsidiary in China, the Company plans to establish a professional team to engage in research and planning. 9. The proposal for the Company's investment of capital in incorporation of overseas subsidiaries. 10. The proposal for the Company's indirect investment of capital in incorporation of the sole proprietorship. 11. The proposal for the Company's stock release at different time in response to the finance and business plan of the subsidiary, AkiraNET Co., and waiver to participation in the cash capital increase in said company. 12. The proposal for by-election of the independent director of 14th term. 13. The proposal for the Board's nomination and examination of the candidates for independent director. 14. The proposal for termination of non-competition restriction imposed on new directors. 15. Convention of 2021 annual general meeting. 16. For acceptance of shareholders' written proposals at the Company's 2021 annual general meeting. 17. For acceptance of nomination of independent director candidates at the Company's annual general meeting.

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

(XIII) Summary of resignation by/dismissal of the Company's key personnel (including Chairman, President, accounting manager, financial manager, chief internal auditor, or chief R&D officer) in the most recent year and as of the publication of the annual report: None.

April 30, 2021

Title	Name	Date of Onboard	Date of Discharge	Cause of resignation or discharge
None				

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

V. Disclosure of CPAs' remuneration

Name of CPA firm	Name of CPA		Audit period	Remarks
PwC Taiwan	Yi-Chang Liang	Se-Kai, Lin	2020/01/01~2020/12/31	

Remuneration Items		Audit Fee	Non-Audit Fees	Total
Amount Range				
1	Below NT\$2,000 thousand		740	740
2	NT\$2,000 thousand (inclusive)~NT\$4,000 thousand			
3	NT\$4,000 thousand (inclusive)~NT\$6,000 thousand	4,860		4,860
4	NT\$6,000 thousand (inclusive)~NT\$8,000 thousand			
5	NT\$8,000 thousand (inclusive)~NT\$10,000 thousand			
6	NT\$10,000 thousand (inclusive) and above			

- (I) Disclosure of audit fees, non-audit fees and details of non-audit services, if the sum of non-audit fees paid to the CPA, CPA's firm and affiliated companies amount to more than one-quarters of total audit fees.

Unit: NT\$ Thousand

Name of CPA firm	Name of CPA	Audit Fee	Non-Audit Fees					Audit period	Remarks
			System Design	Business Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Yi-Chang Liang Se-Kai, Lin	4,860					4,860	2020/01/01~2020/12/31	
	Pei-Hsuan Lee					740	740	2020/01/01~2020/12/31	The other non-audit fees were primarily incurred for the counseling about tax credit against R&D expenditure, transfer pricing report and enterprise master file projects.

Note 1: If there is any change of auditor or accounting firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks column. Any audit and non-audit remuneration paid to CPAs should also be disclosed separately.

Note 2: Non-audit remuneration should be listed separately by service category. If the "Other" category amounts to 25% of total non-audit remuneration, the details of services rendered must be specified in the remarks column.

- (II) If a change in accounting firm resulted in a lower audit fee for that year compared to the

previous year, the amount, percentage, and reason of the reduction must be disclosed: None.

(III) If the audit remuneration was reduced by more than 10% from the previous year, the actual amount, proportion, and reasons for the reduction must be disclosed: None.

VI. Change of CPA :

If the Company changes its CPAs within or after the previous two financial years, it must disclose the following information:

(I) Information relating to the former auditor

Date of Replacement	April 1, 2019		
Reason for reappointment	The independent auditors, Tsui-Miao Yeh, CPA and Se-Kai Lin, CPA were changed into Yi-Chang Liang, CPA and Se-Kai Lin, CPA, in response to the reorganization of PwC Taiwan.		
To specify whether the client or CPA terminates or rejects the appointment.	<div>Parties</div> <div>Status</div>	Certified Public Accountant	Client
	Terminate the appointment voluntarily	—	—
	No longer accept (continue) the appointment	—	—
Reasons for issuing opinions other than unqualified opinions in the most recent two years	None		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit coverage or procedures
			Others
	None		
	Notes		
Other disclosures (Disclosures under Items 1-4~1-7, the subparagraph 6 of Article 10 of the Standards)	None		

(II) About the successor CPAs

Firm name	PwC Taiwan
Name of CPA	Yi-Chang Liang/Se-Kai, Lin
Date of appointment	April 1, 2019
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	None
Written opinion from the successor CPA regarding the matters disagreed by the former CPA	None

(III) The former CPA's response to the items referred to in the subparagraphs 6(1) and (2)3 of Article 10 of the Standards: None.

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

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

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

Unit: shares

Title (Note 1)	Name	2020		Year-to-date as at April 18	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Chi-Jui Huang	0	0	0	0
Vice Chairman	Hung-Chi Hsiao	0	0	0	0
President	Ching-Hui Lin	0	0	0	0
Director	Chi-An Huang	0	0	0	0
Director	Chi-Nan Huang	0	0	0	0
Director	I-Chuan Lin	0	0	0	0
Director	Yu-Hsing Liang	0	0	0	0
Director	Wen-Hsien Chiang	0	0	0	0
Director	Wen-Shun Ho	0	0	0	0
Director	Chien-Cheng Wu	0	0	0	0
Independent Director	Ming-Yo Huang	0	0	0	0
Independent Director	Chien-Te Liu	0	0	0	0
Independent Director	Hung Sha	0	0	0	0
Managers	Huai-Pao Chia	(14,660)	0	0	0
Manager	Cheng-Yi Cheng	(90,000)	0	0	0
Manager	Cheng-Tsung Hsieh	0	0	0	0
Manager	Chien-Lung Yang	0	0	0	0
Manager	Yu-Kung Tsai	0	0	0	0
Manager	Shu-Chi Wang	0	0	0	0
Manager	Hsin-Chou Wu	0	0	0	0
Manager	Pei-Hung Tsai	0	0	0	0

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

(2) Equity transfer information:

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

(3) Equity pledge information:

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

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

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

								kinship Person in charge of the Account	
Chi-An Huang	3,064,161	0.96%	0	0	0	0	Chi-Jui Huang, Chi-Nan Huang CHB as Trustee of Chi-An Huang Trust Account	Relative within the second degree of kinship Person in charge of the Account	
CHB as Trustee of Chi-An Huang Trust Account Representative : Chi-An Huang	3,000,000	0.94%	0	0	0	0	Chi-An Huang	Person in charge of the Account	
Chi-Nan Huang Trust Account Managed by CHB Representative: Chi-Nan Huang	3,000,000	0.94%	0	0	0	0	Chi-Nan Huang	Person in charge of the Account	
Su-Yu Chiang Huang	2,670,846	0.84%	0	0	0	0	None	None	
J. P. Morgan Chase Bank N.A., Taipei Branch as Trustee of Total International Stock Index Fund, a series of PGIA Funds Investment Account	2,403,006	0.76%	0	0	0	0	None	None	
J.P. Morgan Chase Bank N.A., Taipei Branch as Trustee of Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds Investment Account	2,356,000	0.74%	0	0	0	0	None	None	

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

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

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

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

March 31, 2021 Unit: shares; %

Investees (Note)	Held by the Company		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
B1-MEDIA CORP. (Note 1)	3,480,000	48.00%	2,594,786	35.79%	6,074,786	83.79%
ZINWELL CORPORATION (H.K.) LTD.	6,000,000	100.00%	0	0	6,000,000	100.00%
ZINWELL HOLDING (SAMOA) CORPORATION	49,000,000	100.00%	0	0	49,000,000	100.00%
UrMap.Inc.	666,280	28.07%	0	0	666,280	28.07%
ITAS TECHNOLOGY CORP. (Note 2)	762,250	38.11%	0	0	762,250	38.11%

Note: The Company's investment under equity method.

Note 1: The liquidation of B1-MEDIA CORP. was completed on May 13, 2021.

Note 2: ITAS TECHNOLOGY CORP. was dissolved on May 2, 2019.

Four. Funding Status

I. Capital Stock and Shares

(I) Capital Stock

1. Source of Capital Stock

March 31, 2020

Unit: NT\$
Thousand/Thousand
Shares

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

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

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

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

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

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

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

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

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

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

April 18, 2021 Unit: shares

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

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

3. Information related to the shelf registration

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

(II) Composition of shareholders

April 18, 2021

Composition of shareholders Quantity	Govern- ment Apparatus	Financial Organization	Other Juristic Persons	Individual	Foreign Institution and Foreigner	Total
Number of person	0	58	148	60,715	60	60,981
Shares held	0	19,171,874	7,732,341	290,167,645	617,177	317,689,037
Shareholding	0.00%	6.03%	2.43%	91.35%	0.19%	100%

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

(III) Distribution of equity

April 18, 2021

Shareholding category	Number of shareholders	Shares held	Shareholding
1 to 999 shares	30171	1,332,190	0.42%
1,000 to 5,000 shares	22731	49,414,950	15.55%
5,001 to 10,000 shares	4061	33,302,235	10.48%
10,001 to 15,000 shares	1224	15,901,350	5.01%
15,001 to 20,000 shares	888	16,682,253	5.25%
20,001 to 30,000 shares	694	18,177,841	5.72%
30,001 to 40,000 shares	321	11,759,110	3.70%
40,001 to 50,000 shares	213	10,062,892	3.17%
50,001 to 100,000 shares	389	27,980,456	8.81%

Shareholding category	Number of shareholders	Shares held	Shareholding
100,001 to 200,000 shares	148	21,251,296	6.69%
200,001 to 400,000 shares	74	19,859,219	6.25%
400,001 to 600,000 shares	25	11,885,564	3.74%
600,001 to 800,000 shares	13	8,709,970	2.74%
800,001 to 1,000,000 shares	6	5,470,463	1.72%
1,000,001 shares and above	23	65,899,248	20.75%
Total	60,981	317,689,037	100.00%

Preferred shares

April 18, 2021

Shareholding category	Number of shareholders	Shares held	Shareholding
None			

(IV) Roster of Major Shareholders

April 18, 2021 Unit: shares; %

Name of Major Shareholder	Shares	Shares held	Shareholding
Chi-Jui Huang		11,564,943	3.64%
Hung-Chi Hsiao		8,832,329	2.78%
Ching-Hui Lin		6,574,132	2.07%
Chi-Nan Huang		3,634,019	1.14%
Chi-An Huang		3,064,161	0.96%
CHB as Trustee of Chi-An Huang Trust Account		3,000,000	0.94%
CHB as Trustee of Chi-Nan Huang Trust Account		3,000,000	0.94%
Su-Yu Chiang Huang		2,670,846	0.84%
J. P. Morgan Chase Bank N.A., Taipei Branch as Trustee of Total International Stock Index Fund, a series of PGIA Funds Investment Account		2,403,006	0.76%
J.P. Morgan Chase Bank N.A., Taipei Branch as Trustee of Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds Investment		2,356,000	0.74%

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

Unit: New Taiwan Dollars

Year		2019	2020	Year-to-date as at March 31, 2021 (Note 8)
Item				
Market price per share (Note 1)	The Highest	25.60	21.00	18.42
	The Lowest	19.40	10.95	18.03
	Average	21.63	17.79	18.96

Year			2019	2020	Year-to-date as at March 31, 2021 (Note 8)
Item					
Net value per share (Note 2)	Before distribution		20.79	20.35	20.78
	After distribution		20.79	Note 2	-
Earnings Per Share (EPS)	Weighted average shares		317,689	317,689	317,689
	Earnings per share (Note 3)	Before adjustment	(0.37)	(0.48)	(0.23)
		After adjustment	(0.37)	(0.48)	(0.23)
Dividend per share	Cash dividend		0	Note 2	-
	Free-Gratis dividends	From earnings	0	Note 2	-
		From capital surplus	0	0	-
	Accumulated unpaid dividends (Note 4)		0	0	-
Return on investment analysis	Price-Earnings Ratio (P/E ratio) (Note 5)		(58.46)	(37.06)	-
	P/D ratio (Note 6)		Not applicable	Note 2	-
	Cash dividend yield (Note 7)		Not applicable	Note 2	-

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

- Note 1: List the highest and lowest market prices of common stocks for each year, and then calculate the average market price for each year based on the annual transaction value and volume.
- Note 2: Filled-in based on the number of shares issued at the end of the year and according to the Shareholders' Meeting resolution status for the following year. (2020 Annual General Meeting has not yet been convened.)
- Note 3: Show the earnings per share before and after the adjustment if retroactive adjustment is needed due to stock dividends.
- Note 4: If equity securities issuance provisions provided that when the undistributed dividends in the year are accumulated to the year of the surplus, the dividends outstanding as of the current year shall be disclosed separately.
- Note 5: $P/E \text{ ratio} = \text{Average closing price per share for the year} / \text{Earnings per share}$.
- Note 6: $P/D \text{ ratio} = \text{Average closing price per share during the current fiscal year} / \text{Cash dividend per share}$.
- Note 7: $\text{Cash dividend yield} = \text{Cash dividend per share} / \text{Average closing price per share for the current year}$.
- Note 8: Please identify the net worth per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

(VI) Dividend Policy and the Status of Implementation

1. The Company's dividend policy:

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

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve and provision of special reserve as the laws may require. Any surpluses remaining shall be added

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

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

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

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

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

For the Company's 2020 deficit compensation plan, as the Company suffers loss in 2020, no stock dividends would be distributed accordingly. Meanwhile, the Board of Directors plans not to distribute the employee remuneration and director remuneration.

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

Item		Year	2020 (Projected)
Opening paid-up capital			NT\$3,176,890,370
Dividends for the current year	Cash dividends per share		NT\$0 (Note 1)
	Stock dividends per share (for capital increase out of earnings)		None
	Stock dividends per share (for capital increase out of capital surplus)		None
Changes in business performance	Operating Income		Not applicable (Note 2)
	Year-on-year percentage variation of operating profit		
	Net income		
	Year-on-year percentage variation of net income		
	Earnings Per Share (EPS)		
	Year-on-year percentage variation of earnings per share		

Item		Year	2020 (Projected)
	Yearly average return on investment (a reciprocal of yearly average PE ratio)		
Pro forma EPS and PE ratio	If the capital increase out of earnings was entirely distributed as cash dividends instead.	Pro forma EPS	Not applicable (Note 2)
		Pro forma annual return on investment	
	Without capitalization of reserves	Pro forma EPS	
		Pro forma annual return on investment	
	Without capital increase out of capital surplus and earnings, and distribution in cash in whole adopted instead	Pro forma EPS	
		Pro forma annual return on investment	

Note 1: 2021 annual general meeting

Note 2: In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose the financial forecast information for the fiscal year 2020.

(VIII) Remuneration employees and directors/supervisors

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

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

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

The Company didn't to distribute the remuneration to employees and directors in 2020. No stocks or remuneration was distributed to employees in 2020.

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

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

The Board resolved on March 17, 2021 that no remuneration should be distributed to employees and directors in 2020.

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

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

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

The Company's 2019 earnings distribution plan is stated as following. The actual amounts paid was indifferent from the proposed amount passed by the Board of Directors.

Unit: NT\$; share

	Actual amount distributed per resolution by the annual general meeting	Proposed amount passed by the Board of Directors	Variance	Cause of variance
I. Status of distribution:				
1. Employees' remuneration in cash	0	0	0	None
2. Employees' stock				
(1) Number of shares	0	0	0	None
(2) Amount	0	0	0	None
(3) Proportion to the number of outstanding shares in current period	0	0	0	None
3. Remuneration to directors and supervisors	0	0	0	None
II. Information about Earnings Per Share (EPS):				
1. Original EPS (NT\$)	(0.37)	(0.37)	0	None
2. Imputed EPS (NT\$)	(0.37)	(0.37)	0	None

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

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

III. Issuance of preference shares: None.

IV. Issuance of overseas depository receipts: None.

V. Status of employee stock warrants:

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

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

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

the Board of Directors in the most year up till the date of publication of the annual report:
None.

VII. Implementation of capital utilization plan

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

Five. Business operation in summary

I. Contents of business operation

(I) Scope of business operation

1. Contents of business lines engaged by the Company:

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

2. Proportion in business operation

Expressed in Thousand NT Dollars

<div style="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Major products</div> <div>Year</div> </div>	2020	
	Amounts of sales	Proportion in business operation
Digital cable and communication products	7,932,376	100%
Other	4,986	0%
Total	7,937,362	100%

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

3. The Company's major products at present

- (1) Digital Satellite Communication Transmission System.
- (2) Digital cable video transmission system.
- (3) Digital video converter related products.
- 4. New products scheduled to be developed in the future
 - (1) Android system ultra-high-quality digital cable receivers
 - (2) High-performance/high-definition digital satellite receivers
 - (3) Android system home network terminals
 - (4) Digital audio frequency output products
 - (5) Dolby Atmos Sound Blasters
 - (6) Software defined wide area networks
 - (7) IP/OTT digital set-top boxes
 - (8) Coaxial cable and wireless network bridge connectors
 - (9) Ultra-high-quality Karaoke machines
 - (10) 5G network routers
 - (11) The 4th generation mobile communication two-way three-channel modules
 - (12) Medium orbit and low orbit satellite user terminals
 - (13) Optical input resettable channel switchers
 - (14) Optical fiber output broadband satellite downconverters
 - (15) Outdoor high-performance wireless network Gigabit base stations
 - (16) Wireless gigabit modules
 - (17) Intelligent network extension loudspeaker boxes
 - (18) Immersive-type smart audio amplifiers
 - (19) High-definition digital cable terrestrial broadcasting transmitters (ZMX-92X2)
 - (20) 2.1 channel speaker box with HDMI extenders
 - (21) Small & medium enterprise-oriented version network routers
 - (22) 4K 60 long-distance wireless video transmitters
 - (23) 2K wireless video transmitters
 - (24) G.hn coaxial network domain hosts
 - (25) Wi-Fi 6/6e mesh + PLC return host and satellite & various derivatives
 - (26) Digital optical drop points
 - (27) Non-directional distribution network amplifiers
 - (28) New styled outdoor splitters, distributors
 - (29) Virtual optical network products

(II) Business performance in summary

(1) Industries, the status quo and future development

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

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

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

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

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

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

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

has achieved full digitization toward broadcast digital television. At the moment, the countries that adopt American ATSC include the United States, Canada, Mexico, South Korea, among others.

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

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

B. CABLE Set-Top-Box

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

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

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

C. Digital Satellite STB

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

In Europe, the development of pay satellite television services is concentrated in

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

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

D. IPTV Box

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

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

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

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

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

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

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

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

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

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

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

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

(III) An overview into technology and research & development

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

Expressed in Thousand NT Dollars

Item \ Year	2019	2020	As of the publication date of the annual report March 31, 2021
Research & development related	222,135	217,654	55,311

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

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

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

II. An overview into market and production and sales performance

(I) Analysis into markets

1. Major areas to sell products and services

Expressed in Thousand NT Dollars

Sales regions/year	2019		2020	
	Amount	Percentage	Amount	Percentage
Europe and Americas	7,370,888	94.75%	7,654,594	96.44%
Asia	315,828	4.05%	179,311	2.26%
Other	92,995	1.20%	103,457	1.30%

Total	7,779,711	100%	7,937,362	100%
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2. Market share

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

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

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

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

(2) Satellite Low Noise Down converter (LNB)

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

(3) Wired television system

Since the Cable Television Act came into being in Taiwan, the cable television user rate has skyrocketed from less than 20% to more than 80% within just five years.

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

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

As far as the Company’s product lines are concerned, other than traditional wired television products, such as amplifiers, strong waves and

splitters, in recent years, our Company has been vigorously investing huge amounts into the research and development and production of up-to-date products e.g. digital video converters. Our Company focuses on not only old products, but further actively teams up with international manufacturers in the hope to grasp product streams and trends and takes the lead in the international community among the industry as the very welcome partner to those international manufacturers.

(4) Satellite oriented small ground station (VSAT)

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

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

developing countries with huge geographical territories and scattered populations in rural areas, VSAT has also successfully established telecommunications networks.

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

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

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

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

(5) Digital video converter markets

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

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

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

into vicious and cutthroat competition. Competitors from South Korea are more technologically advanced and tend to compete at low prices with government export subsidies.

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

C. Countermeasures

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

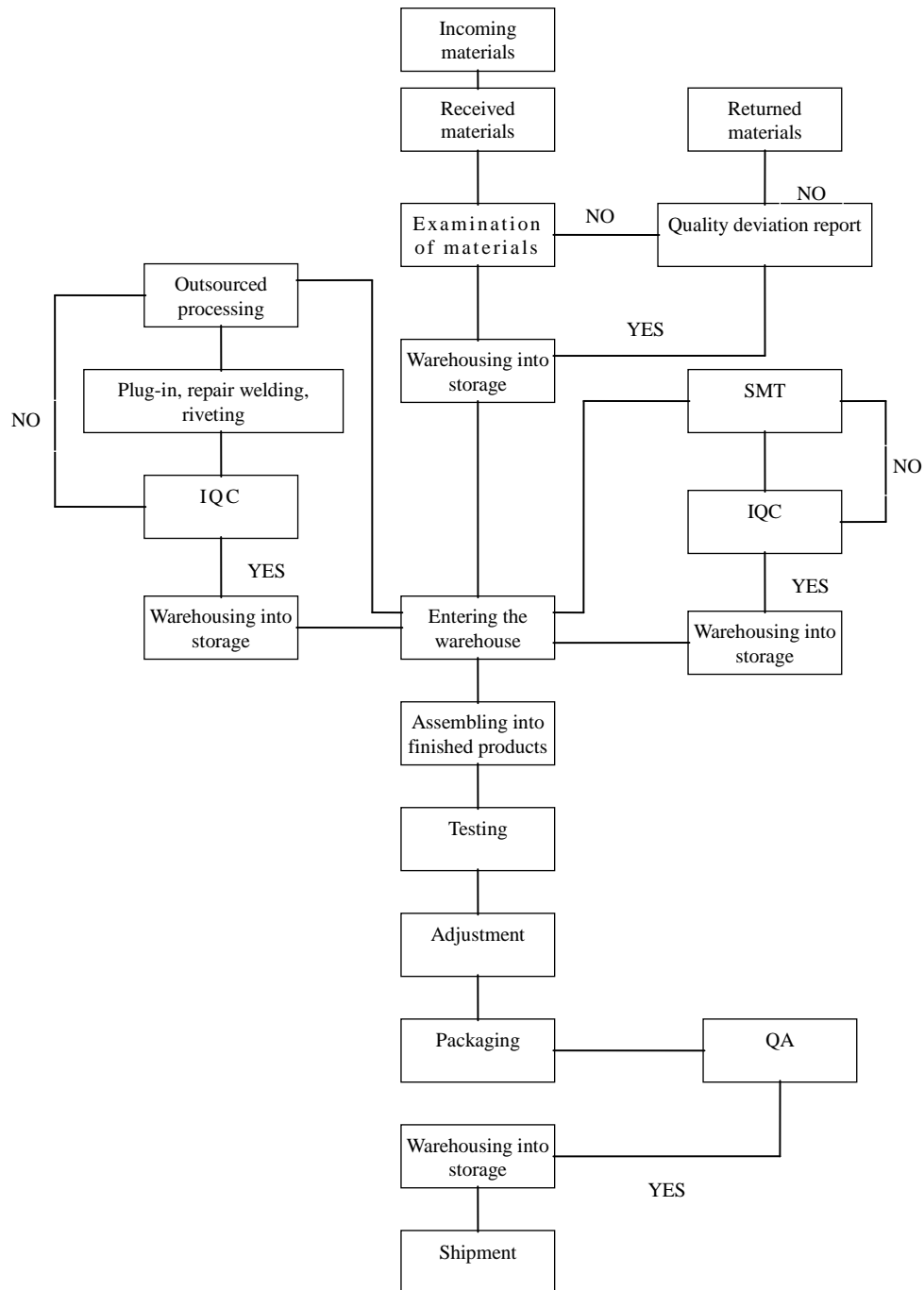
(II) The important purposes of use and production process of major products

The important purposes of use of major products

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

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

2. Production process of the major products



(III) Fact of major raw material supply

Major raw materials	Key suppliers
IC	HONG TECH、SAMSUNG-EG、ALL TEK
P.C.BOARD	VICTORY GIANT、WUZHU TECHNOLOGY、HONG SHUO
FILTER	LEA、TAI、MINE BIG、FUH BANG
	EVERWINER、GRANSTAR(H.K.)、SUPER DARTER

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

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

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

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

Expressed in Thousand NT Dollars; %

Item	2019				2020				The first quarter, 2021 (Note 1)			
	Title	Amount	Net purchasing percentages to the aggregate total of annual purchases (%)	Relationship with the issuer (s)	Title	Amount	Net purchasing percentages to the aggregate total of annual purchases (%)	Relationship with the issuer (s)	Title	Amount	Percentage to the total net purchase amounts in Year 2021 as of the first quarter	Relationship with the issuer (s)
1	Supplier A	2,015,858	43.48	Nil	Supplier A	2,805,813	48.59	Nil	Supplier A	463,195	37.28	Nil
2	Supplier B	373,450	8.05	Nil	Supplier B	758,031	13.13	Nil	Supplier B	168,421	13.56	Nil
	Other	2,246,984	48.47	—	Other	2,210,704	38.28	—	Other	610,810	49.16	—
	Net amount of purchases	4,636,292	100	—	Net amount of purchases	5,774,548	100	—	Net amount of purchases	1,242,426	100	—

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

Note 1: The Company's Financial Statements were already duly audited by certified public accountants Liang Yi-Chang and Lin Se-Kai in the first quarter, Year 2021.

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

Expressed in Thousand NT Dollars; %

Item	2019				2020				The first quarter, 2021 (Note 1)			
	Title	Amount	Percentage of the total net annual sales amount (%)	Relationship with the issuer (s)	Title	Amount	Percentage of the total net annual sales amount (%)	Relationship with the issuer (s)	Title	Amount	Percentage of the total net sales amount as of the first quarter 2021 (%)	Relationship with the issuer (s)
1	Customer A	5,767,063	74.47	Nil	Customer A	6,578,881	82.94	Nil	Customer A	1,147,704	81.78	Nil
	Other	1,976,628	25.53	—	Other	1,353,495	17.06	—	Other	255,694	18.22	—
	Net sales amount	7,743,691	100	—	Net sales amount	7,932,376	100	—	Net sales amount	1,403,398	100	—

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

Note 1: The Company's Financial Statements were already duly audited by certified public accountants Liang Yi-Chang and Lin Se-Kai in the first quarter, Year 2021.

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

Expressed in thousand pieces and thousand NT dollars

Year Production output volume/value Major commodities	2019			2020		
	Productivity	Output volume	Output value	Productivity	Output volume	Output value
Digital communications products and parts & components thereof	9,000	7,947	7,000,852	9,100	6,904	7,648,489

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

Explanation of Production output volume/value: Nil.

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

Expressed in thousand pieces and thousand NT dollars

Year Sales volume & value	2019				2020			
	Sales to the domestic markets		Export		Sales to the domestic markets		Export	
Major commodities	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Digital communications products and parts & components thereof	263	138,588	7,596	7,605,103	441	73,769	10,688	7,858,607
Other	-	36,020	-	-	-	4,986	-	-
Total	263	174,608	7,596	7,605,103	441	78,755	10,688	7,858,607

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

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

III. Information of staff members

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

Year		2019	2020	The current year as of March 31, 2021
Number of employees	Direct workforce	483	504	480
	Indirect workforce	532	522	522
	Total	1,015	1,026	1,002
Average ages		39.8	41.32	41.64
Average years of services		9.6	11.1	11.5
Educational level distribution ratios	PhD	1	1	1
	Master	88	87	89
	University (college)	427	416	409
	Senior high school	415	444	427
	Below Senior high school	84	78	76

IV. Information on expenditures on environmental protection

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

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

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

V. Labor–Management Relationship

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

A: Toward fringe benefits for employees:

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

include:

- (1) Sound and integrated retirement system.
- (2) All-out employees participate in labor insurance, accident insurance and travel insurance
- (3) Congratulation and condolence allowances are granted to employees when they are married, give birth, are hospitalized, or pass away.
- (4) The Company has set up staff restaurant(s) providing the entire staff with meals.
- (5) The Company provides very sound training programs to satisfy employees amidst their need to grow to help the Company cultivate high-caliber talents.
- (6) Elaborately designed birthday gifts, employee travel allowances and self-improvement activities.
- (7) Employees having served for one year in full are granted with special leave with additional more day(s) along with added service seniority.

B: Refresher educational & training programs toward employees

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

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

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

During Year 2020 the Company sponsored educational & training programs toward employees as enumerated below:

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
Management Department	In-house training programs	180	1,182.5	642	0	1. Curricular designed with reference to “Table of Annual Educational & Training Programs” 2. ESD Static Protection Course 3. Emergency countermeasure drills in case of electrification 4. Publicity toward health
	Outsourced training programs	6	45.5	9	7,500	1. Radiation protection-oriented educational & training programs 2. Preparation of presumption of attendance records by the employers in case of labor incidents and wage disputes proof in response to the hands-on practice 3. On-the-job refreshment educational & training programs for the “business heads” in charge of occupational safety & health 4. On-the-job educational & training programs aiming at first-aid staff 5. 2020 Labor Health

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
						Service Oriented Professional Know-how and Hands-on Practice Seminar 6. On-the-job training programs toward occupational safety & health management staff 7. Seminar on Promoting Respiratory Protection Program by the Business Units in Industrial Zones 8. General industry labor conditions promotion seminar
Chairman's Office	In-house training programs	3	8.5	3	0	1. New recruit oriented educational & training programs 2. 802.11ax Introduction 3. Employee Information Security Education Seminar
	Outsourced training programs	3	18.0	3	7,800	1. Internal audit over law compliance 2. 5G Application New Field Forum 3. Chapter of hands-on audit skills
Information (MIS) Office	In-house training programs	13	70.5	7	0	1. ERP module educational & training programs 2. Production Management ASF 3. Receivable & payable system management 4. ERP negotiable note system operation 5. Zhi Mao MES Technology Transfer Educational & Training Programs 6. Fixed asset inventory 7. New recruit oriented educational & training programs
	Outsourced training programs	1	7.0	1	580	1. 2020 First-aid refresher training programs
Department of Finance	In-house training programs	2	26.0	1	0	1. ISO45001 Explanatory on document management system 2. Fixed asset inventory-oriented educational & training programs 3. ISO45001 Explanatory on document management system (I) 4. ISO45001Explanatory on document

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
						management system (II) 5. ISO45001 Cultivated training programs for internal auditors (including explanation of articles 3H+ Audit cultivated training programs 3H) 6. CPR+AED First-aid programs and hands-on practice
	Outsourced training programs	6	24.0	6	15,000	1. Corporate governance audit law compliance Red-hot issues 2. Amendment key points and frequently seen faults in working out IFRS Financial Statements 3. Probe into the financial statement malpractice into “fund flow tracking and prove into the relevant responsibilities” 4. How shall internal auditors use digital device into protection and investigation into business secrets 5. Case analysis into misrepresented financial statement and how to look into key information in financial statement 6. Corporate governance related malpractices frequently seen in enterprises and analyses into the laws and ordinances concerned
Human Resources Department	In-house training programs	5	10.5	3	0	1. 2020 Annual Fire Security Seminar 2. Employee Information Security Education Seminar 3. Fixed asset inventory
Industrial Safety Management Office	Outsourced training programs	1	7.0	1	580	1. 2020 First-aid refresher training programs
Automatic Equipment Research & Development Office	In-house training programs	8	10.5	3	0	1. Employee Information Security Education Seminar 2. Fixed asset inventory 3. ESD protection-oriented educational & training programs

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
Material & Asset Office	In-house training programs	4	10.5	3	0	1. 2020 Annual Fire Security Seminar 2. Employee Information Security Education Seminar 3. Fixed asset inventory
Structure Design Office	In-house training programs	13	15.5	5	0	1. ESD protection-oriented educational & training programs (supplementary training programs) 2. 2020 annual refresher training programs for first-aid staff 3. Employee Information Security Education Seminar 4. Fixed asset inventory 5. ESD protection-oriented educational & training programs
	Outsourced training programs	1	7.0	1	580	2020 annual refresher training programs for first-aid staff
Applicant Design Department	In-house training programs	1	1.0	1	0	1. Employee Information Security Education Seminar
Manufacturing Process Design Department	In-house training programs	2	4.5	2	0	1. Employee Information Security Education Seminar 2. Fixed asset inventory
	Outsourced training programs	1	2.0	1	0	1. On the eve of the EU SCIP war, the plan about how to launch advance deployment
Transmission —Research & Development Dept. I	In-house training programs	23	24.5	4	0	1. ESD protection-oriented educational & training programs (Supplementary training programs) 2. 2020 Annual Fire Security Seminar 3. Employee Information Security Education Seminar 4. ESD protection-oriented educational & training programs
Transmission —Business & Marketing Dept.	In-house training programs	3	7.0	3	0	1. Year 2020 Annual Fire Security Seminar 2. Employee Information Security Education Seminar 3. Fixed asset inventory
Technical Engineering Office	Outsourced training programs	1	16.0	1	6,500	1. Training Course for Professional Engineers of Anti-static Control

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
Digital-Busine ss & Marketing Division	In-house training programs	3	7.0	3	0	1. Employee Information Security Education Seminar 2. Fixed asset inventory 3. 802.11ax Introduction
	Outsourced training programs	1	18.0	1	17,850	1. Cinema 4D Software Course Oriented Training Programs
Digital—Audi ovisual Product Division	In-house training programs	29	53.0	7	0	1. ESD protection-oriented educational & training programs (Supplementary training programs) 2. DFS RF Certification 3. 802.11ac A Survival Guide 4. Year 2020 Annual Fire Security Seminar 5. 802.11ax Introduction 6. Fixed asset inventory 7. ESD protection-oriented educational & training programs
Digital—Netco m Product Division	In-house training programs	38	72.5	7	0	1. DFS RF Certification 2. 802.11ac A Survival Guide 3. Year 2020 Annual Fire Security Seminar 4. 802.11ax Introduction 5. Employee Information Security Education Seminar 6. Fixed asset inventory 7. ESD protection-oriented educational & training programs
	Outsourced training programs	1	13.0	1	0	1. Power Integrity Analysis from DC to AC (Power DC, Optimize PI)
Structure Design Department	In-house training programs	4	6.5	3	0	1. ESD protection-oriented educational & training programs (Supplementary training programs) 2. Fixed asset inventory 3. ESD protection-oriented educational & training programs
	Outsourced training programs	1	8.0	1	0	1. Solidwork Floe Simulation Programs
Structure Verification Department	In-house training programs	12	19.5	6	0	1. ESD protection-oriented educational & training programs (Supplementary training programs) 2. DFS RF Certification

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
						3. Year 2020 Annual Fire Security Seminar 4. 802.11ax Introduction 5. Fixed asset inventory 6. ESD protection-oriented educational & training programs
Product Department	In-house training programs	2	2.0	1	0	1. ESD protection-oriented educational & training programs
Technology Transfer Department	In-house training programs	5	10.0	3	0	1. Employee Information Security Education Seminar 2. Fixed asset inventory 3. ESD protection-oriented educational & training programs
	Outsourced training programs	1	2.0	1	0	1. On the eve of the EU SCIP war, the plan about how to launch advance deployment
Production Department	Outsourced training programs	1	3	1	1,200	1. Radiation protection-oriented educational & training programs
	In-house training programs	1,173	8,381	35	0	1. Year 2020 Annual Management Review Meeting Property management operation process and the process of receiving and distributing materials Concept of material management (methods for handling and storing raw materials and finished products) 4. ESD Static electricity protection-oriented educational & training programs 5. Test and inspection procedures for various models of the PLS Series and C-TPAT publicity 6. ESD Static electricity protection-oriented educational & training programs 7. PW5S Series oriented test and inspection procedures for various models and C-TPAT publicity 8. PWS Series oriented test and inspection

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
						<p>procedures for various models and C-TPAT publicity</p> <p>9. ESD Static electricity protection-oriented educational & training programs & C-TPAT publicity</p> <p>10. IC Humidity and baking+ Tension test & C-TPAT publicity</p> <p>11. AOI educational & training programs +ESD Static electricity protection-oriented educational & training programs and C-TPAT publicity</p> <p>12. AOI educational & training programs + ESD Static electricity protection-oriented educational & training programs and C-TPAT publicity</p> <p>13. Operating standard for parts picking and placing machine and C-TPAT publicity</p> <p>14. AOI visual inspection & C-TPAT publicity</p> <p>15. POA-1IEC-NLVisually repair of important parts and ESD Static electricity protection-oriented educational & training programs</p> <p>16. POA-1IEC-NLVisually repair of important parts and ESD Static electricity protection-oriented educational & training programs</p> <p>17. TF-86F Series of packaging operation procedures and C-TPAT publicity</p> <p>18. SQ601 Series adjustment procedures & C-TPAT publicity</p> <p>19. SVT Series assembling & adjustment procedures and ESD + C-TPAR publicity</p>

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
						20. MXA-601 Series adjustment & assembling procedures and ESD + C-TPAT publicity 21. TOF-02/KK Packaging procedures & C-TPAT publicity 22. NCI-521-12 Series assembling procedures & ESD + C-TPAT publicity 23. TF-83T-8F-65 Series adjustment procedures & C-TPAT publicity 24. POA2F-IF-IM-4M Series assembling procedures & C-TPAT publicity 25. DBE-1200 Series adjustment procedures & C-TPAT publicity 26. OTRU-8 Series assembling procedures & C-TPAT publicity 27. DBC Series adjustment & assembling procedures & C-TPAT publicity 28. PWS81XX Series operation standard and C-TPAT publicity 29. PLQ51XX Series operation standard and C-TPAT publicity 30. Static electricity ring and Static electricity footwear use specifications and C-TPAT publicity 31. ZOOM BOX assembling test operating method and C-TPAT publicity 32. ZAT9XXA1 Series operation standard and C-TPAT publicity 33. ZN-AU-1.2 Series assembling procedures and C-TPAT publicity 34. DBE-1200 Series adjustment procedures and C-TPAT publicity 35. DBC Series adjustment & assembling procedures and C-TPAT publicity
Total	In-house training programs	1,523	9,923	742	0	
	Outsourced	25	170.5	28	57,590	

Department	In-house/outso urced training programs	Number of participating trainees	Total number of training hours attended	Number of training sessions	Expenses spent on educational & training programs	Contents of educational & training programs
	training programs					

C: Employee behavior or ethical code:

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

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

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

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

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

into in the self-inspection books.

- f. They shall map out labor health examination plans and implementation health management.
- g. They shall map out and implementation labor safety & health related educational & training programs and shall, meanwhile, provide employer with the suggestion and data regarding labor safety & health.

(2) The powers and responsibilities on safety & health for the Operating Head (Line Manager)

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

E: Regarding retirement system:

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

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

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

workplaces.

- (II) In the latest fiscal year and as of the publication date of the annual report, the impairment incurred by labor dispute, the current
And potential amounts in the future and the countermeasures thereof:
Nil, amidst the self-governance by and between the management and labor sides as a whole, the Company is unlikely to undergo a significant labor dispute.

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

Attributes of the contracts	Contract parties:	Starting and expiring dates of the contracts	Key contents	Restrictive clauses
Patent License Agreement	Moving Picture Experts Group	2010/5/26~2013/12/31 (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented MPEG-4 Visual know-how to manufacture products to pay patent royalty based on the volume of shipment.	Nil
Patent License Agreement	Moving Picture Experts Group	2010/5/26-2010/12/31 (The Agreement will be automatically extended for five (5) more years after expiry)	Licensed for AVC use (H.264) Authorized use of patented know-how to manufacture products to pay patent royalty based on the volume of shipment.	Nil
Patent License Agreement	Moving Picture Experts Group	2010/5/26-2012/12/31 (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented VC-1 know-how to manufacture products to pay patent royalty based on the volume of shipment.	Nil
Patent License Agreement	Moving Picture Experts Group	2008/06/26 Until the last core patent expires.	Authorized use of patented MPEG-2 Video know-how to manufacture products to pay patent royalty based on the volume of shipment.	Nil
Patent License Agreement	Moving Picture Experts Group	2008/06/26-2016/12/31 (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented ATSC know-how to manufacture products to pay patent royalty based on the volume of shipment.	Nil
Patent License Agreement	InterDigital, Inc.	2008/9/26~ 2016/7/1 (The Agreement will be automatically extended for five (5) more years after expiry)	Authorized use of patented DVB, CECB and the like know-how to manufacture products to pay patent royalty based on the volume of shipment.	Nil
Patent License Agreement	Dolby Laboratories Inc.	2000/01/25~2015/09/30 (The Agreement will be automatically extended for one (1) more year after expiry)	Authorized use of patented AC3 know-how to manufacture products to pay patent royalty based on the volume of shipment.	Nil
High-Definition Multimedia Interface Specification Adopter Agreement	HDMI Licensing Administrator, Inc.	Ten (10) years starting from March 2004 automatically extended for five (5) more years from expiry and further expiry thereafter. If Zinwell intends to terminate the contract, it shall keep HDMI Licensing Administrator, Inc. informed in writing sixty (60) days prior to the scheduled expiry for	Authorized use of patented HDMI know-how, trademark(s), products (Cable, Connector, Repeater...), to pay patent royalty based on the volume of shipment.	Nil

		renewal of the contract.		
Agreement for Project undertakings.	Sung Lien Construction Co., Ltd.	Starting from July 2019	Project to build new plant—Mechanical & electrical project, construction project. As of December 31, 2019, the signed contracts with outstanding payments amounting to NT\$278.189 million.	Nil

Six. Financial conditions

I. Condensed financial information for the past five years

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

1. Consolidated condensed balance sheet—International Financial Reporting Standards

(IFRS)

Item \ Year		Financial data of the past five years					Financial data as of March 31, 2021 (Note 2)
		Year 2016 (Note 1)	Year 2017 (Note 1)	Year 2018 (Note 1)	Year 2019 (Note 1)	Year 2020 (Note 1)	
Current assets		6,894,928	5,789,681	6,114,750	5,483,487	5,568,424	5,564,953
Real property, plants & equipment		1,985,539	2,243,782	2,402,364	2,507,941	2,768,052	2,784,097
Intangible assets		35,052	38,277	27,210	16,704	11,139	10,884
Other assets		385,388	345,905	471,776	378,851	339,852	365,547
Total assets		9,300,907	8,417,645	9,016,100	8,386,983	8,687,467	8,725,481
Current liabilities	Before distribution	1,852,879	1,414,218	1,835,759	1,571,312	2,009,159	1,912,204
	After distribution	2,297,644	1,541,294	1,994,604	1,571,312	(Note 3)	(Note 3)
Non-current liabilities		196,560	197,578	230,169	211,299	212,670	211,263
Total liabilities	Before distribution	2,049,439	1,611,796	2,065,928	1,782,611	2,221,829	2,123,467
	After distribution	2,494,204	1,738,872	2,224,773	1,782,611	(Note 3)	(Note 3)
Equity attributed to parent company's proprietor		7,233,489	6,797,018	6,934,831	6,599,888	6,465,163	6,385,511
Share capital		3,176,890	3,176,890	3,176,890	3,176,890	3,176,890	3,176,890
Capital reserve		505,736	505,736	505,736	507,328	507,328	510,869
Retained earnings	Before distribution	3,622,812	3,198,721	3,369,365	3,080,855	2,923,624	2,850,558
	After distribution	3,178,047	3,071,645	3,210,520	3,080,855	(Note 3)	(Note 3)
Other equity		(71,949)	(84,329)	(117,160)	(165,185)	(142,679)	(152,806)
Treasury shares		0	0	0	0	0	0
Non-controlled equity		17,979	8,831	15,341	4,484	475	216,503
Total equity	Before distribution	7,251,468	6,805,849	6,950,172	6,604,372	6,465,638	6,602,014
	After distribution	6,806,703	6,678,773	6,791,327	6,604,372	(Note 3)	(Note 3)

Note 1: The Company's financial data of 2016–2020 have been duly audited by the certified public accountants.

Note 2: The Company's Financial Statement were already duly audited by certified public accountants Liang Yi-Chang and Lin Se-Kai in the first quarter, Year 2021.

Note 3: The Company's appropriation of profit & loss in Year 2020 have been duly resolved in the board of directors` but have not been resolved in the shareholders' meeting.

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

Expressed in Thousand NT Dollars

Item \ Year	Financial data of the past five years (Note 1)					Financial data of the current year as of March 31, 2021 (Note 2)
	Year 2016 (Note 1)	Year 2017 (Note 1)	Year 2018 (Note 1)	Year 2019 (Note 1)	Year 2020 (Note 1)	
Operating revenues	13,281,769	8,669,940	7,771,558	7,779,711	7,937,362	1,403,398
Gross profit	1,732,237	949,859	652,215	508,907	271,434	21,960
Operating profit and/or loss	775,144	135,296	(125,829)	(122,116)	(258,839)	(118,535)
Non-operating income and expenses	(108,309)	(106,764)	436,461	(26,861)	84,100	25,097
(Net loss) net profit before tax	666,835	28,532	310,632	(148,977)	(174,739)	(93,438)
Net profit of the current term of the business unit in the continued business operation	-	-	-	-	-	-
Loss of the unit discontinued from business operation	-	-	-	-	-	-
(Net loss) net profit of the present term	513,572	21,956	277,170	(127,716)	(156,171)	(76,302)
Other comprehensive profit and/or loss of the present term	(105,819)	(22,810)	(1,771)	(60,831)	16,437	(10,127)
Total comprehensive profit and/or loss of the present term	407,753	(854)	275,399	(188,547)	(139,734)	(86,429)
The net profit (loss) attributed to the parent company's proprietor	531,090	31,104	296,660	(116,859)	(151,162)	(73,066)
The net profit (loss) attributed to non-controlled equity	(17,518)	(9,148)	(19,490)	(10,857)	(5,009)	(3,236)
The comprehensive profit (loss) attributed to the parent company's proprietor	425,288	8,294	294,889	(177,690)	(134,725)	(83,193)
The comprehensive profit (loss) attributed to non-controlled equity	(17,535)	(9,148)	(19,490)	(10,857)	(5,009)	(3,236)
Earnings per share (EPS)(NT\$)	1.67	0.10	0.93	(0.37)	(0.48)	(0.23)

Note 1: The Company's financial data of 2016–2020 have been duly audited by the certified public accountants.

Note 2: The Company's Financial Statement were already duly audited by certified public accountants Liang Yi-Chang and Lin Se-Kai in the first quarter, Year 2021.

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

1. The individual condensed balance sheet-Adopting International Financial Reporting Standards (IFRS)

Expressed in Thousand NT Dollars

Item \ Year		Financial data of the past five years				
		Year 2016 (Note 1)	Year 2017 (Note 1)	Year 2018 (Note 1)	Year 2019 (Note 1)	Year 2020 (Note 1)
Current assets		6,413,692	4,931,590	4,706,306	4,733,860	4,295,765
Real property, plants & equipment		1,216,019	1,645,777	1,831,907	1,978,618	2,336,394
Intangible assets		116	8,753	8,638	9,085	11,139
Other assets		1,807,956	1,912,697	2,232,499	2,088,864	2,313,699
Total assets		9,437,783	8,498,817	8,779,350	8,810,427	8,956,997
Current liabilities	Before distribution	1,778,753	1,488,994	1,603,307	1,995,382	2,265,657
	After distribution	2,414,131	1,616,070	1,762,152	1,995,382	(Note 2)
Non-current liabilities		215,451	212,805	241,212	215,157	226,177
Total liabilities	Before distribution	1,994,204	1,701,799	1,844,519	2,210,539	2,491,834
	After distribution	2,629,582	1,828,875	2,003,364	2,210,539	(Note 2)
Share capital		3,176,890	3,176,890	3,176,890	3,176,890	3,176,890
Capital reserve		505,736	505,736	505,736	507,328	507,328
Retained earnings	Before distribution	3,739,108	3,198,721	3,369,365	3,080,855	2,923,624
	After distribution	3,103,730	3,071,645	3,210,520	3,080,855	(Note 2)
Other equity		21,845	(84,329)	(117,160)	(165,185)	(142,679)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	7,443,579	6,797,018	6,934,831	6,599,888	6,465,163
	After distribution	6,808,201	6,669,942	6,775,986	6,599,888	(Note 2)

Note 1: The Company's financial data of 2016–2020 have been duly audited by the certified public accountants.

Note 2: The appropriation of profit & loss for Year 2020 has been duly resolved in the board of directors' meeting but have not been resolved in the shareholders' meeting.

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

Expressed in Thousand NT Dollars

Item \ Year	Financial data of the past five years				
	Year 2016 (Note 1)	Year 2017 (Note 1)	Year 2018 (Note 1)	Year 2019 (Note 1)	Year 2020 (Note 1)
Operating revenues	12,632,949	8,151,878	7,544,610	7,743,691	7,932,376
Gross profit	1,373,503	713,909	445,972	453,890	246,659
Operating profit and/or loss	669,408	123,563	(142,333)	(85,003)	(199,861)
Non-operating income and expenses	6,534	(96,801)	440,568	(57,153)	18,890
(Net loss) net profit before tax	675,942	26,762	298,235	(142,156)	(180,971)
Net profit of the current term of the business unit in the continued business operation	-	-	-	-	-
Loss of the unit discontinued from business operation	-	-	-	-	-
(Net loss) net profit this term	531,090	31,104	296,660	(116,859)	(151,162)
Other comprehensive profit and/or loss of the present term (Net amount after tax)	(105,802)	(22,810)	(1,771)	(60,831)	16,437
Total comprehensive profit and/or loss of the present term	425,288	8,294	294,889	(177,690)	(134,725)
Earnings per share (EPS)(NT\$)	1.67	0.10	0.93	(0.37)	(0.48)

Note 1: The Company's financial data of 2016–2020 have been duly audited by the certified public accountants.

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

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

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

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

Year	Names of	Opinions on audit	Year	Names of	Opinions on audit
2016	Yeh Tsui-Miao, Chang Tsuo-Cheng	Unqualified opinions	2019	Liang Yi-Chang, Lin Se-Kai	Unqualified opinions
2019	Yeh Tsui-Miao, Lin Se-Kai	Unqualified opinions (Stressed issues or other issues)	2020	Liang Yi-Chang, Lin Se-Kai	Unqualified opinions
2018	Yeh Tsui-Miao, Lin Se-Kai	Unqualified opinions			

2. Explanation of the reason why the certificate certified public accountants were replaced within the past five years: Reassignment of duties inside PricewaterhouseCoopers Taiwan. In Year 2017, the certifying certified public accountants were replaced from certified public accountants Yeh Tsui-Miao, Chang Tsuo-Cheng into certified public accountants Yeh Tsui-Miao, Lin Se-Kai. In Year 2019, the certifying certified public accountants were replaced from certified public accountants Yeh Tsui-Miao, Lin Se-Kai into certified public accountants Liang Yi-Chang, Lin Se-Kai to conduct audit and certification

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

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

Year (Note 1) Items into analysis		Financial analyses into the financial performance over the past five (5) years (Note 1)					In the current year as of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure (%)	Percentage of liabilities to assets	22.03	19.15	22.91	21.25	25.58	24.34
	Percentage of long-term assets to real property, plants & equipment	365.21	303.32	289.31	263.34	233.58	237.13
Solvency (%)	Current ratio	372.12	409.39	333.09	348.98	277.15	291.02
	Quick ratio	258.23	304.89	232.72	265.99	199.36	202.39
	Times interest earned	503.13	30.63	260.51	(343.85)	(789.67)	(3,892.25)
Management capability	Turnover rate of accounts receivable (times)	7.17	4.92	3.49	2.86	3.49	2.98
	Number of days of average cash collection	50.92	74.23	104.72	127.81	104.61	122.48
	Inventory turnover rate (times)	5.03	4.30	4.29	4.62	5.36	3.40
	Payable turnover rate (times)	8.58	7.33	6.28	6.17	6.32	3.82
	Number of days in average sales	72.60	84.82	85.12	78.98	68.11	107.40
	Turnover rate of real property, plants & equipment (times)	6.69	3.86	3.23	3.10	2.87	2.02
	Turnover rate of total assets (times)	1.43	1.03	0.86	0.93	0.91	0.64
Profitability	Return rate on assets (%)	5.26	0.26	3.19	(1.46)	(1.83)	(0.88)
	Return rate on equity (%)	6.97	0.31	4.03	(1.88)	(2.39)	(1.17)
	Percentage to the paid-in capital (%)	Operating profit	24.40	4.26	(3.96)	(3.84)	(8.15)
		Net profit before tax	20.99	0.90	9.78	(4.69)	(5.50)
Cash flow	Cash flow ratio (%)	23.92	38.16	(47.15)	27.16	49.52	(47.46)
	Cash flow appropriate ratio (%)	74.78	68.62	24.93	16.13	38.81	75.03
	Cash reinvestment ratio (%)	(2.64)	1.39	(14.25)	4.08	15.56	(3.48)
Degree of operating leverage	Degree of operating leverage	1.25	2.28	(0.4)	(0.72)	0.04	0.49
	Degree of financial leverage	1.00	1.01	0.99	1.00	1.00	1.00

Explain the reason behind changes in various financial ratios over the past two (2) years. (Analysis effort can be exempted in the increase/decrease change is not up to 20%)	
1. Decrease in current ratio, quick ratio:	Due primarily to increase in accounts payable while decrease in accounts receivable.
2. Decrease in interest coverage multiple:	Due primarily to income tax of the current year and the interest expense into loss before tax.
3. Increase in turnover rate of accounts receivable (times):	Due primarily to the fact that in the present year, the sales revenue increased and the accounts receivable decreased.
4. Return rate on assets, return rate on equity, the profit before tax, net profitability and earnings per share and such financial indicators dropped,	due primarily to the fact in the current year, the Company showed a loss after tax.
5. Cash flow ratio, Cash flow appropriate ratio, Cash reinvestment ratio increased:	As a result of the in the cash inflow in operating activities.
6. Degree of operating leverage decrease:	The changeable operating costs and expense increase, leading to decrease on the operating benefit.

Note 1: The aforementioned financial data of 2016–2020 have been duly audited by the certified public accountants.

Note 2: The first quarter, 2021 financial statement has been audited by the certified public accountants.

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

Year (Note 1) Items into analysis			Financial analyses into the financial performance over the past five (5) years (Note 1)				
			2016	2017	2018	2019	2020
Financial structure (%)	Percentage of liabilities to assets		18.49	20.02	21.01	25.09	27.82
	Percentage of long-term assets to real property, plants & equipment		517.96	413.00	378.56	333.56	276.72
Liquidity Analysis (%)	Current ratio		390.82	331.20	293.54	237.24	189.60
	Quick ratio		339.98	279.37	247.53	203.53	160.57
	Times interest earned		1,899.71	103.93	2,146.58	(4,306.76)	(30,160.83)
Management capability	Turnover rate of accounts receivable (times)		5.61	4.37	3.40	2.85	3.49
	Number of days of average cash collection		65.05	83.49	107.51	128.21	104.54
	Inventory turnover rate (times)		15.78	9.92	9.41	10.34	11.59
	Payable turnover rate (times)		13.13	7.81	6.20	5.40	4.78
	Number of days in average sales		23.13	36.80	38.80	35.30	31.49
	Turnover rate of real property, plants & equipment (times)		9.05	4.95	4.12	3.91	3.40
	Turnover rate of total assets (times)		1.42	0.96	0.86	0.88	0.89
Profitability	Return rate on assets (%)		5.80	0.36	3.44	(1.33)	(1.70)
	Return rate on equity (%)		7.24	0.44	4.32	(1.73)	(2.31)
	Percentage to the paid-in capital (%)	Operating profit	21.07	3.89	(4.48)	(2.68)	(6.29)
		Net profit before tax	21.28	0.84	9.39	(4.47)	(5.70)
	Net profitability (%)		4.20	0.38	3.93	(1.51)	(1.91)

	Earnings per share (EPS)(NT\$)	1.67	0.10	0.93	(0.37)	(0.48)
Cash flow	Cash flow ratio (%)	38.29	32.80	(55.58)	22.20	43.01
	Cash flow appropriate ratio (%)	95.84	89.79	30.49	21.57	53.48
	Cash reinvestment ratio (%)	(1.20)	0.64	(14.63)	4.33	15.17
Degree of operating leverage	Degree of operating leverage	1.08	1.41	0.62	0.42	0.46
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.00

Explain the reason behind changes in various financial ratios over the past two (2) years. (Analysis effort can be exempted in the increase/decrease change is not up to 20%)						
1. Decrease in current ratio, quick ratio: Due primarily to increase in accounts payable while the inventory increased.						
2. Decrease in interest coverage multiple: Due primarily to income tax of the current year and the interest expense into loss before tax.						
3. Increase in turnover rate of accounts receivable (times): Due primarily to the fact that in the present year, the sales revenue increased and the accounts receivable decreased.						
4. Return rate on assets, return rate on equity, the profit before tax, net profitability and earnings per share and such financial indicators dropped, due primarily to the fact in the current year, the Company showed a loss after tax.						
5. Cash flow ratio, Cash flow appropriate ratio, Cash reinvestment ratio increased: As a result of the in the cash inflow in operating activities						

Note 1: The aforementioned financial data of 2016–2020 have been duly audited by the certified public accountants.

1. Financial structure

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

2. Solvency

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

3. Management capability

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

4. Profitability

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

5. Cash flow

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

6. Degree of operating leverage:

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

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

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

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

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

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

Note 6: An issuer shall duly classify various operating costs and operating expenses in the attributes as fixed and variable ones. Where such involve estimation or subjective judgments, such issuer shall, at his or her discretion, watch the rationality and maintain consistent.

Note 7: In case of aforementioned percentage to the paid-in capital of a foreign company, it shall be

counted as percentage to the net worth instead.

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

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

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

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

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

Zinwell Corporation Audit Committee's Review Report

The Board of Directors has duly worked out and submitted the Company's 2020 business report, financial statement (including consolidated and individual financial statements) and coverage of loss proposal; among them, the financial statement have been duly audited by certified public accountants Liang Yi-Chang Lin Se-Kai as requested by the Board of Directors and the certified public accountants have duly issued the Audit Report. The aforementioned business report, financial statement and coverage of loss proposal have been duly audited by Audit Committee who proves not inconsistent with facts. For these papers, report has been duly submitted in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of Company Act for verification.

Best Regards,

General Shareholders' Meeting 2021

Zinwell Corporation

Convener of Audit Committee: Ming-Yu Huang

March 17, 2021

IV. Consolidated financial statement of the recent year

Zinwell Corporation and its subsidiaries

Declaration of consolidated financial statement of affiliated enterprises

In the Company for the period January 1–December 31, 2020 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies to be covered into the consolidated financial statements are same as those required between parent and subsidiaries under International Financial Reporting Standards (IFRS) #10. Besides this, the information which should be disclosed in the consolidated financial statements have already been disclosed among the parent and subsidiaries. The Company, therefore, is no longer work out consolidated financial statement for the affiliated enterprises.

This is hereby specifically declared

Company title: Zinwell Corporation and subsidies

President: Huang, Chi-Jui

March 17, 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zinwell Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Valuation of inventory

Description

Please refer to Note 4(13) for the details of the information on the accounting policies; Note 5(2)A for uncertainty of accounting estimates and assumption in relation to inventory valuation; and Note 6(4) for the details of the allowance for inventory valuation losses.

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

How our audit addressed the matter

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

1. Obtained an understanding of accounting policies on inventory valuation allowance, and checked whether the Group consistently applied the policy during the financial reporting periods.
2. Obtained the net realisable value reports for each inventory; confirmed that the calculation logic has been applied consistently; sampled and tested related parameters including sources of information of sales and purchase files; and recalculated allowance for inventory valuation losses using the item-by-item approach based on the lower of cost and net realisable value.

3. Tested inventory aging movement; sampled and tested movement of inventory and verified the correctness of the classification on inventory aging.
4. Regarding inventories wherein aging is greater than certain periods, assessed the reversal of inventory valuation and obsolescence loss and compared with the allowance for inventory valuation losses that was provided in prior year; and discussed with management for the valuation result and the reasonableness of allowance for inventory valuation losses.

Impairment assessment of accounts receivable

Description

Please refer to Note 4(9) for the details of the information on the accounting policies; Note 5(2)B for uncertainty of accounting estimates and assumptions in relation to impairment on accounts receivable; and Note 6(3) for the details of impairment on accounts receivable.

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

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

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Zinwell Corporation as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Yi-Chang, Liang

Se-Kai, Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2021

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

Assets			December 31, 2020		December 31, 2019	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 2,262,244	26	\$ 1,656,530	20
1150	Notes receivable, net	6(3)	5,212	-	808	-
1170	Accounts receivable, net	6(3)	1,869,936	22	2,612,403	31
1200	Other receivables		20,583	-	33,730	-
1220	Current income tax assets	6(26)	32,424	-	57,101	1
130X	Inventories, net	6(4)	1,309,070	15	1,052,142	13
1410	Prepayments	6(5)	26,235	-	40,783	-
1470	Other current assets	6(5)	42,720	1	29,990	-
11XX	Total Current Assets		<u>5,568,424</u>	<u>64</u>	<u>5,483,487</u>	<u>65</u>
Non-current Assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	1,616	-	1,518	-
1550	Investments accounted for using equity method	6(6)	-	-	-	-
1600	Property, plant and equipment, net	6(7) and 8	2,768,052	32	2,507,941	30
1755	Right-of-use assets	6(8)	14,103	-	14,282	-
1760	Investment property, net	6(9)	29,008	-	11,670	-
1780	Intangible assets, net	6(10)(11)	11,139	-	16,704	-
1840	Deferred income tax assets	6(26)	228,165	3	203,506	3
1900	Other non-current assets	6(12) and 8	66,960	1	147,875	2
15XX	Total Non-current Assets		<u>3,119,043</u>	<u>36</u>	<u>2,903,496</u>	<u>35</u>
1XXX	Total Assets		<u>\$ 8,687,467</u>	<u>100</u>	<u>\$ 8,386,983</u>	<u>100</u>

(Continued)

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

Liabilities and Equity			December 31, 2020		December 31, 2019					
			Notes	Amount	%	Amount	%			
Current Liabilities										
2100	Short-term borrowings	6(13)	\$	5,443	-	\$	11,704	-		
2130	Contract liabilities-current	6(20)		258,143	3		201,632	3		
2150	Notes payable			90,435	1		105,492	1		
2170	Accounts payable			1,289,134	15		938,965	11		
2200	Other payables	6(14)		324,106	4		306,144	4		
2230	Current income tax liabilities	6(26)		1,287	-		3,495	-		
2300	Other current liabilities			40,611	-		3,880	-		
21XX	Total Current Liabilities			2,009,159	23		1,571,312	19		
Non-current Liabilities										
2550	Provisions for liabilities-non-current			20	-		20	-		
2570	Deferred income tax liabilities	6(26)		37,241	1		41,130	-		
2600	Other non-current liabilities	6(15)		175,409	2		170,149	2		
25XX	Total Non-current Liabilities			212,670	3		211,299	2		
2XXX	Total Liabilities			2,221,829	26		1,782,611	21		
Equity Attributable to Owners of the Parent										
Share Capital			6(16)							
3110	Common stock			3,176,890	37		3,176,890	38		
Capital Surplus			6(17)							
3200	Capital surplus			507,328	6		507,328	6		
Retained Earnings			6(18)							
3310	Legal reserve			1,346,300	15		1,346,300	16		
3320	Special reserve			117,161	1		117,161	2		
3350	Undistributed retained earnings			1,460,163	17		1,617,394	19		
Other Equity Interest			6(19)							
3400	Other equity interest		(142,679)	(2)	(165,185)	(2)
31XX	Equity Attributable to Owners of the Parent			6,465,163	74		6,599,888	79		
36XX	Non-controlling Interest			475	-		4,484	-		
3XXX	Total Equity			6,465,638	74		6,604,372	79		
Significant Contingent Liabilities and Unrecognised Contract Commitments			9							
3X2X	Total Liabilities and Equity		\$	8,687,467	100	\$	8,386,983	100		

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

ZINWELL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSSES PER SHARE DATA)

		Notes	Years ended December 31,			
			2020		2019	
			Amount	%	Amount	%
Items						
4000 Revenue	6(20)		\$ 7,937,362	100	\$ 7,779,711	100
5000 Operating Costs	6(4)		(7,665,928)	(96)	(7,270,804)	(94)
5900 Gross Profit			271,434	4	508,907	6
Operating Expenses	6(25)					
6100 Selling expenses			(107,248)	(1)	(137,678)	(2)
6200 General and administrative expenses			(226,402)	(3)	(271,210)	(3)
6300 Research and development expenses			(217,654)	(3)	(222,135)	(3)
6450 Impairment gain determined in accordance with IFRS 9	12(2)		21,031	-	-	-
6000 Total Operating Expenses			(530,273)	(7)	(631,023)	(8)
6900 Operating Loss			(258,839)	(3)	(122,116)	(2)
Non-operating Income and Expenses						
7100 Interest income	6(21)		26,894	-	38,078	1
7010 Other income	6(22)		192,663	3	69,788	1
7020 Other gains or losses	6(23)		(135,236)	(2)	(134,295)	(2)
7050 Finance costs	6(24)		(221)	-	(432)	-
7000 Total Non-operating Income and Expenses			84,100	1	(26,861)	-
7900 Loss before Income Tax			(174,739)	(2)	(148,977)	(2)
7950 Income tax benefit	6(26)		18,568	-	21,261	1
8200 Loss for the Year			(\$ 156,171)	(2)	(\$ 127,716)	(1)

(Continued)

ZINWELL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSSES PER SHARE DATA)

			Years ended December 31,			
			2020		2019	
Items	Notes		Amount	%	Amount	%
Other Comprehensive Income (Loss)						
8311	Losses on remeasurements of defined benefit plans	6(15)	(\$ 7,771)	-	(\$ 11,463)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)	149	-	397	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	1,554	-	2,292	-
8310	Components of other comprehensive loss that will be reclassified to profit or loss		(6,068)	-	(8,774)	-
8361	Financial statement translation differences of foreign operations	6(19)	22,505	-	52,057	(1)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		22,505	-	52,057	(1)
8300	Other comprehensive income (loss) for the year, net of tax		\$ 16,437	-	\$ 60,831	(1)
8500	Total Comprehensive Loss for the Year		(\$ 139,734)	(2)	(\$ 188,547)	(2)
Loss Attributable to:						
8610	Owners of the parent		(\$ 151,162)	(2)	(\$ 116,859)	(1)
8602	Non-controlling interest		(5,009)	-	(10,857)	-
			(\$ 156,171)	(2)	(\$ 127,716)	(1)
Comprehensive Loss Attributable to:						
8710	Owners of the parent		(\$ 134,725)	(2)	(\$ 177,690)	(2)
8720	Non-controlling interest		(5,009)	-	(10,857)	-
			(\$ 139,734)	(2)	(\$ 188,547)	(2)
9750	Basic Losses Per Share (In dollars)	6(27)				
	Net loss		(\$ 0.48)		(\$ 0.37)	
9850	Diluted Losses Per Share (In dollars)	6(27)				
	Net loss		(\$ 0.48)		(\$ 0.37)	

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

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

		Equity attributable to owners of the parent												
		Capital surplus			Retained earnings			Other equity interest						
				Changes in share of associates accounted for under equity method	Capital surplus, others			Undistributed retained earnings	Financial statement translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity	
Notes	Common stock	Additional paid-in capital				Legal reserve	Special reserve							
Year ended December 31, 2019														
	\$ 3,176,890	\$ 503,594	\$ 2,142	\$	\$	\$ 1,316,634	\$ 84,329	\$ 1,968,402	(\$ 113,128)	(\$ 4,032)	\$ 6,934,831	\$ 15,341	\$ 6,950,172	
		-	-	-	-	-	-	(116,859)	-	-	116,859	(10,857)	(127,716)	
6(19)	-	-	-	-	-	-	-	(9,171)	(52,057)	397	(60,831)	-	(60,831)	
	-	-	-	-	-	-	-	(126,030)	(52,057)	397	(177,690)	(10,857)	(188,547)	
	-	-	-		1,592	-	-	-	-	-	1,592	-	1,592	
6(18)														
	-	-	-	-	-	29,666	-	(29,666)	-	-	-	-	-	
	-	-	-	-	-	-	32,832	(32,832)	-	-	-	-	-	
	-	-	-	-	-	-	-	(158,845)	-	-	(158,845)	-	(158,845)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income														
	-	-	-	-	-	-	-	(3,635)	-	3,635	-	-	-	
	\$ 3,176,890	\$ 503,594	\$ 2,142	\$ 1,592	\$ 1,346,300	\$ 117,161	\$ 1,617,394	(\$ 165,185)	\$ -	\$ 6,599,888	\$ 4,484	\$ 6,604,372		
Year ended December 31, 2020														
	\$ 3,176,890	\$ 503,594	\$ 2,142	\$ 1,592	\$ 1,346,300	\$ 117,161	\$ 1,617,394	(\$ 165,185)	\$ -	\$ 6,599,888	\$ 4,484	\$ 6,604,372		
	-	-	-	-	-	-	-	(151,162)	-	-	(151,162)	(5,009)	(156,171)	
6(19)	-	-	-	-	-	-	-	(6,217)	22,505	149	16,437	-	16,437	
	-	-	-	-	-	-	-	(157,379)	22,505	149	(134,725)	(5,009)	(139,734)	
	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	
Disposal of investments in equity instruments designated at fair value through other comprehensive income														
	-	-	-	-	-	-	-	148	-	(148)	-	-	-	
	\$ 3,176,890	\$ 503,594	\$ 2,142	\$ 1,592	\$ 1,346,300	\$ 117,161	\$ 1,460,163	(\$ 142,680)	\$ 1	\$ 6,465,163	\$ 475	\$ 6,465,638		

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

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

	Notes	Years ended December 31,	
		2020	2019
<u>Cash flows from operating activities</u>			
Loss before tax		(\$ 174,739)	(\$ 148,977)
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation (investment properties and right-of-use assets included)	6(7)(8)(9)(25)	234,638	194,304
Amortization	6(25)	9,495	11,040
Expected credit gain	12(2)	(21,301)	-
Interest expense	6(24)	221	432
Interest income	6(3)(21)	(26,894)	(38,078)
Dividend income	6(22)	(105)	(17)
(Gain) loss on disposal of property, plant and equipment	6(23)	(1,294)	43,618
Impairment loss on non-financial assets	6(10)(11)(23)	3,810	7,143
Gains on disposals of investments	6(23)	(3,715)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes and accounts receivable		759,364	89,601
Other receivables		13,147	8,633
Inventories		(256,928)	478,939
Prepayments		10,888	28,122
Net changes in liabilities relating to operating activities			
Contract liabilities-current		56,511	114,724
Notes and accounts payable		335,112	(268,156)
Other payables		(18,586)	(70,299)
Other current liabilities		36,731	(9)
Other non-current liabilities		(2,226)	(30,889)
Cash provided by operations		954,129	420,131
Interest paid		(221)	(432)
Interest received		26,894	38,078
Dividend received	6(22)	105	17
Income taxes refunded (paid)		14,040	(31,006)
Net cash provided by operating activities		994,947	426,788

(Continued)

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

	Notes	Years ended December 31,	
		2020	2019
<u>Cash flows from investing activities</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ 3,449	\$ -
Proceeds from disposal of subsidiaries		317	-
Acquisition of property, plant and equipment	6(28)	(469,515)	(398,532)
Proceeds from disposal of property, plant and equipment		2,310	16,401
Decrease in guarantee deposits paid		805	58,140
Acquisition of intangible assets	6(10)	(4,080)	(2,200)
(Increase) decrease in other financial assets		(12,730)	369,327
Decrease (increase) in other non-current assets		1,301	(8,565)
Decrease in prepayments for business facilities		78,932	64,094
Net cash flows (used in) provided by investing activities		(399,211)	98,665
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term borrowings	6(29)	(6,000)	6,308
(Decrease) increase in guarantee deposits received	6(29)	(291)	352
Cash dividends paid	6(18)	-	(158,845)
Changes in non-controlling interests		1,000	-
Unclaimed cash dividends		-	1,592
Net cash used in financing activities		(5,291)	(150,593)
Effects due to changes in exchange rate		15,269	(30,801)
Increase in cash and cash equivalents		605,714	344,059
Cash and cash equivalents at beginning of year	6(1)	1,656,530	1,312,471
Cash and cash equivalents at end of year	6(1)	\$ 2,262,244	\$ 1,656,530

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

ZINWELL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 17, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and liabilities at fair value through other comprehensive income.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3)) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)		Description
			December 31, 2020	December 31, 2019	
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Investment	100	100	
Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Investment	100	100	
Zinwell Corporation	B1-MEDIA CORP.	Information software and data processing service	48	48	Note 1
Zinwell Corporation	AkiraNET Co.	Information software service	90	-	Note 2
B1-Media Corp.	PIGGYFAMILY CO., LTD.	Information software and data processing service	-	100	Note 3
ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Corporation (Shenzhen) Co., Ltd.	System accessories, low-noise block downconverter, digital set-top box, wireless communication system accessories, satellite TV ground receiving accessories, digital satellite TV set-top box and RF transmission accessories.	100	100	

Note 1: Because the Group can control the finance, operations and personnel policies of B1-Media Corp., under IAS 10 ‘Consolidated Financial Statements’, B1-Media Corp. is considered as a subsidiary and is included in the consolidated financial statements. The Group recognised an impairment loss of \$218 as it has assessed a decline in the recoverable value due to the liquidation of B1-Media Corp in the year ended December 31, 2020. B1-Media Corp was under the liquidation process since January 7, 2021.

Note 2: The investee was established in May 2020.

Note 3: The Group sold 90% of share in PIGGYFAMILY CO., LTD. on July 20, 2020 so that the Group lost its control over the subsidiary. The Group recognised gains of \$317 presented as ‘other gains and losses’ in the statements of comprehensive income.

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

D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

For debt instruments measured financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) – operating leases

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted

where necessary to ensure consistency with the policies adopted by the Group.

- E. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Leasing arrangements (lessee) – right-of-use assets

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of lowvalue assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. At the commencement date, the right-of-use asset is stated at cost which was the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

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

(16) Property, plant and equipment

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

Buildings and structures	5~55 years
Machinery and equipment	3~8 years
Transportation equipment	2~8 years
Office equipment	3~8 years
Miscellaneous equipment	3~8 years

(17) Investment property

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

(18) Intangible assets

A. Trademarks

Trademarks are stated at historical cost and amortised on a straight-line basis over its estimated useful life of 10 years.

B. Computer software

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

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

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

(21) Accounts and notes payable

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

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Termination benefits

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

D. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation

and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as change in estimation.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

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

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

- A. The Group manufactures and sells digital cable and communication products. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The sales usually are made with a credit term of 90-120 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Operating segments

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

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

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

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

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services;
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer; and
- C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

As of December 31, 2020, the carrying amount of inventories was \$1,309,070.

B. The impairment assessment of accounts receivable

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

As of December 31, 2020, the carrying amount of accounts receivable was \$1,869,936.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 1,811	\$ 1,799
Checking accounts and demand deposits	2,255,875	1,650,308
Time deposits	<u>4,558</u>	<u>4,423</u>
	<u>\$ 2,262,244</u>	<u>\$ 1,656,530</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Group's cash and cash equivalents pledged to others as collateral and reclassified as non-current assets are provided in Note 8.

(2) Available-for-sale financial assets - non-current

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Equity instruments		
Listed stocks	\$ 97	\$ -
Unlisted stocks	1,518	1,518
Valuation adjustments	<u>1</u>	<u>-</u>
	<u>\$ 1,616</u>	<u>\$ 1,518</u>

A. The Group has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As of December 31, 2020 and 2019, the fair value of such investments were \$1,616 and 1,518, respectively

B. Aiming to satisfy the financial plan and consideration of market environment, the Group sold \$3,449 of equity investments at fair value and resulted in cumulative gains on disposal during the year ended December 31, 2020.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 149</u>	<u>\$ 397</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>(\$ 148)</u>	<u>(\$ 3,635)</u>
Dividend income recognised in profit or loss	\$ 3	\$ 17
Held at end of period	<u>102</u>	<u>-</u>
Derecognised before the end of period	<u>\$ 105</u>	<u>\$ 17</u>

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

E. Information relating to credit risk of financial assets at fair value through other comprehensive profit or is provided in Note 12(2).

(3) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 5,212</u>	<u>\$ 808</u>
Accounts receivable	\$ 1,880,827	\$ 2,638,500
Installment accounts receivable	<u>8,113</u>	<u>16,226</u>
	1,880,940	2,654,726
Less: Unrealised interest income, installment accounts receivable	(79)	(300)
Less: Loss allowance	<u>(18,925)</u>	<u>(42,023)</u>
	<u>\$ 1,869,936</u>	<u>\$ 2,612,403</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 1,569,987	\$ 1,957,254
Up to 30 days	47,846	333,687
Up to 31-90 days	105,735	127,088
Over 90 days	<u>165,372</u>	<u>236,697</u>
Total	<u>\$ 1,888,940</u>	<u>\$ 2,654,726</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$2,699,421.

C. For the years ended December 31, 2020 and 2019, the interest income is recognised in profit or loss of \$221 and \$362, respectively.

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

E. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 1,035,082	(\$ 153,931)	\$ 881,151
Work in progress	431,687	(64,437)	367,250
Finished goods	44,555	(29,568)	14,987
Merchandise	8	(8)	-
Inventory in transit – raw materials and supplies	<u>45,682</u>	<u>-</u>	<u>45,682</u>
	<u>\$ 1,557,014</u>	<u>(\$ 247,944)</u>	<u>\$ 1,309,070</u>

	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 783,738	(\$ 196,336)	\$ 587,402
Work in progress	365,103	(21,666)	343,437
Finished goods	65,444	(16,109)	49,335
Merchandise	19,568	(17,657)	1,911
Inventory in transit – raw materials and supplies	<u>70,057</u>	<u>-</u>	<u>70,057</u>
	<u>\$ 1,303,910</u>	<u>(\$ 251,768)</u>	<u>\$ 1,052,142</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 7,618,690	\$ 7,235,211
Loss on decline in market value	47,764	36,323
Others	(526)	(730)
	<u>\$ 7,665,928</u>	<u>\$ 7,270,804</u>

(5) Prepayment for purchases / Other current assets

	December 31, 2020	December 31, 2019
Time deposits – over 3 months	\$ 42,720	\$ 29,990
Other prepaid expense	5,967	3,594
Excess business tax paid (or Net Input VAT)	4,184	25,017
Prepayment for purchases	2,811	6,130
Others	<u>13,273</u>	<u>6,042</u>
	<u>\$ 68,955</u>	<u>\$ 70,773</u>

(6) Investments accounted for using equity method

	December 31, 2020		December 31, 2019	
	Book value	Shareholding ratio	Book value	Shareholding ratio
Associates:				
iTAS Technology Corp.	\$ -	38.11%	\$ -	38.11%
Olemap Incorporated Limited	-	21.51%	-	21.51%
Urmap. Inc.	-	28.07%	-	28.07%
Shanghai Broadband Digital	<u>-</u>	40.00%	<u>-</u>	40.00%
	<u>\$ -</u>		<u>\$ -</u>	

The Group does not recognise further losses, since there is no longer any intention to invest.

(7) Property, plant and equipment

2020

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
At January 1,								
Cost	\$ 827,061	\$ 725,501	\$ 1,171,325	\$ 5,942	\$ 58,171	\$ 557,958	\$ 595,595	\$ 3,941,553
Accumulated depreciation	-	(388,028)	(567,437)	(3,848)	(36,345)	(437,954)	-	(1,433,612)
	<u>\$ 827,061</u>	<u>\$ 337,473</u>	<u>\$ 603,888</u>	<u>\$ 2,094</u>	<u>\$ 21,826</u>	<u>\$ 120,004</u>	<u>\$ 595,595</u>	<u>\$ 2,507,941</u>
Opening net book amount	\$ 827,061	\$ 337,473	\$ 603,888	\$ 2,094	\$ 21,826	\$ 120,004	\$ 595,595	\$ 2,507,941
Additions	-	12,135	70,391	-	3,668	15,643	404,226	506,063
Disposals	- (	1) (	9) (	- (	989) (	17) (	- (	1,016)
Reclassifications	(12,391) (	5,137) (	-	-	-	-	- (	17,528)
Depreciation charge	- (	59,690) (	140,402 (	323) (	4,256) (	29,368) (	- (	234,039)
Transfer	-	544,303	37,823	-	504	5,829	(588,459)	-
Net exchange differences	-	1,869	4,195	-	2	565	-	6,631
Closing net book amount	<u>\$ 814,670</u>	<u>\$ 830,952</u>	<u>\$ 575,886</u>	<u>\$ 1,771</u>	<u>\$ 20,755</u>	<u>\$ 112,656</u>	<u>\$ 411,362</u>	<u>\$ 2,768,052</u>
At December 31,								
Cost	\$ 814,670	\$ 1,275,660	\$ 1,277,147	\$ 5,942	\$ 53,558	\$ 578,198	\$ 411,362	\$ 4,416,537
Accumulated depreciation	-	(444,708)	(701,261)	(4,171)	(32,803)	(465,542)	-	(1,648,485)
	<u>\$ 814,670</u>	<u>\$ 830,952</u>	<u>\$ 575,886</u>	<u>\$ 1,771</u>	<u>\$ 20,755</u>	<u>\$ 112,656</u>	<u>\$ 411,362</u>	<u>\$ 2,768,052</u>

2019

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
At January 1,								
Cost	\$ 827,061	\$ 812,949	\$ 884,726	\$ 4,578	\$ 48,026	\$ 558,435	\$ 612,988	\$ 3,748,763
Accumulated depreciation	-	(411,811)	(459,762)	(3,979)	(39,579)	(431,268)	-	(1,346,399)
	<u>\$ 827,061</u>	<u>\$ 401,138</u>	<u>\$ 424,964</u>	<u>\$ 599</u>	<u>\$ 8,447</u>	<u>\$ 127,167</u>	<u>\$ 612,988</u>	<u>\$ 2,402,364</u>
Opening net book amount	\$ 827,061	\$ 401,138	\$ 424,964	\$ 599	\$ 8,447	\$ 127,167	\$ 612,988	\$ 2,402,364
Additions	-	3,205	160,764	-	3,997	14,999	196,437	379,402
Disposals	-	(40,024)	(19,514)	-	(549)	(66)	-	(60,153)
Depreciation charge	-	(27,014)	(131,533)	(145)	(2,582)	(32,507)	-	(193,781)
Transfer	-	5,238	182,232	1,640	12,525	12,195	(213,830)	-
Net exchange differences	-	(5,070)	(13,025)	-	(12)	(1,784)	-	(19,891)
Closing net book amount	<u>\$ 827,061</u>	<u>\$ 337,473</u>	<u>\$ 603,888</u>	<u>\$ 2,094</u>	<u>\$ 21,826</u>	<u>\$ 120,004</u>	<u>\$ 595,595</u>	<u>\$ 2,507,941</u>
At December 31,								
Cost	\$ 827,061	\$ 725,501	\$ 1,171,325	\$ 5,942	\$ 58,171	\$ 557,958	\$ 595,595	\$ 3,941,553
Accumulated depreciation	-	(388,028)	(567,437)	(3,848)	(36,345)	(437,954)	-	(1,433,612)
	<u>\$ 827,061</u>	<u>\$ 337,473</u>	<u>\$ 603,888</u>	<u>\$ 2,094</u>	<u>\$ 21,826</u>	<u>\$ 120,004</u>	<u>\$ 595,595</u>	<u>\$ 2,507,941</u>

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

(8) Leasing arrangements — lessee

A. The Group leases various assets including land. In October 2004, the Group signed a land-use right contract with Land Resources and Housing Authority in Shenzhen City for the use of the land in Shenzhen with a term of 50 years. All rentals had been paid on the contract date. The land-use right contract do not impose covenants.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 14,103	\$ 14,282

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 409	\$ 427

C. For the years ended December 31, 2020 and 2019, the Group has no additions to right-of-use assets.

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

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Expense on short-term lease contracts	\$ 3,268	\$ 4,355

E. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$3,268 and \$4,355, respectively.

(9) Investment property

	<u>2020</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1			
Cost	\$ 8,439	\$ 5,988	\$ 14,427
Accumulated depreciation	-	(2,757)	(2,757)
	<u>\$ 8,439</u>	<u>\$ 3,231</u>	<u>\$ 11,670</u>
Opening net book amount	\$ 8,439	\$ 3,231	\$ 11,670
Reclassifications	12,391	5,137	17,528
Depreciation charge	-	(190)	(190)
Closing net book amount	<u>\$ 20,830</u>	<u>\$ 8,178</u>	<u>\$ 29,008</u>
At December 31			
Cost	\$ 20,830	\$ 17,214	\$ 38,044
Accumulated depreciation	-	(9,036)	(9,036)
	<u>\$ 20,830</u>	<u>\$ 8,178</u>	<u>\$ 29,008</u>

	2019		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 8,439	\$ 5,988	\$ 14,427
Accumulated depreciation	<u>-</u>	<u>(2,661)</u>	<u>(2,661)</u>
	<u>\$ 8,439</u>	<u>\$ 3,327</u>	<u>\$ 11,766</u>
Opening net book amount	\$ 8,439	\$ 3,327	\$ 11,766
Depreciation charge	<u>-</u>	<u>(96)</u>	<u>(96)</u>
Closing net book amount	<u>\$ 8,439</u>	<u>\$ 3,231</u>	<u>\$ 11,670</u>
At December 31			
Cost	\$ 8,439	\$ 5,988	\$ 14,427
Accumulated depreciation	<u>-</u>	<u>(2,757)</u>	<u>(2,757)</u>
	<u>\$ 8,439</u>	<u>\$ 3,231</u>	<u>\$ 11,670</u>

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

	Years ended December 31,	
	2020	2019
Rental income from investment property	<u>\$ 3,334</u>	<u>\$ 3,339</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 280</u>	<u>\$ 133</u>

B. The fair value of the investment property held by the Group as at December 31, 2020 and 2019 were \$83,538 and \$28,715, respectively. The fair value of the investment property was estimated with reference to the market prices of the investment property in neighboring areas, which is categorised within Level 3 in the fair value hierarchy.

(10) Intangible assets

		2020			
		Trademarks	Computer software	Total	
At January 1					
Cost		\$ 38,095	\$ 13,146	\$	51,241
Accumulated amortization and impairment		(30,475)	(4,062)	(	34,537)
		<u>\$ 7,620</u>	<u>\$ 9,084</u>	<u>\$</u>	<u>16,704</u>
Opening net book amount		\$ 7,620	\$ 9,084	\$	16,704
Additions		-	4,080		4,080
Disposals		(1,906)	-	(	1,906)
Amortisation charge		(1,904)	(2,025)	(	3,929)
Impairment loss		(3,810)	-	(	3,810)
Closing net book amount		<u>\$ -</u>	<u>\$ 11,139</u>	<u>\$</u>	<u>11,139</u>
At December 31					
Cost		\$ -	\$ 17,226	\$	17,226
Accumulated amortisation and impairment		-	(6,087)	(	6,087)
		<u>\$ -</u>	<u>\$ 11,139</u>	<u>\$</u>	<u>11,139</u>
		2019			
		Trademarks	Computer software	Goodwill	Total
At January 1					
Cost		\$ 38,095	\$ 10,946	\$ 14,286	\$ 63,327
Accumulated amortization and impairment		(26,666)	(2,308)	(7,143)	(36,117)
		<u>\$ 11,429</u>	<u>\$ 8,638</u>	<u>\$ 7,143</u>	<u>\$ 27,210</u>
Opening net book amount		\$ 11,429	\$ 8,638	\$ 7,143	\$ 27,210
Additions		-	2,200	-	2,200
Amortisation charge		(3,810)	(1,753)	-	(5,563)
Impairment loss		-	-	(7,143)	(7,143)
Closing net book amount		<u>\$ 7,619</u>	<u>\$ 9,085</u>	<u>\$ -</u>	<u>\$ 16,704</u>
At December 31					
Cost		\$ 38,095	\$ 13,146	\$ -	\$ 51,241
Accumulated amortisation and impairment		(30,475)	(4,062)	-	(34,537)
		<u>\$ 7,620</u>	<u>\$ 9,084</u>	<u>\$ -</u>	<u>\$ 16,704</u>

A. Trademarks is allocated as follows to the Group's cash-generating units:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Trademarks		
B1-Media Corp.	\$ -	\$ 7,620

B. Trademarks and goodwill arose from acquisition of 'Crayzmike Travel Co., Ltd.' trading platform and trademark during the fourth quarter in 2011. The trademark has been registered as a trademark with definite useful life in Taiwan and Mainland China.

C. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of the cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections budgets approved by the management covering a five-year period.

D. The recoverable amount of the cash-generating units' trademarks and goodwill calculated using the value-in-use was less than their carrying amount, so the Group provided the impairment loss for trademarks amounting to \$3,810 for the year ended December 31, 2020 and the impairment loss for goodwill amounting to \$7,143 for the year ended December 31, 2019. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(11) Impairment of non-financial assets

The Group recognised impairment loss for the years ended December 31, 2020 and 2019 were \$3,810 and \$7,143, respectively. Details of such loss are as follows:

	<u>Years ended December 31,</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Impairment loss – trademarks	\$ 3,810	\$ -	\$ -	\$ -
Impairment loss – goodwill	-	-	7,143	-
	<u>\$ 3,810</u>	<u>\$ -</u>	<u>\$ 7,143</u>	<u>\$ -</u>

Please refer to Note 6(10) for further information.

(12) Other non-current assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Prepayment for equipment	\$ 46,125	\$ 124,934
Guarantee deposits paid	8,699	9,504
Others	<u>12,136</u>	<u>13,437</u>
	<u>\$ 66,960</u>	<u>\$ 147,875</u>

Financial assets that were pledged to others as collateral are provided in Note 8.

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured borrowings	\$ <u>5,443</u>	1.2%~2.67%	None

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured borrowings	\$ <u>11,704</u>	2.68%~3.22%	None

(14) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accrued salaries and bonuses	\$ 187,069	\$ 190,861
Commissions and royalties payable	23,133	36,406
Payables for machinery and equipment	40,127	3,579
Others	<u>73,777</u>	<u>75,298</u>
	<u>\$ 324,106</u>	<u>\$ 306,144</u>

(15) Pensions

A. Defined benefits plans

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 262,244	\$ 252,533
Fair value of plan assets	(<u>87,616</u>)	(<u>84,413</u>)
Net defined benefit liability (shown as other non-current liabilities)	<u>\$ 174,628</u>	<u>\$ 168,120</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2020			
Balance at January 1	\$ 252,533	(\$ 84,413)	\$ 168,120
Current service cost	994	-	994
Interest expense (income)	<u>1,768</u>	<u>(591)</u>	<u>1,177</u>
	<u>255,295</u>	<u>(85,004)</u>	<u>170,291</u>
Remeasurements:			
Change in financial assumptions	9,385	-	9,385
Experience adjustments	<u>1,093</u>	<u>(2,707)</u>	<u>(1,614)</u>
	<u>10,478</u>	<u>(2,707)</u>	<u>7,771</u>
Pension fund contribution	-	(3,434)	(3,434)
Paid pension	<u>(3,531)</u>	<u>3,531</u>	<u>-</u>
Balance at December 31	<u>\$ 262,242</u>	<u>(\$ 87,614)</u>	<u>\$ 174,628</u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2019			
Balance at January 1	\$ 243,224	(\$ 55,677)	\$ 187,547
Current service cost	1,190	-	1,190
Interest expense (income)	<u>2,432</u>	<u>(557)</u>	<u>1,875</u>
	<u>246,846</u>	<u>(56,234)</u>	<u>190,612</u>
Remeasurements:			
Change in financial assumptions	7,144	-	7,144
Experience adjustments	<u>6,177</u>	<u>(1,858)</u>	<u>4,319</u>
	<u>13,321</u>	<u>(1,858)</u>	<u>11,463</u>
Pension fund contribution	-	(33,955)	(33,955)
Paid pension	<u>(7,634)</u>	<u>7,634</u>	<u>-</u>
Balance at December 31	<u>\$ 252,533</u>	<u>(\$ 84,413)</u>	<u>\$ 168,120</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the

amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Discount rate	<u>0.30%</u>	<u>0.70%</u>
Future salary increases	<u>2.40%</u>	<u>2.40%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>5,928</u>)	\$ <u>6,141</u>	\$ <u>5,397</u>	(\$ <u>5,247</u>)
	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ <u>5,975</u>)	\$ <u>6,198</u>	\$ <u>5,500</u>	(\$ <u>5,340</u>)

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$3,402.

(g) As of December 31, 2020, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 32,199
1-2 year(s)	12,112
2-5 years	39,768
Over 5 years	<u>67,864</u>
	<u>\$ 151,943</u>

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiary, Zinwell Corporation (Shenzhen) Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$29,497 and \$39,512, respectively.

(16) Share capital

As of December 31, 2020 and 2019, the Company’s authorized capital was \$3,990,000, consisting of 399,000 thousand shares of ordinary stock. The issued and outstanding common stock was both 317,689 thousand shares with a par value of \$10 (in dollars) per share.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

- A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Subsequently, the Company shall set aside special reserve from the net decreased amount of other stockholders’ equity in the current period. The appropriation of the total distributable amount (that is, the distributable amount for the period along with accumulated unappropriated earnings from prior years) should be proposed by the Board of Directors and voted on by the shareholders at the shareholders’ meeting. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 8% of the total dividends distributed.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- (c) The Company elected to transfer cumulative translation to unappropriated earnings on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012. Thus, the balance of special reserve that should be accrued was \$57,817 as of January 1, 2013.
- D. The appropriations of 2018 earnings had been approved by the stockholders during their meeting on June 12, 2019. Details are summarized below:

	<u>Year ended December 31, 2018</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 29,666	
Special reserve	32,832	
Cash dividends	158,845	\$ 0.50

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

- E. Dividends will not be appropriated as approved by the stockholders during their meeting on June 16, 2020 due to the loss after tax for the year ended December 31, 2019.
- F. For the information relating to employees’ compensation and directors’ and supervisors’ remuneration, please refer to Note 6(25).

(19) Other equity items

	<u>2020</u>		
	<u>Unrealised gains (losses) on valuation</u>	<u>Foreign currency translation</u>	<u>Total</u>
At January 1	\$ -	(\$ 165,185)	(\$ 165,185)
Valuation adjustments	149	-	149
Proceeds from disposal of financial assets at fair value through other comprehensive income	(148)	-	(148)
Currency translation differences:			
- Group	-	22,505	22,505
At December 31	<u>\$ 1</u>	<u>(\$ 142,680)</u>	<u>(\$ 149,679)</u>

	2019		
	Unrealised gains (losses) on valuation	Foreign currency translation	Total
At January 1	(\$ 4,032)	(\$ 113,128)	(\$ 117,160)
Valuation adjustments	397	-	397
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,635	-	3,635
Currency translation differences:			
- Group	-	(52,057)	(52,057)
At December 31	<u>\$ -</u>	<u>(\$ 165,185)</u>	<u>(\$ 165,185)</u>

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	Years ended December 31,	
	2020	2019
Digital cable and telecommunication products	\$ 7,932,376	\$ 7,743,691
Others	4,986	36,020
Total	<u>\$ 7,937,362</u>	<u>\$ 7,779,711</u>

B. Contract liabilities

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

	December 31, 2020	December 31, 2019	January 1, 2019
Sales contracts	<u>\$ 258,143</u>	<u>\$ 201,632</u>	<u>\$ 86,908</u>

(a) Significant changes in contract liabilities

The Group's advanced payment from customers for product development is increasing due to the recent rapid changes in the digital video market.

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

	Years ended December 31,	
	2020	2019
Sales contracts	<u>\$ 18,804</u>	<u>\$ 20,211</u>

(21) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 26,673	\$ 37,716
Other interest income	221	362
	<u>\$ 26,894</u>	<u>\$ 38,078</u>

(22) Other income

	Years ended December 31,	
	2020	2019
Rental revenue	\$ 3,334	\$ 3,339
Dividend income	105	17
Others (Note)	189,224	66,432
	<u>\$ 192,663</u>	<u>\$ 69,788</u>

Note: It is mainly a one-time project fee charged by the Group to assist customers in the development of new products.

(23) Other gains and losses

	Years ended December 31,	
	2020	2019
Gains (losses) on disposals of property, plant and equipment	\$ 1,294	(\$ 43,618)
Gain on disposal of investment	3,715	-
Foreign exchange losses	(134,642)	(66,841)
Impairment loss on non-financial assets	(3,810)	(7,143)
Other	(1,793)	(16,693)
	<u>(\$ 135,236)</u>	<u>(\$ 134,295)</u>

(24) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense	\$ 221	\$ 432

(25) Expenses by nature

Items	Years ended December 31,					
	Operating cost	2020 Operating expenses	Total	Operating cost	2019 Operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 442,620	\$ 311,147	\$ 735,767	\$ 460,443	\$ 331,229	\$ 791,672
Labor and health insurance fees	34,810	23,179	57,989	34,966	25,547	60,513
Pension costs	16,692	14,976	31,668	25,134	17,451	42,585
Directors' remunerations	-	7,450	7,450	-	7,800	7,800
Other personnel expenses	31,081	13,408	44,489	32,922	15,374	48,296
Depreciation	206,488	28,150	234,638	164,789	29,515	194,304
Amortisation	5,204	4,291	9,495	3,218	7,822	11,040

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors and supervisors remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors and supervisors remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation were both accrued at \$0,

directors' and supervisors' remuneration were both accrued at \$0. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2020, the employees' compensation and directors' and supervisor's remuneration were not accrued due to the operating losses.

Employees' compensation and directors' and supervisors' remuneration of 2019 as resolved at the Board of Directors' meeting were both \$0, and in agreement with those amounts recognised in the 2019 financial statements.

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

(26) Income tax

A. Income tax benefit

(a) Components of income tax benefit:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 808	\$ 184
Tax on undistributed earnings	-	4,020
Prior year income tax overestimation	(2,850)	(2,786)
Provisional and withholding tax	10,703	2,511
Total current tax	8,661	3,929
Deferred tax:		
Origination and reversal of temporary differences	(26,994)	(25,313)
Effects of foreign exchange	(235)	123
Income tax benefit	(\$ 18,568)	(\$ 21,261)

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

	Years ended December 31,	
	2020	2019
Remeasurement of defined benefit obligations	(\$ 1,554)	(\$ 2,292)

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on loss before tax and statutory tax rate	(\$ 31,166)	(\$ 30,894)
Prior year income tax overestimation	(2,850)	(2,786)
Change in assessment of realisation of deferred tax assets	7,257	-
Effects from items disallowed by tax regulation	8,191	9,605
Effect from tax credit of investment	-	(1,206)
Tax on undistributed earnings	-	4,020
Income tax benefit	(\$ 18,568)	(\$ 21,261)

C. Amounts of deferred tax assets or liabilities as a result of temporary difference is as follows:

2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Allowance for inventory loss	\$ 40,358	(\$ 1,542)	\$ -	\$ 38,816
Unrealised exchange loss	19,585	(16,952)	-	2,633
Pensions	33,829	(253)	1,554	35,130
Allowance for doubtful accounts	18,177	(11,289)	-	6,888
Unused compensated absences	6,112	140	-	6,252
Loss carryforward	<u>85,445</u>	<u>53,001</u>	<u>-</u>	<u>138,446</u>
	<u>203,506</u>	<u>23,105</u>	<u>1,554</u>	<u>228,165</u>
— Deferred tax liabilities:				
Unrealised gain on investment	(41,130)	3,889	-	(37,241)
	<u>\$162,376</u>	<u>\$ 26,994</u>	<u>\$ 1,554</u>	<u>\$ 190,924</u>
2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Allowance for inventory loss	\$ 50,126	(\$ 9,768)	\$ -	\$ 40,358
Unrealised exchange loss	5,070	14,515	-	19,585
Pensions	37,715	(6,178)	2,292	33,829
Allowance for doubtful accounts	18,177	-	-	18,177
Unused compensated absences	5,740	372	-	6,112
Loss carryforward	<u>58,868</u>	<u>26,577</u>	<u>-</u>	<u>85,445</u>
	<u>175,696</u>	<u>25,518</u>	<u>2,292</u>	<u>203,506</u>
— Deferred tax liabilities:				
Unrealised gain on investment	(40,926)	(204)	-	(41,130)
	<u>\$134,770</u>	<u>\$ 25,314</u>	<u>\$ 2,292</u>	<u>\$ 162,376</u>

D. According to the Act for Industrial Innovation, details of the Group's investments tax credits and unrecognised deferred tax assets are as follows:

December 31, 2020					
Qualifying items	Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
Research and development	2018~2019	<u>\$ 15,700</u>	<u>\$ 15,700</u>	<u>\$ 15,700</u>	2020~2021

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

December 31, 2020				
<u>Year incurred</u>	<u>Amount filed/assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2011~2020	\$ <u>1,043,042</u>	\$ <u>1,043,042</u>	\$ <u>350,816</u>	2021~2030

December 31, 2019				
<u>Year incurred</u>	<u>Amount filed/assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2010~2019	\$ <u>789,705</u>	\$ <u>789,705</u>	\$ <u>373,722</u>	2020~2029

F. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. However, income tax returns of 2017 have not been assessed.

(27) Loss per share

Year ended December 31, 2020			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic loss per share</u>			
Loss attributable to the parent	(\$ <u>151,162</u>)	<u>317,689</u>	(\$ <u>0.48</u>)

Year ended December 31, 2019			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic loss per share</u>			
Loss attributable to the parent	(\$ <u>116,859</u>)	<u>317,689</u>	(\$ <u>0.37</u>)

(28) Supplemental cash flow information

Investing activities with partial cash payments

		Years ended December 31,	
		<u>2020</u>	<u>2019</u>
Purchase of property, plant and equipment	\$	506,063	\$ 379,402
Add: Opening balance of payable on equipment		3,579	22,709
Less: Ending balance of payable on equipment	(	40,127)	(3,579)
Cash paid during the year	\$	<u>469,515</u>	\$ <u>398,532</u>

(29) Changes in liabilities from financing activities

2020			
	Short-term borrowings	Guarantee deposits received	From financing activities-gross total liabilities
At January 1	\$ 11,704	\$ 1,224	\$ 12,928
Changes in cash flow from financing activities	(6,000)	(291)	(6,291)
Impact of changes in foreign exchange rate	(261)	6	(255)
At December 31	<u>\$ 5,443</u>	<u>\$ 939</u>	<u>\$ 6,382</u>
2019			
	Short-term borrowings	Guarantee deposits received	From financing activities-gross total liabilities
At January 1	\$ 5,505	\$ 872	\$ 6,377
Changes in cash flow from financing activities	6,308	352	6,660
Impact of changes in foreign exchange rate	(109)	-	(109)
At December 31	<u>\$ 11,704</u>	<u>\$ 1,224</u>	<u>\$ 12,928</u>

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 26,785	\$ 28,354
Post-employment benefits	784	720
	<u>\$ 27,569</u>	<u>\$ 29,074</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Property and plant			
- Land	\$ 141,468	\$ 141,468	Short-term loan
- Buildings	79,130	83,442	Short-term loan
Guarantee deposits paid			
- Time deposits (shown as other non-current assets)			Guarantees for natural gas
	<u>1,000</u>	<u>1,000</u>	
	<u>\$ 221,598</u>	<u>\$ 225,910</u>	

Note: The pledged property and plant was not actually restricted.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) The Company entered into a royalty agreement with MPEG LA, LLC、InterDigital CE Patent Holdings, SAS、Dolby Laboratories Inc. and HDMI Licensing Administrator, Inc. Under these agreements, the Company has to pay royalty fees based on agreed-upon prices.
- (2) As of December 31, 2020 and 2019, the unpaid amounts that the Company has contracted for the construction related to the plant in Chiayi City and acquisition of maintenance equipment were approximately \$5,372 and \$18,786, respectively.
- (3) As of December 31, 2020, the unpaid amounts that the Company has contracted for the construction related to the plant in Hsinchu City and acquisition of maintenance equipment was approximately \$278,189.
- (4) The Company received a civil complaint filed by Shang-Ho Construction Co., Ltd. with the Taiwan New Taipei District Court on February 17, 2020, claiming for a compensation of \$37,626 plus interest of 5% per annum from June 14, 2019 until the end of repayment date due to the disagreement regarding the construction costs. The complaint is still awaiting the decision of the Taiwan New Taipei District Court. The Company has appointed a lawyer to handle the lawsuit and the result is still pending. The litigation has no material impact on the operation, finance and business of the Company.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 17, 2021, the Board of Directors of the Company resolved to incorporate a wholly-owned subsidiary, ZINWELL TECHNOLOGY CORPORATION(SHENZHEN) Co., Ltd (a provisional name), in Mainland China for an investment amount of USD 9 million through incorporating a wholly-owned subsidiary, ZINWELL INTERNATIONAL(SAMOA) CORPORATION (a provisional name), for an investment amount of USD 10 million. The relevant information is posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

12. OTHERS

(1) Capital management

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

During the year ended December 31, 2020, the Group’s strategy was unchanged from 2019. The gearing ratios at December 31, 2020 and 2019 were 26% and 21%, respectively.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,616	\$ 1,518
Financial assets at amortised cost		
Cash and cash equivalents	2,262,244	1,656,530
Notes receivable	5,212	808
Accounts receivable	1,869,936	2,612,403
Other receivables	20,583	33,730
Other financial assets	42,720	29,990
Guarantee deposits paid	8,699	9,504
	<u>\$ 4,211,010</u>	<u>\$ 4,344,483</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 5,443	\$ 11,704
Notes payable	90,435	105,492
Accounts payable	1,289,134	938,965
Other payables	324,106	306,144
Guarantee deposits received	939	1,224
	<u>\$ 1,710,057</u>	<u>\$ 1,363,529</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency : NTD; other certain subsidiaries' functional currency : RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 154,240	28.50	\$ 4,395,840
USD:RMB	14,292	6.54	407,322
GBP:NTD	1,193	38.90	46,408
HKD:NTD	11,516	3.68	42,379
EUR:NTD	1,037	35.03	36,326

Financial liabilities

Monetary items

USD:NTD	\$ 78,531	28.50	\$ 2,238,134
USD:RMB	11,000	6.54	313,500
HKD:NTD	11,164	3.68	41,084

December 31, 2019			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 163,810	30.10	\$ 4,930,681
USD:RMB	18,017	6.96	542,312
GBP:NTD	1,228	39.53	48,543
HKD:NTD	11,515	3.87	44,563
EUR:NTD	1,228	33.73	41,420
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 68,953	30.10	\$ 2,075,485
USD:RMB	11,000	6.96	331,000
HKD:NTD	11,289	3.87	43,688

iv. Total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to \$134,642 and \$66,841, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2020				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 43,958	\$	-
USD:RMB	1%	4,073		-
GBP:NTD	1%	464		-
HKD:NTD	1%	424		-
EUR:NTD	1%	363		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 22,381	\$	-
USD:RMB	1%	3,135		-
HKD:NTD	1%	411		-

Year ended December 31, 2019				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 49,307	\$	-
USD:RMB	1%	5,423		-
GBP:NTD	1%	485		-
HKD:NTD	1%	446		-
EUR:NTD	1%	414		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 20,755	\$	-
USD:RMB	1%	3,310		-
HKD:NTD	1%	437		-

Price risk

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

Cash flow and fair value interest rate risk

The Group's borrowings issued at variable rate, which expose the Group to cash flow interest rate risk; Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9. There has been a significant increase in credit risk on the financial assets since initial recognition when the contract payments were past due over 30 days.
- iv. In accordance with the historical collection experience, the default occurs when the contract payments are past due over 181 days.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer and customer types.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2020 and 2019, the Company's written-off financial assets that are still under recourse procedures amounted to \$219,768 and \$218,794, respectively.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other non-current assets, others. As of December 31, 2020 and 2019, the loss rate methodology is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2020</u>			
Expected loss rate	0.03%~3.81%	100.00%	
Total book value	\$ 1,887,966	\$ 219,768	\$ 2,107,734
Loss allowance	\$ 17,951	\$ 219,768	\$ 237,719
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2019</u>			
Expected loss rate	0.03%~45.67%	100.00%	
Total book value	\$ 2,654,726	\$ 218,794	\$ 2,873,520
Loss allowance	\$ 25,962	\$ 218,794	\$ 244,756

Note: Customer types that are classified based on the Group's credit risk management policy are as follows:

Group A: Customers with a high credit quality and no historical loss rate after the evaluation.

Group B: Customers with long overdue receivable and low recovery possibility after the evaluation, therefore, the loss rate of 100% would be set against the overdue balance.

viii. Movements in relation to the Group applying the simplified approach to providing loss allowance for accounts receivable is as follows:

	2020		
	Accounts receivable	Other non-current assets, others	Total
At January 1	\$ 42,023	\$ 218,794	\$ 260,817
Provision for impairment	2,033	-	2,033
Reversal of impairment loss (	23,064)	-	(23,064)
Write-offs during the year (	2,067)	-	(2,067)
At December 31	<u>\$ 18,925</u>	<u>\$ 218,794</u>	<u>\$ 237,719</u>

	2019		
	Accounts receivable	Other non-current assets, others	Total
At January 1	\$ 89,269	\$ 171,548	\$ 260,817
Adjustments of reclassification	(47,246)	47,246	-
At December 31	<u>\$ 42,023</u>	<u>\$ 218,794</u>	<u>\$ 260,817</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group's non-derivative financial liabilities were analysed based on the remaining period at the balance sheet date to the contractual maturity date. The contractual undiscounted cash flows of short-term liabilities, notes and accounts payable as well as other payables were equivalent to their carrying amounts and were expiring within one year.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits received) are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

(a) The related information of natures of the assets is as follows:

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>			
Financial assets at fair value through profit or loss			
Equity securities	\$ 98	\$ 1,518	\$ 1,616
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>			
Financial assets at fair value through profit or loss			
Equity securities	\$ -	\$ 1,518	\$ 1,518

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

ii. The fair value of the financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

iv. The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2020 and 2019, there were no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
	<u>Non-derivative equity instrument</u>	<u>Non-derivative equity instrument</u>
At January 1	\$ 1,518	\$ 1,518
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	397
Sold in the year	<u>-</u>	<u>(397)</u>
At December 31	<u>\$ 1,518</u>	<u>\$ 1,518</u>

G. For the years ended December 31, 2020 and 2019, there were no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 1,518	Market comparable companies	Price to book ratio multiple	2	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	50%	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value at December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 1,518	Market comparable companies	Price to book ratio multiple	2	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	50%	The higher the discount for lack of marketability, the lower the fair value

- J. The Group has carefully assessed the valuation models used to measure fair value. However, use of different valuation models may result in measurement difference.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 1, 4, 5, and 6.

(4) Major shareholders information

The Company has no single shareholder whose shareholding ratio is more than 5%.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Chief Operating Decision-Maker considers the business from industry type perspective. The main revenue resource of the reportable segments is research, manufacturing and sale of digital cable video transmission system and digital satellite communication transmission system. The other industries involving sale of information software, data processing and internet based retailer are also included in the reports provided to the Chief Operating Decision-Maker. However, the amounts are insignificant, thus the operating results are combined and shown in 'Other operating segment'.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on net profit before tax, which are the basis for measuring performance.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2020

	Digital cable and telecommunication products	Other operating segment	Total
Revenue from external customers	\$ 7,932,376	\$ 4,986	\$ 7,937,362
Inter-segment revenue	-	-	-
Segment revenue	<u>\$ 7,932,376</u>	<u>\$ 4,986</u>	<u>\$ 7,937,362</u>
Segment loss	<u>(\$ 167,066)</u>	<u>(\$ 7,673)</u>	<u>(\$ 174,739)</u>
Depreciation and amortisation	<u>\$ 241,845</u>	<u>\$ 2,288</u>	<u>\$ 244,133</u>
Income tax expense	<u>(\$ 18,568)</u>	<u>\$ -</u>	<u>(\$ 18,568)</u>
Segment assets	<u>\$ 8,686,912</u>	<u>\$ 555</u>	<u>\$ 8,687,467</u>
Segment liabilities	<u>\$ 2,221,729</u>	<u>\$ 100</u>	<u>\$ 2,221,829</u>

Year ended December 31, 2019

	Digital cable and telecommunication products	Other operating segment	Total
Revenue from external customers	\$ 7,743,691	\$ 36,020	\$ 7,779,711
Inter-segment revenue	-	-	-
Segment revenue	<u>\$ 7,743,691</u>	<u>\$ 36,020</u>	<u>\$ 7,779,711</u>
Segment loss	<u>(\$ 128,099)</u>	<u>(\$ 20,878)</u>	<u>(\$ 148,977)</u>
Depreciation and amortisation	<u>\$ 200,463</u>	<u>\$ 4,881</u>	<u>\$ 205,344</u>
Income tax expense	<u>(\$ 21,261)</u>	<u>\$ -</u>	<u>(\$ 21,261)</u>
Segment assets	<u>\$ 8,362,253</u>	<u>\$ 24,730</u>	<u>\$ 8,386,983</u>
Segment liabilities	<u>\$ 1,766,008</u>	<u>\$ 16,603</u>	<u>\$ 1,782,611</u>

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. Thus, no reconciliation is needed.

(5) Information on products and services

The Group manufactures and sells digital cable video transmission system, digital satellite communication transmission system and other digital cable communication electronic products. Details of revenue balance is as follows:

	Years ended December 31,	
	2020	2019
Digital cable and telecommunication products	\$ 7,932,376	\$ 7,743,691
Others	<u>4,986</u>	<u>36,020</u>
	<u>\$ 7,937,362</u>	<u>\$ 7,779,711</u>

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,			
	2020		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Europe and America	\$ 7,654,594	\$ -	\$ 7,370,888	\$ -
Asia	179,311	2,884,747	315,828	2,688,968
Others	103,457	-	92,995	-
	<u>\$ 7,937,362</u>	<u>\$ 2,884,747</u>	<u>\$ 7,779,711</u>	<u>\$ 2,688,968</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,	
	2020	2019
	Revenue	Revenue
A	<u>\$ 6,754,163</u>	<u>\$ 5,767,064</u>

Note: The Group's major customers belong to digital cable and telecommunication products segment.

ZINWELL CORPORATION AND SUBSIDIARIES

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
1	ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Corporation (Shenzhen) Co., Ltd.	Other receivables	Y	\$ 313,456	\$ 313,456	\$ 313,456	3%~5%	Short-term financing	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 1,730,499	\$ 5,191,497	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's Operating Procedures of Fund Lending, limit on total loans to others is 40% of the Company's net assets, and limit on loans to a single party is 20% of the Company's net assets when nature of loan is short-term financing.

Limit on loans granted by subsidiaries to a single party is 100% of creditor's net assets, and limit on total loans to others is 300% of the creditor's net assets.

ZINWELL CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote		
0	Zinwell Corporation	Zinwell Corporation	Note 2	\$	646,516	\$	10,000	\$	10,000	\$	-	-	\$	3,232,582	N	N	N	
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Note 3		646,516		236,781		236,781		5,414	-	4%	3,232,582	Y	N	N	
0	Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Note 3		646,516		541,952		541,952		-	-	8%	3,232,582	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Having business relationship.

Note 3: The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

Note 4: In accordance with the Company's Procedures for Provision of Endorsements and Guarantees, limit on total endorsements to others is 50% of the Company's net assets, and limit on endorsements to a single party is 20% of the Company's total endorsements.

ZINWELL CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Zinwell Corporation	Winds Four	None	Adjustments for change in value of non-current investments in equity instruments designated at fair value through other comprehensive income	14	\$ 982	18.92%	\$ 982	
"	Essence Technology Solution, Inc.	"	"	29,785	536	1.10%	536	
"	Transcom, Inc.	"	"	999	98	-	98	
					<u>\$ 1,616</u>			

ZINWELL CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Subsidiary	Purchases	\$ 1,371,345	19%	Net receipt and payment of the amount after monthly offset of claims and obligations	Note applicable	Note applicable	\$ 641,627	(38%)	
ZINWELL CORPORATION LIMITED	Zinwell Corporation (H.K.)	Parent company	Sales	(1,371,345)	(100%)	"	"	"	641,627	100%	
	Zinwell Corporation (Shenzhen) Co., Ltd.	Affiliate	Purchases	327,667	22%	"	"	"	(404,537)	(62%)	
Zinwell Corporation (Shenzhen) Co., Ltd	ZINWELL CORPORATION (H.K.) LIMITED	Affiliate	Sales	(327,667)	(100%)	"	"	"	404,537	100%	

ZINWELL CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ZINWEILL CORPORATION (H.K.) LIMITED	Zinwell Corporation	Subsidiary	Accounts receivable \$641,627	Note	\$ –	–	\$ –	–
ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Corporation (Shenzhen) Co., Ltd.	Subsidiary	Other receivables \$313,456	–	–	–	–	–

Note: The payment due is a net balance of set-off.

ZINWELL CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	1	Accounts payable	\$ 641,627	Note 3	7%
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	1	Purchases	1,371,345	„	17%
0	Zinwell Corporation	AkiraNET Co.	1	Prepayments for investments	269,700	-	3%
1	ZINWELL CORPORATION (H.K.) LIMIED	Zinwell Corporation (Shenzhen) Co., Ltd.	3	Accounts payable	404,537	„	5%
1	ZINWELL CORPORATION (H.K.) LIMIED	Zinwell Corporation (Shenzhen) Co., Ltd.	3	Purchases	327,667	„	4%
2	ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Corporation (Shenzhen) Co., Ltd.	3	Other receivables	313,456	—	4%
2	ZINWELL HOLDING (SAMOA) CORPORATION	Zinwell Corporation (Shenzhen) Co., Ltd.	3	Interest revenue	5,171	—	-

Note 1: (1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: (1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Payables arising from transactions with related party were paid first based on the financial condition of the related party then any remainder was collected or paid monthly in net amount after offsetting receivables against payables.

ZINWELL CORPORATION AND SUBSIDIARIES

Information on investees
Year ended December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income(loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Hong Kong	Investment	\$ 22,038	\$ 22,038	6,000,000	100.00	(\$ 13,561)	(\$ 8,103)	(\$ 8,103)	Subsidiary
Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Samoa	Investment	1,395,520	1,395,520	49,000,000	100.00	1,730,499	(11,343)	(11,343)	Subsidiary
Zinwell Corporation	B1-Media Corp.	Taiwan	Information software and data processing service	477,298	477,298	3,480,000	48.00	-	(7,673)	(3,683)	Subsidiary
Zinwell Corporation	AkiraNET Co.	Taiwan	Information software service	9,000	-	900,000	90.00	(181)	(10,202)	(9,181)	Subsidiary
Zinwell Corporation	Urmap Inc.	Cayman Islands	Information software and data processing service	22,000	22,000	666,280	28.07	-	-	-	- Investee company accounted for under equity method
Zinwell Corporation	ITAS Technology Corp.	Taiwan	Other telecommunication and communication business	61,367	61,367	762,250	38.11	-	-	-	- Investee company accounted for under equity method
B1-Media Corp.	Olemap Incorporated Limited	Taiwan	Information software and data processing service	20,000	20,000	2,000,000	21.51	-	-	-	- Investee company accounted by subsidiaries under the equity method
B1-Media Corp.	PIGGYFAMILY CO., LTD.	Taiwan	Information software and data processing service	-	8,000	-	-	-	(2,960)	-	- Investee company accounted by subsidiaries under the equity method (Note)

Note: The investee was sold on July 20, 2020.

ZINWELL CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan									
Zinwell Electronic Co., Ltd.	Electronic signal receiving, amplifying and splitting equipment	\$ 14,699	1	\$ 14,699	\$ -	\$ -	\$ 14,699	\$ -	\$ -	\$ -	100	\$ -	\$ -	\$ -	
Shanghai Broadband Digital	Producing and selling digital TV set	34,666	2	-	-	-	-	-	-	-	40	-	-	-	Note 3
Zinwell Corporation (Shenzhen) Co., Ltd.	System accessories, low-noise block down converter, digital set-top box, wireless communication system accessories, satellite TV ground receiving accessories, digital satellite TV set-top box and RF transmission accessories	1,130,656	3	1,130,656	-	-	1,130,656	-	-	2,775	100	2,775	1,367,196	-	

Note 1: Coding explanation of investment methods:

- (1) Indirect investment in Mainland China through the existing company (ZINWELL CORPORATION (H.K.) LIMITED) located in the third area.
- (2) Through the loan granted by ZINWELL CORPORATION (H.K.) LIMITED to invest HKD\$3,775 thousand.
- (3) Indirect investment in Mainland China through the existing company (ZINWELL HOLDING (SAMOA) CORPORATION) located in the third area.

Note 2: The basis for investment income (loss) on Zinwell Corporation (Shenzhen) Co., Ltd. recognised is the financial statements audited and attested by R.O.C. parent company's CPA.

Note 3: The investee has ceased operation.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Zinwell Corporation	\$ 1,145,355	\$ 1,166,478	\$ 3,879,383

V. The individual financial statements having been audited and certified by certified public accountants in most recent year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zinwell Corporation

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company's 2020 financial statements are stated as follows:

Valuation of inventory

Description

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

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

How our audit addressed the matter

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

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

Impairment assessment of accounts receivable

Description

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

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

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

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Yi-Chang, Liang

Se-Kai, Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2021

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

Unit: NTD thousands
(unless stated otherwise)

I. Organization and Operations

- (I) Zinwell Corporation (hereinafter referred to as the "Company") was incorporated in 1981 in accordance with the provisions of the Company Act of the Republic of China. Its main business includes R&D, manufacturing, and trading of digital video broadcasting systems (including distributors and splitters, signal lead-out units, multiple switches, and amplifiers), digital satellite communication transmission systems (including low-noise block downconverters and ultra-small private satellite communication transceivers), and digital video products and devices (including digital video converters and high-definition TV receivers).
- (II) The Company's stock has been traded on the Taiwan Stock Exchange since September 2001.

II. Date and Procedures for Approval of the Financial Report

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

III. Application of Newly Issued and Amended Standards and Interpretations

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

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

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

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

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

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

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

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

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

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

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

but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 3 - "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
"2018-2020 IFRSs improvements"	January 1, 2022

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

IV. Summary of Significant Accounting Policies

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

(I) Statement of compliance

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

(II) Basis of preparation

1. Except for the important items below, standalone financial statements are prepared at historical cost:
 - (1) Financial assets measured at fair value through other comprehensive income.
 - (2) Defined benefit liabilities recognized as the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of financial reports in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC requires the use of some critical accounting estimates. In the process of applying the Company's accounting policies, the management also needs to exercise its judgment. For items involving high degree of judgment or complexity, or items involving critical assumptions and estimates of the standalone financial statements, please refer to Note 5 for details.

(III) Foreign currencies

The items listed in the Company's standalone financial statements are measured in the currency used in the main economic environment in which the Company operates (i.e. functional currency). The standalone financial statements are presented in the Company's functional currency, namely the New Taiwan dollar", as the presentation currency.

1. Foreign currency transactions and balances
 - (1) Foreign currency transactions are translated at the rates prevailing of exchange at the transaction date or measurement date, and the exchange difference arising from the translation of such transactions are recognized as the current profit or loss.
 - (2) The balance of foreign currency monetary assets and liabilities shall be and adjusted as per the rates of exchange prevailing at the balance sheet date, and the exchange difference arising from the adjustment is recognized as the current profit or loss.
 - (3) All exchange gains or losses are listed in the "other gains and losses" on the income statement.
2. Translation of foreign operations
 - (1) For all companies, associates, and joint arrangements with a functional currency that is different from the presentation currency, their business results and financial position shall be converted into the presentation currency based on the methods below:
 - A. The assets and liabilities presented at each balance sheet are translated at the rates of exchange prevailing at the balance sheet date;
 - B. The income and expenses expressed in each comprehensive income statement are translated at the average exchange rate of the current period; and
 - C. All exchange differences arising from translation are recognized in other comprehensive income.
 - (2) Where a foreign operation is partially disposed of or sold is a subsidiary, the cumulative exchange differences recognized in other comprehensive income is

reclassified to the foreign operation's non-controlling interests on a pro rata basis. However, even if the Company still retains part of the equity of the former subsidiary but has lost control over said foreign operation that is also as subsidiary, it shall be handled as disposal of the entire equity of the foreign operation.

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

1. Assets that meet one of the following conditions are classified as current assets:
 - (1) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.
 - (2) Assets held primarily for the purpose of trading.
 - (3) Assets expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

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

2. Liabilities that meet one of the following conditions are classified as current liabilities:
 - (1) Liabilities expected to be settled in the ordinary course of business.
 - (2) Liabilities held primarily for the purpose of trading.
 - (3) Liabilities expected to be settled within 12 months after the balance sheet date.
 - (4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

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

(V) Cash equivalents

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

(VI) Financial assets at fair value through other comprehensive income (FVTOCI)

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

(VII) Financial assets at amortized cost

1. Where the financial assets have met both of the following conditions:
 - (1) Financial assets held under the operational model for the purpose of collecting cash flow from contracts.
 - (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts trade date accounting for financial assets at amortized cost in compliance with transaction practices.
3. The Company measures said assets at fair value plus transaction costs upon initial recognition, which are subsequently recognized in interest income and impairment loss using the effective interest method based on the amortization procedure during the circulation period. During de-recognition, such gains or losses are recognized in profit or loss.
4. The Company holds time deposits that do not meet the definition of cash equivalents. With the short holding period, the effect of discounting is not material, and it is measured by the amount of investment.

(VIII) Accounts and notes receivable

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

(IX) Impairment of financial assets

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

(X) Derecognition of the financial assets

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

(XI) Lessor's lease transactions—operating lease

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

(XII) Inventories

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

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

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

8. Where the Company disposes of an associate and if it loses significant influence on the associate, for all amounts previously recognized in other comprehensive income related to the associate, the accounting treatment is on the same basis as if the Company directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when the relevant assets or liabilities are disposed of, so when the significant influence on the associate is lost, the gains or losses will be reclassified from equity to profit or loss. If the Company still has a significant influence on the associate, only the amount previously recognized in other comprehensive income is transferred out in the manner above on a pro-rata basis.
9. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as those attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. The owners' equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent company in the financial statements prepared on a consolidated basis.

(XIV) Property, plant, and equipment

1. Property, plant, and equipment are accounted for on the basis of acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset only when the future economic benefits related to an item are likely to flow into the Company and the cost of the item can be reliably measured. The carrying amount of the part replaced shall be derecognized. All other maintenance costs are recognized in current profit or loss when incurred.
3. The subsequent measurement of property, plant, and equipment is based on a cost model. Except for land that is not depreciated, other assets in this regard are depreciated on a straight-line basis based on the estimated useful lives. If the components of property, plant, and equipment are significant, they shall be separately depreciated.
4. The Company conducts annual review at the end of each year to assess the estimated useful lives, residual value, and depreciation methods. If the expected residual value and useful lives are different from the previous estimates, or the expected consumption pattern of future economic benefits contained in an asset has changed significantly, the Group shall adjust it in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding changes in accounting estimates. The useful life of each asset is as follows:

Buildings and structures	5 years–55 years
Machinery and equipment	3–8 years
Transportation equipment	2–8 years
Office equipment	3–8 years
Miscellaneous equipment	2–6.5 years

(XV) Lessee's lease transactions

When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.

(XVI) Investment property

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

(XVII) Intangible assets

Computer software

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

(XVIII) Impairment of non-financial assets

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

(XIX) Accounts and notes payable

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

(XX) Derecognition of the financial liabilities

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

(XXI) Offsetting of financial assets and liabilities

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

(XXII) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plan

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

(2) Defined benefit plan

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

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

3. Post-employment benefits

Post-employment benefits are benefits provided when an employee's employment is terminated before the normal retirement date or when the employee decides to accept the benefits offered by the Company in exchange for termination of employment. The Company recognizes expenses when it is no longer able to withdraw the offer of post-employment benefits or when the relevant restructuring costs are recognized, whichever is earlier.

Benefits that are not expected to be fully settled 12 months after the balance sheet date shall be discounted.

4. Employee compensation and directors' and supervisors' remuneration

Employee compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the amount actually distributed as resolved by the Group and the estimated amount, it shall be treated as a change in accounting estimates.

(XXIII) Income tax

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

2. The Company calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the country where the taxable income is generated and the business is operated. The management regularly evaluates the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. Undistributed earnings are subject

to 10% of income tax as per the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, income tax expenses as per 10% of the undistributed earnings based on the actual earnings to be distributed are recognized.

3. The temporary difference between the tax basis of assets and liabilities and their carrying amounts in the consolidated balance sheet is recognized for the deferred income tax using the balance sheet method. Deferred income tax liabilities from goodwill arising from initial recognition are not recognized. If the deferred income tax is derived from initial recognition of the asset or liability in a transaction (excluding business combinations), and if the accounting profit or taxable income (tax losses) is not affected at the time of the transaction, then the liabilities will not be recognized. With temporary differences caused by the investment in a subsidiary or an associate, if the Company can control the timing of the reversal of the temporary differences, and it is probable that temporary differences will not be reversed in the foreseeable future, the liabilities will not be recognized. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. The portion of the unused income tax carry-forward due to research and development expenditures after the balance sheet date is recognized as deferred income tax assets to the extent that it is likely that there will be future taxable income for the unused income tax carry-forward.

(XXIV) Share capital

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

(XXV) Dividend allocation

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

(XXVI) Recognition of revenue

Sales of merchandize

1. The Company manufactures and sells digital cable and communications products, and the sales revenue is recognized when the control of a product is transferred to a customer, that is, when the product is delivered to the buyer, the buyer has the discretion to determine the product distribution channels and the price, and the Company has no outstanding performance obligations that may affect the buyer's acceptance of the product. When a product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the buyer, and the buyer accepts the product as per the sales contract, or when objective evidence show that all criteria for acceptance have been met, the product has been delivered.

2. The payment terms for sales transactions usually expire 90 to 120 days after the date of shipment. As the period between the transfer of the promised goods or services to the customers and the payments by the customers has not exceeded one year, the Company did not adjust transaction price to reflect the time value of money.
3. The Company provides a standard warranty for the products sold, and is obliged to repair product defects; thus, provision is recognized upon sales.
4. Accounts receivable is recognized when goods are delivered to customers because at which time the Company's right to the consideration for contracts from customers is unconditional, except for the passage of time.

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

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

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

None.

(I) Critical accounting estimates and assumptions

1. Inventory valuation

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

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

2. Estimated impairment of accounts receivable

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

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

VI. Summary of Significant Accounting Titles

(I) Cash and cash equivalents

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

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

(II) Financial assets at FVTOCI - Non-current

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

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

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

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

(III) Notes and accounts receivable

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

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

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

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

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

(IV) Inventories

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

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

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

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

(V) Prepayment

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

(VI) Investment using the equity method

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

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

(VII) Property, plant, and equipment

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

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

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

(VIII) Investment property

	Land	Buildings and structures	Total
January 1, 2020			
Costs	\$ 24,131	\$ 14,824	\$ 38,955
Accumulated depreciation	-	(8,069)	(8,069)
	<u>\$ 24,131</u>	<u>\$ 6,755</u>	<u>\$ 30,886</u>
<u>January 1,</u>			
2020	\$ 24,131	\$ 6,755	\$ 30,886
Reclassification	(3,301)	1,677	(1,624)
Depreciation expenses	-	(254)	(254)
December 31,	<u>\$ 20,830</u>	<u>\$ 8,178</u>	<u>\$ 29,008</u>
December 31, 2020			
Costs	\$ 20,830	\$ 17,214	\$ 38,044
Accumulated depreciation	-	(9,036)	(9,036)
	<u>\$ 20,830</u>	<u>\$ 8,178</u>	<u>\$ 29,008</u>
	Land	Buildings and structures	Total
January 1, 2019			
Costs	\$ 24,131	\$ 14,824	\$ 38,955
Accumulated depreciation	-	(7,845)	(7,845)
	<u>\$ 24,131</u>	<u>\$ 6,979</u>	<u>\$ 31,110</u>
<u>January 1,</u>			
2019	\$ 24,131	\$ 6,979	\$ 31,110
Depreciation expenses	-	(224)	(224)
December 31,	<u>\$ 24,131</u>	<u>\$ 6,755</u>	<u>\$ 30,886</u>
December 31, 2019			
Costs	\$ 24,131	\$ 14,824	\$ 38,955
Accumulated depreciation	-	(8,069)	(8,069)
	<u>\$ 24,131</u>	<u>\$ 6,755</u>	<u>\$ 30,886</u>

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

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

2. The fair values of the investment property held by the Company as of December 31, 2020 and 2019 were NT\$83,538 and NT\$65,330, respectively, which were estimated as per the market transaction prices in the vicinity of the investment property held by the Company. Such fair value belongs to Level 3 fair value.

(IX) Other non-current assets

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

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

(X) Other payables/Other non-current liabilities

1. Other payables

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

2. Other non-current liabilities

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

(XI) Pension

1. Defined benefit plan

- (1) The Company established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act, which were applicable to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005 and to the formal employees who still chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Under the defined benefit pension plan, two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units granted and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes 2% of the total salaries every month as a pension fund and deposits it to the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. In addition, the Company assesses the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make

contributions for the deficit by March 31 of the following year.

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

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

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2020			
Balance at January 1	\$ 252,533	(\$ 84,413)	\$ 168,120
Current service cost	994	-	994
Interest expense (income)	1,768	(591)	1,177
	<u>255,295</u>	<u>(85,004)</u>	<u>170,291</u>
Remeasurements:			
Effect of change in financial assumptions	9,385	-	9,385
Experience adjustments	1,093	(2,707)	(1,614)
	<u>10,478</u>	<u>(2,707)</u>	<u>7,771</u>
Pension fund contribution	-	(3,434)	(3,434)
Pension paid	(3,531)	3,531	-
Balance at December 31	<u>\$ 262,242</u>	<u>(\$ 87,614)</u>	<u>\$ 174,628</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2019			
Balance at January 1	\$ 243,224	(\$ 55,677)	\$ 187,547
Current service cost	1,190	-	1,190
Interest expense (income)	2,432	(557)	1,875
	<u>246,846</u>	<u>(56,234)</u>	<u>190,612</u>
Remeasurements:			
Effect of change in financial assumptions	7,144	-	7,144
Experience adjustments	6,177	(1,858)	4,319
	<u>13,321</u>	<u>(1,858)</u>	<u>11,463</u>
Pension fund contribution	-	(33,955)	(33,955)
Pension paid	(7,634)	7,634	-
Balance at December 31	<u>\$ 252,533</u>	<u>(\$ 84,413)</u>	<u>\$ 168,120</u>

- (4) The Bank of Taiwan is commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the percentages and amount of items as stipulated in the fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposits in domestic and foreign financial institutions, investment in domestic and overseas listed equity securities or equity securities through private placement, or investment in domestic and overseas securitization products backed by real estate assets). The relevant utilization status is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, the government shall compensate the deficit after being authorized by the competent authorities. The Company has no right to participate in managing and operating said fund, hence the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. The fair value of the composition of the plan assets as of December 31, 2020 and 2019 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (5) The actuarial assumptions related to pension are as follows:

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

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

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

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

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

- (6) The Company's expected contributions to the defined benefit pension plan for the year ended December 31, 2021 amount to NT\$3,402.

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

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

2. Defined contribution plan

Effective on July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all employees with R.O.C. Nationality. Under the Labor Pension Act, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Company's pension costs under the defined contribution pension plan for the years ended December 31, 2020 and 2019 were NT\$28,258 and NT\$28,255, respectively.

(XII) Share capital

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

(XIII) Capital surplus

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

(XIV) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings in at the end of a fiscal year, the Company shall pay taxes first and compensate the cumulative losses; appropriate 10% of the balance for legal reserve, and set aside an amount for special reserve for the amount debited to shareholders' equity recognized for the year. Where there are still earnings, together with the cumulative undistributed earnings from the prior year, they will be handled as cumulative distributable earnings. The board of directors shall put forth a proposal to the shareholders' meeting for a resolution to retain or distribute said earnings. In the case of earnings distribution, the cash dividend shall not be less than 8% of the total dividends paid to shareholders.
2. The legal reserve shall not be used except for compensation of the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholding ratio. However, in the case of issue of new shares or cash, it shall be limited to the portion of the legal reserve in excess of 25% of the paid-in capital.

3. (1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- (2) Upon the first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed.
- (3) Upon the first-time adoption of IFRSs, the Company elected to reclassify the cumulative translation adjustment to the undistributed earnings per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012; thus, the Company's balance of a special reserve provided was NT\$57,817 on January 1, 2013.
4. The Company's 2018 earnings distribution proposal passed by the shareholders' meeting on June 12, 2019 is as follows:

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

The information on the distribution of earnings proposed by the Company's board of directors and the resolution adopted by the shareholders' meeting is available on the Market Observatory Post System (MOPS).

5. The Company's shareholders' meeting on June 16, 2020 approved that the Company did not plan to distribute dividends due to losses after tax for 2019.
6. For the information on employee compensation and remuneration of directors and supervisors, please refer to Note 6 (21).

(XV) Other equity items

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

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

(XVI) Operating revenue

	2020	2019
Revenue from customer contracts	<u>\$ 7,932,376</u>	<u>\$ 7,743,691</u>

1. Details of revenue from customer contracts

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

	2020	2019
Digital cable and communication products	<u>\$ 7,932,376</u>	<u>\$ 7,743,691</u>

2. Contract liabilities

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

	December 31, 2020	December 31, 2019	January 1, 2019
Sales contracts	<u>\$ 258,143</u>	<u>\$ 201,632</u>	<u>\$ 86,908</u>

(1) Significant changes in contract liabilities

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

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

	2020	2019
Sales contracts	<u>\$ 18,804</u>	<u>\$ 20,221</u>

(XVII) Interest income

	2020	2019
Interest on bank deposits	<u>\$ 25,087</u>	<u>\$ 35,107</u>
Other interest income	<u>221</u>	<u>362</u>
	<u>\$ 25,308</u>	<u>\$ 35,469</u>

(XVIII) Other revenue

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

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

(XIX) Other gains and losses

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

(XX) Financial cost

	2020	2019
Interest expense	<u>\$ 6</u>	<u>\$ 33</u>

(XXI) Additional information on the nature of costs

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

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

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

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

Note 4: The Company's remuneration policy is based on the principle of equal pay for equal work. The Company determines differentiated remuneration, adjusts salary, and issues bonuses based on each employee's position, performance, and contribution while regularly reviewing the employees' overall remuneration every year to ensure the competitiveness in the labor market.

1. Per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 3% of the balance shall be appropriated for employee compensation and not be greater than 3% for remuneration of directors and supervisors.
2. The estimated amount of the Company's employee compensation in 2020 and 2019 was both NT\$0; the estimated amount of remuneration of directors and supervisors was both \$0. The aforementioned amount is accounted for in the salaries and wages account.

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

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

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

(XXII) Income tax

1. Income tax benefits

(1) Components of income tax benefits:

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

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

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

2. Reconciliation between income tax expense and accounting profit:

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

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

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

(The following space is intentionally left blank)

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

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

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

December 31, 2020					
Item	Year	Amount filed/approved	Unused credits	Amount of unrecognized deferred income tax assets	Last year in which such credits are effective
Research and development expenditure	2018–2019				2020–2021
		\$ 15,700	\$ 15,700	\$ 15,700	

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

December 31, 2020					
Year	Amount filed/approved	Unused credits	Amount of unrecognized deferred income tax assets	Last year in which such credits are effective	
2018–2020	\$ 692,226	\$ 692,226	\$ -	2028–2030	

December 31, 2019					
Year	Amount filed/approved	Unused credits	Amount of unrecognized deferred income tax assets	Last year in which such credits are effective	
2018–2019	\$ 415,982	\$ 415,982	\$ -	2028–2029	

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

(XXIII) Earnings/Loss per share

	2020		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NTD)
<u>Basic loss per share</u>			
Net loss attributable to ordinary shareholders in the current period	(\$ 151,162)	317,689	(\$ 0.48)
	2019		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NTD)
<u>Basic loss per share</u>			
Net loss attributable to ordinary shareholders in the current period	(\$ 116,859)	317,689	(\$ 0.37)

(XXIV) Additional information on cash flow

Investing activities with only partial cash payment:

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

(XXV) Changes in liabilities from financing activities

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

(The following space is intentionally left blank)

VII. Related Party Transactions

(I) Name of the related party and relationship

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

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

1. Operating Revenue

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

- (1) The price of the Company's sales to related parties is based on the agreed price, and the payment term is open account with net 90 to 120 days, but, in practice, the collection of payments is conducted irregularly.
- (2) After the Company sells raw materials through ZINWELL H.K. to Zinwell Shenzhen for processing and production of finished goods, the Company buys back the finished goods through ZINWELL H.K. through the triangular trade and sells them to the Company's customers. The Company's sales of raw materials to the related party and repurchases of finished goods are priced at cost and cost plus agreed gross profit, respectively. As for the accounts receivable and payable thereof, the Company makes payments to the related party first depending on the related party' funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis. As for the amounts of said transactions with ZINWELL H.K., the sales revenue and purchases related to the processing of imported materials, which are double counted, are offset as per the regulations. Such amounts in 2020 and 2019 were NT\$5,038,298 and NT\$3,614,176, respectively.

2. Purchases

	<u>2020</u>	<u>2019</u>
Purchase of merchandise:		
ZINWELL H.K.	<u>\$ 1,371,345</u>	<u>\$ 2,121,835</u>

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

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

The Company pays for the supplies to ZINWELL H.K. first depending on the related party's funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis.

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

	<u>December 31, 2019</u>
Accounts receivable:	
Subsidiary	\$ 195
Sub-subsidiary	2,358
	<u>\$ 2,553</u>

4. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
ZINWELL H.K.	\$ 641,627	\$ 682,350

5. Property transactions

Acquisition of financial assets (2019: None)

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

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

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

(II) Information on remuneration to key management personnel

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

VIII. Pledged assets

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

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

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

IX. Significant Contingent Liabilities and Unrecognized Commitments

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

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

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

XII. Others

(I) Capital management

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

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

(II) Financial instruments

1. Types of financial instruments

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

2. Risk management policy

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

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

(1) Market risk

Interest rate risk

- A. The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and CNY) used by the Company. The exchange rate risk arises from future business transactions and assets and liabilities recognized.
- B. The Company's management has formulated policies that require each company within the Company to manage exchange rate risk in relation to its functional currency. Said companies shall hedge their overall exchange rate risks through the Company's finance department.
- C. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

December 31, 2020				
	Foreign currencies		Carrying amount	
	(thousand)	Exchange rate	(NTD)	
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	\$ 131,308	28.50	\$ 3,742,278	
GBP: NTD	1,193	38.90	46,408	
EUR: NTD	1,037	35.03	36,326	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	\$ 55,454	28.50	\$ 1,580,439	

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

- D. The aggregate amount of net exchange losses (including realized and unrealized) of the Company's monetary items recognized for 2020 and 2019 due to the material impact of exchange rate fluctuations was NT\$117,850 and NT\$54,655, respectively.
- E. The analysis of the Company's foreign currency market risk arising from significant exchange rate fluctuations is as follows:

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

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

Price risk

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

Interest rate risk of cash flow and fair value

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

(2) Credit risk

- A. The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms.
- B. The Company has established credit risk management from the Company's perspective. In accordance with the internal credit policy, each operating entity within the Company must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. The Company adopts IFRS 9 to set the premise and assumption that when a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.
- D. Based on the Company's historical experience in payment, when a contract payment is overdue for more than 181 days, it is deemed to have been in default.
- E. The Company groups customers' accounts receivable based on customer ratings and customer types.

- F. After the recourse procedures, the Company writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to carry out the legal recourse procedures to preserve the creditor's rights. The overdue payments that the Company had written off with the legal recourse procedures still underway were NT\$219,768 and NT\$218,794 as of December 31, 2020 and 2019, respectively.
- G. The Company has included forward-looking considerations for the future and adjusted the loss rate established based on historical and current information in a specific period so as to estimate the allowances for losses from accounts receivable and other non-current assets-others. The information on the loss rate method as of December 31, 2020 and 2019 is as follows:

	Group A	Group B	Total
<u>December 31, 2020</u>			
Expected loss rate	0.03%~3.81%	100.00%	
Total carrying amount	\$ 1,887,137	\$ 219,768	\$ 2,106,905
Allowance for losses	\$ 17,951	\$ 219,768	\$ 237,719
<u>December 31, 2019</u>			
Expected loss rate	0.03%~45.61%	100.00%	
Total carrying amount	\$ 2,649,471	\$ 218,794	\$ 2,868,265
Allowance for losses	\$ 41,989	\$ 218,794	\$ 260,783

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

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

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

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

<u>2020</u>			
	Accounts receivable	Other non-current assets - Others	Total
January 1	\$ 41,989	\$ 218,794	\$ 260,783
Reversal of impairment loss	(23,064)	-	(23,064)
December 31	\$ 18,925	\$ 218,794	\$ 237,719
<u>2019</u>			
	Accounts receivable	Other non-current assets - Others	Total
January 1	\$ 89,235	\$ 171,548	\$ 260,783
Reclassification adjustments	(47,246)	47,246	-
December 31	\$ 41,989	\$ 218,794	\$ 260,783

(3) Liquidity risk

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

- B. The remaining cash held by each operating entity will be transferred back to the Company's finance department when it exceeds the amount of working capital required. The Company's finance department invests the remaining funds in interest-bearing demand deposits and time deposits. There is an appropriate maturity date or sufficient liquidity for the instruments selected by it so as to respond to the forecast above and to provide adequate liquidity.
- C. The Company's non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts of the undiscounted contractual cash flows of notes payable, accounts payable, and other payables are approximately equal to their carrying amounts, and they are due within one year.

(III) Fair value information

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

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.
- Level 3: Unobservable inputs for assets or liabilities. The Company's equity instrument investments without active markets belong to this level.

2. For information on the fair value of investment property measured at cost, please refer to Note 6 (8).

3. Financial instruments not measured at fair value

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

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

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

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

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

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

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

Stocks on emerging
stock market

Quoted prices in the market

Closing prices

- B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the parent company only balance sheet date (e.g. the yield curve published by Taipei Exchange and the average quoted price of Reuters commercial paper benchmark).
- C. The output of the valuation model is the estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments held by the Company. Therefore, the estimated value of the valuation models will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policies and relevant control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the parent company only balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted according to current market conditions.
- D. The Company has included credit risk valuation adjustments into the calculation of the fair value of financial instruments to reflect a counterparty's credit risk and the Company's credit quality, respectively.

5. There were no transfers between Level 1 and Level 2 fair value in 2020 and 2019.

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

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

7. There was no transfer into or out of Level 3 fair value in 2020 and 2019.

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

9. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

	Fair value on December 31, 2020	Valuation technique	Significant unobservable input	Interval (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Unlisted stocks	\$ 1,518	Comparable listed company method	Price-to-book ratio multiplier	2	The higher the multiplier and control premium, the higher the fair value.
			Discounts for lack of market liquidity	50%	The higher the discount for lack of market liquidity, the lower the fair value.
	Fair value on December 31, 2019	Valuation technique	Significant unobservable input	Interval (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Unlisted stocks	\$ 1,518	Comparable listed company method	Price-to-book ratio multiplier	2	The higher the multiplier and control premium, the higher the fair value.
			Discounts for	50%	The higher the

lack of market
liquidity

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

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

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loans to others: Table 1.
2. Endorsements/guarantees provided to others: Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Table 3.
4. Marketable securities acquired or sold amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
9. Trading in derivative instruments: None.
10. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Table 6.

(II) Information on Investees

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

(III) Information on Investment in Mainland China

1. Basic information: Table 8.
2. Significant transactions with investees in mainland China, either directly or indirectly, through a business in a third region: Tables 1, 4, 5, and 6.

XIV. Segment Information

N/A.

Zinwell Corporation
Cash and cash equivalents
December 31, 2020

Statement 1

Unit: NTD thousands

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

Zinwell Corporation
Accounts receivable
December 31, 2020

Statement 2

Unit: NTD thousands

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

Note 1: The balance of each customer did not exceed 5% of the total amount of this account

Note 2: The instalments receivable are recognized as the interest income that shall be recognized in the future years using the interest method.

Zinwell Corporation
Inventories
December 31, 2020

Statement 3

Unit: NTD thousands

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

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

Statement 4

Unit: NTD thousands

Name	Opening balance		Increase in the current period		Decrease in the current period		Investment gains (losses)	Cumulative translation adjustment	Other adjustment items	Closing balance			Net equity		
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Shareholding ratio	Amount	Unit price (NTD)	Total price	Collateral or pledge
ZINWELL HOLDING (SAMOA) CORPORATION	49,000,000	\$ 1,802,514	-	\$ -	-	-	(\$ 11,343)	\$ -	\$ -	49,000,000	100.00%	1,791,171	\$ 35.32	\$ 1,730,499	None
Add: Cumulative translation adjustment		(83,177)		-		-	-	22,505	-			(60,672)			
		<u>1,719,337</u>		<u>-</u>		<u>-</u>	<u>(11,343)</u>	<u>22,505</u>	<u>-</u>			<u>1,730,499</u>			
AkiraNET	-	-	900,000	9,000	-	-	(9,181)	-	-	900,000	90.00%	(181)	(0.20)	(181)	"
Add: Reclassified to the account of "Other liabilities - Others"		-		-		-	-	-	181			181			
		<u>-</u>		<u>9,000</u>		<u>-</u>	<u>(9,181)</u>	<u>-</u>	<u>181</u>			<u>-</u>			
ZINWELL CORPORATION (H.K.) LIMITED	6,000,000	(9,003)	-	-	-	-	(8,103)	-	-	6,000,000	100.00%	(17,106)	(2.26)	(13,561)	"
Add: Cumulative translation adjustment		3,545		-		-	-	-	-			3,545			
Add: Reclassified to the account of "Other liabilities - Others"		5,458		-		-	-	-	8,103			13,561			
		<u>-</u>		<u>-</u>		<u>-</u>	<u>(8,103)</u>	<u>-</u>	<u>8,103</u>			<u>-</u>			
B1-Media Corp.	3,480,000	3,901	-	-	-	-	(3,683)	-	-	3,480,000	48.00%	218	-	-	"
Less: Impairment loss		-		-		-	-	-	(218)			(218)			
		<u>3,901</u>		<u>-</u>		<u>-</u>	<u>(3,683)</u>	<u>-</u>	<u>(218)</u>			<u>-</u>			
Itas Technology Corp.	762,250	31,504	-	-	-	-	-	-	-	762,250	38.11%	31,504	-	-	"
Less: Impairment loss		(31,504)		-		-	-	-	-			(31,504)			
		<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>			
Urmap Inc.	666,280	(987)	-	-	-	-	-	-	-	666,280	28.07%	(987)	-	-	"
Add: Cumulative translation adjustment		987		-		-	-	-	-			987			
		<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>			
		<u>\$ 1,723,238</u>		<u>\$ 9,000</u>		<u>\$ -</u>	<u>(\$ 32,310)</u>	<u>\$ 22,505</u>	<u>\$ 8,066</u>			<u>\$ 1,730,499</u>			

Zinwell Corporation
Accounts Payable
December 31, 2020

Statement 5

Unit: NTD thousands

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

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

Statement 6

Unit: NTD thousands

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

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

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

Statement 7

Unit: NTD thousands

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

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

Statement 7

Unit: NTD thousands

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

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

Statement 8

Unit: NTD thousands

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

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

Statement 9

Unit: NTD thousands

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

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

Zinwell Corporation
Loans to others:
From January 1, 2020 to December 31, 2020

Table 1

Unit: NTD thousands
(unless stated otherwise)

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

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

(1) The Company is coded "0".

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

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

Zinwell Corporation
Endorsements/guarantees provided to others
From January 1, 2020 to December 31, 2020

Table 2

Unit: NTD thousands
(unless stated otherwise)

No. (Note 1)	Name of company that provides endorsements/guarantees	Party endorsed/guaranteed		Maximum amount of endorsement/guarantee for a single enterprise (Note 3)	Maximum balance of endorsements/guarantees in the current period	Balance of endorsement/guarantee at the end of period	Actual amount drawn	Amount of endorsements/guarantees with assets pledged	Ratio of cumulative endorsements/guarantees to net worth as in the latest financial statements	Upper limit on endorsements/guarantees (Note 3)	Parent company to subsidiary	Subsidiary to parent company	To entity in mainland China	Remarks
		Name of company	Relationship											
0	Zinwell Corporation	Zinwell Corporation	Note 2	\$ 646,516	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	-	\$ 3,232,582	N	N	N	
0	Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Note 3	646,516	236,781	236,781	5,414	-	4%	3,232,582	Y	N	N	
0	Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Note 3	646,516	541,952	541,952	-	-	8%	3,232,582	Y	N	N	

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

(1) The Company is coded "0".

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

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

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

Note 4: Per the Company's Operating Procedures for Endorsements and Guarantees, the total amount of the Company's endorsements/guarantees provided shall not exceed 50% of the Company's net worth. The limit on endorsements/guarantees provided to a single enterprise shall not exceed 20% of the total amount of the Company's endorsements/guarantees provided.

Zinwell Corporation

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

December 31, 2020

Table 3

Unit: NTD thousands
(unless stated otherwise)

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

Zinwell Corporation

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

From January 1, 2020 to December 31, 2020

Table 4

Unit: NTD thousands
(unless stated otherwise)

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

Zinwell Corporation
Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital
December 31, 2020

Table 5

Unit: NTD thousands
(unless stated otherwise)

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

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

Zinwell Corporation

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

From January 1, 2020 to December 31, 2020

Table 6

Unit: NTD thousands
(unless stated otherwise)

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

Note 1: (1) Parent company is coded "0".

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

Note 2: (1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The Company pays for the supplies to the related party first depending on the related party's funding status, and then receives or pays the net amount after credits and debts are offset on a monthly basis.

Zinwell Corporation
Information on name and location of investees (excluding investees in mainland China)
From January 1, 2020 to December 31, 2020

Table 7

Unit: NTD thousands
(unless stated otherwise)

Name of investor	Name of investee	Location	Principal business	Initial investment amount		Held at the end of period			Net profit (loss) on investee in the current period	Investment income (loss) recognized for the current period	Remarks
				At the end of the current period	At the end of last year	Number of shares	Percentage	Carrying amount			
Zinwell Corporation	ZINWELL CORPORATION (H.K.) LIMITED	Hong Kong	General investment	\$ 22,038	\$ 22,038	6,000,000	100.00	(\$ 13,561)	(\$ 8,103)	(\$ 8,103)	Subsidiary
Zinwell Corporation	ZINWELL HOLDING (SAMOA) CORPORATION	Samoa	General reinvestment	1,395,520	1,395,520	49,000,000	100.00	1,730,499	(11,343)	(11,343)	Subsidiary
Zinwell Corporation	B1-Media Corp.	Taiwan	Information software and data processing service	477,298	477,298	3,480,000	48.00	-	(7,673)	(3,683)	Subsidiary
Zinwell Corporation	AkiraNET	Taiwan	Information software service	9,000	-	900,000	90.00	(181)	(10,202)	(9,181)	Subsidiary
Zinwell Corporation	Urmap Inc.	Cayman Islands	Information software and electronic information supply service	22,000	22,000	666,280	28.07	-	-	-	Investee measured using the equity method
Zinwell Corporation	Itas Technology Corp.	Taiwan	Other telecommunications and communications-related business services	61,367	61,367	762,250	38.11	-	-	-	Investee measured using the equity method
B1-Media Corp.	Olemap, Inc.	Taiwan	Information software and electronic information supply service	20,000	20,000	2,000,000	21.51	-	-	-	Subsidiary measured using the equity method

B1-Media Corp.	Pei-Ji Digital Co., Ltd.	Taiwan	Information software and data processing service	-	8,000	-	-	-	(2,960)	-	Subsidiary measured using the equity method (Note)
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Note: Sold on July 20, 2020.

Zinwell Corporation
Information on Investments in Mainland China-Basic Information
From January 1, 2020 to December 31, 2020

Table 8

Unit: NTD thousands
(unless stated otherwise)

Name of investee in mainland China	Principal business	Paid-in capital	Investment method (Note 1)	Cumulative amount of remittance from Taiwan to mainland China, beginning of current period	Amount remitted from Taiwan to mainland China/Amount repatriated back to Taiwan in the current period		Cumulative amount of remittance from Taiwan to mainland China, end of current period	Net profit (loss) on investee in the current period	Shareholding of the Company (direct or indirect)	Investment income (loss) recognized for the current period (Note 2)	Carrying amount of investments at the end of the period	Cumulative amount of investment income repatriated to Taiwan as of the current period	Remarks
					Outward remittance	Repatriation							
Zinwell Communications Corporation	Various electronic signal receivers, amplifiers, and user front-end processors for distribution	\$ 14,699	1	\$ 14,699	\$ -	\$ -	\$ 14,699	\$ -	100	\$ -	\$ -	\$ -	Note 3
Shanghai Broadband Digital Technology Co., Ltd.	Production and sales of digital TV set-top boxes	34,666	2	-	-	-	-	-	40	-	-	-	Note 3
Zinwell Electronic (Shenzhen). Co., Ltd.	Production and sales of supporting devices for digital cable television systems, low-noise block downconverters, digital set-top boxes, wireless network communication supporting equipment, supporting equipment for satellite TV ground reception, digital satellite TV set-top boxes, and high-frequency transmitters	1,130,656	3	1,130,656	-	-	1,130,656	2,775	100	2,775	1,367,196	-	

Note 1: Description of code of investment method:

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

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

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

Note 2: The investment gains or losses on Zinwell Electronic (Shenzhen). Co., Ltd. are recognized based on the financial statements audited by the CPAs appointed by the parent company in Taiwan.

Note 3: The investee has currently ceased operations.

Name of company	Cumulative amount of remittance from Taiwan to mainland China, end of current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Limit on investments in mainland China imposed by the Investment Commission of MOEA
Zinwell Corporation	\$ 1,145,355	\$ 1,166,478	\$ 3,879,383

VI. The Company and its affiliated enterprises in the latest fiscal year and as of the publication date of the annual report, in case of a problem in insolvency, the impact of such financial condition should be expressly enumerated: Nil.

Seven. Reexamination into the financial conditions and financial performance (result of business operation) and risks issues

I. Financial conditions

Table of financial condition comparative analyses

Expressed in thousand NT dollars

Item \ Year	2019	2020	Discrepancy	
			Amount	%
Current assets	5,483,487	5,568,424	84,937	1.55
Real property, plants & equipment	2,507,941	2,768,052	260,111	10.37
Intangible assets	16,704	11,139	(5,565)	(33.32)
Other assets	378,851	339,852	(38,999)	(10.29)
Total assets	8,386,983	8,687,467	300,484	3.58
Current liabilities	1,571,312	2,009,159	437,847	27.87
Non-current liabilities	211,299	212,670	1,371	0.65
Total liabilities	1,782,611	2,221,829	439,218	24.64
The proprietor equity attributed to the parent company	6,599,888	6,465,163	(134,725)	(2.04)
Share capital	3,176,890	3,176,890	0	0.00
Capital reserve	507,328	507,328	0	0.00
Retained earnings	3,080,855	2,923,624	(157,231)	(5.10)
Other equity	(165,185)	(142,679)	22,506	(13.62)
Non-controlled equity	4,484	475	(4,009)	(89.41)
Total shareholders' equity	6,604,372	6,465,638	(138,734)	(2.10)

Note: Where the increase/decrease change is up to 20% with amount in excess of NT\$10 million, analytical explanation should be provided.

1. Decrease in intangible assets: Preliminarily as a result to recognizing the impairment in goodwill for its subsidiary “B1-Media Corporation.”

2. Increase in current liabilities and liabilities: Preliminarily as a result of the increase in account payable.

3. Decrease in non-controlled equity: Preliminarily as a result of recognition of the loss in investment

II. Comparative analysis table of the financial performance (result of business operation)

Expressed in Thousand NT Dollars

Item \ Year	2019	2020	Increase (decrease) amount	Percentage of changes
Net Operating Revenue	7,779,711	7,937,362	157,651	2.03
Operating costs	(7,270,804)	(7,665,928)	(395,124)	5.43
Gross profit	508,907	271,434	(237,473)	(46.66)
Operating expenses	(631,023)	(530,273)	100,750	(15.97)
Operating loss	(122,116)	(258,839)	(136,723)	111.96
Non-operating income and expenses	(26,861)	84,100	110,961	(413.09)
(Net loss) before tax	(148,977)	(174,739)	(25,762)	17.29
Income tax (expense) benefit	21,261	18,568	(2,693)	(12.67)
(Net loss) this term	(127,716)	(156,171)	(28,455)	22.28
Other comprehensive profit and/or loss	(60,831)	16,437	77,268	(127.02)
Total other comprehensive (loss) this term	(188,547)	(139,734)	48,813	(25.89)
(Net loss) attributed to the parent company's proprietor	(116,859)	(151,162)	(34,303)	29.35
(Net loss) attributed to non-controlled equity	(10,857)	(5,009)	5,848	(53.86)
Total comprehensive profit and/or loss attributed to the parent company's proprietor	(177,690)	(134,725)	42,965	(24.18)
Total comprehensive profit and/or loss attributed to non-controlled equity	(10,857)	(5,009)	5,848	(53.86)

Earnings per share (EPS)(NT\$)	(0.37)	(0.48)	0	29.73
<p>1. Analytical explanation over the changes in increase/decrease in the past two years:</p> <p>(1) Decrease in gross operating profit and increase in operating loss: Due primarily to competition in the industries and appreciation of New Taiwan dollars, leading to decrease of gross operating profit and operating profit relatively in decrease.</p> <p>(2) Resulting from decrease in income tax expense: Net loss before tax.</p> <p>(3) Increase in non-operating revenues & expenditures: Due primarily to lump-sum NRE revenues from the customers.</p> <p>(4) Net loss before tax. Net loss this term, other comprehensive profit and/or loss, total other comprehensive loss this term, rise in earnings per share Primarily as a result of competition amidst the industries, price bargaining by customers and appreciation in New Taiwan dollars as an impact upon the gross profit.</p> <p>(5) Net profit (net loss) attributed to non-controlled equity and the comprehensive profit and/or loss attributed to the non-controlled equity rise: B1-Media Corporation At the end, the loss was admitted.</p> <p>2. The reason behind the change in the Company's major business contents (e.g. the change resulting from the adjustment of the selling price or cost, the increase or decrease of the production and sales portfolio and the update of the depreciation products). Where the operating policy, market conditions, economic environment or other internal and external factors have occurred or where it is expected that there will be significant changes, the facts and impacts of the changes, the possible impact of the Company's future financial affairs and corresponding plans: None.</p> <p>3. The expected sales volume in the ensuing year and its basis and the Company's expected sales volume to continue to grow or decline. The main factors and reasons: In observing the impact of the new crown pneumonia epidemic on the global economy and when the client demand recovers, and actively develop new products to maintain revenue growth which would in turn boost the Company's profits.</p>				

III. Cash flow

(I) Analysis into the liquidity over the past two years:

Item \ Year	2019	2020	Rate of change
Cash flow ratio	27.16%	49.52%	82.33%
Cash flow appropriate ratio	16.13%	38.81%	140.61%
Cash reinvestment ratio	4.08%	15.56%	281.37%
Analytical explanation on the changes in the increase/decrease ratios			
(1) In the present term, the cash flow ratio, cash reinvestment ratio increased, as a result of increase in net cash inflow in operating activities			
(2) Decrease in cash flow appropriate ratio: Due primarily to increase in capital expenditure over the past five years.			

(II) Analysis into cash liquidity in one year ahead:

Expressed in Thousand NT Dollars

Beginning cash balance (1)	Cash flow in operating activities anticipated for the entire year (2)	Cash outflow anticipated in the entire year (3)	Anticipated cash surplus (shortage) (1) + (2) - (3)	Anticipated countermeasures toward the cash shortfall	
				Investment plans	Wealth management plans
1,896,625	(75,000)	360,000	1,461,625	—	—
1. Analysis into changes in cash flow in the one year ahead:					
(1) Operating activities: Due primarily to the operating revenue which is anticipated stable in Year 2021. Amidst the competition and appreciation of New Taiwan dollars, the Company anticipates still see a minor loss in 2021.					
(2) Investment & financing activities: Due primarily to the plan to build new plant for Hsinchu Factory which led to net cash outflow.					
2. The remedial measures toward anticipated cash inadequacy and the analyses into the liquidity:					
In our review of the cash on hand and in bank, the Company still holds adequate cash as the required operating funds. Besides this, the Company's current ratio and quick ratio are still believed to be at a stable state.					

IV. The significant capital expenditure in the recent year and its impact upon the finance and business operation:

(I) Fact about utilization of major capital expenditures and the source of the fund so required: In 2016 the Company used its own funds to purchase Class A industrial land in 3,441.24 ping at Chia Tai Industrial Zone to erect Chia Tai Plant for which the Company already obtained factory registration certificate in the first quarter, Year 2019. In the 4th quarter of 2019, the Company erected Hsinchu Plant No. 2 with its own land through an outsourcee.

(II) The effort to procure additional machines and research & development equipment which would believe to yield such benefits:

During 2020, the Company did not launch purchase of major machine and research &

development equipment. This part is not applicable.

V. The reinvestment policy in the latest year, the major reasons behind the profit loss and the countermeasures plans and the investment plan in the upcoming year ahead:

(I) Reinvestment policies

Here at the Company, we launch reinvestment in response to demand for business operation given account of the future development.

For the reinvestment, we have conducted prudential evaluation on the venues, organization type, shareholding ratio, financial conditions and the like,

and take the outcome as the very grounds for policymaking process. Toward the reinvested undertakings, we firmly dominate the business performance, financial conditions to analyze into the result of investment,

to facilitate the management authority to conduct follow-up evaluation so as to demonstrate the maximum possible concerted performance (synergy).

(II) The major reasons behind the profit or loss for the reinvestment launched in the latest year and the corrective action plans

In 2020, amidst the Company's reinvestment, including the investment loss recognized in the equity method amounted to

NT\$32.31 million. The liquidation of B1-Media Corporation was completed on May 13, 2021.

(III) Future investment programs: Primarily to expand the base business-related investment, focusing on the principal business development so as to boost the overall performance.

VI. Risk facts and evaluation

(I) The impact brought by interest rates, exchange rates, inflation upon the Company's profit and/or loss in the latest year and the future countermeasures:

1. Please explain the impact from foreign exchange profit and/or loss and interest revenues and expenditures upon the Company's profit and/or loss over the past two years, and the Interest revenues and expenditures over the past two years as enumerated below:

Expressed in Thousand NT Dollars		
Item	2020	2019
Profit and/or loss in foreign exchange, net amount(A)	(134,642)	(66,841)
Interest revenues and expenditures, net amount (B)	26,673	37,646
Operating revenues, net amount (C)	7,937,362	7,779,711
Operating loss, net amount (D)	(258,839)	(122,116)
The percentage of net profit and/or loss in foreign exchange to the net amount of net operating revenues A/C	(1.70%)	(0.86%)
The percentage of profit and/or loss in foreign exchange to the net amount operating benefit A/D	52.02%	54.74%
The percentage of interest revenues and expenditures to the net amount of operating revenues B/C	0.34%	0.48%

The percentage of interest revenues and expenditures to the net amount of operating interest B/D	(10.30%)	(30.83%)
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2. The Company's effort toward the impact to be brought by change in exchange rate, interest rate, inflation upon the Company's profit and/or loss, and the Company's countermeasures:

The change in exchange rate, interest rate, inflation shall form an impact upon the Company's profit and/or loss. The inflation might lead to an increase in costs and expenses. Fluctuations in interest rate would affect the Company's interest income. In the aspect of exchange rates, where the Company revenues are largely denominated in U.S. dollars, the appreciation and depreciation of exchange rate would largely affect the Company's profit and/or loss in foreign exchange and equally affected the Company's profitability. Here at the Company, we, therefore, adopt a natural hedging mode to have the net foreign currency position down to the lowest possible level so as to minimize the potential impact in changes in the exchange rates upon the Company's profit and/or loss. Besides this, the Company's Department of Finance, as well, tries to collect the updates regarding exchange rate, interest rate, inflation in real time to firmly dominate the up-to-date trend of the changes in economic data and, in turn, work out the most appropriate countermeasures.

- (II) In the most recent year while the Company engaged in highly risky, high leverage investment, loaning fund to others, endorsements/guarantees and derivative financial instruments, such policies, profitability or loss, the major reasons behind and the countermeasures to be taken in the future.

As of the publication date of the annual report, the Company had not engaged in highly risky, high leverage investment, loaning fund to others. We granted endorsements/guarantees only toward our own subsidiaries and engaged in derivative financial instruments only for hedging purposes. Besides this, we have duly enacted "Procedures for Loaning of Funds to Others," "Procedures for Endorsements/Guarantees," "Procedures for the Acquisition or Disposal of Assets" and "Transactions in Derivative Financial Instruments" which have been officially resolved in the shareholders' meeting. Whenever we engage in relevant business operation in the future, we shall faithfully comply with the relevant provisions.

- (III) The future research & development plans and the research & development-oriented costs the Company is to budget for:

1. The future research & development plans:

- (1) Here at the Company, we adequately dominate customer needs and put forth maximum possible efforts to satisfy their needs. The long-term cultivated research & development experts in the Company would continually launch deep cultivation into the mainstream research & development technology & know-how.
- (2) Closely in coordination with the industry characteristics, we integrate into the highest possible competitive edge. We further vigorously boost highly added values to have our products taking the lead the entire industry.
- (3) We engage in research & development toward high-definition digital satellite and

terrestrial broadcasting television receivers, storage and playback systems in possession of the hard disk recording and playback and wireless distribution functions. They further can be used as a center for other home audio-visual equipment.

- (4) Continually as always, we bring in and cultivate high level research & development experts to further solidify our strength so as to further effectively dominate technology & know-how and opportunities in the markets.
- (5) We team up with research & development know-how-oriented suppliers into strategic alliance to guide their research & development power into development of new technology & know-how. In turn, our Company has virtually minimized research & development costs and risks.
- (6) By all available means we closely and firmly dominate the trend of product development so that our products and services are highly competitive amidst fierce competitions and consistent with market demands. In turn, we enjoy the benefits of volume production and advanced research & development fruits.

2. The research & development costs scheduled to be invested: In Year 2020, the total research & development costs invested in the Company accounted for 2.74% of the total operating revenues. In the present year, we shall continually invest huge amount of workforce and funds into research & development. In 2021, the total research & development cost we invest shall account for approximately 3–4% of the total operating revenues.

- (IV) The impact incurred by the changes in major policies at home and abroad, changes in laws in most recent year upon the Company's financial standing and the Company's countermeasures:

Toward the changes in major policies at home and abroad, changes in laws in most recent year, we have worked out and adopted countermeasures as appropriate. That means such changes in major policies at home and abroad are not supposed to bring any significant impact upon our business performance. In the days and years ahead, we shall closely watch relevant information and work out sound countermeasures in due time to satisfy the requirements of the Company's business operation.

- (V) The impact incurred by the changes in science & technology and changes in industries in the most recent year upon the Company's financial standing and the Company's countermeasures:

Where the technology industry is advancing with each passing day and the changes in the industry and the development of technology will have a certain degree of impact upon the members of our industry. Once our Company fails to cope with the changes in technology or the industry, we shall in real time adjust our strategies or launch products that are competitive enough to meet market needs. These factors might adversely affect the Company's financial standings. To prevent such changes in industry and technology from adversely affecting our Company, the entire staff of the Company would pay close attention to various changes in industry and technology in real time and would evaluate the possible impact from each change. In turn we shall propose effective response

strategies and develop products that satisfy market needs to promptly launch competitive products, maintain and enhance the Company's dominating competitive advantage.

(VI) The impact incurred by the changes in corporate image in the most recent year upon the Company's corporate risk management and the Company's countermeasures:

As always, we firmly uphold our corporate image through good faith management policy without any intent to strive for unlawful interest at all. In both corporate culture and internal control system, we absolutely insist such key and decent corporate principles.

(VII) As of the publication date of the annual report, our Company had no plans at all for corporate mergers and acquisitions:

As of the publication date of the annual report, our Company had no plans at all for corporate mergers and acquisitions.

(VIII) Expected benefits, potential risks and countermeasures of plant expansion: N/A.

(IX) Potential risks to be faced from centralized purchase or sales and the corresponding countermeasures:

The Company's top five purchasers accounted for about 70% of the Company's total purchases; the largest sales customer accounted for 83% of the Company's net amount of business operation.

(1) The potential risk of customer concentration might be an event where the Company faces a single customer's order default or order reduction that should have a huge impact on the Company's performance.

(2) Our Company's countermeasures are to try to boost products' competitive edge and scatter the markets for our sales.

(X) The potential risks upon the Company in the event where the directors and supervisors or key shareholders holding over 10% of shareholding each launch huge transfer or replacement and the Company's countermeasures:

As of the publication date of the annual report, there had been no directors and supervisors or key shareholders holding over 10% of shareholding each launching huge transfer or replacement.

(XI) The potential impact and risks upon the Company in the event of changes in the managerial powers and the Company's countermeasures:

In the latest fiscal year and as of the publication date of the annual report, the Company has not undergone a change in managerial power.

(XII) Litigious & non-litigious affairs:

(1) The Company's litigious & non-litigious affairs or administrative disputes with final and irrevocable court judgment or remaining outstanding in the latest fiscal year and as of the publication date of the annual report: On February 17, 2020, the Company received a civil litigation case from Taiwan Hsinchu District Court amidst the dispute with Shang He Construction Co., Ltd. on payment on a project, claiming on our Company for a sum of NT\$37.626 million plus interest for the

period starting from June 14, 2019 until the date of payment at interest rate of 5% per annum. The aforementioned litigious case is still under trial process by Taiwan Hsinchu District Court. Our Company has retained an Attorney-at-Law to help deal with the case. The litigious outcome is pending the Court's final decision. Still, that litigious case does not at all pose any significant impact upon the Company in business and financial standing.

- (2) The Company's litigious & non-litigious affairs or administrative disputes with final and irrevocable court judgment or remaining outstanding implicating the Company's directors and supervisors, general manager, substantial responsible person, key shareholder(s) holding over 10% in shareholding in the past two years and as of the publication date of the annual report: None.

(XIII) Other significant risks and countermeasures: None.

VII. Other significant issues worth mentioning:

Organization chart in risk management:

Here at the Company, the risk management toward various business operation has been duly assigned onto respective managerial units based on attribute of business operation. Further the Audit Office, based on the characteristics of risks, work out annual audit plans. Those risk management units assume the following powers and responsibilities:

1. Managerial Analysis Audit Office:

Assume the responsibility to update and implement the internal control system so as to strengthen the functions of internal control system, assure the continued validity, accomplish the reliability of financial statements, effect of business operation and faithful compliance with laws and ordinances concerned.

2. Department of Finance assumes the responsibility for financial dispatch, control over exchange rate related risks, set up sound mechanism to hedge risks to minimize potential financial risks.

3. The Product Division and Business Division assume the responsibility for marketing strategies, product promotion to firmly dominate trends in the markets to defuse potential risks in business operation.

4. The Research & Development Division controls research & development related resources, boost the research & development result, enhance technology & know-how and minimize risks linked up with product development.

5. The Manufacturing Division assumes the responsibility to maximize production efficiency, improve the yield to effectively dominate production cost and minimize potential risks in manufacture.

6. Information (MIS) Office

A. It assumes the responsibility for planning and management of software & hardware for computer systems.

B. Assume the responsibility for network information security control and protective

measures to minimize potential risks in information security.

C. In terms of information security control, the Company has duly set up sound computerized information management system to map out the Company's information safety & security. Meanwhile, on a regular basis every year, we launch sound auditing process to assure the effectiveness of the system management to comply with legal requirements. Overall, the information security risk is not covered within the Company's major operating risks.

7. Department of Finance –Legal Dept.

It assumes the responsibility of legal risk management to faithful comply with the government policies, settle a dispute in contract or litigation to soften potential risks in laws.

Eight. Special entries

I. Affiliated enterprises related information

(1) Consolidated Business Reports of Affiliated Enterprises (For details, please refer to pp. 288–294)

(2) Consolidated Financial Statement of Affiliated Enterprises (For details, please refer to pp. 130–195)

(3) Report on Relations

The Company is not required to work out Report on Relations as our Company not a firm affiliated to another.

II. In the latest fiscal year and as of the publication date of the annual report, the facts of private placement of negotiable securities should be disclosed to the shareholders' meeting or the board of directors.

Regarding the date and amount so passed, grounds for pricing and the rationality thereof, method to choose specific people and the reason and necessity to launch the private placement: N/A.

III. In the latest fiscal year and as of the publication date of the annual report, the fact where a subsidiary disposes or possesses of the Company's share certificates: None.

IV. Other necessary supplementation:

(I) The grounds and base for amortize evaluation items upon the assets and liabilities:

Was allowance for doubtful accounts provided with objective proof, indicating that the receivables have indeed incurred an impairment, in particular specific evaluation on the chance to collect the overdue receivables. In case of objective proof on impairment, the loss in the impairment should be recognized (expense for bad debt).

(II) Objects and methods on the hedging accounting

As of December 31, 2020, the Company has not undertaken hedging derivative financial instruments related financial instruments.

(III) The financial and accounting heads shall participate in and complete the outsourced training programs as required by the competent authority(ies):

1. The contents of training programs are as enumerated below and number of hours in the outsourced training programs shall be declared in real time.

Title	Name	Date of outsourced training programs	Sponsors	Title of the outsourced training program	Number of hours in outsourced training programs
The financial and accounting heads	Wen-Shun Ho	October 7, 2020	Accounting Research and Development Foundation of the Republic of China (ARDF)	Key points of the amendment to the relevant specifications to work out IFRS Financial Statements and the faults frequently seen	3
		October 23, 2020	Accounting Research and Development Foundation of the Republic of China (ARDF)	Financial Report Fraud Case Investigation into “Fund Flow” and Related Legal Liability in the Cases	3
		November 24, 2020	Accounting Research and Development Foundation of the Republic of China (ARDF)	Case analysis of misrepresented financial reports and how to see key information in financial statements	3
		December 4, 2020	Accounting Research and Development Foundation of the Republic of China (ARDF)	Common corporate governance deficiencies and analyses into the related laws	3

2. The audit heads shall participate in and complete the outsourced training programs as required by the competent authority(ies). The contents of training programs are as enumerated below and the number of hours in the outsourced training programs shall be declared in real time.

Title	Name	Date of outsourced training programs	Sponsors	Title of the outsourced training program	Number of hours in outsourced training programs
Audit Manager	Lin Ping-Chih	August 6, 2020	Internal Audit Association	Key points on the internal audit forward law compliance	6
		October 12, 2020	Internal Audit Association	Chapter of hands-on audit skills	6

3. The internal audit qualifications certificates extra obtained by the audit head are as enumerated below:

Title	Name	Date of acquirement	Competent authority	Title of the qualification certificates	Remarks
Audit Manager	Lin Ping-Chih	March 17, 1998	Internal Audit Association of the Republic of China	Internal Auditors	1998 (Ji) Zi 11008

(IV) The Company's key performance targets

1. Financial targets

Significance: The optimization of the Company's financial structure and solvency as well as the control over the bank financing contract restrictions.

Percentage	Formula	Target KPI	2020	2019
(1) Liability ratio	Liabilities/shareholding equity	< 50%	38.54%	33.49%
(2) Current ratio	Current assets/Current liabilities	>200%	189.60%	237.24%
(3) Interest coverage ratio	Net profit before tax and before dividend/Interest expenditure this term	> 5	(30,160.83)	(4,306.76)

2. Performance target

Significance: Cost control efficiency and profit creation.

Percentage	Formula	Target KPI	2020	2019
(1) Advertising performance indicators	Sales revenues/Advertising fees (NT\$)	2,000	39,405	104,623

(2) Research & development performance indicators	Sales revenues/Research & development fees (NT\$)	30	38	36
(3) Freight performance indicators	Sales revenues/Freight (NT\$)	200	232	221
(4) Travel fares performance indicators	Sales revenues/Travel fares (NT\$)	500	3,224	959

(V) The appraisal grounds to evaluate the fair values of the Company's financial commodities are classified into five categories:

1. Assets or liabilities measured at cost
2. Financial assets evaluated at equity method.
3. Investment into bonds without active markets
4. Stocks or deposit receipt certificates (DRC) are evaluated on the grounds of the fair values as determined through the selling prices
5. Financial instruments other than the above are evaluated based on the fair value determined by the average fair price or selling price in a certain range.

Nine. In the latest fiscal year and as of the publication date of the annual report the transaction conducted under Subparagraph 2, Paragraph 2 of Article 36 of Securities and Exchange Act that would have significant impact upon the shareholders' equity or prices of share certificates: None

Zinwell Corporation
Consolidated Financial Statements of Affiliated
Enterprises
Year 2020

Zinwell Corporation
Consolidated Financial Statements of Affiliated Enterprises 2020
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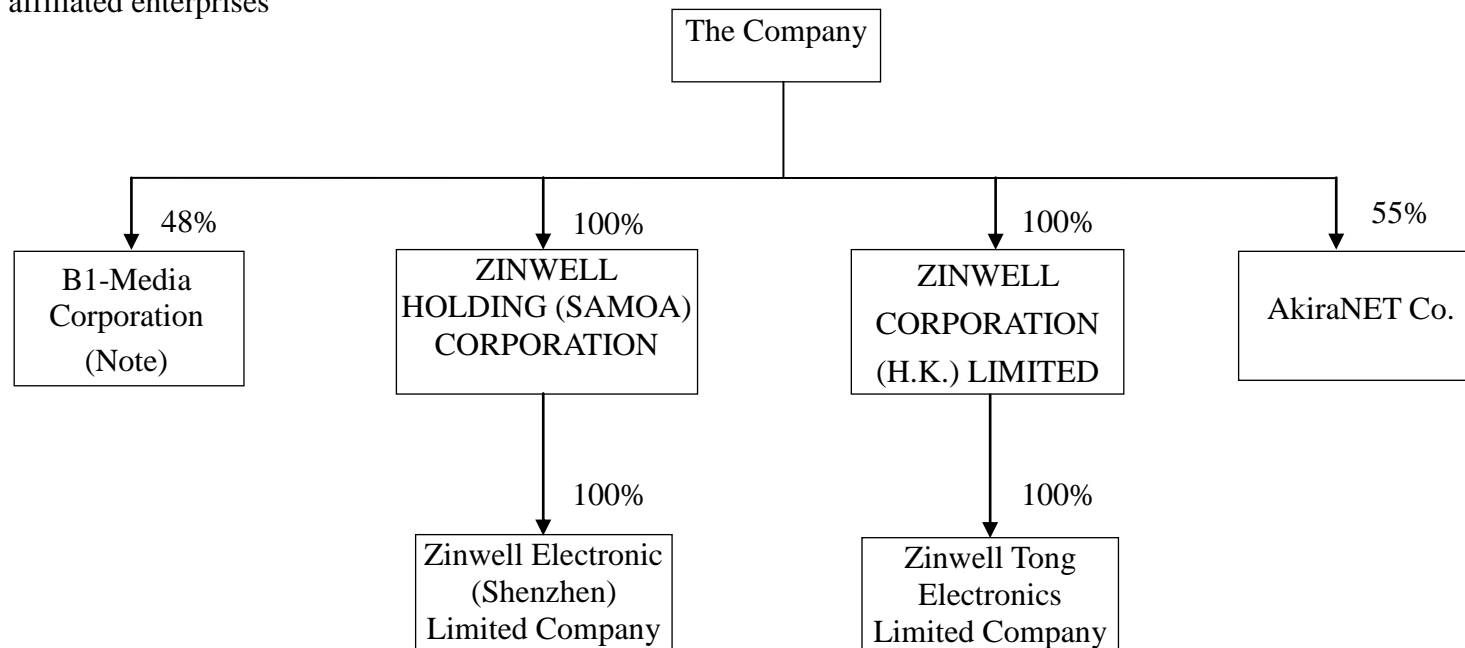
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Zinwell Corporation
Consolidated Financial Statements of Affiliated Enterprises 2020

I. Profiles of affiliated enterprises

(I) Organization in summary of affiliated enterprises

1. Organization charts of affiliated enterprises



Note : The liquidation of B1-MEDIA CORP. was completed on May 13, 2021.

2. An affiliated company presumed in accordance with Article 369-3 of the Company Act: None.

3. An affiliated company presumed in accordance with Paragraph 2, Article 369-3 of the Company Act with the personnel, finance or business operation directly under control by the Company:

Affiliated enterprises	Relationship
B1-Media Corporation	The Company is the director of that company
AkiraNET Co.	The Company is the director of that company

(II) Fundamental data of affiliated enterprises

Expressed in Thousand NT Dollars				
Name of enterprise	Date of incorporation	Address	Paid-in capital	Major business or production lines
B1-Media Corporation(Note2)	January 17, 2001	4F, No. 512-5 Yuanshan Rd. Zhonghe District, New Taipei City	72,500	Services on information software and data processing
ZINWELL CORPORATION (H.K.) LIMITED	June 24, 1998	FLAT/RM 501 5/F 113 ARGYLE ST MONGKOK KL	22,038	General information business
Zinwell Electronic Corporation	October 19, 1998	3F, No. 1 Taixing Road, Danzhutou Village, Buji Township, Huagang District, Shenzhen City, China	14,699	All sorts of electronic signal receiving, amplifying, and distributing users oriented front-end equipment and other processors
ZINWELL HOLDING (SAMOA) CORPORATION	February 28, 2003	Offshore Chambers,P.O.Box 217, Apia, Samoa	1,395,520	General reinvestment business
Zinwell Electronic (Shenzhen). Co., Ltd.	September 11, 2003	No. 2 Guangming Tongyu Industrial Zone Fenxin Road, Zhgenmei Community, Guangming Street, Baoan District, Shenzhen City, China	1,130,656	Engaged in manufacture and sales of supporting equipment for digital cable television system, supporting equipment for digital satellite communication system, and supporting equipment for high

				frequency transmitting and receiving systems
AkiraNET Co.	2020.5.26	14F., No. 62, Nanjing W. Rd., Datong Dist., Taipei City	10,000	Information software services

Note 1: The exchange rate quoted on December 31, 2020 was US : NT = 1:28.099, HK : NT = 1:3.624, RMB : NT = 1:4.3188

Note 2: The liquidation of B1-MEDIA CORP. was completed on May 13, 2021.

(III) Data of the same shareholders when presumed with control power or affiliated relationship: None

(IV) The business lines covered by such businesses operated by overall affiliated enterprises

The businesses operated by the Company and the Company's affiliated enterprises are primarily the manufacture, buying, and sales of the satellite communications and cable television equipment and materials as enumerated below:

B1-Media Corporation: Primarily as supply services for electronic information and the businesses related thereto.

Zinwell Electronic Corporation: Primarily as a company in Mainland China outsourced by the Company for processing services so as to lower the costs and boost competitive edge.

Zinwell Electronic (Shenzhen). Co., Ltd.: Primarily as a production and marketing stronghold for the Company in production of digital cable television system supporting equipment, digital satellite communications systems and such products.

(V) Data of directors and supervisors and managerial officers of all affiliated enterprises

Expressed in Thousand NT Dollars; Shares, %

Name of enterprise	Title	Name of representative	Number of shares held	
			Number of shares	Shareholding percentage
B1-Media Corporation (Note)	Chairman Director	Zinwell Corporation Corporate representative: Hao-Hsiang Chuang Zinwell Corporation's corporate representative: Chi-Jui Huang	3,480,000	48.00%
	Director Supervisor	Chi-Nan Huang Wen-Shun Ho	183,438 6,808	2.53% 0.09%
AkiraNET Co.	Chairman Director Director	Zinwell Corporation's corporate representative: Chi-Jui Huang Zinwell Corporation's corporate representative: Wen-Shun Ho Zinwell Corporation's corporate representative: Tzu-Ching Lin	27,870,000	55.41%
	Supervisor	Chi-Nan Huang	—	—
ZINWELL CORPORATION (H.K.) LIMITED	BOARD OF DIRECTOR MANAGING DIRECTOR	Chi-Jui Huang	—	—
		Ching-Hui Lin	—	—
Zinwell Electronic Corporation	BOARD OF DIRECTOR MANAGING DIRECTOR	Ching-Hui Lin	—	—
		Tsu-Yung Hou	—	—
ZINWELL HOLDING (SAMOA) CORPORATION	BOARD OF DIRECTOR	Chi-Jui Huang	—	—

Zinwell Electronic (Shenzhen). Co., Ltd.	Statutory representative	Cheng-Tsung Hsieh	—	—
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Note : The liquidation of B1-MEDIA CORP. was completed on May 13, 2021

II. Business performance of affiliated enterprises

The financial and business performance of those affiliated enterprises

Expressed in Thousand NT Dollars

Name of enterprise	Amount of capital	Total value of assets	Total liabilities	Net worth	Operating revenues	Operating profit	Profit and/or loss in the present term (after tax)	Earnings per share (in NT\$) (after tax)
B1-Media Corporation (Note 2)	72,500	-	-	-	3,296	(7,083)	(7,673)	(1.06)
AkiraNET Co.	10,000	312,588	2,490	310,098	-	(10,202)	(10,202)	(10.20)
ZINWELL CORPORATION (H.K.) LIMITED	22,038	645,030	658,591	(13,561)	12,508,190	(9,717)	(8,103)	(1.35)
Zinwell Electronic Corporation	14,699	-	-	-	-	-	-	-
ZINWELL HOLDING (SAMOA) CORPORATION	1,395,520	1,730,499	-	1,730,499	-	(374)	(11,343)	(0.23)
Zinwell Electronic (Shenzhen). Co., Ltd.	1,130,656	1,765,547	400,994	1,364,553	6,428,472	(29,129)	2,775	Note 3

Note 1: In case of an affiliated enterprise as a foreign concern, the relevant figures have been converted into New Taiwan dollars based on the exchange rate quoted as of the as of the publication date of the annual report.

Note 2: The liquidation of B1-MEDIA CORP. was completed on May 13, 2021

Note 3: Not applicable, as a limited company

ZINWELL CORPORATION

Chairman: Chi-Jui Huang