

# **2023 Annual Shareholders' Meeting**

## **Meeting Agenda**

(Translation)

**June 9, 2023**

## Table of Contents

<b>1. Meeting Agenda</b>	1
<b>2. Report Items</b>	2
<b>3. Proposed Resolutions</b>	3
<b>4. Matters for Election and Discussion</b>	4
<b>5. Extemporaneous Motions</b>	4
<b>6. Attachment</b>	
I. 2022 Business Report	6
II. 2022 Audit Committee's Review Report	12
III. 2022 Independent Auditors' Report and the Financial Statements (Including Consolidated Financial Statement)	13
IV. 2022 Earnings Distribution Table	35
V. List of Independent Director Candidate	36
VI. Release of the Non-Competition Restrictions of Independent Director	36
<b>7. Appendix</b>	
I. Rules and Procedures of Shareholders' Meeting	37
II. Articles of Incorporation	41
III. Procedures for Election of Directors	48
IV. Shareholdings of All Directors	50

**Zenitron Corporation**  
**2023 Annual Shareholders' Meeting**  
**Meeting Agenda**

**Time :** 9:00 a.m., Friday, June 9, 2023

**Place :** Zenitron Corp. Headquarters Meeting Room  
(No. 8, Lane 250, Xinhua Road, Neihu District, Taipei City, Taiwan 114)

**1. Call Meeting to Order** (report shareholders' count at present)

**2. Chairman's Address**

**3. Report Items:**

- (1) The 2022 Business Report.
- (2) The 2022 Audit Committee's Review Report.
- (3) The 2022 employees' profit sharing bonus and directors' compensation.
- (4) The 2022 Earnings Distribution of cash dividends.

**4. Proposed Resolutions:**

- (1) Adoption of the 2022 Business Report and Financial Statements.
- (2) Adoption of the 2022 Earnings Distribution.

**5. Matters for Election and Discussion:**

- (1) Election of one Independent director.
- (2) Releasing Director from Non-competition restrictions.

**6. Extemporaneous Motions**

**7. Adjournment**

## Report Items

1. The 2022 Business Report.

Please refer to P. 5-11 of Attachment I for the 2022 Business Report.

2. The 2022 Audit Committee's Review Report.

Please refer to P. 12 of Attachment II for the 2022 Audit Committee's Review Report.

3. The 2022 employees' profit sharing bonus and directors' compensation.

In accordance with Company Act and regulations of Company's Articles of Incorporation, the employees' profit sharing bonus and directors' compensation are to be distributed as NT\$32,000,000 and NT\$26,000,000, respectively, and all in cash.

4. The 2022 Earnings Distribution of cash dividends.

(1) The Board of Directors approved the cash dividends distributed from surplus as NT\$660,390,126 (NT\$3 per share).

(2) The cash dividend is to be distributed to each share based on the percentage of actual holding shares on the record date for distribution and shall be rounded down to the nearest dollar. The total of any fractional amount less than one dollar will be adjusted, where number from the decimal point is from large to small and the account number is adjusted from front to back to meet the total cash dividend allocation.

(3) In the event that proposed distribution of earnings is affected by a change in the Company's outstanding common shares, the Chairman shall be authorized to handle such revision.

## **Proposed Resolutions**

### **Proposal 1 (Proposed by Board of Directors)**

Subject: Adoption of the 2022 Business Report and Financial Statements.

Explanation:

1. The business report, parent company only financial report and consolidated financial report of 2022 of the company have been accomplished.
2. The aforementioned financial statements have been certified by Chen, Jin-Chang and Liao, Fu-Ming, CPAs of PwC Taiwan, and reports have been verified.
3. Enclosed with attachments:
  - a. Business Report (Please refer to P.5-11 of Attachment I)
  - b. Independent Auditors' Report and the Financial Statements (including consolidated financial statement) (Please refer to P. 13-34 of Attachment III)
4. Please kindly ratify the 2022 Business Report and Financial Statements.

Resolution:

### **Proposal 2 (Proposed by Board of Directors)**

Subject: Adoption of the 2022 Earnings Distribution.

Explanation:

1. The 2022 Earnings Distribution table has been accomplished. (Please refer to P.35 of Attachment IV)
2. Please kindly ratify the 2022 Earnings Distribution

Resolution:

## **Matters for Election and Discussion**

### **Proposal 1 (Proposed by Board of Directors)**

Subject: Election of one Independent Director.

Explanation:

1. In compliance with the laws and regulations\*, one independent director will be elected at this Annual Shareholders' Meeting.
2. According to Article 17 of the Articles of Incorporation, director shall be elected adopting candidates' nomination system, and the shareholders shall elect the directors from the nominated director candidates. The tenure of office of the new director will start from June 9, 2023 to July 4, 2024.
3. The nomination list has been resolved by the Board meeting dated March 15, 2023, and please refers to P. 36 of Attachment V for the nomination list of independent director.
4. This election is conducted in accordance with Company's Procedures for Election of Directors.

Election result:

\*Article 4 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.

### **Proposal 2 (Proposed by Board of Directors)**

Subject: Releasing Director from Non-competition restrictions.

Explanation:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
2. In order to benefit from the expertise and relevant experience of the directors of the Company, the Company shall release the restrictions on the competitive behavior of the newly elected independent director and submit it to the Shareholders' Meeting for approval in accordance with the law. For information of the non-competition restriction of newly elected independent director, please refer to P. 36 of Attachment VI.

Resolution:

## **Extemporaneous Motions**

## **Adjournment**

## Attachment I

### I. The 2022 Business report.

#### 1. Implementation results of business plan

The revenue of 2022 was NT\$19,452,860 thousand, a decrease of NT\$2,083,730 thousand and a decline rate of 9.68% over NT\$21,536,590 thousand in 2021. Net income before tax in 2022 was NT\$821,806 thousand, a decrease of NT\$132,800 thousand and a decline rate of 13.91% over NT\$954,606 thousand in 2021.

Consolidated revenue has reached NT\$40,022,922 thousand in 2022, a decrease of NT\$2,021,804 thousand and a decline rate of 4.81% over NT\$42,044,726 thousand in 2021. Net income before tax in 2022 was NT\$906,679 thousand, a decrease of NT\$174,096 thousand and a decline rate of 16.11% over NT\$1,080,775 thousand in 2021.

#### 2. Budget execution status

Financial forecast for 2022 is undisclosed so there is no budget execution status available.

#### 3. Analysis of financial income, expenditure, and profitability:

(Parent Company Only)

Items of analysis		Year	Financial Analysis	
			2021	2022
Financial Structure (%)	Debt to assets ratio		68.21	67.23
	The ratio of long-term funds to property, plant and equipment		1,642.28	1,678.92
Profitability	Return on asset (%)		5.91	5.03
	Return on equity (%)		17.39	13.21
	Ratio of Pre-tax Profit to Paid-in capital (%)		44.64	37.61
	Profit ratio (%)		4.07	3.67
	Earnings per share (NT\$)		4.10	3.30

(Consolidated)

Items of analysis		Year	Financial Analysis	
			2021	2022
Financial Structure (%)	Debt to assets ratio		75.70	74.59
	The ratio of long-term funds to property, plant and equipment		1,427.35	1,467.75
Profitability	Return on asset (%)		4.72	4.46
	Return on equity (%)		17.39	13.21
	Ratio of Pre-tax Profit to Paid-in capital (%)		50.54	41.49
	Profit ratio (%)		2.08	1.78
	Earnings per share (NT\$)		4.10	3.30



## II. 2022 Business Plan Overview

### 1. Operating policies

- (1) To plan the mid/long-term development strategy, aiming for continuous growth of company profit and sustainability of operation.
- (2) To create the maximum value of semiconductor component distributors in the supply chain and establish and operate long-term customer-supplier relationships.
- (3) To build a harmonious labor-management relationship and create a win-win situation for employees and the company.

### 2. Expected sales volume and its basis

Due to the quantitative easing of monetary policy during the pandemic era, in addition to the Russia-Ukraine war broke out in the beginning of the year, many key countries worldwide have been sunk in inflation crisis, leading global central banks, led by the U.S. Federal Reserve, to respond in a rush pace of rate hikes. While trying to stabilize commodity prices, fluctuations in global stock and exchange markets have also been triggered. It is foreseeable that the campaign of inflation and interest rate hikes will continue in 2023 and become a major uncertainty factor for the global economy. Despite Taiwan's consumer price index (CPI) was relatively stable in 2022, however, the unexpected increase ratio in industrial electricity in the middle of the year and the continuous increase in basic wages for many years, coupled with the concern of imported inflation caused by the weakening New Taiwan dollar exchange rate shall bear root for uncertainty for price fluctuations in 2023. The CIER and TIER predicts the Taiwan economic growth rate in 2023 stands at 2.81% and 2.91% respectively, not as robust as 3.2% and 3.45% in 2022.

In 2023, Taiwan's high-tech industry will face dual challenges from geopolitics and the market. As global economic growth is slowing down, conservative consumer spending has caused the demand for electronic terminals declined. Under the pressure of inventory dematerialization, the booming expansion investment is expected to turn conservative in the short term, and high-tech enterprises shall reorganize their strategies. The scientific and technological campaign among major countries has not slowed down the pace of technological investment. Taking semiconductors as an example, demand of advanced process exceeds supply with the development of metaverse and high-performance computing, Taiwan and other countries have introduced semiconductor laws and tax incentives one after another. Leading foundry OEMs have never stopped their plans to expand overseas production capacity, even during heated Taiwan Strait conflict, the pace of de-sinicization has even accelerated. From a long-term perspective, the development of metaverse and high-performance computing will boost momentum for growth into the high-tech industry.

Inflation, talent shortage and sustainability transformation, the traditional manufacturing industry is accelerating the adjustment and reform.

The outburst of Russia-Ukraine war in the beginning of 2022 intensified the cost pressure brought by inflation on Taiwan's traditional manufacturing industry. As mainland China's policy shifts from economic development to security focus, the progress of foreign businessmen withdrawing from mainland China have accelerated. Southeast Asia and Central and South America also attract manufacturing industries for investment with competitive labor force and industrial preferential policies, so the short chain restructuring of the supply chain shall continue in 2023. Nevertheless, due to the economy recession, corporate investment and risk management will be more prudent.

In addition, Taiwanese small and medium enterprises, under the requirements of downstream customers in 2022, also face the sustainability transformation and urgency of achieving net zero goals by 2050. For Taiwan SMEs, this is also an opportunity to lay the foundation for future development through sustainability transformation. As the market's emphasis on sustainability continues to increase without any fall, Taiwan's small and medium-sized manufacturing industries must engage in sustainability transformation in all aspects to improve net-zero efficiency, and the sooner deployment can be creating the advantage to entrants.

The consumer industry is one of the industries most affected by inflation. The impact of the inflation is much higher than expected due to the spread of the Ukrainian-Russian War, and it is expected to continue until 2023. In addition to the cost increase caused directly by the rising raw material prices, the general increase in wages and high energy prices are all factors that diminish corporate profits. The depreciation of the Taiwan dollar and foreign exchange fluctuations caused by the continuous strong U.S. dollar will also affect companies that rely on imported raw materials. Although consumer demand is gradually recovering after the pandemic lockdown ease, the consumer industry is still struggling getting rid of the enormous cost pressure.

Crisis is also a turning point. Taiwan's consumer industry has laid the foundation for the changes in the retail sector caused by cross-industry mergers and acquisitions in recent years. In 2023, while the demand is recovering, the omni-channel integration and sustainable wave that consumer companies have cultivated in the past few years will start a new growth momentum. Through the integration of cross-channel cash flow and information flow, vendors may connect different channels to accurately analyze consumer profiles, deepen consumer experience, and seamlessly provide personalized diverse services. When building a high wall of diversification and differentiation, the development trend of winner-take-all is also established in Taiwan's retail industry in the future.

Facing changes of buying habit from consumers in recent years, traditional car manufacturers have also started to expand and develop diverse services to meet consumers' demand for cars, such as the rise of leasing or sharing platforms, which has also driven the auto industry to reconsider business models, develop ecosystems, expand the need of automotive electronics, and also bring new business opportunities to Taiwan's automotive supply chain.

In addition, facing the rapid rise of electric automobiles in the past few years, as traditional car manufacturers have successively launched electric vehicle models, the market has gradually jump out of monopoly scope. However, Taiwan's current charging stations are still under deployment, and the specifications of each charging stations are different, so the mileage anxiety of car owners has not yet been satisfied. The deployment speed of basic facilities such as charging stations and the degree of service integration will be the key to promoting the development of Taiwan's electric automobiles market.

Facing the gloomy economic outlook and the unclear interest rate situation in 2023, the operating environment of the financial industry will be even more critical. Even though the rise in interest rates is conducive to the increase in lending income of financial companies, the return on investment in asset portfolios held by insurance companies and funds has increased. However, from another perspective, consumers and businesses will also reduce non-essential capital needs at the same time. With the overall economic recession, and the financial industry will be more cautious in financial risk control in 2023.

Problems such as external geopolitics, challenges of the global economic outlook, and internal

talent shortage have made 2023 a relatively unstable start for Taiwan's industry. Along with inflation and economic downturn, costs remain high, and the recovery speed of the terminal market is not as fast as expected, so the profit margin of enterprises is under considerable pressure. In response to inflation and geopolitical uncertainties, the market in 2023 is more unpredictable. In addition, the challenges brought about by talent shortage and sustainability transformation, many Taiwanese companies have accelerated the introduction of digital tools during the pandemic. A variety of data accumulated over the past few years, enterprises can use this to adjust their own business nature and refocus on the core strategy of the enterprise in the current economic downturn, so as to ensure that the action direction in digital transformation, net zero strategy and even talent development is consistent with the long-term development strategy of the enterprise. Taiwanese enterprises may also make good use of tools such as cooperation and mergers and acquisitions to find undervalued targets, accelerate exit from high-risk areas, deploy key resources for future growth, and prepare in advance for the next wave of market reversal opportunities.

### 3. Significant Marketing Policies

#### (1) Focus on application areas of seven major products

Facing the increasingly fierce competition in the electronics industry, Zenitron is committed to becoming a "value-added supplier of application design solutions." We strengthen our own research and development capabilities, break away from the trading of traditional components, provide customers with overall solutions, speed up the time for customers to launch their products, and create irreplaceable value. In order to match the solution-oriented marketing mode, the Company integrated the existing marketing team and also commit to training FAE and R&D designers. Currently effectiveness through hard work of application design solutions has gradually shown, and specific solutions in seven areas such as, "handheld devices", "computers and peripherals", "power management", "consumer electronics", "communication and network", "industrial power supply", and "automotive electronics". In addition to focusing on the integration of existing agency line products, we also set up a market development department to actively seek new agency lines to strengthen the competitiveness of various solutions.

#### (2) Continue to expand product line

In response to the epidemic, the reduction of personnel flow and contact needs will further catalyze the development of IoT technology. Within this technology, related IoT devices used for manufacturing, medical monitoring, and service reception are the main growth drivers. Related IoT devices will integrate AI computing, image recognition, high-speed transmission and other hardware collocations based on requirement of users and environments; related functions to the processing performance of related semiconductors, Netcom integration, and power consumption are with higher requirements. Therefore, no matter from the upstream chip to the downstream end product, cloud big data, 5G transmission, data center and artificial intelligence will be the focus of future development. The company also focuses on key applications and expands its agent product line to provide better services.

#### (3) Strengthen FAE technical support and capabilities of design and development, and focus on solution and marketing strategies

It is the company's business strategy to become a "value-added distributor with leading technology". Therefore, mastering new technologies, training professional R&D talents, and developing high-quality application design solutions are important goals for the company's talent cultivation. By providing solutions, customers' research and development costs and

time can be reduced, also customers' loyalty can be cultivated so as to widen the gap with competitors. On the other hand, the development of its own technology will help the company strive for new product agency rights and strengthen the competitiveness of its product line.

(4) Cooperate with IC Design House to develop new products

Semiconductor component distributors are the bridge between the upstream IC Design House and the downstream system factories. They grasp first-hand market information and can provide reference for upstream suppliers in product development and marketing. The company has established further partnerships with IC Design House at home and abroad, actively participated in the development of new products, and sold through the company's channels to create a win-win situation.

(5) Establish strategic alliances to increase product agency opportunities

The company is also constantly seeking business opportunities in new markets to increase its competitive advantage. In the long run, the main core of the focus of company's development will still be the semiconductor component channel. In the future, Company will focus on its own business and extend its investment in electronic channel-related businesses, and master technology and semiconductor industry through investment in upstream IC Design House or strategic alliances with peers. Zenitron increases product agency opportunities, creates revenue growth and profit sources, and expands the service depth of the component channel industry for upstream, midstream, and downstream related manufacturers.

4. Future development strategy

Facing the increasingly fierce competition in the electronics industry, Zenitron is committed to becoming a "value-added supplier of application design solutions". To create irreplaceable value of the Company, we strengthen own R&D capabilities, break away from the trading of traditional components, provide customers with overall solutions, and accelerate customers' product launches time schedule. To align with the solution-oriented marketing mode, the company not only integrates the existing marketing team but also strives to train FAE and R&D design personnel. The current efforts in application design solutions have gradually shown results in seven major fields including "Handheld Devices", "Computers and Peripherals", "Consumer Electronics", "Communications and Networks", "Industrial Power", and "Automotive Electronics", all with specific program content. In addition to focusing on the integration of existing agency line products, we also set up a market development department to actively seek new agency lines to strengthen the competitiveness of various solutions.

5. The influence of the external competition environment, the legal environment and the overall operation environment

Changes in the global economic climate, exchange rate fluctuations, interest rate adjustments, updates in relevant policies and regulations, and the international situation uncertainty all affect company financial business; therefore, in response to the possibility and impact of various risk factors, the company conducts risk control and management in the scope of market, environment, finance and operation.

COVID-19 pandemic has prompted enterprises to accelerate the pace of digital transformation, and important IT infrastructure, such as Netcom and computing industries, is taking advantage of the situation and thriving. Products services such as the Internet of Things, Cloud computing, and industrial computers focus on technologies and scenarios of smart medical care, edge computing, and long-distance non-contact that enhance enterprise resilience and survival flexibility. Constant growth of demand for more types and quantities of semiconductor components will be driven by AI combined with emerging technologies and applications such as the Internet of Things, automotive electronics, and compound semiconductors, and so

becoming the main driving force to the growth of the semiconductor industry in the post-epidemic era.

Looking forward to the international political and economic situation in 2023, the global economic outlook still faces many downside risks. For example, major central banks in the United States and Europe have simultaneously implemented drastic interest rates hikes, the funding environment has recessed, and the strong US dollar has made economies with a large number of US dollar-denominated liabilities more vulnerable, directly endangering the stability of financial institutions, and the widening debt crises in these economies will drag on global growth. In particular, the U.S.-China dispute impacts the development of globalization. The United States imposes chip export controls on mainland China and is actively allying with international allies against China. In March 2022, the US proposed a Chip 4 Alliance, aiming for enhancement of “safety” and “resilience” of semiconductor supply chain, including lessening the world's dependence on chips manufactured in mainland China. Affected by rising global geopolitical risks, major countries continue to promote the localization and regionalization of key material supply chains. Countries such as the US and Europe have successively introduced chips Act to consolidate the security of the semiconductor supply chains, and this may reform the division of labor in the global supply chain.

The company set the goal of becoming an international semiconductor component distributor. The management team shall adhere to stable and conservative operation principles, build a thorough service network by a dense business marketing system, proactively accelerate market share and expand revenue scales, and improve profit level to face the severe challenges in the future.

## **Attachment II**

### **Zenitron Corporation Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 Business Report, parent company only financial statement and consolidated financial statement, as well as the proposal of earnings distribution. The financial statements have been certified by Chen, Jin-Chang and Liao, Fu-Ming, CPAs of PwC Taiwan and reports been verified. The aforementioned business report, together with the financial reports and proposal of earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Zenitron Corp., in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Submitted to  
2023 Annual Shareholders' Meeting of Zenitron Corporation

Chairman of the Audit Committee: Hsu, Jui-Mao

March 15, 2023

## Attachment III

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zenitron Corporation

#### ***Opinion***

We have audited the accompanying parent company only balance sheets of Zenitron Corporation (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### ***Basis for opinion***

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

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

## ***Valuation of allowance for uncollectible accounts receivable***

### **Description**

Refer to Note 4(7)(8), Note 5(2) and Note 6(4) for accounting policies on accounts receivable, accounting estimates and assumptions on impairment assessment as well as details of related impairment, respectively.

The Company assesses impairment of accounts receivable based on historical experience and takes into consideration the customers' historical default records and current financial conditions to estimate expected loss rate in recognising loss allowance. In addition, the Company provides for full allowance for uncollectible accounts from individual customers where there is an indication that they are individually identified as impaired or a credit impairment actually occurred. As the assessment of allowance for uncollectible accounts is subject to management's judgment and estimates in determining the future collectability, such as management's assessment of customer's credit risk, we considered the valuation of allowance for uncollectible accounts receivable from individual customers a key audit matter.

### **How our audit addressed the matter**

We performed the following audit procedures on the above key audit matter:

1. Understood and evaluated related policies and internal control of the credit risk management and accounts receivable impairment.
2. Assessed the calculation logic of year-end accounts receivable ageing report provided by management, reviewed the related supporting documents and verified it against the accounting records to ascertain the accuracy of the ageing classification.
3. For those material accounts receivable individually identified by the management to have been impaired, reviewed the supporting documents of impairment assessment provided by the management to assess the reasonableness of collectability.
4. Selected samples of significant overdue accounts receivable amounts and examined their subsequent collections.



## ***Assessment of allowance for inventory valuation losses***

### **Description**

Refer to Note 4(11), Note 5(2) and Note 6(5) for accounting policies on inventory valuation, accounting estimates and assumptions and details of allowance for valuation losses, respectively.

The Company is mainly engaged in sales of electronic components. The Company measures ending inventories at the lower of cost and net realisable value and provides allowance for inventory valuation losses based on usable condition of inventories that were individually identified as obsolete. As the life cycle of such inventories is short, the market is competitive, and the assessment of allowance for valuation of inventories individually identified as obsolete often involves management's subjective judgment, we considered the estimation of inventory valuation loss a key audit matter.

### **How our audit addressed the matter**

We performed the following audit procedures on the above key audit matter:

1. Understood and evaluated the internal control procedures over the Company's inventories individually identified as obsolete.
2. Understood the Company's warehousing control procedures, reviewed the annual physical inventory count plan as well as participated and observed the annual physical inventory count in order to assess the effectiveness of the procedures the management used to identify and control obsolete inventories.
3. Obtained the details of inventories that were individually identified as obsolete by the management, reviewed the related supporting documents and verified it against the accounting records.
4. Selected samples of inventory items and examined whether the net realisable value basis was consistent with the Company's policies, and checked the accuracy of the net realisable value calculation on individual inventory item numbers.

### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Chen, Chin-Chang

Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2023

---

The accompanying parent company only 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 parent company only 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  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 689,960	4	\$ 664,500	4
Financial assets at fair value through profit or loss - current	6(2)	16,994	-	19,524	-
Financial assets at fair value through other comprehensive income - current	6(3)	810	-	727	-
Notes receivable, net	6(4)	11,996	-	7,352	-
Accounts receivable, net	6(4)	3,970,521	24	4,817,950	29
Accounts receivable - related parties	7	917,381	5	1,189,835	7
Other receivables		59,460	-	110,238	1
Other receivables - related parties	7	663,182	4	256,356	1
Inventories, net	6(5)	5,493,321	33	5,088,935	31
Other current assets		198,726	1	104,694	1
<b>Total current assets</b>		12,022,351	71	12,260,111	74
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss - non-current	6(2)	7,116	-	-	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	572,561	4	938,896	6
Investments accounted for using equity method	6(6)	3,647,334	22	2,940,529	18
Property, plant and equipment	6(7)	367,295	2	369,344	2
Right-of-use assets	6(8)	699	-	1,761	-
Investment property, net	6(10) and 8	35,948	-	36,492	-
Deferred income tax assets	6(23)	153,144	1	55,472	-
Other non-current assets	8	46,488	-	48,396	-
<b>Total non-current assets</b>		4,830,585	29	4,390,890	26
<b>Total assets</b>		\$ 16,852,936	100	\$ 16,651,001	100

(Continued)

ZENITRON CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
Short-term borrowings	6(11)	\$ 7,560,518	45	\$ 6,919,778	42
Short-term notes and bills payable	6(12)	897,758	5	699,361	4
Notes payable		2,477	-	2,525	-
Accounts payable		1,278,043	8	2,486,003	15
Accounts payable - related parties	7	44,815	-	37,779	-
Other payables		335,488	2	306,985	2
Other payables - related parties	7	394,256	2	55,466	-
Current income tax liabilities		152,445	1	61,267	-
Current lease liabilities	6(8)	570	-	1,055	-
Other current liabilities	6(18)	19,967	-	15,095	-
<b>Total current liabilities</b>		<u>10,686,337</u>	<u>63</u>	<u>10,585,314</u>	<u>63</u>
<b>Non-current liabilities</b>					
Bonds payable	6(13)	456,426	3	577,835	3
Deferred income tax liabilities	6(23)	114,479	1	115,882	1
Non-current lease liabilities	6(8)	129	-	706	-
Other non-current liabilities	6(14)	74,002	-	79,032	1
<b>Total non-current liabilities</b>		<u>645,036</u>	<u>4</u>	<u>773,455</u>	<u>5</u>
<b>Total liabilities</b>		<u>11,331,373</u>	<u>67</u>	<u>11,358,769</u>	<u>68</u>
<b>Equity</b>					
Share capital	6(15)				
Common stock		2,184,054	13	2,138,249	13
Certificate of entitlement to new shares from convertible bonds	6(13)	841	-	-	-
Capital surplus	6(16)				
Capital surplus		1,118,544	6	1,036,486	6
Retained earnings	6(17)				
Legal reserve		854,384	5	766,625	5
Unappropriated retained earnings		1,105,399	7	1,066,524	6
Other equity interest					
Other equity interest		258,341	2	284,348	2
<b>Total equity</b>		<u>5,521,563</u>	<u>33</u>	<u>5,292,232</u>	<u>32</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Significant subsequent events	11				
<b>Total liabilities and equity</b>		<u>\$ 16,852,936</u>	<u>100</u>	<u>\$ 16,651,001</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**ZENITRON CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(18) and 7	\$ 19,452,860	100	\$ 21,536,590	100
Operating costs	6(5) and 7	( 18,139,539 )	( 93 )	( 20,471,462 )	( 95 )
Gross Profit		1,313,321	7	1,065,128	5
Unrealised gain from sales		( 1,600 )	-	( 1,600 )	-
Realised gain from sales		1,600	-	1,600	-
Net Gross Profit		1,313,321	7	1,065,128	5
Operating expenses	6(21)				
Selling expenses		( 509,278 )	( 3 )	( 464,050 )	( 2 )
General and administrative expenses		( 232,264 )	( 1 )	( 212,958 )	( 1 )
Total operating expenses		( 741,542 )	( 4 )	( 677,008 )	( 3 )
Operating profit		571,779	3	388,120	2
Non-operating income and expenses					
Interest income	7	7,216	-	4,862	-
Other income	6(19) and 7	55,818	-	53,152	-
Other gains and losses	6(20)	( 26,001 )	-	67,059	-
Finance costs	6(22) and 7	( 162,153 )	( 1 )	( 62,464 )	-
Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	375,147	2	503,877	2
Total non-operating income and expenses		250,027	1	566,486	2
<b>Profit before income tax</b>		821,806	4	954,606	4
Income tax expense	6(23)	( 107,234 )	( 1 )	( 76,896 )	-
<b>Profit for the year</b>		\$ 714,572	3	\$ 877,710	4
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Gains (losses) on remeasurements of defined benefit plan	6(14)	\$ 3,547	-	( \$ 10,595 )	-
Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 122,886 )	-	19,523	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	( 709 )	-	2,119	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
Exchange differences on translation of foreign financial statements		254,490	1	( 69,535 )	-
<b>Other comprehensive income (loss) for the year</b>		\$ 134,442	1	( \$ 58,488 )	-
<b>Total comprehensive income for the year</b>		\$ 849,014	4	\$ 819,222	4
Earnings per Share (in dollars)	6(24)				
Basic earnings per share		\$ 3.30		\$ 4.10	
Diluted earnings per share		\$ 3.03		\$ 3.94	

The accompanying notes are an integral part of these parent company only financial statements.

**ZENITRON CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Retained Earnings	Other Equity	Interest	Total equity
		Share capital - common stock	Share capital - common stock	Share capital - common stock	Share capital - common stock	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	
<u>Year ended December 31, 2021</u>									
Balance at January 1, 2021		\$ 2,138,249	\$ -	\$ 958,734	\$ 718,200	\$ 643,662	(\$ 165,691 )	\$ 508,404	\$ 4,801,558
Net income for the year		-	-	-	-	877,710	-	-	877,710
Other comprehensive income (loss)	6(3)	-	-	-	-	( 8,476 )	( 69,535 )	19,523	( 58,488 )
Total comprehensive income (loss)		-	-	-	-	869,234	( 69,535 )	19,523	819,222
Appropriations and distribution of 2020 earnings	6(17)	-	-	-	48,425	( 48,425 )	-	-	-
Legal reserve		-	-	-	-	( 406,300 )	-	-	( 406,300 )
Cash dividends		-	-	-	-	-	-	-	-
Equity component of convertible bonds issued by the Company	6(16)	-	-	75,605	-	-	-	-	75,605
Overdue and unclaimed shareholder dividends	6(16)	-	-	2,147	-	-	-	-	2,147
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	-	-
Balance at December 31, 2021		\$ 2,138,249	\$ -	\$ 1,036,486	\$ 766,625	\$ 8,353	-	( 8,353 )	\$ 5,292,232
<u>Year ended December 31, 2022</u>									
Balance at January 1, 2022		\$ 2,138,249	\$ -	\$ 1,036,486	\$ 766,625	\$ 1,066,524	(\$ 235,226 )	\$ 519,574	\$ 5,292,232
Net income for the year		-	-	-	-	714,572	-	-	714,572
Other comprehensive income (loss)	6(3)	-	-	-	-	2,838	254,490	( 122,886 )	134,442
Total comprehensive income (loss)		-	-	-	-	717,410	254,490	( 122,886 )	849,014
Appropriations and distribution of 2021 earnings	6(17)	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	87,759	( 87,759 )	-	-	-
Cash dividends		-	-	-	-	( 748,387 )	-	-	( 748,387 )
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	157,611	-	( 157,611 )	-
Conversion of convertible bonds		45,805	841	82,058	-	-	-	-	128,704
Balance at December 31, 2022	6(13)(15)(16)	\$ 2,184,054	\$ 841	\$ 1,118,544	\$ 854,384	\$ 1,105,399	\$ 19,264	\$ 239,077	\$ 5,521,563

The accompanying notes are an integral part of these parent company only financial statements.



ZENITRON CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 821,806	\$ 954,606
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealised gain from sales		1,600	1,600
Realised gain from sales		( 1,600 )	( 1,600 )
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(20)	( 1,155 )	2,961
Impairment gain	6(4)	( 722 )	( 19,242 )
Share of profit of subsidiaries and joint ventures accounted for using equity method	6(6)	( 375,147 )	( 503,877 )
Depreciation and amortisation	6(21)	14,714	15,790
(Gain) loss on disposal of property, plant and equipment	6(20)	( 9 )	7
Interest expense	6(22)	162,153	62,464
Interest income		( 7,216 )	( 4,862 )
Dividend income	6(19)	( 11,348 )	( 18,360 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		4,001	( 7,799 )
Notes and accounts receivable		843,507	( 436,829 )
Accounts receivable - related parties		272,454	( 48,702 )
Other receivables (including related parties)		47,936	( 15,731 )
Inventories, net		( 404,386 )	( 791,698 )
Other current assets		( 94,032 )	( 32,245 )
Changes in operating liabilities			
Notes and accounts payable (including related parties)		( 1,200,972 )	( 27,527 )
Other payables (including related parties)		357,432	112,695
Other current liabilities		4,872	3,121
Other non-current liabilities		( 1,483 )	( 1,555 )
Cash inflow (outflow) generated from operations		432,405	( 756,783 )
Interest received		7,216	4,862
Interest paid		( 144,928 )	( 59,787 )
Income tax paid		( 112,998 )	( 14,851 )
Net cash flows from (used in) operating activities		181,695	( 826,559 )

(Continued)

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zenitron Corporation

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Zenitron Corporation and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

***Valuation of allowance for uncollectible accounts receivable***

Description

Refer to Note 4(9)(10), Note 5(2) and Note 6(4) for accounting policies on accounts receivable, accounting estimates and assumptions on impairment assessment as well as details of related impairment, respectively.

The Group assesses impairment of accounts receivable based on historical experience and takes into consideration the customers' historical default records and current financial conditions to estimate expected loss rate in recognising loss allowance. In addition, the Group provides for full allowance for uncollectible accounts from individual customers where there is an indication that they are individually identified as impaired or a credit impairment actually occurred. As the assessment of allowance for uncollectible accounts is subject to management's judgment and estimates in determining the future collectability, such as management's assessment of customer's credit risk, we considered the valuation of allowance for uncollectible accounts receivable from individual customers a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and evaluated related policies and internal controls on credit risk management and accounts receivable impairment.
2. Assessed the calculation logic of year-end accounts receivable ageing report provided by management, reviewed the related supporting documents and verified it against the accounting records to ascertain the accuracy of the ageing classification.
3. For those material accounts receivable individually identified by the management to have been impaired, reviewed the supporting documents of impairment assessment provided by the management to assess the reasonableness of collectability.
4. Selected samples of significant overdue accounts receivable amounts and examined their subsequent collections.

### ***Assessment of allowance for inventory valuation losses***

#### **Description**

Refer to Note 4(13), Note 5(2) and Note 6(5) for accounting policies on inventory valuation, accounting estimates and assumptions and details of allowance for valuation losses, respectively.

The Group is mainly engaged in sales of electronic components. The Group measures ending inventories at the lower of cost and net realisable value and provides allowance for inventory valuation losses based on usable condition of inventories that were individually identified as obsolete. As the life cycle of such inventories is short, the market is competitive, and the assessment of allowance for valuation of inventories individually identified as obsolete often involves management's subjective judgment, we considered the estimation of inventory valuation losses a key audit matter.

#### **How our audit addressed the matter**

We performed the following audit procedures on the above key audit matter:

1. Understood and evaluated the internal control procedures over the Group's inventories individually identified as obsolete.
2. Understood the Group's warehousing control procedures, reviewed the annual physical inventory count plan as well as participated and observed the annual physical inventory count in order to assess the effectiveness of the procedures the management used to identify and control obsolete inventories.
3. Obtained the details of inventories that were individually identified as obsolete by the management, reviewed the related supporting documents and verified it against the accounting records.
4. Selected samples of inventory items and examined whether the net realisable value basis was consistent with the Company's policies, and checked the accuracy of the net realisable value calculation on individual inventory item numbers.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Zenitron Corporation as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

Chen, Ching Chang

Liao, Fu-Ming

---

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2023

---

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

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

ZENITRON CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 1,374,575	6	\$ 1,615,196	7
Financial assets at fair value through profit or loss - current	6(2)	20,259	-	23,064	-
Financial assets at fair value through other comprehensive income - current	6(3)	810	-	727	-
Notes receivable, net	6(4)	164,073	1	286,952	1
Accounts receivable, net	6(4)	7,438,333	35	9,300,481	43
Other receivables		74,863	-	109,955	1
Inventories, net	6(5)	11,095,522	51	8,655,709	40
Other current assets		236,324	1	147,553	1
Total current assets		20,404,759	94	20,139,637	93
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	7,116	-	-	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	605,360	3	973,995	5
Property, plant and equipment	6(6)	420,424	2	426,533	2
Right-of-use assets	6(7)	25,521	-	62,087	-
Investment property, net	6(9) and 8	35,948	-	36,492	-
Deferred income tax assets	6(22)	168,060	1	81,454	-
Other non-current assets	8	65,527	-	66,314	-
Total non-current assets		1,327,956	6	1,646,875	7
Total assets		\$ 21,732,715	100	\$ 21,786,512	100

(Continued)



**ZENITRON CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
Short-term borrowings	6(10)	\$ 11,159,622	51	\$ 9,598,056	44
Short-term notes and bills payable	6(11)	897,758	4	699,361	3
Notes payable		2,477	-	2,525	-
Accounts payable		2,563,319	12	4,616,535	21
Other payables		595,540	3	498,566	2
Current income tax liabilities		157,745	1	157,658	1
Current lease liabilities	6(7)	23,872	-	42,730	-
Other current liabilities	6(17)	161,589	1	82,935	1
<b>Total current liabilities</b>		<u>15,561,922</u>	<u>72</u>	<u>15,698,366</u>	<u>72</u>
<b>Non-current liabilities</b>					
Bonds payable	6(12)	456,426	2	577,835	3
Deferred income tax liabilities	6(22)	114,479	1	115,882	1
Non-current lease liabilities	6(7)	2,263	-	21,307	-
Other non-current liabilities	6(13)	76,062	-	80,890	-
<b>Total non-current liabilities</b>		<u>649,230</u>	<u>3</u>	<u>795,914</u>	<u>4</u>
<b>Total liabilities</b>		<u>16,211,152</u>	<u>75</u>	<u>16,494,280</u>	<u>76</u>
<b>Equity attributable to owners of parent</b>					
Share capital	6(14)				
Common stock		2,184,054	10	2,138,249	10
Certificate of entitlement to new shares from convertible bonds	6(12)	841	-	-	-
Capital surplus	6(15)				
Capital surplus		1,118,544	5	1,036,486	5
Retained earnings	6(16)				
Legal reserve		854,384	4	766,625	3
Unappropriated retained earnings		1,105,399	5	1,066,524	5
Other equity interest					
Other equity interest		258,341	1	284,348	1
<b>Total equity</b>		<u>5,521,563</u>	<u>25</u>	<u>5,292,232</u>	<u>24</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Significant subsequent events	11				
<b>Total liabilities and equity</b>		<u>\$ 21,732,715</u>	<u>100</u>	<u>\$ 21,786,512</u>	<u>100</u>

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

**ZENITRON CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Operating Revenue	6(17)	\$ 40,022,922	100	\$ 42,044,726	100
Operating Costs	6(5)	( 37,297,722)	( 93)	( 39,557,880)	( 94)
Gross Profit		<u>2,725,200</u>	<u>7</u>	<u>2,486,846</u>	<u>6</u>
Operating Expenses	6(21)				
Selling expenses		( 1,116,524)	( 3)	( 1,069,211)	( 2)
General and administrative expenses		( 393,888)	( 1)	( 353,456)	( 1)
Total operating expenses		( 1,510,412)	( 4)	( 1,422,667)	( 3)
Operating Profit		<u>1,214,788</u>	<u>3</u>	<u>1,064,179</u>	<u>3</u>
Non-operating income and expenses					
Interest income		7,295	-	2,734	-
Other income	6(18)	64,804	-	61,064	-
Other gains and losses	6(19)	( 58,880)	-	69,117	-
Finance costs	6(20)	( 321,328)	( 1)	( 116,319)	-
Total non-operating income and expenses		( 308,109)	( 1)	16,596	-
<b>Profit before Income Tax</b>		<u>906,679</u>	<u>2</u>	<u>1,080,775</u>	<u>3</u>
Income tax expense	6(22)	( 192,107)	-	( 203,065)	( 1)
<b>Profit for the year</b>		<u>\$ 714,572</u>	<u>2</u>	<u>\$ 877,710</u>	<u>2</u>
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Gains (losses) on remeasurements of defined benefit plans	6(13)	\$ 3,547	-	( \$ 10,595)	-
Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 122,886)	( 1)	19,523	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	( 709)	-	2,119	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
Exchange differences on translation of foreign financial statements		254,490	1	( 69,535)	-
<b>Other Comprehensive Income (Loss) for the year</b>		<u>\$ 134,442</u>	<u>-</u>	<u>( \$ 58,488)</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>\$ 849,014</u>	<u>2</u>	<u>\$ 819,222</u>	<u>2</u>
Profit attributable to:					
Owners of the parent		<u>\$ 714,572</u>	<u>2</u>	<u>\$ 877,710</u>	<u>2</u>
Comprehensive income attributable to:					
Owners of the parent		<u>\$ 849,014</u>	<u>2</u>	<u>\$ 819,222</u>	<u>2</u>
Earnings per Share (in dollars)	6(23)				
Basic earnings per share		<u>\$ 3.30</u>		<u>\$ 4.10</u>	
Diluted earnings per share		<u>\$ 3.03</u>		<u>\$ 3.94</u>	

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

**ZENITRON CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	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								
Year ended December 31, 2021								
Balance at January 1, 2021	\$ 2,138,249	\$ -	\$ 958,734	\$ 718,200	\$ 643,662	\$ ( 165,691 )	\$ 508,404	\$ 4,801,558
Net income for the year	-	-	-	-	877,710	-	-	877,710
Other comprehensive income (loss)	-	-	-	-	( 8,476 )	( 69,535 )	19,523	( 58,488 )
Total comprehensive income (loss)	-	-	-	-	869,234	( 69,535 )	19,523	819,222
Appropriations and distribution of 2020 earnings	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	48,425	( 48,425 )	-	-	-
Cash dividends	-	-	-	-	( 406,300 )	-	-	( 406,300 )
Equity component of convertible bonds issued by the Company	-	-	75,605	-	-	-	-	75,605
Overdue and unclaimed shareholder dividends	-	-	2,147	-	-	-	-	2,147
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	8,353	-	( 8,353 )	-
Balance at December 31, 2021	\$ 2,138,249	-	\$ 1,036,486	\$ 766,625	\$ 1,066,524	\$ ( 235,226 )	\$ 519,574	\$ 5,292,232
Year ended December 31, 2022								
Balance at January 1, 2022	\$ 2,138,249	-	\$ 1,036,486	\$ 766,625	\$ 1,066,524	\$ ( 235,226 )	\$ 519,574	\$ 5,292,232
Net income for the year	-	-	-	-	714,572	-	-	714,572
Other comprehensive income (loss)	-	-	-	-	2,838	254,490	( 122,886 )	134,442
Total comprehensive income (loss)	-	-	-	-	717,410	254,490	( 122,886 )	849,014
Appropriations and distribution of 2021 earnings	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	87,759	( 87,759 )	-	-	-
Cash dividends	-	-	-	-	( 748,387 )	-	-	( 748,387 )
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	157,611	-	( 157,611 )	-
Conversion of convertible bonds	45,805	841	82,058	-	-	-	-	128,704
Balance at December 31, 2022	\$ 2,184,054	\$ 841	\$ 1,118,544	\$ 854,384	\$ 1,105,399	\$ 19,264	\$ 239,077	\$ 5,521,563

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

ZENITRON CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 906,679	\$ 1,080,775
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(19)	( 880 )	3,986
Impairment gain	6(4)	( 2,400 )	23,123
Depreciation and amortization	6(21)	69,927	68,915
Loss on disposal of property, plant and equipment	6(19)	91	351
Interest expense	6(20)	321,328	116,319
Interest income		( 7,295 )	( 2,734 )
Dividend income	6(18)	( 12,558 )	( 20,566 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		4,001	( 1,683 )
Notes and accounts receivable		1,987,427	( 196,865 )
Other receivables		43,148	( 13,581 )
Inventories		( 2,439,813 )	( 2,278,197 )
Other current assets		( 88,771 )	( 63,007 )
Changes in operating liabilities			
Notes and accounts payable		( 2,053,264 )	213,231
Other payables		56,360	52,949
Other current liabilities		78,654	9,990
Other non-current liabilities		( 1,281 )	8,977
Cash outflow generated from operations		( 1,138,647 )	( 1,044,263 )
Interest received		7,295	2,734
Interest paid		( 280,714 )	( 114,505 )
Income tax paid		( 292,685 )	( 113,480 )
Net cash flows used in operating activities		( 1,704,751 )	( 1,269,514 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through profit or loss - non-current		( 7,500 )	-
Acquisition of financial assets at fair value through other comprehensive income		( 29,920 )	( 29,840 )
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		6,142	14,423
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	273,286	13,571
Acquisition of property, plant and equipment	6(6)	( 12,397 )	( 8,528 )
Proceeds from disposal of property, plant and equipment		171	71
(Increase) decrease in refundable deposits		( 823 )	1,463
Increase in other non-current assets		( 2,902 )	( 6,713 )
Dividends received	6(18)	12,558	20,566
Net cash flows from investing activities		238,615	5,013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term loans	6(24)	1,561,566	929,953
Increase in short-term notes and bills payable	6(24)	198,397	149,855
Payments of lease liabilities	6(24)	( 47,945 )	( 41,791 )
Issuance of corporate bonds	6(24)	-	649,960
Payment of cash dividends	6(16)	( 748,387 )	( 406,300 )
Overdue and unclaimed shareholder dividends		-	2,147
Net cash flows from financing activities		963,631	1,283,824
Effect of exchange rate changes		261,884	( 80,350 )
Net decrease in cash and cash equivalents		( 240,621 )	( 61,027 )
Cash and cash equivalents at beginning of year		1,615,196	1,676,223
Cash and cash equivalents at end of year		\$ 1,374,575	\$ 1,615,196

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

**Attachment IV****Zenitron Corporation****2022 Earnings Distribution Table****Unit: NT\$**

Item	Amount
Undistributed Earnings, beginning of period	230,377,872
Plus (Less): Adjustments of 2022 Retained Earnings	160,448,355
Undistributed Earnings after Adjustment	390,826,227
Net profit after tax 2022	714,572,310
Less: Legal Reserve	(87,502,067)
Special Reserve	0
Earnings in 2022 Available for Distribution	627,070,243
Accumulated Retained Earnings Available for Distribution	1,017,896,470
Less: Distribution Earnings:	
Dividends to Share Holder- Cash (NT\$3.0 per share)	(660,390,126)
Undistributed Earnings, end of period	357,506,344

Note:1.Earnings in 2022 available for distribution are prioritized for earnings distribution allocation for current year, and the shortfall will be allocated by the balance available for distribution in 2021, and so forth.

2.Distribution of dividends is based on 220,130,042 Shares Outstanding upon resolution of the Board of Directors on March 15, 2023

**Attachment V****List of Independent Director Candidate**

Name or Account	Educational Background/ Main Experience
YEH, FU-LING	Master of Business Administration, Katz School, University of Pittsburgh Master of Fine Arts, Department of City Planning, University of Pennsylvania Bachelor of Arts, Department of Sociology, National Taiwan University COO, CVCA Corporate Venture Capital Alliance Vice President, Industrial Technology Investment Corporation. Independent Director, Tainergy Tech Co., Ltd Chairman, Choice Biotech Founder, CTY Ventures

**Attachment VI****Release of the Non-Competition Restrictions of Independent Director**

Name	Concurrent Position/Title Held in Other Company
YEH, FU-LING	COO, CVCA Corporate Venture Capital Alliance Independent Director, Tainergy Tech Co., Ltd

## **Appendix I**

### **Zenitron Corporation Rules and Procedures of Shareholders' Meeting**

Approved by Shareholders' Meeting, May 21, 2002  
Amendment by Shareholders' Meeting, June 11, 2014  
Amendment by Shareholders' Meeting, June 15, 2016

1. Shareholders' Meeting of the Company shall be conducted in accordance with these Rules and Procedures, unless otherwise specified in laws and regulations.
2. Shareholders in these Rules and Procedures are shareholders themselves and representatives entrusted by shareholders for attendance.
3. The company shall specify in the notice of meeting the time and location of the registration office for shareholders, as well as other matters that should be paid attention to. The time for accepting the registration of shareholders in the preceding paragraph shall be handled at least 30 minutes before the start of the meeting; the registration place shall be clearly marked, and adequately qualified personnel shall be dispatched to handle the registration.  
The attending shareholders or the proxy attending shareholders should complete the sign-in procedure. The sign-in procedure shall be replaced by submitting the attendance sign-in card. The number of shares in attendance shall be calculated by the paid attendance sign-in card plus the number of shares exercising voting rights by correspondence or electronically.
4. Attendance and resolution at shareholders' meetings shall be calculated based on numbers of shares.
5. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
6. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting. In case where the Chairman is on leave or unable to exercise the powers of the Chairman for any reason, the vice chairman of the Board shall do so in place of the Chairman. If the Vice Chairman of the Board of Directors is also on leave or for any reason unable to act for any reason, the Chairman shall appoint one of the directors to act as chair in substitute. If Chairman does not make such a designation, the directors shall select from among themselves one person to act on the behalf of the Chairman.  
If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. If such person is more than one, then chairman shall be elected among them all.
7. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.

8. The process of the Meeting shall be tape-recorded or video-taped and these tapes shall be preserved for at least one year.
9. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made by shareholders' present at the Meeting with more than half of the voting rights, in accordance with Section 1 of Article 175 of the Company Act.

If after the process of the tentative resolutions above mentioned, the number of outstanding shares represented by the shareholders present becomes statutory to constitute the quorum, the chairman may call the Meeting to order at any time, and submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act.

10. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

11. When a shareholder presents at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the shareholder in



speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

12. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.
13. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.  
When legal entity appoints two or more representatives to attend the Meeting, only one of the representatives so appointed may speak on the same proposal.
14. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
15. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
16. Except otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. When voting on each proposal, the chairperson or any person designated thereby shall announce the number of votes represented by the members present at the Members' Meeting and then the members shall vote on each proposal. On the same day after the shareholders' Meeting, such resolutions of consent, opposition and waiver shall be uploaded onto the MOPS.
17. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
18. During the Meeting, the chairman may, at his discretion, set time for intermission.
19. Except otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.
20. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
21. The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges for

identification purpose when assisting in keeping order of the Meeting.

22. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
23. Any matter not provided in these Rules and Procedures shall be handled in accordance with Company Act and the Articles of Incorporation of the Company.
24. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

## **Appendix II**

### **Articles of Incorporation of Zenitron Corporation**

#### **Chapter 1: General Provisions**

##### **Article 1**

The Corporation shall be incorporated, as a company limited by shares, under the Company Act and is named 增你強股份有限公司 in the Chinese language, and ZENITRON CORPORATION in English.

##### **Article 2**

The scope of business of the Corporation shall be as follows:

1. General Import and Export Trade Business (Except those are subject to special approval)
2. Import and Export of kinds of electronic components and assembly. (controlled item excluded)
3. Agency for domestic and foreign manufacturers related product distribution and bidding quotation business. (Futures excluded)
4. CC01050 Data Storage Media Units Manufacturing
5. CC01070 Telecommunication Equipment and Apparatus Manufacturing
6. CC01080 Electronic Parts and Components Manufacturing
7. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
8. F113070 Wholesale of Telecom Instruments.
9. F213060 Retail Sale of Telecommunication Apparatus.
10. I301010 Software Design Services
11. F113030 Wholesale of Precision Instruments.
12. F116010 Wholesale of Photographic Equipment.
13. F401010 International Trade.
14. F213040 Retail Sale of Precision Instruments.
15. F216010 Retail Sale of Camera Equipment.
16. E205010 Apparatus Installation Construction.
17. CB01020 Office Machines Manufacturing.
18. CB01010 Mechanical Equipment Manufacturing.
19. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
20. CC01040 Electric Wires and Cables Manufacturing
21. CC01060 Wired Communication Equipment and Apparatus Manufacturing.
22. CC01090 Manufacture of Batteries and Accumulators.
23. CE01010 General Instrument Manufacturing.
24. CE01030 Optical Instruments Manufacturing.
25. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.  
(Electrical switch photoelectric converter, optical fiber electrical coupling connector).
26. CG01010 Jewelry and Precious Metals Products Manufacturing.
27. E701010 Telecommunications Construction
28. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction.

29. F113020 Wholesale of Household Appliance.
30. F113050 Wholesale of Computers and Clerical Machinery Equipment.
31. F118010 Wholesale of Computer Software.
32. F119010 Wholesale of Electronic Materials.
33. F213010 Retail Sale of Electrical Appliances.
34. F213110 Retail Sale of Batteries.
35. F214010 Retail Sale of Motor Vehicles.
36. F208050 Retail Over-the-counter drugs class B.
37. C199990 Manufacture of Other Food Products Not Elsewhere Classified.
38. F203010 Retail sale of Food Products and Groceries.
39. F102160 Wholesale of Assist Food Products.
40. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

#### Article 2-1

The Company may provide endorsement and guarantee and act as a guarantor.

#### Article 2-2

The total amount of investment by the Company in other limited liability companies, as per business requirement, is not limited to the restrictions under Article 13 of the Company Act.

#### Article 2-3

The Company shall purchase liability insurance for the director's legal liability for compensation for the scope of its business execution during the term of office.

#### Article 3

The Company shall have its head office in Taipei City and may establish domestic and overseas branches as required through board resolutions.

#### Article 4

Deleted

### Chapter 2: Shares

#### Article 5

The total capital stock of the Company shall be in the amount of NT\$3.5 billion (Including employee stock option certificates worth NT\$200 million), divided into 350,000,000 shares, at NT\$10 each, and may be paid-up in installments by resolutions of the Board of Directors

#### Article 5-1

The company may issue employee stock warrants with a subscription price lower than the closing price of the company's common stock on published date. However, must be issued when shareholders' meeting representing more than half of the total number of issued shares, more than two-thirds of the shareholders' voting rights agree.

The company's treasury stocks that are lower than the average price of the shares actually bought back to employees should be proposed for the resolution of Board Meeting, where more than half of the total number of issued shares are present and more than two-thirds of the total voting rights of attending shareholders agree.

#### Article 5-2

The transfer objects of buy-back shares, issuance of employee stock option certificates, objects of new shares with restricted employee rights and objects of new shares acquisition, in accordance with laws and regulations, are all employees of affiliated companies that meet certain conditions, and the conditions and distribution methods are authorized by Board of Directors after resolution.

#### Article 6

All Company's shares are registered shares and shall be affixed with the signatures and seals of directors who represent the Company, in addition to seal of Company logo and number, and issued after legal certification. For the shares to be issued by a company, the issuing company may be exempted from printing any share certificate for the shares issued; however, a company not printing its share certificate shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

#### Article 7

All stock transaction conducted by shareholders of the Corporation shall follow the "Guidelines for Stock Operations for Public Companies" and other relevant regulations.

#### Article 8

(Deleted.)

#### Article 9

(Deleted.)

#### Article 10

Cost and handling fee shall be charged when stocks are transferred or loss.

#### Article 11

The entries in its shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits. The periods specified in the preceding two Paragraphs shall commence from the applicable convening date of shareholders' meeting or from the applicable target date, as the case may be.

### Chapter 3: Shareholders' Meeting

#### Article 12

Shareholders meetings are divided into regular meetings and special meetings. Regular meetings are held once a year by the board of directors within 6 months from the end of each accounting year. Special meetings are held in accordance with the law as required.

Shareholders meetings can be held by means of visual communication network or other methods promulgated by the central competent authority.

#### Article 13

Any shareholder who cannot attend a shareholders meeting for any reason may issue a proxy printed by the Company and affixed with its signature and seal, to designate a representative to attend the meeting on its behalf, in accordance with Article 177 of the Company Act.

#### Article 14

Each shareholder of the Company is entitled to one voting right, except restricted shares or shares without voting rights in accordance with the Company Act.

#### Article 15

Resolutions of Shareholders' Meeting shall be determined by more than one half of the total issued shares with more than one half of the total shareholders present at the Meeting, unless specified otherwise by law and securities regulations.

#### Article 16

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, with the signature or seal of the chairman of the meeting affixed thereon and Article 183 of the Company Act shall apply.

### Chapter 4: Directors

#### Article 17

The Company shall have 7 to 10 directors, to be elected from a list of candidates by the shareholders meeting adopting candidates' nomination system. The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election.

Among the number of directors under the previous Article, there shall be no less than 3 independent directors, and the nomination method shall be conducted in accordance with Article 192-1 of Company Act.

#### Article 18

The Board of Directors is constituted by Directors and the Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors, all in accordance with Article 208 of Company Act. The chairman shall conduct all business affairs abide by laws and regulations, and resolutions of Shareholders' Meeting and Board Meetings.

#### Article 19

In compliance with Articles 14-4 of the Securities and Exchange Act, the Corporation shall establish an Audit Committee, which shall consist of all independent directors.

#### Article 20

Despite the profit or loss of annual revenue, the board of directors is authorized to determine the

remuneration for the directors of the Company, taking into account the extent and value of the services provided for the management of the Company and the standards of the same industry.

#### Article 21

The operating policies and other significant matters of the Company are resolved by the board of directors. The chairman internally is the chairman of the shareholders meeting and the board of directors, and externally is the representative of the Company. When gathering the Board Meeting, If the chairman shall not perform his duties, the vice-chairman is the substitute, and if there is no such vice chairman or the vice chairman is also unable to perform his duties, the chairman shall appoint one of the directors to act on his/her behalf. If such designation is not available, the directors shall elect among themselves for the one to preside the Meeting as substitute.

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors, and chairman shall be the chair of the Meeting. If the chairman shall not perform his duties, the vice-chairman is the substitute, and if there is no such vice chairman or the vice chairman is also unable to perform his duties, the chairman shall appoint one of the directors to act on his/her behalf. If such designation is not available, the directors shall elect among themselves for the one to preside the Meeting as substitute. The Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting, and When there are more than two persons with the right to convene, one person shall be recommended to each other.

#### Article 21-1

The board of directors of the Company may set up a remuneration committee or other functional committees due to the needs of business operations.

#### Article 22

The meetings of the Board of Directors shall be convened once in a quarter, and to convene a board meeting, a notice shall be given to each director 7 days in advance, with the agenda specified.

However, in case of emergencies, board meetings may be held at any time. The notice under the previous paragraph may be given in writing, by fax or by email.

The resolutions of the board of directors, unless otherwise stipulated by the Company Act, shall be adopted by more than half of the votes represented by more than half of the total directors present at the Meeting. The results of voting shall be signed and sealed by chairman and placed on record and kept in storage in the Company, in addition, the meeting minutes shall be distributed no more than twenty days after the date of Meeting. The directors can assign other directors as proxy on his/her behalf to attend the meeting of the board of directors.

### Chapter 5: Manager

#### Article 23

The company shall appoint managers whose appointment, dismissal, and remuneration shall be handled according to Article 29 of the Company Act.

### Chapter 6: Accounting

## Article 24

After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance: 1. Business Report; 2. Financial Statements; 3. Proposal Concerning Appropriation of Earnings or Covering of Losses.

### Article 24-1

If the Company has profit in the year, 3% to 12% shall be provided as employees' compensation and no more than 3% as directors' compensation. However, if the Company has accumulated losses, the amount of compensation shall firstly be retained for impairment loss and afterwards provided in regards of balance basis.

The employees are entitled to shares or cash as remuneration, and under such paragraph, employees shall include employees of the subsidiaries who meet certain conditions.

## Article 25

The net profit of the Company after yearly closing shall, other than paying the income tax payable by law, first be used to compensate losses from the past years. Then 10% of the balance amount shall be provided as legal reserve (unless the amount of legal reserve has reached the total amount of capital). Special reserve shall also be provided in accordance with the law as required. The rest shall be used to distribute dividend. If there is any profit remaining, it shall be combined with the undistributed profit in the beginning of the period, subject to a dividend distribution proposal to be prepared by the board of directors and submitted to the shareholders meeting for resolution for distribution.

The company's dividends are distributed based on more than 50% of the distributable surplus of current year, of which the cash dividends allocated each year shall not be less than 20% of the actual surplus distribution of the current year.

### Article 25-1

Deleted

### Article 25-2

Employees' profit sharing bonuses are resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors. All or partial of the appropriated dividends and bonus shall be distributed by cash and shall be reported to the latest shareholders' meeting.

### Article 25-3

Legal reserve (the part exceeding 25% of the paid-in capital) and capital reserve in accordance with regulations of Company Act, when there is no loss of the Company, are resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors. All or partial of aforementioned reserve shall be distributed by cash and shall be reported to the latest shareholders' meeting.

## Article 26

The organizational regulations of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.



## Article 27

In regard to all matters not provided for in these Articles of Incorporation, the Company Act and relevant laws and regulations shall govern.

## Article 28

These Articles of Incorporation were set up on September 13, 1982.

The 1st amendment was made on September 20, 1982.

The 2nd amendment was made on July 1, 1984.

The 3rd amendment was made on July 30, 1984.

The 4th amendment was made on September 25, 1985.

The 5th amendment was made on July 11, 1988.

The 6th amendment was made on July 1, 1991.

The 7th amendment was made on July 20, 1991.

The 8th amendment was made on October 1, 1993.

The 9th amendment was made on March 3, 1995.

The 10st amendment was made on November 15, 1995.

The 11th amendment was made on March 22, 1996.

The 12th amendment was made on May 16, 1997.

The 13rd amendment was made on September 26, 1997.

The 14th amendment was made on June 27, 1998.

The 15th amendment was made on March 26, 1999.

The 16th amendment was made on April 26, 2000.

The 17th amendment was made on April 9, 2001.

The 18th amendment was made on May 21, 2002.

The 19th amendment was made on June 11, 2004.

The 20th amendment was made on June 14, 2005.

The 21st amendment was made on September15, 2005.

The 22nd amendment was made on June 14, 2006.

The 23rd amendment was made on June 15, 2007.

The 24th amendment was made on June 13, 2008.

The 25th amendment was made on June 10, 2009.

The 26th amendment was made on June 17, 2010.

The 27th amendment was made on June 15, 2012.

The 28th amendment was made on June 13, 2013.

The 29th amendment was made on June 11, 2014.

The 30th amendment was made on June 10, 2015.

The 31st amendment was made on June 15, 2016.

The 32nd amendment was made on June 12, 2019.

The 33rd amendment was made on June 12, 2020.

The 34rd amendment was made on June 8, 2022.

## **Appendix III**

### **Zenitron Corporation Procedures for Election of Directors**

Regulated on March 23, 2015

- Article 1 Unless otherwise provided in the laws and regulations or the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.
- Article 2 The directors of the Company shall be elected under the nomination accumulated method. Each share shall be entitled the number of voting rights that is the same as the number of directors to be elected. The voting rights may be casted to elect one or more persons.
- Article 3 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 4 The number of voting rights for independent directors and non-independent directors shall be calculated separately in accordance with the articles of association of the Company and the number of seats determined by board resolution. The elected persons shall be in the order of the number of voting rights received. If two or more persons receive the same number of voting rights and, as a result, the number of elected persons exceeds the number of seats available, a random draw shall be organized among the persons who have received the same number of votes. If any such person is not present, the chairman may participate in the random draw on such person's behalf.
- Article 5 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 6 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 7 A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with

those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.

5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number).
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 8      The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

The ballots for the election matters in the preceding paragraph shall be properly kept and kept in storage for at least one year. However, if a shareholder initiates a lawsuit in accordance with the Company Act, it shall be kept until the end of the lawsuit.

Article 9      This Company shall issue notifications to the directors elected.

Article 10     These Procedures and any revision thereof shall become effective after approval at the shareholders' meeting

**Appendix IV**

**Zenitron Corporation**  
**Shareholdings of All Directors**

As the book closure date (April 11, 2023), the shareholders of directors recorded in the shareholders register is as follows:

Title	Name	Current Shareholdings	
		Shares	Percentage
Chairman	CHOU,YEOU-YIH	5,192,074	2.35%
Vice Chairman	CHEN,HSIN-YI	2,674,390	1.21%
Director	YUTSENG INVESTMENT CO., LTD. Representative: CHOU,CHUN- KUANG	6,090,840	2.75%
Director	ZENITEX INVESTMENT CO., LTD. Representative: CHOU,CHUN- HSIEN	9,862,828	4.46%
Director	HSIEH,SHIH-FU	1,770,802	0.80%
Director	FANG,YI-HSIUNG	71,867	0.03%
Independent Director	HSU,JUI-MAO	0	0.00%
Independent Director	LIU,CHUN	0	0.00%
Independent Director	LIAO,FU-LUNG	0	0.00%
Total		25,662,801	11.60%

Note 1: Total shares issued: 221,105,173 shares.

Note 2: In accordance with Article 26 of the Securities Exchange Act, Zenitron's Directors are required to hold in the aggregate not less than 12,000,000 shares. (Note 3)

Note 3: In accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.

Note 4: The number of shares held by all directors of the company has reached the statutory minimum ratio.

Note 5: Mr. YEH, LU-CHANG resigned as director on March 15, 2023.