

**ZENITRON CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2022 AND 2021**

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 March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three 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" 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 Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in 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\$2,295,126 thousand and NT\$2,038,298 thousand, constituting 10% and 11% of the consolidated total assets as at March 31, 2022 and 2021, respectively, total liabilities amounted to NT\$1,014,506 thousand and NT\$786,168 thousand, constituting 5% and 6% of the consolidated total liabilities as at March 31, 2022 and 2021, respectively, and the total comprehensive (loss) income amounted to (NT\$46,904) thousand and NT\$3,847 thousand, constituting (18%) and 2% of the consolidated total comprehensive income for the three 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three 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” as endorsed by the Financial Supervisory Commission.

Chen, Ching Chang

Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

May 13, 2022

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
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 1,150,382	5	\$ 1,615,196	7	\$ 1,321,745	7
Financial assets at fair value through profit or loss - current	6(2)	36,327	-	23,064	-	11,882	-
Financial assets at fair value through other comprehensive income - current	6(3)	778	-	727	-	653	-
Notes receivable, net	6(4)	348,924	1	286,952	1	253,483	1
Accounts receivable, net	6(4)	11,629,991	50	9,300,481	43	9,154,066	51
Other receivables		73,050	-	109,955	1	65,444	-
Inventories, net	6(5)	8,372,746	36	8,655,709	40	5,558,783	31
Other current assets		207,553	1	147,553	1	129,636	1
Total current assets		<u>21,819,751</u>	<u>93</u>	<u>20,139,637</u>	<u>93</u>	<u>16,495,692</u>	<u>91</u>
Non-current assets							
Financial assets at fair value through other comprehensive income -non-current	6(3)	892,133	4	973,995	5	939,042	6
Property, plant and equipment	6(6)	426,490	2	426,533	2	434,299	2
Right-of-use assets	6(7)	52,959	-	62,087	-	91,679	1
Investment property, net	6(9) and 8	36,356	-	36,492	-	36,900	-
Deferred income tax assets		115,126	1	81,454	-	58,147	-
Other non-current assets	8	67,636	-	66,314	-	65,575	-
Total non-current assets		<u>1,590,700</u>	<u>7</u>	<u>1,646,875</u>	<u>7</u>	<u>1,625,642</u>	<u>9</u>
Total assets		<u>\$ 23,410,451</u>	<u>100</u>	<u>\$ 21,786,512</u>	<u>100</u>	<u>\$ 18,121,334</u>	<u>100</u>

(Continued)

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Short-term borrowings	6(10)	\$ 10,884,315	47	\$ 9,598,056	44	\$ 7,936,670	44
Short-term notes and bills payable	6(11)	749,435	3	699,361	3	599,463	3
Notes payable		1,395	-	2,525	-	1,304	-
Accounts payable		4,559,236	20	4,616,535	21	3,681,756	20
Other payables		1,231,208	5	498,566	2	822,708	5
Current income tax liabilities		237,584	1	157,658	1	90,273	1
Current lease liabilities	6(7)	43,882	-	42,730	-	42,573	-
Other current liabilities	6(17)	101,680	-	82,935	1	117,875	1
Total current liabilities		<u>17,808,735</u>	<u>76</u>	<u>15,698,366</u>	<u>72</u>	<u>13,292,622</u>	<u>74</u>
Non-current liabilities							
Bonds payable	6(12)	524,360	2	577,835	3	-	-
Deferred income tax liabilities		122,921	1	115,882	1	114,468	1
Non-current lease liabilities	6(7)	11,255	-	21,307	-	50,778	-
Other non-current liabilities		81,061	-	80,890	-	71,924	-
Total non-current liabilities		<u>739,597</u>	<u>3</u>	<u>795,914</u>	<u>4</u>	<u>237,170</u>	<u>1</u>
Total liabilities		<u>18,548,332</u>	<u>79</u>	<u>16,494,280</u>	<u>76</u>	<u>13,529,792</u>	<u>75</u>
Equity attributable to owners of parent							
Share capital	6(14)						
Common stock		2,138,249	9	2,138,249	10	2,138,249	12
Certificate of entitlement to new shares from convertible bonds	6(12)	19,827	-	-	-	-	-
Capital surplus	6(15)						
Capital surplus		1,072,184	5	1,036,486	5	958,734	5
Retained earnings	6(16)						
Legal reserve		766,625	3	766,625	3	718,200	4
Unappropriated retained earnings		553,856	3	1,066,524	5	436,156	2
Other equity interest							
Other equity interest		311,378	1	284,348	1	340,203	2
Total equity attributable to owners of parent		<u>4,862,119</u>	<u>21</u>	<u>5,292,232</u>	<u>24</u>	<u>4,591,542</u>	<u>25</u>
Total equity		<u>4,862,119</u>	<u>21</u>	<u>5,292,232</u>	<u>24</u>	<u>4,591,542</u>	<u>25</u>
Significant contingent liabilities and unrecognised contract commitments	9						
Total liabilities and equity		\$ 23,410,451	100	\$ 21,786,512	100	\$ 18,121,334	100

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)
(UNAUDITED)

Items	Notes	Three months ended March 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Operating Revenue	6(17)	\$ 12,038,194	100	\$ 10,468,073	100
Operating Costs	6(5)	(11,359,481)	(94)	(9,912,173)	(95)
Gross Profit		678,713	6	555,900	5
Operating Expenses	6(21)				
Selling expenses		(272,869)	(2)	(231,013)	(2)
General and administrative expenses		(93,222)	(1)	(70,918)	(1)
Total operating expenses		(366,091)	(3)	(301,931)	(3)
Operating Profit		312,622	3	253,969	2
Non-operating income and expenses					
Interest income		592	-	639	-
Other income	6(18)	10,261	-	6,627	-
Other gains and losses	6(19)	11,042	-	14,665	-
Finance costs	6(20)	(35,012)	-	(30,338)	-
Total non-operating income and expenses		(13,117)	-	(8,407)	-
Profit before Income Tax		299,505	3	245,562	2
Income tax expense	6(22)	(63,786)	(1)	(53,005)	-
Profit for the Period		<u>\$ 235,719</u>	<u>2</u>	<u>\$ 192,557</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)	(\$ 77,290)	(1)	\$ 8,657	-
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		104,320	1	(4,930)	-
Other Comprehensive Income for the Period		<u>\$ 27,030</u>	<u>-</u>	<u>\$ 3,727</u>	<u>-</u>
Total Comprehensive Income		<u>\$ 262,749</u>	<u>2</u>	<u>\$ 196,284</u>	<u>2</u>
Profit attributable to:					
Owners of the parent		<u>\$ 235,719</u>	<u>2</u>	<u>\$ 192,557</u>	<u>2</u>
Comprehensive income attributable to:					
Owners of the parent		<u>\$ 262,749</u>	<u>2</u>	<u>\$ 196,284</u>	<u>2</u>
Earnings per Share (in dollars)	6(23)				
Basic earnings per share		<u>\$ 1.10</u>		<u>\$ 0.90</u>	
Diluted earnings per share		<u>\$ 1.01</u>		<u>\$ 0.90</u>	

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent							Total equity
		Capital		Retained Earnings		Other Equity Interest			
		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	
Notes									
<u>Three months ended March 31, 2021</u>									
		\$ 2,138,249	\$ -	\$ 958,734	\$ 718,200	\$ 643,662	(\$ 165,691)	\$ 508,404	\$ 4,801,558
		-	-	-	-	192,557	-	-	192,557
	6(3)	-	-	-	-	-	(4,930)	8,657	3,727
		-	-	-	-	192,557	(4,930)	8,657	196,284
Appropriation and distribution of 2020 earnings (Note)	6(16)								
		-	-	-	-	(406,300)	-	-	(406,300)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	6,237	-	(6,237)	-
		\$ 2,138,249	\$ -	\$ 958,734	\$ 718,200	\$ 436,156	(\$ 170,621)	\$ 510,824	\$ 4,591,542
<u>Three months ended March 31, 2022</u>									
		\$ 2,138,249	\$ -	\$ 1,036,486	\$ 766,625	\$ 1,066,524	(\$ 235,226)	\$ 519,574	\$ 5,292,232
		-	-	-	-	235,719	-	-	235,719
	6(3)	-	-	-	-	-	104,320	(77,290)	27,030
		-	-	-	-	235,719	104,320	(77,290)	262,749
Appropriation and distribution of 2021 earnings (Note)	6(16)								
		-	-	-	-	(748,387)	-	-	(748,387)
Conversion of convertible bonds	6(12)(14)(15)	-	19,827	35,698	-	-	-	-	55,525
		\$ 2,138,249	\$ 19,827	\$ 1,072,184	\$ 766,625	\$ 553,856	(\$ 130,906)	\$ 442,284	\$ 4,862,119

Note: The appropriation for cash dividends has been resolved by the Board of Directors but has not yet been reported to the shareholders.

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Three months ended March 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 299,505	\$ 245,562
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(19)	(1,454)	682
Expected credit gain	6(4)	(1,338)	(17,061)
Depreciation and amortization	6(21)	16,983	17,568
Loss on disposal of property, plant and equipment	6(19)	57	37
Interest income		(592)	(639)
Interest expense	6(20)	35,012	30,338
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(11,861)	12,743
Notes and accounts receivable		(2,390,144)	(23,043)
Other receivables		36,905	34,809
Inventories		282,963	818,729
Other current assets		(60,000)	(45,090)
Changes in operating liabilities			
Notes and accounts payable		(58,429)	(722,769)
Other payables		(22,853)	(31,212)
Other current liabilities		18,745	44,930
Other non-current liabilities		171	11
Cash (outflow) inflow generated from operations		(1,856,330)	365,595
Interest received		592	639
Interest paid		(27,904)	(29,940)
Income tax paid		(13,827)	(16,839)
Net cash flows (used in) from operating activities		(1,897,469)	319,455
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		5,726	13,699
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	10,119
Acquisition of property, plant and equipment	6(6)	(2,697)	(582)
(Increase) decrease in refundable deposits		(779)	742
Increase in other non-current assets		(1,590)	(2,016)
Net cash flows from investing activities		660	21,962
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(25)	1,286,259	(731,433)
Increase in short-term notes and bills payable	6(25)	50,074	49,957
Payments of lease liabilities	6(25)	(10,926)	(10,049)
Net cash flows from (used in) financing activities		1,325,407	(691,525)
Effect of exchange rate changes		106,588	(4,370)
Net decrease in cash and cash equivalents		(464,814)	(354,478)
Cash and cash equivalents at beginning of period		1,615,196	1,676,223
Cash and cash equivalents at end of period		\$ 1,150,382	\$ 1,321,745

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

ZENITRON CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021

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

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 reported to the Board of Directors on May 13, 2022.

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”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts-cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

None.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by 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 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, 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' 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, 2021.

(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 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 2021 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
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Supertronic International Corp. (Supertronic)	Investment business	100.00	100.00	100.00	Note 2
The Company	Yo-Teh Investment Corporation (Yo-Teh)	Investment business	-	100.00	100.00	Notes 1 and 2
The Company	Zenicom Corporation (Zenicom)	Sales of electronic components	100.00	100.00	100.00	Note 2
The Company	Zenitron (HK) Limited (Zenitron (HK))	Sales of electronic components	1.47	1.47	1.47	Note 2
Supertronic	Zenitron (HK)	Sales of electronic components	98.53	98.53	98.53	Note 2
Supertronic	Zenicom (HK) Limited (Zenicom (HK))	Sales of electronic components	100.00	100.00	100.00	Note 2
Zenitron (HK)	Zenitron (Shanghai) International Trading Co., Ltd. (Zenitron (Shanghai))	Sales of electronic components	100.00	100.00	100.00	Note 2
Zenitron (HK)	Zenitron (Shenzhen) Technology Co., Ltd. (Zenitron (Shenzhen))	Sales of electronic components	100.00	100.00	100.00	Note 2
Zenitron (HK)	Shanghai Zenitron Electronic Trading Co., Ltd. (Shanghai Zenitron)	Sales of electronic components	100.00	100.00	100.00	Note 2
Zenitron (HK)	ZTHC (Shanghai) Co., Ltd. (ZTHC (Shanghai))	Sales of computer storage device, providing technical service and sales of related components	100.00	100.00	100.00	Note 2

Note 1: Yo-Teh, the subsidiary of the Company, filed for liquidation in November 2021 as resolved by its Board of Directors. The liquidation process is in progress.

Note 2: The individual financial statements of the Company's consolidated subsidiaries as of March 31, 2022 and 2021 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

If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and revolving funds	\$ 385	\$ 307	\$ 1,473
Checking accounts and demand deposits	1,149,997	1,549,899	1,280,316
Time deposits	-	64,990	39,956
	<u>\$ 1,150,382</u>	<u>\$ 1,615,196</u>	<u>\$ 1,321,745</u>

A. Time deposits are highly liquid investments that expire within three months.

B. 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.

C. The Group has no cash and cash equivalents pledged to others.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 46,616	\$ 34,479	\$ 19,975
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	54	60	-
	47,833	35,702	21,138
Valuation adjustments	(11,506)	(12,638)	(9,256)
	<u>\$ 36,327</u>	<u>\$ 23,064</u>	<u>\$ 11,882</u>

A. The Group recognised net gain (loss) amounting to \$1,454 and (\$682) on financial assets at fair value through profit or loss for the three months ended March 31, 2022 and 2021, respectively.

B. The Group disposed Fresco Logic Inc. for a consideration of \$76,182 in the second quarter of 2020. In accordance with the trading contract, part of the disposal proceeds amounting to US\$303 thousand will be set aside for any pending expenses, and the remaining amount will be received by the Group one year after the trade date. The Group received the remaining amount in the second quarter of 2021, which was recognised as gain on disposal amounting to \$8,385 and shown as other income.

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

D. 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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items			
Equity instruments			
Emerging stocks	\$ 2,462	\$ 2,462	\$ 2,462
Valuation adjustment	(1,684)	(1,735)	(1,809)
	<u>\$ 778</u>	<u>\$ 727</u>	<u>\$ 653</u>
Non-current items			
Equity instruments			
Listed stocks	\$ 342,773	342,773	344,109
Unlisted stocks	<u>105,392</u>	<u>109,913</u>	<u>82,300</u>
	448,165	452,686	426,409
Valuation adjustment	<u>443,968</u>	<u>521,309</u>	<u>512,633</u>
	<u>\$ 892,133</u>	<u>\$ 973,995</u>	<u>\$ 939,042</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 \$892,911, \$974,722 and \$939,695 as at March 31, 2022, December 31, 2021 and March 31, 2021, 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. Aiming to adjust strategic investments for long-term business, the Company reclassified investments in equity instruments amounting to \$858,283 from current to non-current during the three months ended March 31, 2021, and sold stock investments at fair value amounting to \$0 and \$10,119 during the three months ended March 31, 2022 and 2021, respectively.
- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended March 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 77,290)	\$ 8,657
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>(\$ 6,237)</u>

- 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

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 348,924	\$ 286,952	\$ 253,483
Accounts receivable	\$ 11,708,199	\$ 9,379,057	\$ 9,245,940
Less: Allowance for uncollectible accounts	(78,208)	(78,576)	(91,874)
	\$ 11,629,991	\$ 9,300,481	\$ 9,154,066

- 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:

	March 31, 2022		December 31, 2021		March 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 11,002,511	\$ 348,924	\$ 8,779,495	\$ 286,952	\$ 8,519,434	\$ 253,483
Up to 30 days	331,582	-	323,783	-	313,239	-
31 to 90 days	314,950	-	190,896	-	337,206	-
Over 90 days	59,156	-	84,883	-	76,061	-
	\$ 11,708,199	\$ 348,924	\$ 9,379,057	\$ 286,952	\$ 9,245,940	\$ 253,483

The above ageing analysis was based on past due date.

- C. As of March 31, 2022, December 31, 2021, March 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$12,057,123, \$9,666,009, \$9,499,423 and \$9,476,552, 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 March 31, 2022, December 31, 2021 and March 31, 2021, 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>March 31, 2022</u>					
Expected loss rate	0.11%-0.54%	0.11%-1.09%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 11,002,511</u>	<u>\$ 331,582</u>	<u>\$ 314,950</u>	<u>\$ 59,156</u>	<u>\$ 11,708,199</u>

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>December 31, 2021</u>					
Expected loss rate	0.11%-0.54%	0.11%-2.5%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 8,779,495</u>	<u>\$ 323,783</u>	<u>\$ 190,896</u>	<u>\$ 84,883</u>	<u>\$ 9,379,057</u>

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
<u>March 31, 2021</u>					
Expected loss rate	0.11%-0.54%	0.11%-2.5%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 8,519,434</u>	<u>\$ 313,239</u>	<u>\$ 337,206</u>	<u>\$ 76,061</u>	<u>\$ 9,245,940</u>

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

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	\$ 78,576	\$ 109,107
Reversal of impairment loss	(1,338)	(17,061)
Effect of foreign exchange	970	(172)
At March 31	<u>\$ 78,208</u>	<u>\$ 91,874</u>

- G. Transferred financial assets that are derecognised in their entirety

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:

March 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	\$ 1,567,631	\$ 1,567,631	\$ 1,567,631	\$ -	1.08%~1.8%
Bank SinoPac	567,382	567,382	567,382	-	1.08%~1.8%

December 31, 2021					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Chang Hwa Bank	\$ 1,491,285	\$ 1,491,285	\$ 1,491,285	\$ -	0.91%~1.09%
Bank SinoPac	260,636	260,636	260,636	-	0.91%~1.09%

March 31, 2021					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Chang Hwa Bank	\$ 1,563,327	\$ 1,563,327	\$ 1,563,327	\$ -	0.90%~1.01%
Bank SinoPac	278,258	278,258	278,258	-	0.90%~1.01%

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

There were no transferred financial assets that are not derecognised in their entirety as of March 31, 2022, December 31, 2021 and March 31, 2021.

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

(5) Inventories

March 31, 2022			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 8,600,608	(\$ 823,235)	\$ 7,777,373
Inventories in transit	595,373	-	595,373
	<u>\$ 9,195,981</u>	<u>(\$ 823,235)</u>	<u>\$ 8,372,746</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 8,725,897	(\$ 585,624)	\$ 8,140,273
Inventories in transit	515,436	-	515,436
	<u>\$ 9,241,333</u>	<u>(\$ 585,624)</u>	<u>\$ 8,655,709</u>

	March 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 5,658,327	(\$ 395,989)	\$ 5,262,338
Inventories in transit	296,445	-	296,445
	<u>\$ 5,954,772</u>	<u>(\$ 395,989)</u>	<u>\$ 5,558,783</u>

The cost of inventories recognised as expense for the period:

	Three months ended March 31	
	2022	2021
Cost of goods sold	\$ 11,134,009	\$ 9,927,441
Loss on (gain on reversal of) decline in market value	225,472	(15,268)
	<u>\$ 11,359,481</u>	<u>\$ 9,912,173</u>

(6) Property, plant and equipment

	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	-	-	-	2,697	2,697
Disposals	-	-	-	(57)	(57)
Depreciation charge	-	(1,670)	(1,252)	(1,911)	(4,833)
Net exchange differences	-	1,622	160	368	2,150
Closing net book amount as at March 31	<u>\$ 252,592</u>	<u>\$ 137,397</u>	<u>\$ 15,772</u>	<u>\$ 20,729</u>	<u>\$ 426,490</u>
<u>At March 31, 2022</u>					
Cost	\$ 252,592	\$ 411,437	\$ 50,689	\$ 120,136	\$ 834,855
Accumulated depreciation	-	(274,040)	(34,917)	(99,407)	(408,365)
	<u>\$ 252,592</u>	<u>\$ 137,397</u>	<u>\$ 15,772</u>	<u>\$ 20,729</u>	<u>\$ 426,490</u>

	Land	Buildings and structures	Transportation equipment	Office equipment	Total
<u>At January 1, 2021</u>					
Cost	\$ 252,592	\$ 409,175	\$ 51,828	\$ 113,366	\$ 826,961
Accumulated depreciation	-	(264,545)	(31,918)	(90,494)	(386,957)
	<u>\$ 252,592</u>	<u>\$ 144,630</u>	<u>\$ 19,910</u>	<u>\$ 22,872</u>	<u>\$ 440,004</u>
<u>2021</u>					
Opening net book amount as at January 1	\$ 252,592	\$ 144,630	\$ 19,910	\$ 22,872	\$ 440,004
Additions	-	-	-	582	582
Disposals	-	-	-	(37)	(37)
Depreciation charge	-	(1,848)	(1,404)	(2,487)	(5,739)
Net exchange differences	-	(388)	(33)	(90)	(511)
Closing net book amount as at March 31	<u>\$ 252,592</u>	<u>\$ 142,394</u>	<u>\$ 18,473</u>	<u>\$ 20,840</u>	<u>\$ 434,299</u>
<u>At March 31, 2021</u>					
Cost	\$ 252,592	\$ 408,528	\$ 51,760	\$ 113,017	\$ 825,897
Accumulated depreciation	-	(266,134)	(33,287)	(92,177)	(391,598)
	<u>\$ 252,592</u>	<u>\$ 142,394</u>	<u>\$ 18,473</u>	<u>\$ 20,840</u>	<u>\$ 434,299</u>

(7) Lease arrangements – lessee

	March 31, 2022	December 31, 2021	March 31, 2021
Right-of-use assets:			
Buildings and structures	<u>\$ 52,959</u>	<u>\$ 62,087</u>	<u>\$ 91,679</u>
Lease liabilities:			
Current	\$ 43,882	\$ 42,730	\$ 42,573
Non-current	<u>11,255</u>	<u>21,307</u>	<u>50,778</u>
	<u>\$ 55,137</u>	<u>\$ 64,037</u>	<u>\$ 93,351</u>

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 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 asset and lease liabilities were not recognised for these leases.
- C. The depreciation charges on right-of-use assets are as follows:

	Three months ended March 31	
	2022	2021
Buildings and structures	<u>\$ 10,864</u>	<u>\$ 10,724</u>

- D. For the three months ended March 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$4,374, respectively.

E. Except for the depreciation charge, the information on profit or loss in relation to lease contracts is as follows:

	Three months ended March 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 583	\$ 965
Expense on short-term leases and leases of low-value assets	2,589	2,516

F. For the three months ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$14,098 and \$13,530, respectively.

G. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$0 and \$133 by increasing other income for the three months ended March 31, 2022 and 2021, respectively.

(8) Lease arrangements—lessor

For the three months ended March 31, 2022 and 2021, the Group recognised rent income in the amounts of \$1,655 and \$1,780, respectively, based on the operating lease agreement, which does not include variable lease payments.

(9) Investment property

	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	-	(136)	(136)
Closing net book amount as at March 31	<u>\$ 17,056</u>	<u>\$ 19,300</u>	<u>\$ 36,356</u>
<u>March 31, 2022</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(10,641)	(26,051)
	<u>\$ 17,056</u>	<u>\$ 19,300</u>	<u>\$ 36,356</u>

	Land	Buildings	Total
<u>January 1, 2021</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(9,961)	(25,371)
	<u>\$ 17,056</u>	<u>\$ 19,980</u>	<u>\$ 37,036</u>
<u>2021</u>			
Opening net book amount as at January 1	\$ 17,056	\$ 19,980	\$ 37,036
Depreciation charge	-	(136)	(136)
Closing net book amount as at March 31	<u>\$ 17,056</u>	<u>\$ 19,844</u>	<u>\$ 36,900</u>
<u>March 31, 2021</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(10,097)	(25,507)
	<u>\$ 17,056</u>	<u>\$ 19,844</u>	<u>\$ 36,900</u>

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

	Three months ended March 31	
	2022	2021
Rental revenue from investment property	<u>\$ 674</u>	<u>\$ 636</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 136</u>	<u>\$ 136</u>

B. The fair value of the investment property held by the Group was \$106,810, \$99,370 and \$96,892 as of March 31, 2022, December 31, 2021 and March 31, 2021, 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

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured borrowings	<u>\$ 10,884,315</u>	<u>\$ 9,598,056</u>	<u>\$ 7,936,670</u>
Interest rate range	0.58%~4.15%	0.58%~4.15%	0.64%~4.25%

A. For the three months ended March 31, 2022 and 2021, the interest expense recognised in profit or loss amounted to \$27,340 and \$26,208, respectively.

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group provided collaterals for the financing facility of short-term borrowings and issued guaranteed notes as collateral in the amount of \$17,532,426, \$17,403,001 and \$16,002,670, respectively.

(11) Short-term notes and bills payable

	March 31, 2022	December 31, 2021	March 31, 2021
Short-term notes and bills payable	\$ 750,000	\$ 700,000	\$ 600,000
Discount on short-term notes and bills payable	(565)	(639)	(537)
	<u>\$ 749,435</u>	<u>\$ 699,361</u>	<u>\$ 599,463</u>
Coupon rate	0.9%~1.1%	0.9%~1.1%	1%~1.2%

The abovementioned commercial paper was secured by financial institutions.

(12) Bonds payable

	March 31, 2022	December 31, 2021
Bonds payable	\$ 542,500	\$ 600,000
Less: Discount on bonds payable	(18,140)	(22,165)
	<u>\$ 524,360</u>	<u>\$ 577,835</u>

The Company had no bonds payable as of March 31, 2021.

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 \$29.
- 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) As of March 31, 2022, the bonds totaling \$57,500 (face value) had been converted into 1,983 thousand shares of common stock. The registration has not yet been completed, so the ‘certificate of entitlement to new shares from convertible bonds’ of \$19,827 and the ‘capital surplus—share premium’ of \$42,944 were recorded, and the ‘capital surplus—share options’ (\$7,246) was reversed.
 - (c) As of March 31, 2022, 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 \$68,359 as of March 31, 2022 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 ended March 31, 2022 and 2021 were \$130 and \$49, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2022 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 ended March 31, 2022 and 2021 were \$4,168 and \$3,908, 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 ended March 31, 2022 and 2021, the amount of pension expenses that were recognised were \$9,109 and \$7,722, respectively.
- C. The overseas subsidiaries, Supertronic International Corp. and Zenicom (HK) Limited, have no employees, thus, they have no pension plan.

(14) Share capital

- A. As of March 31, 2022, 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 \$2,138,249 with a par value of \$10 (in dollars) per share.
- B. As of March 31, 2021, the beginning and ending number of outstanding shares were 213,825 thousand shares.
- C. Information related to the bondholders asked for conversion of the bonds into common shares of the Company from January 2022 to March 2022 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.

	2022			
	Share premium	Share options	Others	Total
At January 1	\$ 878,738	\$ 75,605	\$ 82,143	\$ 1,036,486
Conversion of convertible bonds	42,944	(7,246)	-	35,698
At March 31	<u>\$ 921,682</u>	<u>\$ 68,359</u>	<u>\$ 82,143</u>	<u>\$ 1,072,184</u>

(16) Retained earnings / events after the balance sheet date

- 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:
- (a) 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.
- (b) 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.
- (c) 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 2021 earnings as approved by the Board of Directors on March 21, 2022 and the appropriations of 2020 earnings as resolved by the shareholders on June 11, 2021 are as follows:

	2021		2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 87,759		\$ 48,425	
Cash dividends	748,387	\$ 3.50	406,300	\$ 1.90
	<u>\$ 836,146</u>		<u>\$ 454,725</u>	

The aforementioned distribution of 2021 earnings had been approved by the Board of Directors but has not yet been reported to the shareholders.

(17) Operating revenue

	Three months ended March 31	
	2022	2021
Revenue from contracts with customers	<u>\$ 12,038,194</u>	<u>\$ 10,468,073</u>

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 March 31, 2022	China	Taiwan	Others	Total
Revenue from external customer contracts	<u>\$ 10,476,455</u>	<u>\$ 1,196,186</u>	<u>\$ 365,553</u>	<u>\$ 12,038,194</u>
Three months ended March 31, 2021	China	Taiwan	Others	Total
Revenue from external customer contracts	<u>\$ 9,338,658</u>	<u>\$ 907,790</u>	<u>\$ 221,625</u>	<u>\$ 10,468,073</u>

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

For the three months ended March 31, 2022 and 2021, the Group has recognised revenue-related contract liabilities in the amounts of \$98,668 and \$114,343, respectively.

(18) Other income

	Three months ended March 31	
	2022	2021
Advertising income	\$ 3,002	\$ 2,878
Rent income	1,655	1,780
Other income	5,604	1,969
	<u>\$ 10,261</u>	<u>\$ 6,627</u>

(19) Other gains and losses

	Three months ended March 31	
	2022	2021
Foreign exchange gains	\$ 9,657	\$ 15,495
Gains (losses) on financial assets at fair value through profit or loss	1,454 (682)
Losses on disposals of property, plant and equipment	(57) (37)
Others	(12) (111)
	<u>\$ 11,042</u>	<u>\$ 14,665</u>

(20) Finance costs

	Three months ended March 31	
	2022	2021
Interest expense	\$ 27,340	\$ 26,208
Convertible bonds	2,102	-
Other interest expense	5,570	4,130
	<u>\$ 35,012</u>	<u>\$ 30,338</u>

(21) Expenses by nature

	Three months ended March 31	
	2022	2021
Employee benefit expense		
Salary expenses	\$ 213,824	\$ 174,130
Labour and health insurance fees	12,994	11,493
Pension costs	13,407	11,679
Other personnel expenses	8,810	8,508
	<u>249,035</u>	<u>205,810</u>
Depreciation	15,833	16,599
Amortisation	1,150	969
	<u>\$ 266,018</u>	<u>\$ 223,378</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 March 31	
	2022	2021
Directors' remuneration	\$ 8,000	\$ 4,000
Employees' compensation	12,000	7,000
	<u>\$ 20,000</u>	<u>\$ 11,000</u>

- C. For the three months ended March 31, 2022, 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 employees' compensation of \$36,000 and directors' remuneration of \$30,000 for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.
- 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

	Three months ended March 31	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 104,497	\$ 47,648
Deferred tax:		
Origination and reversal of temporary differences	(40,711)	5,357
Income tax expense	<u>\$ 63,786</u>	<u>\$ 53,005</u>

- B. The Company's income tax returns through 2020, except for 2018, have been assessed and approved by the Tax Authority.
- C. The domestic subsidiaries, Yo-Teh Investment Corporation's and Zenicom Corporation's income tax returns through November 30, 2021 and year 2020, respectively, have been assessed and approved by the Tax Authority.

(23) Earnings per share

Three months ended March 31, 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	\$ 235,719	213,847	\$ 1.10
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 235,719	213,847	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,146	
Convertible bonds	1,334	20,668	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 237,053	235,661	\$ 1.01
Three months ended March 31, 2021			
	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	\$ 192,557	213,825	\$ 0.90
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 192,557	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	856	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 192,557	214,681	\$ 0.90

(24) Supplemental cash flow information

	Three months ended March 31,	
	2022	2021
Cash dividends declared but yet to be paid	\$ 748,387	\$ 406,300

(25) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable	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	1,286,259	50,074	-	(10,926)	1,325,407
Changes in other non-cash items	-	-	(53,475)	2,026	(51,449)
March 31, 2022	<u>\$ 10,884,315</u>	<u>\$ 749,435</u>	<u>\$ 524,360</u>	<u>\$ 55,137</u>	<u>\$ 12,213,247</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2021	\$ 8,668,103	\$ 549,506	\$ 99,307	\$ 9,316,916
Changes in cash flow from financing activities	(731,433)	49,957	(10,049)	(691,525)
Changes in other non-cash items	-	-	4,093	4,093
March 31, 2021	<u>\$ 7,936,670</u>	<u>\$ 599,463</u>	<u>\$ 93,351</u>	<u>\$ 8,629,484</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 March 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 22,319	\$ 14,780

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	
Investment property	\$ 2,847	\$ 2,867	\$ 2,925	Short-term borrowings
Guarantee deposits paid (shown as 'other non- current assets')	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	Court deposits
	<u>\$ 12,847</u>	<u>\$ 12,867</u>	<u>\$ 12,925</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of March 31, 2022, other 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, 2021.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</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	\$ 35,839	\$ 22,764	\$ 11,882
Financial assets designated as at fair value through profit or losses	<u>488</u>	<u>300</u>	<u>-</u>
	<u>\$ 36,327</u>	<u>\$ 23,064</u>	<u>\$ 11,882</u>

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	<u>\$ 892,911</u>	<u>\$ 974,722</u>	<u>\$ 939,695</u>
Financial assets at amortised cost/receivables			
Cash and cash equivalents	\$ 1,150,382	\$ 1,615,196	\$ 1,321,745
Notes receivable	348,924	286,952	253,483
Accounts receivable	11,629,991	9,300,481	9,154,066
Other receivables	73,050	109,955	65,444
Guarantee deposits paid (shown as 'other non-current assets')	<u>56,897</u>	<u>56,118</u>	<u>56,839</u>
	<u>\$ 13,259,244</u>	<u>\$ 11,368,702</u>	<u>\$ 10,851,577</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 10,884,315	\$ 9,598,056	\$ 7,936,670
Short-term notes and bills payable	749,435	699,361	599,463
Notes payable	1,395	2,525	1,304
Accounts payable	4,559,236	4,616,535	3,681,756
Other accounts payable	1,231,208	498,566	822,708
Bonds payable	524,360	577,835	-
Guarantee deposits received (shown as 'other non-current liabilities')	<u>3,150</u>	<u>3,120</u>	<u>3,147</u>
	<u>\$ 17,953,099</u>	<u>\$ 15,995,998</u>	<u>\$ 13,045,048</u>
Lease liabilities	<u>\$ 55,137</u>	<u>\$ 64,037</u>	<u>\$ 93,351</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, 2021.

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, 2021, 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:

March 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	
(In thousands)						income	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	253,818	28.58	\$ 7,254,118	1%	\$ 72,541	\$ -
JPY:NTD		424,248	0.23	97,577	1%	976	-
HKD:NTD		8,835	3.63	32,071	1%	321	-
RMB:NTD		56,310	4.48	252,269	1%	2,523	-
USD:HKD (Note)		292,706	7.82	8,365,537	1%	83,655	-
HKD:USD (Note)		568,227	0.13	2,062,664	1%	20,627	-
JPY:HKD (Note)		89,254	0.07	20,528	1%	205	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$	289,464	28.68	\$ 8,301,828	1%	\$ 83,018	-
JPY:NTD		223,972	0.24	53,753	1%	538	-
USD:HKD (Note)		215,063	7.82	6,168,007	1%	61,680	-
USD:RMB (Note)		10,477	6.35	300,480	1%	3,005	-
JPY:HKD (Note)		114,734	0.07	27,536	1%	275	-
December 31, 2021							
(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	\$	227,807	27.63	\$ 6,294,307	1%	\$ 62,943	\$ -
JPY:NTD		355,401	0.24	85,296	1%	853	-
RMB:NTD		56,083	4.32	242,279	1%	2,423	-
USD:HKD (Note)		225,242	7.80	6,223,436	1%	62,234	-
JPY:HKD (Note)		84,405	0.07	20,257	1%	203	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$	284,167	27.63	\$ 7,879,951	1%	\$ 78,800	\$ -
JPY:NTD		189,833	0.24	45,560	1%	456	-
USD:HKD (Note)		185,511	7.80	5,144,220	1%	51,442	-
USD:RMB (Note)		8,049	6.38	223,199	1%	2,232	-
JPY:HKD (Note)		88,857	0.07	21,326	1%	213	-

March 31, 2021

(Foreign currency: functional currency)	Sensitivity analysis					
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 210,115	28.49	\$ 5,986,176	1%	\$ 59,862	\$ -
JPY:NTD	262,940	0.26	68,364	1%	684	-
RMB:NTD	55,403	4.32	239,341	1%	2,393	-
USD:HKD (Note)	224,791	7.78	6,404,296	1%	64,043	-
JPY:HKD (Note)	75,940	0.07	19,744	1%	197	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 240,694	28.59	\$ 6,881,441	1%	\$ 68,814	\$ -
JPY:NTD	101,055	0.26	26,274	1%	263	-
USD:HKD (Note)	150,342	7.78	4,298,278	1%	42,983	-
USD:RMB (Note)	8,998	6.57	257,253	1%	2,573	-
JPY:HKD (Note)	47,441	0.07	12,335	1%	123	-

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, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2022 and 2021, amounted to \$9,657 and \$15,495, 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 Group's investment in equity investment without active market is included in Level 3.

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

C. Financial instruments not measured at fair value

- (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, notes payable, accounts payable and other payables are approximate to their fair values.

March 31, 2022				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 524,360	\$ -	\$ 520,298	\$ -

December 31, 2021				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 577,835	\$ -	\$ 578,222	\$ -

There was no such transaction as of March 31, 2021.

- (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:

March 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	\$ 35,495	\$ -	\$ -	\$ 35,495
Emerging stocks	344	-	-	344
Redemption of convertible bonds	-	-	488	488
Financial assets at fair value through other comprehensive income	-	-	-	-
Listed stocks	786,741	-	-	786,741
Emerging stocks	778	-	-	778
Unlisted stocks	-	-	105,392	105,392
	<u>\$ 823,358</u>	<u>\$ -</u>	<u>\$ 105,880</u>	<u>\$ 929,238</u>

December 31, 2021	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	\$ 22,443	\$ -	\$ -	\$ 22,443
Emerging stocks	321	-	-	321
Redemption of convertible bonds	-	-	300	300
Financial assets at fair value through other comprehensive income				
Listed stocks	864,082	-	-	864,082
Emerging stocks	727	-	-	727
Unlisted stocks	-	-	109,913	109,913
	<u>\$ 887,573</u>	<u>\$ -</u>	<u>\$ 110,213</u>	<u>\$ 997,786</u>
 March 31, 2021	 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	\$ 11,594	\$ -	\$ -	\$ 11,594
Emerging stocks	288	-	-	288
Financial assets at fair value through other comprehensive income				
Listed stocks	856,742	-	-	856,742
Emerging stocks	653	-	-	653
Unlisted stocks	-	-	82,300	82,300
	<u>\$ 869,277</u>	<u>\$ -</u>	<u>\$ 82,300</u>	<u>\$ 951,577</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- 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.
 - 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 three months ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the three months ended March 31, 2022 and 2021:

	2022		2021
	Unlisted stocks	Redemption of convertible bonds	Unlisted stocks
At January 1	\$ 109,913	\$ 300	\$ 95,894
Increase during the period	-	240	-
Decrease during the period	- (52)	-
Proceeds from capital reduction	(5,726)	- (13,699)
Effect of exchange rate changes	1,205	-	105
At March 31	<u>\$ 105,392</u>	<u>\$ 488</u>	<u>\$ 82,300</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 March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 105,392</u>	Net asset value	Not applicable	Not applicable	Not applicable
Redemption of convertible bonds	<u>\$ 488</u>	Binomial model	Volatility	23.18%	The higher the volatility, the higher the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 109,913</u>	Net asset value	Not applicable	Not applicable	Not applicable
Redemption of convertible bonds	<u>\$ 300</u>	Binomial model	Volatility	22.02%	The higher the volatility, the higher the fair value
	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 82,300</u>	Net asset value	Not applicable	Not applicable	Not applicable

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 March 31	
	2022	2021
Segment revenue	\$ 12,038,194	\$ 10,468,073
Segment income	\$ 235,719	\$ 192,557
Segment income, including:		
Depreciation and amortisation	\$ 16,983	\$ 17,568

(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

Three months ended March 31, 2022

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 three months ended March 31, 2022 (Note 3)	Balance at March 31, 2022 (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
													Item	Value			
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 627,340	\$ 627,340	\$ 224,050	2.50%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,944,848	\$ 1,944,848	
0	Zenitron Coporation	Zenicom Corporation	Other receivables	Yes	28,575	28,575	-	-	2	-	Operating capital	-	-	-	1,944,848	1,944,848	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	90,200	90,200	-	-	2	-	Operating capital	-	-	-	718,258	718,258	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	Other receivables	Yes	270,600	270,600	90,200	2.50%	2	-	Operating capital	-	-	-	718,258	718,258	
2	Shanghai Zenitron Electronic Trading Co., Ltd.	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	54,120	54,120	45,100	3.80%	2	-	Operating capital	-	-	-	184,616	184,616	
3	Supertronic International Corp.	Zenitron Coporation	Other receivables	Yes	85,890	85,890	57,260	0.38%	2	-	Operating capital	-	-	-	6,215,666	6,215,666	

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.

Table 2

Zenitron Corporation and Subsidiaries

Provision of endorsements and guarantees to others

Three months ended March 31, 2022

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 at March 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount as at March 31, 2022 (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	3	\$ 7,293,179	\$ 1,585,212	\$ 1,585,212	\$ 1,024,073	\$ -	32.60%	\$ 7,293,179	Y	N	N	
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	3	7,293,179	539,750	503,950	201,097	-	10.36%	7,293,179	Y	N	Y	
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	3	7,293,179	893,609	893,609	375,040	-	18.38%	7,293,179	Y	N	Y	
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	3	7,293,179	464,930	464,930	-	-	9.56%	7,293,179	Y	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 six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

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

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

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

(5) Mutual guarantee of the trade as required by the construction contract.

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

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.

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)

Three months ended March 31, 2022

Table 3

Expressed in NTD

(Except as otherwise indicated)

					As of March 31, 2022				
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	\$ 9,691,542	0.14	\$ 9,691,542	
Zenitron Corporation	Stock	Dynapack International Technology Corporation	-	Current financial assets at fair value through profit or loss	40,000	4,460,000	0.03	4,460,000	
Zenitron Corporation	Stock	CHROMA ATE INC.	-	Current financial assets at fair value through profit or loss	95,000	17,100,000	0.02	17,100,000	
Zenitron Corporation	Stock	TXC CORPORATION	-	Current financial assets at fair value through profit or loss	10,000	1,025,000	0.00	1,025,000	
Zenitron Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	39,462	778,191	0.02	778,191	
Zenitron Corporation	Stock	ADLINK TECHNOLOGY INC.	-	Non-current financial assets at fair value through other comprehensive income	13,334,592	786,740,928	6.13	786,740,928	
Zenitron Corporation	Stock	NU INC.	-	Non-current financial assets at fair value through other comprehensive income	1,022,727	7,474,468	7.89	7,474,468	
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	200,000	57,340,000	0.13	57,340,000	
Zenicom Corporation	Stock	Yeong Guan Group	-	Current financial assets at fair value through profit or loss	51,087	3,218,481	0.05	3,218,481	
Zenicom Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through profit or loss	17,454	344,193	0.01	344,193	
Supertronic International Corp	Stock	Capital Investment Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	1,320,000	30,577,298	3.57	30,577,298	

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
Three months ended March 31, 2022

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	(\$ 1,613,237)	(28)	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	\$ 1,642,851	23		
Zenitron (HK) Limited	Zenitron Coporation	2	Purchases	1,613,237	23	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(1,642,851)	(48)		
Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	(216,733)	(4)	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	127,294	2		
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron Coporation	2	Purchases	216,733	57	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(127,294)	(46)		
Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Sales	(114,428)	(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	45,886	1		
Zenitron (Shenzhen) Technology Co., Ltd.	Zenitron (HK) Limited	3	Purchases	114,428	47	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(45,886)	(35)		
Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	(148,051)	(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	80,570	1		
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron (HK) Limited	3	Purchases	148,051	39	Approximately 60~90 days after monthly billings	Approximately the same as the normal price	Approximately 10~75 days after monthly billings for third parties	(80,570)	(29)		

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
Three months ended March 31, 2022

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
			March 31, 2022 (Note 1)		Amount	Action taken		
<u>Accounts receivable</u>								
Zenitron Coporation	Zenitron (HK) Limited	1	\$ 1,642,851	4.74	\$ -	-	\$ 41,630	\$ -
Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	127,294	8.22	-	-	18,012	-
<u>Other receivables</u>								
Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	1	225,450	-	-	-	-	-
SUPERTRONIC INT'L CORP.	Zenitron (HK) Limited	3	2,078,618	-	-	-	-	-

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.

Zenitron Corporation and Subsidiaries

Significant inter-company transactions during the reporting period

Three months ended March 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Zenitron Coporation	Zenitron (HK) Limited	1	Sales	\$ 1,613,237	Selling price has no obvious difference from the third parties	13
0	Zenitron Coporation	Zenitron (HK) Limited	1	Accounts receivable	1,642,851	60~90 days after monthly billings	7
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	216,733	Selling price has no obvious difference from the third parties	2
1	Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	148,051	Selling price has no obvious difference from the third parties	1
2	SUPERTRONIC INT’L. CORP.	Zenitron (HK) Limited	3	Other receivables	2,078,618	In accordance with mutual agreements	9

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

Three months ended March 31, 2022

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 March 31, 2022			Net profit (loss) of the investee for the three months ended March 31, 2022 (Note 2(2))	Investment income recognised by the Company for the three months ended March 31, 2022 (Note 2(3))	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares (in thousand)	Ownership (%)	Book value			
Zenitron Coporation	Zenicom Corporation	Taiwan	Trading of electronic components and assembly	\$ 55,854	\$ 55,854	1,520	100.00	\$ 25,439	(\$ 825)	(\$ 825)	Subsidiary
Zenitron Coporation	Zenitron (HK) Limited	Hong Kong	Trading of electronic components and assembly	2,008	2,008	510	1.47	12,533	174,083	2,559	Second-tier subsidiary
Zenitron Coporation	Supertronic International Corp.	B. V. I.	Reinvested holding company	618,023	618,023	18,704	100.00	3,107,833	165,486	165,486	Subsidiary
Zenitron Coporation	Yo-Teh Investment Corporation	Taiwan	Reinvested holding company	-	84,167	-	-	-	2	2	Subsidiary (Note 3)
Supertronic International Corp.	Zenitron (HK) Limited	Hong Kong	Trading of electronic components and assembly	471,639	471,639	34,272	98.53	840,028	174,083	171,524	Subsidiary
Supertronic International Corp.	Zenicom (HK) Limited	Hong Kong	Trading of electronic components and assembly	92,780	92,780	23,800	100.00	92,107	1,860	1,860	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 March 31, 2022’ 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 three months ended March 31, 2022’ 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 three months ended March 31, 2022’ 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: Yo-Teh, the subsidiary of the Company, filed for liquidation in November 2021 as resolved by its Board of Directors. The liquidation process is in progress.

Zenitron Corporation and Subsidiaries
Information on investments in Mainland China
Three months ended March 31, 2022

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, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income (loss) of investee for the three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2022 (Note 2)	Book value of investments in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	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	(\$ 8,660)	100.00	(\$ 8,660)	\$ 187,083	\$ -	
ZTHC (Shanghai) Co., Ltd.		Selling computer memory equipment and related components and providing technical support	116,601	(2)	116,601	-	-	116,601	4,171	100.00	4,171	359,129	-	
Zenitron (Shenzhen) Technology Co., Ltd.		Trading of electronic components and assembly	93,080	(2)	32,620	-	-	32,620	(43,410)	100.00	(43,410)	37,239	-	
Shanghai Zenitron Electronic Trading Co., Ltd.		Trading of electronic components and assembly	94,760	(2)	-	-	-	-	(42)	100.00	(42)	92,308	-	
Company name		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022		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		\$ 246,491		\$ 443,484		\$ 2,917,271								

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.