

**ZENITRON CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zenitron Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Zenitron Corporation and subsidiaries (the "Group") as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Note 4(3)B, the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$1,783,158 thousand and NT\$2,086,436 thousand, constituting 8% and 9% of the consolidated total assets as at September 30, 2023 and 2022, respectively, total liabilities amounted to NT\$1,109,470 thousand and NT\$968,298 thousand, constituting 7% and 5% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and the total comprehensive loss amounted to NT\$55,388 thousand, NT\$95,086 thousand, NT\$189,262 thousand and NT\$233,469 thousand, constituting (26%), (34%), (29%) and (29%) of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Chen, Ching Chang

Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

November 10, 2023

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 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.

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	September 30, 2022 AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 1,832,636	8	\$ 1,374,575	6	\$ 1,393,747	6
Financial assets at fair value through	6(2)						
profit or loss - current		19,772	-	20,259	-	17,545	-
Financial assets at fair value through	6(3)						
other comprehensive income -							
current		794	-	810	-	822	-
Notes receivable, net	6(4)	210,755	1	164,073	1	173,804	1
Accounts receivable, net	6(4)	8,939,910	41	7,438,333	35	8,471,512	36
Other receivables		73,040	-	74,863	-	59,122	-
Inventories, net	6(5)	9,472,028	43	11,095,522	51	11,879,561	50
Other current assets		211,198	1	236,324	1	264,930	1
Total current assets		<u>20,760,133</u>	<u>94</u>	<u>20,404,759</u>	<u>94</u>	<u>22,261,043</u>	<u>94</u>
Non-current assets							
Financial assets at fair value through	6(2)						
profit or loss - non-current		6,520	-	7,116	-	7,498	-
Financial assets at fair value through	6(3)						
other comprehensive income - non-							
current		561,338	3	605,360	3	579,083	3
Property, plant and equipment	6(6)	413,060	2	420,424	2	424,917	2
Right-of-use assets	6(7)	76,717	-	25,521	-	37,988	-
Investment property, net	6(9) and 8	35,541	-	35,948	-	36,084	-
Deferred income tax assets		142,982	1	168,060	1	160,109	1
Other non-current assets	8	73,090	-	65,527	-	65,850	-
Total non-current assets		<u>1,309,248</u>	<u>6</u>	<u>1,327,956</u>	<u>6</u>	<u>1,311,529</u>	<u>6</u>
Total assets		<u>\$ 22,069,381</u>	<u>100</u>	<u>\$ 21,732,715</u>	<u>100</u>	<u>\$ 23,572,572</u>	<u>100</u>

(Continued)

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Short-term borrowings	6(10)	\$ 9,830,463	45	\$ 11,159,622	51	\$ 12,103,942	51
Short-term notes and bills payable	6(11)	897,673	4	897,758	4	899,467	4
Notes payable		3,797	-	2,477	-	3,896	-
Accounts payable		4,419,157	20	2,563,319	12	3,437,970	15
Other payables		482,000	2	595,540	3	510,721	2
Current income tax liabilities		73,704	-	157,745	1	242,199	1
Current lease liabilities	6(7)	31,555	-	23,872	-	35,010	-
Long-term liabilities, current portion	6(12)	213,080	1	-	-	-	-
Other current liabilities	6(17)	119,602	1	161,589	1	183,854	1
Total current liabilities		<u>16,071,031</u>	<u>73</u>	<u>15,561,922</u>	<u>72</u>	<u>17,417,059</u>	<u>74</u>
Non-current liabilities							
Bonds payable	6(12)	-	-	456,426	2	456,914	2
Deferred income tax liabilities		129,167	1	114,479	1	130,939	1
Non-current lease liabilities	6(7)	45,245	-	2,263	-	4,287	-
Other non-current liabilities		60,730	-	76,062	-	79,580	-
Total non-current liabilities		<u>235,142</u>	<u>1</u>	<u>649,230</u>	<u>3</u>	<u>671,720</u>	<u>3</u>
Total liabilities		<u>16,306,173</u>	<u>74</u>	<u>16,211,152</u>	<u>75</u>	<u>18,088,779</u>	<u>77</u>
Equity attributable to owners of parent							
Share capital	6(14)						
Common stock		2,266,195	10	2,184,054	10	2,176,559	9
Certificate of entitlement to new shares from convertible bonds	6(12)	16,193	-	841	-	7,495	-
Capital surplus	6(15)						
Capital surplus		1,268,299	6	1,118,544	5	1,117,236	5
Retained earnings	6(16)						
Legal reserve		941,886	4	854,384	4	854,384	4
Unappropriated retained earnings		872,793	4	1,105,399	5	977,611	4
Other equity interest							
Other equity interest		397,842	2	258,341	1	350,508	1
Total equity		<u>5,763,208</u>	<u>26</u>	<u>5,521,563</u>	<u>25</u>	<u>5,483,793</u>	<u>23</u>
Significant contingent liabilities and unrecognised contract commitments	9						
Total liabilities and equity		<u>\$ 22,069,381</u>	<u>100</u>	<u>\$ 21,732,715</u>	<u>100</u>	<u>\$ 23,572,572</u>	<u>100</u>

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Operating Revenue	6(17)	\$ 9,109,650	100	\$ 8,646,156	100	\$ 24,293,479	100	\$ 31,390,518	100
Operating Costs	6(5)	(8,456,280)	(93)	(8,009,335)	(93)	(22,518,091)	(93)	(29,305,783)	(93)
Gross Profit		<u>653,370</u>	<u>7</u>	<u>636,821</u>	<u>7</u>	<u>1,775,388</u>	<u>7</u>	<u>2,084,735</u>	<u>7</u>
Operating Expenses	6(21)								
Selling expenses		(301,975)	(3)	(257,386)	(3)	(790,822)	(3)	(822,798)	(3)
General and administrative expenses		(93,723)	(1)	(90,207)	(1)	(285,226)	(1)	(287,852)	(1)
Expected credit impairment (loss) gain	6(4)	(2,756)	-	(23,801)	-	6,983	-	(25,352)	-
Total operating expenses		<u>(398,454)</u>	<u>(4)</u>	<u>(371,394)</u>	<u>(4)</u>	<u>(1,069,065)</u>	<u>(4)</u>	<u>(1,136,002)</u>	<u>(4)</u>
Operating Profit		<u>254,916</u>	<u>3</u>	<u>265,427</u>	<u>3</u>	<u>706,323</u>	<u>3</u>	<u>948,733</u>	<u>3</u>
Non-operating income and expenses									
Interest income		1,275	-	634	-	10,910	-	2,012	-
Other income	6(18)	31,586	-	32,881	-	73,178	-	50,968	-
Other gains and losses	6(19)	72,188	1	(17,899)	-	103,438	-	(65,305)	-
Finance costs	6(20)	(116,889)	(1)	(99,815)	(1)	(350,821)	(1)	(191,943)	(1)
Total non-operating income and expenses		<u>(11,840)</u>	<u>-</u>	<u>(84,199)</u>	<u>(1)</u>	<u>(163,295)</u>	<u>(1)</u>	<u>(204,268)</u>	<u>(1)</u>
Profit before Income Tax		<u>243,076</u>	<u>3</u>	<u>181,228</u>	<u>2</u>	<u>543,028</u>	<u>2</u>	<u>744,465</u>	<u>2</u>
Income tax expense	6(22)	(47,695)	(1)	(38,952)	-	(117,889)	-	(154,843)	-
Profit for the Period		<u>\$ 195,381</u>	<u>2</u>	<u>\$ 142,276</u>	<u>2</u>	<u>\$ 425,139</u>	<u>2</u>	<u>\$ 589,622</u>	<u>2</u>
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 103,526)	(1)	(\$ 52,061)	(1)	\$ 91,974	-	(\$ 150,263)	-
Components of other comprehensive income that will be reclassified to profit or loss									
Exchange differences on translation of foreign financial statements		<u>118,769</u>	<u>1</u>	<u>189,332</u>	<u>2</u>	<u>137,674</u>	<u>1</u>	<u>374,034</u>	<u>1</u>
Other Comprehensive Income for the Period		<u>\$ 15,243</u>	<u>-</u>	<u>\$ 137,271</u>	<u>1</u>	<u>\$ 229,648</u>	<u>1</u>	<u>\$ 223,771</u>	<u>1</u>
Total comprehensive income		<u>\$ 210,624</u>	<u>2</u>	<u>\$ 279,547</u>	<u>3</u>	<u>\$ 654,787</u>	<u>3</u>	<u>\$ 813,393</u>	<u>3</u>
Profit attributable to:									
Owners of the parent		<u>\$ 195,381</u>	<u>2</u>	<u>\$ 142,276</u>	<u>2</u>	<u>\$ 425,139</u>	<u>2</u>	<u>\$ 589,622</u>	<u>2</u>
Comprehensive income attributable to:									
Owners of the parent		<u>\$ 210,624</u>	<u>2</u>	<u>\$ 279,547</u>	<u>3</u>	<u>\$ 654,787</u>	<u>3</u>	<u>\$ 813,393</u>	<u>3</u>
Earnings per Share (in dollars)	6(23)								
Basic earnings per share		<u>\$ 0.86</u>		<u>\$ 0.65</u>		<u>\$ 1.91</u>		<u>\$ 2.73</u>	
Diluted earnings per share		<u>\$ 0.82</u>		<u>\$ 0.61</u>		<u>\$ 1.80</u>		<u>\$ 2.50</u>	

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital		Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Certificate of entitlement to new shares from convertible bonds	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
<u>Nine months ended September 30, 2022</u>									
		\$ 2,138,249	\$ -	\$ 1,036,486	\$ 766,625	\$ 1,066,524	(\$ 235,226)	\$ 519,574	\$ 5,292,232
		-	-	-	-	589,622	-	-	589,622
	6(3)	-	-	-	-	-	374,034	(150,263)	223,771
		-	-	-	-	589,622	374,034	(150,263)	813,393
<u>Appropriations and distribution of 2021 earnings</u>									
	6(16)	-	-	-	-	(748,387)	-	-	(748,387)
		-	-	-	87,759	(87,759)	-	-	-
<u>Disposal of investments in equity instruments designated at fair value through other comprehensive income</u>									
	6(3)	-	-	-	-	157,611	-	(157,611)	-
	6(12)(14)(15)	38,310	7,495	80,750	-	-	-	-	126,555
		\$ 2,176,559	\$ 7,495	\$ 1,117,236	\$ 854,384	\$ 977,611	\$ 138,808	\$ 211,700	\$ 5,483,793
<u>Nine months ended September 30, 2023</u>									
		\$ 2,184,054	\$ 841	\$ 1,118,544	\$ 854,384	\$ 1,105,399	\$ 19,264	\$ 239,077	\$ 5,521,563
		-	-	-	-	425,139	-	-	425,139
	6(3)	-	-	-	-	-	137,674	91,974	229,648
		-	-	-	-	425,139	137,674	91,974	654,787
<u>Appropriations and distribution of 2022 earnings</u>									
	6(16)	-	-	-	-	(660,390)	-	-	(660,390)
		-	-	-	87,502	(87,502)	-	-	-
<u>Disposal of investments in equity instruments designated at fair value through other comprehensive income</u>									
	6(3)	-	-	-	-	90,147	-	(90,147)	-
	6(12)(14)(15)	82,141	15,352	149,755	-	-	-	-	247,248
		\$ 2,266,195	\$ 16,193	\$ 1,268,299	\$ 941,886	\$ 872,793	\$ 156,938	\$ 240,904	\$ 5,763,208

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 543,028	\$ 744,465
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation and amortization	6(21)	51,115	51,929
Expected credit (gain) loss	6(4)	(6,983)	25,352
Net gain on financial assets at fair value through profit or loss	6(2)(19)	(1,460)	(1,959)
Interest expense	6(20)	350,821	191,943
Interest income		(10,910)	(2,012)
Dividend income	6(18)	(26,077)	(12,538)
Loss on disposal of property, plant and equipment	6(19)	140	91
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		2,522	7,412
Notes and accounts receivable		(1,541,276)	916,765
Other receivables		2,240	47,967
Inventories		1,623,494	(3,223,852)
Other current assets		25,126	(117,377)
Changes in operating liabilities			
Notes and accounts payable		1,857,158	(1,177,194)
Other payables		(110,151)	(17,622)
Other current liabilities		(41,987)	100,919
Other non-current liabilities		(15,332)	(1,310)
Cash inflow (outflow) generated from operations		2,701,468	(2,467,021)
Interest received		10,910	2,012
Interest paid		(354,210)	(162,166)
Income tax paid		(162,581)	(150,732)
Net cash flows from (used in) operating activities		<u>2,195,587</u>	<u>(2,777,907)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss - non-current		-	(7,500)
Acquisition of financial assets at fair value through other comprehensive income		-	(29,920)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	6,350
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	137,677	273,285
Acquisition of property, plant and equipment	6(6)	(6,932)	(11,034)
Increase in refundable deposits		(4,760)	(1,189)
Increase in other non-current assets		(6,211)	(1,738)
Dividends received	6(18)	26,077	12,538
Net cash flows from investing activities		<u>145,851</u>	<u>240,792</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(25)	(1,329,159)	2,505,886
(Decrease) increase in short-term notes and bills payable	6(25)	(85)	200,106
Payments of lease liabilities	6(25)	(34,553)	(36,357)
Payment of cash dividends	6(16)	(660,390)	(748,387)
Net cash flows (used in) from financing activities		<u>(2,024,187)</u>	<u>1,921,248</u>
Effect of exchange rate changes		140,810	394,418
Net increase (decrease) in cash and cash equivalents		458,061	(221,449)
Cash and cash equivalents at beginning of period		1,374,575	1,615,196
Cash and cash equivalents at end of period		<u>\$ 1,832,636</u>	<u>\$ 1,393,747</u>

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

ZENITRON CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Zenitron Corporation (the “Company”) was incorporated as a company limited by shares in October 1982. The Company has been listed on the Taiwan Stock Exchange and started trading since August 26, 2002. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the sales of electrical components.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 10, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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 and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The 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 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(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 at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “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:
Basis for preparation of the current period financial statements and the 2022 consolidated financial statements is the same.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Supertronic International Corp. (Supertronic)	Investment business	100	100	100	Note 4
The Company	Zenicom Corporation (Zenicom)	Sales of electronic components	100	100	100	Note 4
The Company	Zenitron (HK) Limited (Zenitron (HK))	Sales of electronic components	100	100	1.47	Notes 1 and 4
Supertronic	Zenitron (HK)	Sales of electronic components	-	-	98.53	Notes 1 and 4
Supertronic	Zenicom (HK) Limited (Zenicom (HK))	Sales of electronic components	-	-	100	Notes 2 and 4

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Zenicom	Zenicom (HK)	Sales of electronic components	100	100	-	Notes 2 and 4
Zenicom	Shanghai Zenicom Industrial Co., Ltd (Shanghai Zenicom)	Sales of electronic components	100	100	100	Notes 3 and 4
Zenitron (HK)	Zenitron (Shanghai) International Trading Co., Ltd. (Zenitron (Shanghai))	Sales of electronic components	100	100	100	Note 4
Zenitron (HK)	Zenitron (Shenzhen) Technology Co., Ltd. (Zenitron (Shenzhen))	Sales of electronic components	100	100	100	Note 4
Zenitron (HK)	Shanghai Zenitron Electronic Trading Co., Ltd. (Shanghai Zenitron)	Sales of electronic components	100	100	100	Note 4
Zenitron (HK)	ZTHC (Shanghai) Co., Ltd. (ZTHC (Shanghai))	Sales of computer storage device, providing technical service and sales of related components	100	100	100	Note 4

Note 1: The Group's investment structure was adjusted from the original 98.53% and 1.47% equity interest of Zenitron (HK) held by Supertronic and the Company, respectively, to wholly owned by the Company.

Note 2: The Group's investment structure was adjusted whereby the 100% equity interest of Zenicom (HK) previously held by Supertronic is now held by Zenicom.

Note 3: On September 2, 2022, Zenicom established Shanghai Zenicom with a total capital of RMB 2,000 thousand. The total investment amount had been remitted in March 2023.

Note 4: The individual financial statements of the Company's consolidated subsidiaries as of September 30, 2023 and 2022 were not reviewed by independent auditors, except for Supertronic and Zenitron (HK), whose financial statements were reviewed by independent auditors.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

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

(4) Employee benefits

Pensions

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and revolving funds	\$ 247	\$ 415	\$ 420
Checking accounts and demand deposits	<u>1,832,389</u>	<u>1,374,160</u>	<u>1,393,327</u>
	<u>\$ 1,832,636</u>	<u>\$ 1,374,575</u>	<u>\$ 1,393,747</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. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 33,923	\$ 34,080	\$ 30,622
Emerging stocks	1,163	1,163	1,163
Financial assets designated at fair value through profit or loss			
Non-hedging derivative-redemption of convertible bonds	22	47	47
	35,108	35,290	31,832
Valuation adjustments	(15,336)	(15,031)	(14,287)
	<u>\$ 19,772</u>	<u>\$ 20,259</u>	<u>\$ 17,545</u>
Non-current items			
Beneficiary certificates	\$ 7,500	\$ 7,500	\$ 7,500
Valuation adjustment	(980)	(384)	(2)
	<u>\$ 6,520</u>	<u>\$ 7,116</u>	<u>\$ 7,498</u>

A. The Group recognised net (loss) gain amounting to (\$4,037), \$6,764, \$1,460 and \$1,959 on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 2023 and 2022, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to financial assets at fair value through profit or loss is provided in Note 12(3).

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items			
Equity instruments			
Emerging stocks	\$ 2,462	\$ 2,462	\$ 2,462
Valuation adjustment	(1,668)	(1,652)	(1,640)
	<u>\$ 794</u>	<u>\$ 810</u>	<u>\$ 822</u>
Non-current items			
Equity instruments			
Listed stocks	\$ 179,568	\$ 227,098	227,099
Unlisted stocks	131,724	130,059	131,169
	311,292	357,157	358,268
Valuation adjustment	250,046	248,203	220,815
	<u>\$ 561,338</u>	<u>\$ 605,360</u>	<u>\$ 579,083</u>

- A. The Group has elected to classify stock investments with steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$562,132, \$606,170 and \$579,905 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.
- B. The Group sold stock investments at fair value amounting to \$137,677 and \$273,285 which resulted to a cumulative gain on disposal of \$90,147 and \$157,611 during the nine months ended September 30, 2023 and 2022, respectively.
- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended September 30	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 103,526)	(\$ 52,061)
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 29,735)	\$ -
	Nine months ended September 30	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 91,974	(\$ 150,263)
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 90,147)	(\$ 157,611)

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- E. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 210,755	\$ 164,073	\$ 173,804
Accounts receivable	\$ 9,008,039	\$ 7,513,133	\$ 8,575,171
Less: Allowance for uncollectible accounts	(68,129)	(74,800)	(103,659)
	<u>\$ 8,939,910</u>	<u>\$ 7,438,333</u>	<u>\$ 8,471,512</u>

A. The Group uses historical experience and takes into consideration the customers' historical default records, current financial conditions and economic conditions of the industry to estimate expected loss rate in recognising loss allowance. In addition, the Group provides for adequate allowance for uncollectible accounts from individual customers where there is an indication that they are impaired based on specific identification or a credit impairment actually occurred and the customers did not provide any collateral.

B. The ageing analysis of accounts and notes receivable is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 8,389,937	\$ 210,755	\$ 6,646,075	\$ 164,073	\$ 7,407,826	\$ 173,804
Up to 30 days	424,498	-	434,745	-	791,715	-
31 to 90 days	138,404	-	339,505	-	312,299	-
Over 90 days	55,200	-	92,808	-	63,331	-
	<u>\$ 9,008,039</u>	<u>\$ 210,755</u>	<u>\$ 7,513,133</u>	<u>\$ 164,073</u>	<u>\$ 8,575,171</u>	<u>\$ 173,804</u>

The above ageing analysis was based on past due date.

C. As of September 30, 2023, December 31, 2022, September 30, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,218,794, \$7,677,206, \$8,748,975 and \$9,666,009, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.

D. The Group considers the characteristic of geographical region, product characteristics, and customer credit rating, applying the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.

E. The Group adjusts historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix and loss rate methodology are as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>September 30, 2023</u>					
Expected loss rate	0.06%-0.175%	0.06%-0.45%	0.06%-100%	0.06%-100%	
Total accounts receivable	<u>\$ 8,389,937</u>	<u>\$ 424,498</u>	<u>\$ 138,404</u>	<u>\$ 55,200</u>	<u>\$ 9,008,039</u>
	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>December 31, 2022</u>					
Expected loss rate	0.11%-0.54%	0.11%-1.09%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 6,646,075</u>	<u>\$ 434,745</u>	<u>\$ 339,505</u>	<u>\$ 92,808</u>	<u>\$ 7,513,133</u>
	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>September 30, 2022</u>					
Expected loss rate	0.11%-0.54%	0.11%-1.09%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 7,407,826</u>	<u>\$ 791,715</u>	<u>\$ 312,299</u>	<u>\$ 63,331</u>	<u>\$ 8,575,171</u>

F. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
At January 1	\$ 74,800	\$ 78,576
(Reversal of) provision for impairment loss	(6,983)	25,352
Write-offs	-	(2,648)
Effect of foreign exchange	312	2,379
At September 30	<u>\$ 68,129</u>	<u>\$ 103,659</u>

For provisioned loss in the three months and nine months ended September 30, 2023 and 2022, the impairment (losses) gains arising from customers' contracts are (\$2,756), (\$23,801), \$6,983 and (\$25,352), respectively.

G. Transferred financial assets that are derecognised in their entirety

(a) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had outstanding discounted notes receivable amounting to \$290,996, \$143,354 and \$163,813, respectively. However, as the notes receivable are bank's acceptance bills and are discounted without right of recourse, those discounted notes receivable were deducted directly from notes receivable.

(b)The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the accounts receivable but is liable for the losses incurred on any business dispute. The Group meets the condition of financial assets derecognition as it did not provide other collaterals except for issuing a promissory note equal to the facility as the collateral. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

September 30, 2023					
Purchaser of accounts receivable	Accounts receivable transferred (amount derecognised)	Amount advanced	Amount available for advance	Interest rate of amount advanced	
Bank SinoPac	\$ 743,499	\$ 743,499	-	6.15%~6.45%	
December 31, 2022					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Chang Hwa Bank	\$ 991,510	\$ 991,510	\$ 991,510	-	3.53%~5.74%
Bank SinoPac	1,056,806	1,030,022	1,030,022	26,784	3.53%~5.74%
September 30, 2022					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Chang Hwa Bank	\$ 983,383	\$ 983,383	\$ 983,383	-	3.3%~4.75%
Bank SinoPac	1,206,274	1,160,177	1,160,177	46,097	3.3%~4.75%

H. Transferred financial assets that are not derecognised in their entirety

(a)The Group entered into a factoring agreement with Chang Hua Bank to sell its accounts receivable. Under the agreement, the Group transferred the entire accounts receivable and is obligated to provide partial guarantees for the default risk of the transferred accounts receivable. Therefore, the Group did not derecognise these accounts receivable. Related advance payments are recorded under short-term borrowings. As of September 30, 2022, the related information on accounts receivable that were sold but had not reached maturity is as follows:

	September 30, 2022
Accounts receivable transferred	\$ 238,413
Amount advanced	USD 7,507 thousand

(b)There were no transferred financial assets that are not derecognised in their entirety as of September 30, 2023 and December 31, 2022.

I. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 10,551,870	(\$ 1,180,596)	\$ 9,371,274
Inventories in transit	100,754	-	100,754
	<u>\$ 10,652,624</u>	<u>(\$ 1,180,596)</u>	<u>\$ 9,472,028</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 11,675,928	(\$ 1,093,438)	\$ 10,582,490
Inventories in transit	513,032	-	513,032
	<u>\$ 12,188,960</u>	<u>(\$ 1,093,438)</u>	<u>\$ 11,095,522</u>
September 30, 2022			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 12,687,691	(\$ 1,036,075)	\$ 11,651,616
Inventories in transit	227,945	-	227,945
	<u>\$ 12,915,636</u>	<u>(\$ 1,036,075)</u>	<u>\$ 11,879,561</u>

The cost of inventories recognised as expense for the period:

Three months ended September 30		
	2023	2022
Cost of goods sold	\$ 8,406,453	\$ 7,935,545
Loss on decline in market value	49,827	73,790
	<u>\$ 8,456,280</u>	<u>\$ 8,009,335</u>
Nine months ended September 30		
	2023	2022
Cost of goods sold	\$ 22,454,689	\$ 28,895,763
Loss on decline in market value	63,402	410,020
	<u>\$ 22,518,091</u>	<u>\$ 29,305,783</u>

(6) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Office equipment	Total
<u>At January 1, 2023</u>					
Cost	\$ 252,592	\$ 409,848	\$ 49,004	\$ 128,326	\$ 839,770
Accumulated depreciation	-	(278,330)	(36,519)	(104,497)	(419,346)
	<u>\$ 252,592</u>	<u>\$ 131,518</u>	<u>\$ 12,485</u>	<u>\$ 23,829</u>	<u>\$ 420,424</u>
<u>2023</u>					
Opening net book amount as at January 1	\$ 252,592	\$ 131,518	\$ 12,485	\$ 23,829	\$ 420,424
Additions	-	-	-	6,932	6,932
Disposals	-	-	-	(140)	(140)
Depreciation charge	-	(4,704)	(3,082)	(6,453)	(14,239)
Net exchange differences	-	52	2	29	83
Closing net book amount as at September 30	<u>\$ 252,592</u>	<u>\$ 126,866</u>	<u>\$ 9,405</u>	<u>\$ 24,197</u>	<u>\$ 413,060</u>
<u>At September 30, 2023</u>					
Cost	\$ 252,592	\$ 409,970	\$ 49,017	\$ 133,774	\$ 845,353
Accumulated depreciation	-	(283,104)	(39,612)	(109,577)	(432,293)
	<u>\$ 252,592</u>	<u>\$ 126,866</u>	<u>\$ 9,405</u>	<u>\$ 24,197</u>	<u>\$ 413,060</u>
	Land	Buildings and structures	Transportation equipment	Office equipment	Total
<u>At January 1, 2022</u>					
Cost	\$ 252,592	\$ 408,558	\$ 50,404	\$ 116,412	\$ 827,966
Accumulated depreciation	-	(271,113)	(33,540)	(96,780)	(401,433)
	<u>\$ 252,592</u>	<u>\$ 137,445</u>	<u>\$ 16,864</u>	<u>\$ 19,632</u>	<u>\$ 426,533</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 252,592	\$ 137,445	\$ 16,864	\$ 19,632	\$ 426,533
Additions	-	-	470	10,564	11,034
Disposals	-	-	-	(91)	(91)
Depreciation charge	-	(5,013)	(3,622)	(5,777)	(14,412)
Net exchange differences	-	1,357	130	366	1,853
Closing net book amount as at September 30	<u>\$ 252,592</u>	<u>\$ 133,789</u>	<u>\$ 13,842</u>	<u>\$ 24,694</u>	<u>\$ 424,917</u>
<u>At September 30, 2022</u>					
Cost	\$ 252,592	\$ 410,986	\$ 51,114	\$ 128,125	\$ 842,817
Accumulated depreciation	-	(277,197)	(37,272)	(103,431)	(417,900)
	<u>\$ 252,592</u>	<u>\$ 133,789</u>	<u>\$ 13,842</u>	<u>\$ 24,694</u>	<u>\$ 424,917</u>

The Group has no property, plant and equipment pledged to others as collateral.

(7) Lease arrangements – lessee

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Right-of-use assets:			
Buildings and structures	\$ <u>76,717</u>	\$ <u>25,521</u>	\$ <u>37,988</u>
Lease liabilities:			
Current	\$ 31,555	\$ 23,872	\$ 35,010
Non-current	<u>45,245</u>	<u>2,263</u>	<u>4,287</u>
	\$ <u>76,800</u>	\$ <u>26,135</u>	\$ <u>39,297</u>

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise transportation equipment, buildings and structures. Low-value assets comprise office equipment. Right-of-use assets and lease liabilities were not recognised for these leases.
- C. The depreciation charges on right-of-use assets are as follows:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Buildings and structures	\$ 10,608	\$ 11,528
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Buildings and structures	\$ 33,061	\$ 33,636

- D. For the three months and nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$3,127, \$1,347, \$84,691 and \$5,592, respectively.
- E. Except for the depreciation charge, the information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,046	\$ 447
Expense on short-term leases and leases of low-value assets	2,462	2,940
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,823	\$ 1,600
Expense on short-term leases and leases of low-value assets	9,866	8,526

F. For the three months and nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$14,584, \$16,535, \$46,242 and \$46,483, respectively.

(8) Lease arrangements — lessor

For the three months and nine months ended September 30, 2023 and 2022, the Group recognised rent income in the amounts of \$1,780, \$1,821, \$5,458 and \$5,297, respectively, based on the operating lease agreement, which does not include variable lease payments.

(9) Investment property

	Land	Buildings	Total
<u>January 1, 2023</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(11,049)	(26,459)
	<u>\$ 17,056</u>	<u>\$ 18,892</u>	<u>\$ 35,948</u>
<u>2023</u>			
Opening net book amount as at January 1	\$ 17,056	\$ 18,892	\$ 35,948
Depreciation charge	-	(407)	(407)
Closing net book amount as at September 30	<u>\$ 17,056</u>	<u>\$ 18,485</u>	<u>\$ 35,541</u>
<u>September 30, 2023</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(11,456)	(26,866)
	<u>\$ 17,056</u>	<u>\$ 18,485</u>	<u>\$ 35,541</u>
	Land	Buildings	Total
<u>January 1, 2022</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(10,505)	(25,915)
	<u>\$ 17,056</u>	<u>\$ 19,436</u>	<u>\$ 36,492</u>
<u>2022</u>			
Opening net book amount as at January 1	\$ 17,056	\$ 19,436	\$ 36,492
Depreciation charge	-	(408)	(408)
Closing net book amount as at September 30	<u>\$ 17,056</u>	<u>\$ 19,028</u>	<u>\$ 36,084</u>
<u>September 30, 2022</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(10,913)	(26,323)
	<u>\$ 17,056</u>	<u>\$ 19,028</u>	<u>\$ 36,084</u>

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

	Three months ended September 30	
	2023	2022
Rental income from investment property	\$ 621	\$ 676
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 136	\$ 136
	Nine months ended September 30	
	2023	2022
Rental income from investment property	\$ 1,974	\$ 2,023
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 407	\$ 408

B. The fair value of the investment property held by the Group was \$113,231, \$93,755 and \$97,384 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, which were based on the trading prices of nearby areas.

C. Refer to Note 8 for further information on investment property pledged to others as collateral.

(10) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings	\$ 9,830,463	\$ 11,159,622	\$ 12,103,942
Interest rate range	1.75%~6.57%	1.45%~6.29%	1.14%~5.13%

A. For the three months and nine months ended September 30, 2023 and 2022, the interest expense recognised in profit or loss amounted to \$98,336, \$77,617, \$289,033 and \$150,801, respectively.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group provided collaterals for the financing facility of short-term borrowings and issued guaranteed notes as collateral in the amount of \$19,009,523, \$18,467,894 and \$18,240,775, respectively.

(11) Short-term notes and bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Short-term notes and bills payable	\$ 900,000	\$ 900,000	\$ 900,000
Discount on short-term notes and bills payable	(2,327)	(2,242)	(533)
	\$ 897,673	\$ 897,758	\$ 899,467
Coupon rate	1.98%~2.00%	1.99%~2.16%	1.37%~1.87%

The abovementioned commercial paper was secured by financial institutions.

(12) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds payable	\$ 215,700	\$ 467,100	\$ 469,300
Less: Discount on bonds payable	(2,620)	(10,674)	(12,386)
	\$ 213,080	\$ 456,426	\$ 456,914
Less: Bonds payable, current portion	(213,080)	-	-
	<u>\$ -</u>	<u>\$ 456,426</u>	<u>\$ 456,914</u>

A. The issuance of domestic convertible bonds by the Company

(a) The terms of the fourth domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$600,000, 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date (August 3, 2021~ August 3, 2024) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 3, 2021.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (November 4, 2021) to 40 days before the maturity date (June 24, 2024), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price is NT\$29. Since the Company distributed cash dividends, the conversion price should be adjusted at the ex-dividend date in accordance with Article 11 of the terms of the bonds. On July 16, 2022, and July 17, 2023, the Company adjusted the conversion price to NT\$26.15 and NT\$23.96 (in dollars), respectively.
- iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue (November 4, 2021) to 40 days before the maturity date (June 24, 2024), or (ii) the outstanding balance of the bonds is less than 10% of the total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

- (b) For the nine months ended September 30, 2023 and 2022, the bonds totaling \$251,400 and \$130,700 had been converted into 9,749 thousand and 4,580 thousand shares of common stock. Accordingly, the Group recognised capital surplus of \$181,433 and \$97,220, and reduced capital surplus - share options by \$31,678 and \$16,470, respectively.
 - (c) As of September 30, 2023, the bonds totaling \$384,300 (face value) had been converted into 14,414 thousand shares of common stock. Accordingly, the Group recognised capital surplus of \$280,238 and reduced capital surplus - share options by \$48,425. The registration of bonds with a total face value of \$38,800 which had been converted into 1,619 thousand common shares has not yet been completed, and was shown as 'certificate of entitlement to new shares from convertible bonds' in the amount of \$16,193.
 - (d) As of September 30, 2023, there were no convertible bonds repurchased by the Company from the Taipei Exchange.
- B. Regarding the issuance of convertible bonds, the equity conversion options of the fourth domestic unsecured convertible bonds amounting to \$27,180 as of September 30, 2023 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.46%.

(13) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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.
- (b) The pension costs under the defined benefit pension plan of the Group for the three months and nine months ended September 30, 2023 and 2022 were \$222, \$130, \$666 and \$390, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2023 amount to \$180.

- B. (a) Effective July 1, 2005, the Company has 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 contributes monthly an amount not lower than 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 pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2023 and 2022 were \$4,253, \$4,212, \$12,873 and \$12,564, respectively.
- (b) The overseas subsidiaries, Zenitron (HK) Limited, Zenitron (Shanghai) International Trading Co., Ltd, Zenitron (Shenzhen) Technology Co. Ltd., ZTHC (Shanghai) Co., Ltd., and Shanghai Zenitron Electronic Trading Co., Ltd, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the local pension regulations are based on a certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, aforementioned companies have no further obligations. For the three months and nine months ended September 30, 2023 and 2022, the amount of pension expenses that were recognised were \$10,652, \$9,203, \$30,831 and \$27,691, respectively.
- C. The overseas subsidiaries, Supertronic International Corp., Zenicom (HK) Limited, and Shanghai Zenicom, have no employees, thus, they have no pension plan.

(14) Share capital

- A. As of September 30, 2023, the Company’s authorised capital was \$3,500,000, consisting of 350 million shares of ordinary stock (including 20 million shares reserved for employee stock options), and the paid-in capital was \$2,266,195 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. Movements in the number of the Company’s ordinary shares (including certificate of entitlement to new shares from convertible bonds) outstanding are as follows:

	2023	2022
	Shares (in thousands)	Shares (in thousands)
At January 1	218,490	213,825
Shares converted from bonds	9,749	4,580
At September 30	228,239	218,405

- C. Information related to the conversion of the bonds into common shares of the Company for the nine months ended September 30, 2023 and 2022 is provided in Note 6(12).

(15) 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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023			
	Share premium	Share options	Others	Total
At January 1	\$ 977,543	\$ 58,858	\$ 82,143	\$ 1,118,544
Conversion of convertible bonds	181,433	(31,678)	-	149,755
At September 30	<u>\$ 1,158,976</u>	<u>\$ 27,180</u>	<u>\$ 82,143</u>	<u>\$ 1,268,299</u>
	2022			
	Share premium	Share options	Others	Total
At January 1	\$ 878,738	\$ 75,605	\$ 82,143	\$ 1,036,486
Conversion of convertible bonds	97,220	(16,470)	-	80,750
At September 30	<u>\$ 975,958</u>	<u>\$ 59,135</u>	<u>\$ 82,143</u>	<u>\$ 1,117,236</u>

(16) Retained earnings

A. In accordance with 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, and setting aside or reversal of special reserve in accordance with related laws, if any. The remaining earnings are the distributable earnings for the year.

B. Dividend policy:

- The distribution of dividends shall be above 50% of the current year's distributable earnings and the cash dividends distributed shall not be lower than 20% of the current actual earnings distributed.
- The Board of Directors is authorised to distribute all or part of the dividends and bonus in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.
- When the Company has no deficit, the Board of Directors is authorised to distribute all or part of the legal reserve (for the part that exceeds 25% of paid-in capital) and capital surplus if it meets the requirements under the Company Act in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.

- C. 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.
- D. 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.
- E. The appropriations of 2022 and 2021 earnings as resolved by the shareholders on June 9, 2023 and June 8, 2022, respectively, are as follows:

	2022		2021	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 87,502		\$ 87,759	
Cash dividends	660,390	\$ 3.00	748,387	\$ 3.50
	<u>\$ 747,892</u>		<u>\$ 836,146</u>	

(17) Operating revenue

	Three months ended September 30	
	2023	2022
Revenue from contracts with customers	\$ 9,109,650	\$ 8,646,156
	Nine months ended September 30	
	2023	2022
Revenue from contracts with customers	\$ 24,293,479	\$ 31,390,518

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 geographical regions:

Three months ended September 30, 2023				
	China	Taiwan	Others	Total
Revenue from external customer contracts	<u>\$ 7,715,077</u>	<u>\$ 1,005,964</u>	<u>\$ 388,609</u>	<u>\$ 9,109,650</u>
Three months ended September 30, 2022				
	China	Taiwan	Others	Total
Revenue from external customer contracts	<u>\$ 7,189,333</u>	<u>\$ 1,105,161</u>	<u>\$ 351,662</u>	<u>\$ 8,646,156</u>

Nine months ended September 30, 2023	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 20,020,308	\$ 3,288,692	\$ 984,479	\$ 24,293,479
Nine months ended September 30, 2022	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 26,859,622	\$ 3,404,220	\$ 1,126,676	\$ 31,390,518

B. Contract liabilities (shown as ‘other current liabilities’)

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group has recognised revenue-related contract liabilities in the amounts of \$107,938, \$85,599 and \$105,609, respectively.

(18) Other income

	Three months ended September 30	
	2023	2022
Dividend income	\$ 25,714	\$ 12,538
Advertising income	1,509	3,920
Rent income	1,780	1,821
Other income	2,583	14,602
	<u>\$ 31,586</u>	<u>\$ 32,881</u>
	Nine months ended September 30	
	2023	2022
Dividend income	\$ 26,077	\$ 12,538
Advertising income	7,367	10,342
Rent income	5,458	5,297
Other income	34,276	22,791
	<u>\$ 73,178</u>	<u>\$ 50,968</u>

(19) Other gains and losses

	Three months ended September 30	
	2023	2022
Foreign exchange gains (losses)	\$ 76,317	(\$ 24,452)
(Losses) gains on financial assets at fair value through profit or loss	(4,037)	6,764
Losses on disposals of property, plant and equipment	(80)	(29)
Others	(12)	(182)
	<u>\$ 72,188</u>	<u>(\$ 17,899)</u>

	Nine months ended September 30	
	2023	2022
Foreign exchange gains (losses)	\$ 102,232	(\$ 66,955)
Gains on financial assets at fair value through profit or loss	1,460	1,959
Losses on disposals of property, plant and equipment	(140)	(91)
Others	(114)	(218)
	<u>\$ 103,438</u>	<u>(\$ 65,305)</u>

(20) Finance costs

	Three months ended September 30	
	2023	2022
Interest expense	\$ 98,336	\$ 77,617
Convertible bonds	869	1,698
Other interest expense	17,684	20,500
	<u>\$ 116,889</u>	<u>\$ 99,815</u>
	Nine months ended September 30	
	2023	2022
Interest expense	\$ 289,033	\$ 150,801
Convertible bonds	3,922	5,702
Other interest expense	57,866	35,440
	<u>\$ 350,821</u>	<u>\$ 191,943</u>

(21) Expenses by nature

	Three months ended September 30	
	2023	2022
Employee benefit expense		
Salary expenses	\$ 198,457	\$ 179,221
Labour and health insurance fees	13,037	12,326
Pension costs	15,127	13,545
Other personnel expenses	10,496	10,029
	<u>237,117</u>	<u>215,121</u>
Depreciation	15,389	16,397
Amortisation	1,215	1,142
	<u>\$ 253,721</u>	<u>\$ 232,660</u>

	Nine months ended September 30	
	2023	2022
Employee benefit expense		
Salary expenses	\$ 581,454	\$ 619,793
Labour and health insurance fees	39,714	38,152
Pension costs	44,370	40,645
Other personnel expenses	29,720	28,107
	695,258	726,697
Depreciation	47,707	48,456
Amortisation	3,408	3,473
	<u>\$ 746,373</u>	<u>\$ 778,626</u>

- A. In accordance with 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' remuneration. The ratio shall be 3%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. The Company's directors' remuneration and employees' compensation accounted as operating expenses were as follows:

	Three months ended September 30	
	2023	2022
Directors' remuneration	\$ 7,000	\$ 4,000
Employees' compensation	6,000	8,000
	<u>\$ 13,000</u>	<u>\$ 12,000</u>

	Nine months ended September 30	
	2023	2022
Directors' remuneration	\$ 16,000	\$ 20,000
Employees' compensation	18,000	28,000
	<u>\$ 34,000</u>	<u>\$ 48,000</u>

- C. For the nine months ended September 30, 2023, the employees' compensation and directors' remuneration were estimated and accrued based on a certain percentage of distributable profit of current year as of the end of reporting period.
- D. The directors' remuneration and employees' compensation for 2022 as resolved by the Board of Directors on March 15, 2023 were in agreement with those amounts recognised in the 2022 financial statements. The employees' compensation will be distributed in the form of cash.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 31,863	\$ 45,816
Deferred tax:		
Origination and reversal of temporary differences	15,832	(6,864)
Income tax expense	<u>\$ 47,695</u>	<u>\$ 38,952</u>
	Nine months ended September 30	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 78,123	\$ 218,441
Deferred tax:		
Origination and reversal of temporary differences	39,766	(63,598)
Income tax expense	<u>\$ 117,889</u>	<u>\$ 154,843</u>

B. The Company's and domestic subsidiary's, Zenicom Corporation's income tax returns through 2020 and 2021, respectively, have been assessed and approved by the Tax Authority.

(23) Earnings per share

	Three months ended September 30, 2023		
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 195,381</u>	<u>227,116</u>	<u>\$ 0.86</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 195,381	227,116	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	572	
Convertible bonds	<u>713</u>	<u>10,125</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 196,094</u>	<u>237,813</u>	<u>\$ 0.82</u>

Three months ended September 30, 2022			
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 142,276	218,011	\$ 0.65
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 142,276	218,011	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,073	
Convertible bonds	1,602	18,393	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 143,878	237,477	\$ 0.61
Nine months ended September 30, 2023			
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 425,139	222,405	\$ 1.91
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 425,139	222,405	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	860	
Convertible bonds	3,155	14,837	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 428,294	238,102	\$ 1.80

Nine months ended September 30, 2022			
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 589,622	215,912	\$ 2.73
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 589,622	215,912	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,350	
Convertible bonds	4,599	20,440	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 594,221	237,702	\$ 2.50

(24) Supplemental cash flow information

Nine months ended September 30			
	2023		2022
<u>Convertible bonds payable</u>			
Conversion of bonds payable	\$ 97,493	\$	45,805
Capital surplus of bonds payable conversion	149,755		80,750
Conversion of convertible bonds payable	(247,248)	(126,555)
Cash paid during the period	\$ -	\$	-

(25) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2023	\$ 11,159,622	\$ 897,758	\$ 456,426	\$ 26,135	\$ 12,539,941
Changes in cash flow from financing activities	(1,329,159)	(85)	-	(34,553)	(1,363,797)
Changes in other non-cash items	-	-	(243,346)	85,218	(158,128)
September 30, 2023	\$ 9,830,463	\$ 897,673	\$ 213,080	\$ 76,800	\$ 11,018,016

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2022	\$ 9,598,056	\$ 699,361	\$ 577,835	\$ 64,037	\$ 10,939,289
Changes in cash flow from financing activities	2,505,886	200,106	-	(36,357)	2,669,635
Changes in other non-cash items	-	-	(120,921)	11,617	(109,304)
September 30, 2022	<u>\$ 12,103,942</u>	<u>\$ 899,467</u>	<u>\$ 456,914</u>	<u>\$ 39,297</u>	<u>\$ 13,499,620</u>

(26) Seasonality of operations

Due to the seasonal nature of the 3C electronic channel, higher revenues and operating profits are usually expected in the second half of the year as compared to the first six months.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three months ended September 30	
	2023	2022
Salaries and other short-term employee benefits	\$ 24,474	\$ 16,649
	Nine months ended September 30	
	2023	2022
Salaries and other short-term employee benefits	\$ 72,460	\$ 75,995

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Investment property	\$ 2,730	\$ 2,788	\$ 2,808	Short-term borrowings
Guarantee deposits paid (shown as 'other non-current assets')	10,000	10,000	10,000	Court deposits
	<u>\$ 12,730</u>	<u>\$ 12,788</u>	<u>\$ 12,808</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of September 30, 2023, significant commitments were as follows:

As a requirement for the release of imported goods before duty and customs clearance, the Group has applied for customs guarantee with certain banks in the amount of \$20,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 26,292	\$ 27,328	\$ 25,043
Financial assets designated as at fair value through profit or loss	-	47	-
	<u>\$ 26,292</u>	<u>\$ 27,375</u>	<u>\$ 25,043</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	<u>\$ 562,132</u>	<u>\$ 606,170</u>	<u>\$ 579,905</u>
<u>Financial assets at amortised cost/receivables</u>			
Cash and cash equivalents	\$ 1,832,636	\$ 1,374,575	\$ 1,393,747
Notes receivable	210,755	164,073	173,804
Accounts receivable	8,939,910	7,438,333	8,471,512
Other receivables	73,040	74,863	59,122
Guarantee deposits paid (shown as other non-current assets)	61,701	56,941	57,307
	<u>\$ 11,118,042</u>	<u>\$ 9,108,785</u>	<u>\$ 10,155,492</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 9,830,463	\$ 11,159,622	\$ 12,103,942
Short-term notes and bills payable	897,673	897,758	899,467
Notes payable	3,797	2,477	3,896
Accounts payable	4,419,157	2,563,319	3,437,970
Other accounts payable	482,000	595,540	510,721
Bonds payable (including current portion)	213,080	456,426	456,914
Guarantee deposits received (shown as other non-current liabilities)	3,118	1,298	1,297
	<u>\$ 15,849,288</u>	<u>\$ 15,676,440</u>	<u>\$ 17,414,207</u>
Lease liabilities	<u>\$ 76,800</u>	<u>\$ 26,135</u>	<u>\$ 39,297</u>

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022, except for the items explained below:

Market risk

Foreign exchange risk

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

	September 30, 2023						
(Foreign currency: functional currency)				Sensitivity analysis			
	Foreign		Book value			Effect on	
	currency	Exchange	(In thousands	Degree of	Effect on	other	
	amount	rate	of NTD)	variation	profit or loss	comprehensive	
	(In thousands)					income	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$ 187,577	32.22	\$ 6,043,731	1%	\$ 60,437	\$	-
JPY:NTD	192,037	0.21	40,328	1%	403		-
USD:HKD (Note)	173,371	7.83	5,586,014	1%	55,860		-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$ 127,931	32.32	\$ 4,134,730	1%	\$ 41,347		-
RMB:NTD	51,035	4.44	226,595	1%	2,266		-
USD:HKD (Note)	174,749	7.83	5,647,888	1%	56,479		-
USD:RMB (Note)	4,990	7.18	161,277	1%	1,613		-

December 31, 2022							
(Foreign currency: functional currency)				Sensitivity analysis			
	Foreign		Book value			Effect on	
	currency	Exchange	(In thousands	Degree of	Effect on	other	
	amount	rate	of NTD)	variation	profit or loss	comprehensive	income
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	190,238	30.66	\$ 5,832,697	1%	\$ 58,327	\$ -
JPY:NTD		257,165	0.23	59,148	1%	591	-
HKD:NTD		10,932	3.91	42,744	1%	427	-
USD:HKD (Note)		167,965	7.80	5,149,807	1%	51,498	-
HKD:USD (Note)		677,142	0.13	2,647,625	1%	26,476	-
JPY:HKD (Note)		177,952	0.06	40,929	1%	409	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$	142,953	30.76	\$ 4,397,234	1%	\$ 43,972	-
JPY:NTD		201,648	0.23	46,379	1%	464	-
RMB:NTD		50,087	4.43	221,885	1%	2,219	-
USD:HKD (Note)		160,836	7.80	4,947,315	1%	49,473	-
USD:RMB (Note)		6,732	6.96	207,076	1%	2,071	-
JPY:HKD (Note)		101,938	0.06	23,446	1%	234	-
September 30, 2022							
(Foreign currency: functional currency)				Sensitivity analysis			
	Foreign		Book value			Effect on	
	currency	Exchange	(In thousands	Degree of	Effect on	other	
	amount	rate	of NTD)	variation	profit or loss	comprehensive	income
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	173,436	31.70	\$ 5,497,921	1%	\$ 54,979	\$ -
JPY:NTD		486,485	0.22	107,027	1%	1,070	-
HKD:NTD		10,313	4.01	41,355	1%	414	-
RMB:NTD		56,836	4.45	252,920	1%	2,529	-
USD:HKD (Note)		191,866	7.85	6,082,152	1%	60,822	-
HKD:USD (Note)		677,267	0.13	2,715,841	1%	27,158	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$	178,438	31.80	\$ 5,674,328	1%	\$ 56,743	\$ -
JPY:NTD		262,464	0.22	57,742	1%	577	-
USD:HKD (Note)		188,168	7.85	5,983,742	1%	59,837	-
USD:RMB (Note)		5,664	7.10	180,115	1%	1,801	-

Note: The functional currencies of certain consolidated entities are not NTD, thus, this information must be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD must be taken into consideration.

- (b) The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022, amounted to \$76,317, (\$24,452), \$102,232 and (\$66,955), respectively.

(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. An active market refers to a market in which transactions for an asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and OTC stocks is included in Level 1.

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 Company's investment in equity investment without active market, limited partnership and the Company's call options of convertible bonds 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

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable and other payables are approximate to their fair values.

September 30, 2023				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable (including current portion)	\$ 213,080	\$ -	\$ 212,862	\$ -
December 31, 2022				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable (including current portion)	\$ 456,426	\$ -	\$ 452,534	\$ -
September 30, 2022				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable (including current portion)	\$ 456,914	\$ -	\$ 451,246	\$ -

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at the balance sheet date.

D. Financial and non-financial instruments measured at fair value

(a) The related information on financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities are as follows:

September 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 19,421	\$ -	\$ -	\$ 19,421
Emerging stocks	351	-	-	351
Beneficiary certificates	-	-	6,520	6,520
Redemption of convertible bonds	-	-	-	-
Financial assets at fair value through other comprehensive income				
Listed stocks	429,614	-	-	429,614
Emerging stocks	794	-	-	794
Unlisted stocks	-	-	131,724	131,724
	<u>\$ 450,180</u>	<u>\$ -</u>	<u>\$ 138,244</u>	<u>\$ 588,424</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 19,854	\$ -	\$ -	\$ 19,854
Emerging stocks	358	-	-	358
Beneficiary certificates	-	-	7,116	7,116
Redemption of convertible bonds	-	-	47	47
Financial assets at fair value through other comprehensive income				
Listed stocks	475,301	-	-	475,301
Emerging stocks	810	-	-	810
Unlisted stocks	-	-	130,059	130,059
	<u>\$ 496,323</u>	<u>\$ -</u>	<u>\$ 137,222</u>	<u>\$ 633,545</u>

September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Listed stocks	\$ 17,182	\$ -	\$ -	\$ 17,182
Emerging stocks	363	-	-	363
Beneficiary certificates	-	-	7,498	7,498
Redemption of convertible bonds	-	-	-	-
Financial assets at fair value				
through other comprehensive income				
Listed stocks	447,914	-	-	447,914
Emerging stocks	822	-	-	822
Unlisted stocks	-	-	131,169	131,169
	<u>\$ 466,281</u>	<u>\$ -</u>	<u>\$ 138,667</u>	<u>\$ 604,948</u>

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

- i. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price as market quoted price.
- ii. Except for financial instruments with active markets, the fair value of other 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.
- 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, 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 and non-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 considers adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

- E. For the nine months ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

	2023		2022	
	Non- derivative instrument	Redemption of convertible bonds	Non- derivative instrument	Redemption of convertible bonds
At January 1	\$ 137,175	\$ 47	\$ 109,913	\$ 300
Increase during the period	-	-	37,420	-
Decrease during the period	- (21) (7,474) (68)
Losses recognised in profit or loss (596) (26) (2) (232)
Proceeds from capital reduction	-	-	(6,350)	-
Effect of exchange rate changes	1,665	-	5,160	-
At September 30	<u>\$ 138,244</u>	<u>\$ -</u>	<u>\$ 138,667</u>	<u>\$ -</u>

- G. Investment 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 calibrating, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 44,464</u>	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Unlisted shares	<u>\$ 87,260</u>	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Beneficiary certificates	<u>\$ 6,520</u>	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Redemption of convertible bonds	<u>\$ -</u>	Binomial model	Volatility	13.07%	The higher the volatility, the higher the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 42,799</u>	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Unlisted shares	<u>\$ 87,260</u>	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Beneficiary certificates	<u>\$ 7,116</u>	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Redemption of convertible bonds	<u>\$ 47</u>	Binomial model	Volatility	19.97%	The higher the volatility, the higher the fair value
	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 43,909</u>	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Unlisted shares	<u>\$ 87,260</u>	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Beneficiary certificates	<u>\$ 7,498</u>	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Redemption of convertible bonds	<u>\$ -</u>	Binomial model	Volatility	21.79%	The higher the volatility, the higher the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): 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 \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Notes 13(1) A, B and J.

(4) Major shareholders information

The Company has no shareholders with a shareholding ratio above 5%.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The pre-tax net income is used to measure the operating segment profit (loss) and performance of the operating segments. The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Three months ended September 30	
	2023	2022
Segment revenue	\$ 9,109,650	\$ 8,646,156
Segment income	\$ 195,381	\$ 142,276
Segment income, including:		
Depreciation and amortisation	\$ 16,604	\$ 17,539
	Nine months ended September 30	
	2023	2022
Segment revenue	\$ 24,293,479	\$ 31,390,518
Segment income	\$ 425,139	\$ 589,622
Segment income, including:		
Depreciation and amortisation	\$ 51,115	\$ 51,929

(3) Reconciliation for segment income (loss)

- A. The revenue from external customers reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.
- B. The Group's Board of Directors assesses performance of operating segments and allocates resources based on pre-tax net income; thus, reconciliation is not needed.

Zenitron Corporation and Subsidiaries

Loans to others

Nine months ended September 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2023 (Note 3)	Balance at September 30, 2023 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 622,300	\$ -	\$ -	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,305,283	\$ 2,305,283	
0	Zenitron Coporation	Zenicom Corporation	Other receivables	Yes	64,440	64,440	30,776	1.25%~2.85%	2	-	Operating capital	-	-	-	2,305,283	2,305,283	
0	Zenitron Coporation	Zenitron (HK) Limited	Other receivables	Yes	1,288,800	1,288,800	644,400	2.25%	2	-	Operating capital	-	-	-	2,305,283	2,305,283	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	88,900	88,300	30,905	3.55%	2	-	Operating capital	-	-	-	738,520	738,520	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	Other receivables	Yes	133,350	132,450	30,905	3.55%	2	-	Operating capital	-	-	-	738,520	738,520	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron Coporation	Other receivables	Yes	356,480	355,200	222,000	2.50%	2	-	Operating capital	-	-	-	738,520	738,520	
2	Shanghai Zenitron Electronic Trading Co., Ltd.	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	53,340	-	-	-	2	-	Operating capital	-	-	-	181,898	181,898	
2	Shanghai Zenitron Electronic Trading Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	Other receivables	Yes	44,450	44,150	-	-	2	-	Operating capital	-	-	-	181,898	181,898	
2	Shanghai Zenitron Electronic Trading Co., Ltd.	ZTHC (Shanghai) Co., Ltd.	Other receivables	Yes	62,230	61,810	61,810	3.65%	2	-	Operating capital	-	-	-	181,898	181,898	
3	Supertronic International Corp.	Zenitron Coporation	Other receivables	Yes	193,920	193,920	180,776	0%~2.25%	2	-	Operating capital	-	-	-	6,025,620	6,025,620	
4	Zenitron (Shanghai) International Trading Co., Ltd.	ZTHC (Shanghai) Co., Ltd.	Other receivables	Yes	133,350	132,450	-	-	2	-	Operating capital	-	-	-	325,760	325,760	
4	Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	Other receivables	Yes	133,350	132,450	-	-	2	-	Operating capital	-	-	-	325,760	325,760	
4	Zenitron (Shanghai) International Trading Co., Ltd.	Shanghai Zenicom Industrial Co., Ltd.	Other receivables	Yes	15,516	15,453	15,453	3.65%	2	-	Operating capital	-	-	-	325,760	325,760	
5	Zenitron (Shenzhen) Technology Co., Ltd.	ZTHC (Shanghai) Co., Ltd.	Other receivables	Yes	88,900	88,300	-	-	2	-	Operating capital	-	-	-	170,516	170,516	
6	Zenicom (HK) Limited	Zenitron (HK) Limited	Other receivables	Yes	64,540	64,540	-	-	2	-	Operating capital	-	-	-	223,812	223,812	

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: The name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: The maximum outstanding balance of loans to others for the year.

Note 4: The nature of the loan as follows:

- (1)‘1’ for business transaction.
- (2)‘2’ for short-term financing.

Note 5: The amount of business transactions when nature of the loan is 1, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Purpose of loan when nature of loan is 2, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, the calculation and amount are as follows:

- (1) Limit on loans granted to a single party is 40% of the creditor company’s net assets based on the latest financial statements.
- (2) Ceiling on total loans granted is 40% of the creditor company’s net assets based on the latest financial statements.
- (3) Limit on loans granted between foreign companies which the Company directly or indirectly holds 100% of their voting shares is 200% of the creditor company’s net assets based on the latest financial statements.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Zenitron Corporation and Subsidiaries

Provision of endorsements and guarantees to others

Nine months ended September 30, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2023 (Note 5)	Actual amount drawn down (Note 6)	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 (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	Zenitron Coporation	Zenitron (HK) Limited	2	\$ 8,644,812	\$ 2,788,132	\$ 2,500,282	\$ 1,112,994	\$ -	43.38%	\$ 8,644,812	Y	N	N	
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	2	8,644,812	976,785	928,920	113,772	-	16.12%	8,644,812	Y	N	Y	
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	2	8,644,812	1,793,883	1,352,760	371,826	-	23.47%	8,644,812	Y	N	Y	
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	2	8,644,812	1,174,470	928,920	97,321	-	16.12%	8,644,812	Y	N	Y	
0	Zenitron Coporation	Zenicom Corporation	2	8,644,812	50,000	50,000	5,000	-	0.87%	8,644,812	Y	N	N	
1	Zenitron (Shanghai) International Trading Co., Ltd.	Shanghai Zenicom Industrial Co., Ltd.	4	162,880	15,516	15,453	-	-	9.49%	162,880	N	N	Y	

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: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: The calculation for and amount of limit on endorsements/guarantees are as follows: (If any contingent loss is recognised in the financial statements, the recognised amount should be indicated)

(1) Limit on endorsements/guarantees provided for a single party is 150% of the Company’s net assets.

(2) Ceiling on total amount of endorsements/guarantees is 150% of the Company's net assets.

(3) Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided of Zenitron (Shanghai) International Trading Co., Ltd. shall not be more than 100% of the Company’s net assets.

Note 4: The year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities.

And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: The actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7:‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Zenitron Corporation and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2023

Table 3

Expressed in NTD

(Except as otherwise indicated)

As of September 30, 2023									
Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	Number of shares (Share/Unit)	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Zenitron Corporation	Stock	Yeong Guan Group	-	Current financial assets at fair value through profit or loss	153,834	\$ 8,122,435	0.13	\$ 8,122,435	
Zenitron Corporation	Stock	Dynapack International Technology Corporation	-	Current financial assets at fair value through profit or loss	83,000	6,664,900	0.06	6,664,900	
Zenitron Corporation	Stock	TXC CORPORATION	-	Current financial assets at fair value through profit or loss	20,000	1,936,000	0.01	1,936,000	
Zenitron Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	39,462	794,370	0.02	794,370	
Zenitron Corporation	Stock	ADLINK TECHNOLOGY INC.	-	Non-current financial assets at fair value through other comprehensive income	6,985,592	429,613,908	3.21	429,613,908	
Zenitron Corporation	Stock	Quadlink Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	500,000	10,000,000	3.45	10,000,000	
Zenitron Corporation	Stock	MEAN WELL ENTERPRISES CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	299,732	87,259,600	0.15	87,259,600	
Zenitron Corporation	Beneficiary certificate	Corporate Venture Capital Alliance Innovation Fund	-	Non-current financial assets at fair value through profit or loss	-	6,520,151	-	6,520,151	
Zenicom Corporation	Stock	Yeong Guan Group	-	Current financial assets at fair value through profit or loss	51,087	2,697,394	0.04	2,697,394	
Zenicom Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through profit or loss	17,454	351,349	0.01	351,349	
Supertronic International Corp	Stock	Capital Investment Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	1,320,000	34,464,876	3.57	34,464,876	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Zenitron 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
Nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 2)	Transaction				Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		Footnote (Note 3)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Zenitron Coporation	Zenitron (HK) Limited	1	Sales	(\$ 1,098,908)	(10)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties	\$ 407,354	8		
Zenitron (HK) Limited	Zenitron Coporation	2	Purchases	1,098,908	9	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(407,354)	(15)		
Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	(304,872)	(3)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties	48,669	1		
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron Coporation	2	Purchases	304,872	29	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(48,669)	(22)		
Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	1	Sales	(109,171)	(1)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties	11,611	0		
Zenitron (Shenzhen) Technology Co., Ltd.	Zenitron Coporation	2	Purchases	109,171	20	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(11,611)	(11)		
Zenitron (HK) Limited	Zenitron Coporation	2	Sales	(136,710)	(1)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties	37,609	1		
Zenitron Coporation	Zenitron (HK) Limited	1	Purchases	136,710	2	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(37,609)	(2)		
Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Sales	(274,016)	(2)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties	38,705	1		
Zenitron (Shenzhen) Technology Co., Ltd.	Zenitron (HK) Limited	3	Purchases	274,016	51	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(38,705)	(38)		
Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	(322,219)	(3)	Approximately 60~90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30~120 days after monthly billings for third parties	36,530	1		
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron (HK) Limited	3	Purchases	322,219	31	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(36,530)	(16)		

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

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

Note 3: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Zenitron Corporation and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Nine months ended September 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty (Note 2)	Balance as at	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			September 30, 2023 (Note 1)		Amount	Action taken		
<u>Accounts receivable</u>								
Zenitron Coporation	Zenitron (HK) Limited	1	\$ 407,354	2.44	\$ -	-	\$ 16,934	\$ -
<u>Other receivables</u>								
Zenitron Coporation	Zenitron (HK) Limited	1	662,849	-	-	-	-	-
ZTHC (Shanghai) Co., Ltd.	Zenitron Coporation	2	226,594	-	-	-	-	-
Supertronic International Corp.	Zenitron Coporation	2	180,956	-	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties....

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Table 6

Zenitron Corporation and Subsidiaries

Significant inter-company transactions during the reporting period

Nine months ended September 30, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Zenitron Coporation	Zenitron (HK) Limited	1	Sales	\$ 1,098,908	Selling price has no obvious difference from the third parties	5
0	Zenitron Coporation	Zenitron (HK) Limited	1	Accounts receivable	407,354	60~90 days after monthly billings	2
0	Zenitron Coporation	Zenitron (HK) Limited	1	Other receivables	662,849	In accordance with mutual agreements	3
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	304,872	Selling price has no obvious difference from the third parties	1
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	1	Other payables	226,594	In accordance with mutual agreements	1
1	Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Sales	274,016	Selling price has no obvious difference from the third parties	1
1	Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	322,219	Selling price has no obvious difference from the third parties	1

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

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

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Zenitron Corporation and Subsidiaries

Information on investees

Nine months ended September 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023 (Note 2(2))	Investment income recognised by the Company for the nine months ended September 30, 2023 (Note 2(3))	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares (in thousand)	Ownership (%)	Book value			
Zenitron Coporation	Zenicom Corporation	Taiwan	Trading of electronic components and assembly	\$ 205,854	\$ 205,854	16,520	100%	\$ 179,407	\$ 5,769	\$ 5,769	Subsidiary
Zenitron Coporation	Zenitron (HK) Limited	Hong Kong	Trading of electronic components and assembly	590,565	590,565	22,373	100%	3,267,448	(121,396)	(121,396)	Subsidiary (Note 3)
Zenitron Coporation	Supertronic International Corp.	B. V. I.	Reinvested holding company	28,749	28,749	100	100%	217,398	(5,128)	(5,128)	Subsidiary (Note 3)
Zenicom Corporation	Zenicom (HK) Limited	Hong Kong	Trading of electronic components and assembly	104,759	104,759	23,800	100%	111,906	5,008	5,008	Subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at September 30, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.
- (2) The ‘Net profit (loss) of the investee for the the nine months ended September 30, 2023’ column should fill in amount of net profit (loss) of the investee for this period.
- (3) The ‘Investment income (loss) recognised by the Company for the the nine months ended September 30, 2023’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Zenitron (HK) Limited issued 210,035,468 preference shares on July 3, 2023 in the amount of HKD 677,000 thousand and the shares were fully subscribed by Supertronic International Corp.

Zenitron Corporation and Subsidiaries

Information on investments in Mainland China

Nine months ended September 30, 2023

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)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income (loss) of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Zenitron (Shanghai) International Trading Co., Ltd.	Trading of electronic components and assembly	\$ 157,730	(2)	\$ 97,270	\$ -	\$ -	\$ 97,270	(\$ 19,011)	100%	(\$ 19,011)	\$ 162,880	\$ -	
ZTHC (Shanghai) Co., Ltd.	Selling computer memory equipment and related components and providing technical support	116,601	(2)	116,601	-	-	116,601	43,492	100%	43,492	369,260	-	
Zenitron (Shenzhen) Technology Co., Ltd.	Trading of electronic components and assembly	93,080	(2)	32,620	-	-	32,620	(3,588)	100%	(3,588)	85,258	-	
Shanghai Zenitron Electronic Trading Co., Ltd.	Trading of electronic components and assembly	94,760	(2)	-	-	-	-	262	100%	262	90,949	-	
Shanghai Zenicom Industrial Co., Ltd.	Trading of electronic components and assembly	8,839	(1)	-	8,839	-	8,839	(1,376)	100%	(1,376)	7,372	-	
Company name		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA							
Zenitron Corporation		\$ 255,330		\$ 461,651		\$ 3,457,925							

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Zenitron (HK) Limited, an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Basis for investment income (loss) recognition is the unreviewed financial statements of the investees.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.