ZENITRON CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 2023 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 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 8, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 803,025	5	$ 689,960	4
Financial assets at fair value through profit or loss - current	6(2)	32,651	-	16,994	-
Financial assets at fair value through other comprehensive income - current	6(3)	790	-	810	-
Notes receivable, net	6(4)	6,340	-	11,996	-
Accounts receivable, net	6(4)	3,629,422	24	3,970,521	24
Accounts receivable - related parties	7	603,155	4	917,381	5
Other receivables		49,785	-	59,460	-
Other receivables - related parties	7	668,306	4	663,182	4
Inventories, net	6(5)	4,736,142	31	5,493,321	33
Other current assets		182,642	1	198,726	1
Total current assets		10,712,258	69	12,022,351	71
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	45,948	-	7,116	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	520,256	4	572,561	4
Investments accounted for using equity method	6(6)	3,615,886	23	3,647,334	22
Property, plant and equipment	6(7)	363,093	3	367,295	2
Right-of-use assets	6(8)	4,001	-	699	-
Investment property, net	6(10) and 8	35,405	-	35,948	-
Deferred income tax assets	6(23)	113,546	1	153,144	1
Other non-current assets	8	53,872	-	46,488	-
Total non-current assets		4,752,007	31	4,830,585	29
Total assets		$ 15,464,265	100	$ 16,852,936	100

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ZENITRON CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
Current liabilities					
Short-term borrowings	6(11)	$ 5,849,533	38	$ 7,560,518	45
Short-term notes and bills payable	6(12)	897,895	6	897,758	5
Notes payable		2,537	-	2,477	-
Accounts payable		1,950,797	13	1,278,043	8
Accounts payable - related parties	7	83,761	-	44,815	-
Other payables		317,324	2	335,488	2
Other payables - related parties	7	172,228	1	394,256	2
Current income tax liabilities		102,348	1	152,445	1
Current lease liabilities	6(8)	2,930	-	570	-
Long-term liabilities, current portion	6(13)	108,068	1	-	-
Other current liabilities	6(18)	30,965	-	19,967	-
Total current liabilities		9,518,386	62	10,686,337	63
Non-current liabilities					
Bonds payable	6(13)	-	-	456,426	3
Deferred income tax liabilities	6(23)	114,468	1	114,479	1
Non-current lease liabilities	6(8)	1,086	-	129	-
Other non-current liabilities	6(14)	63,019	-	74,002	-
Total non-current liabilities		178,573	1	645,036	4
Total liabilities		9,696,959	63	11,331,373	67
Equity					
Share capital	6(15)				
Common stock		2,282,388	15	2,184,054	13
Certificate of entitlement to new shares from convertible bonds	6(13)	44,532	-	841	-
Capital surplus	6(16)				
Capital surplus		1,329,391	9	1,118,544	6
Retained earnings	6(17)				
Legal reserve		941,886	6	854,384	5
Unappropriated retained earnings		899,726	6	1,105,399	7
Other equity interest					
Other equity interest		269,383	1	258,341	2
Total equity		5,767,306	37	5,521,563	33
Significant contingent liabilities and unrecognised contract commitments	9				
Siginificant subsequent events	11				
Total liabilities and equity		$ 15,464,265	100	$ 16,852,936	100

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31			
		2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating revenue	6(18) and 7	$ 14,367,156	100	$ 19,452,860	100
Operating costs	6(5) and 7	(12,936,842)	(90)	(18,139,539)	(93)
Gross Profit		1,430,314	10	1,313,321	7
Unrealised gain from sales		(1,600)	-	(1,600)	-
Realised gain from sales		1,600	-	1,600	-
Net Gross Profit		1,430,314	10	1,313,321	7
Operating expenses	6(21)				
Selling expenses		(482,470)	(3)	(509,278)	(3)
General and administrative expenses		(223,933)	(2)	(232,986)	(1)
Expected credit impairment (loss) gain	6(4)	(610)	-	722	-
Total operating expenses		(707,013)	(5)	(741,542)	(4)
Operating profit		723,301	5	571,779	3
Non-operating income and expenses					
Interest income	7	24,043	-	7,216	-
Other income	6(19) and 7	60,699	-	55,818	-
Other gains and losses	6(20)	68,829	1	(26,001)	-
Finance costs	6(22) and 7	(231,099)	(2)	(162,153)	(1)
Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(6)	(47,072)	-	375,147	2
Total non-operating income and expenses		(124,600)	(1)	250,027	1
Profit before income tax		598,701	4	821,806	4
Income tax expense	6(23)	(142,727)	(1)	(107,234)	(1)
Profit for the year		$ 455,974	3	$ 714,572	3
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
(Losses) gains on remeasurements of defined benefit plan	6(14)	($ 4,613)	-	$ 3,547	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	85,353	1	(122,886)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		27,918	-	-	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	922	-	(709)	-
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		(12,293)	-	254,490	1
Other comprehensive income for the year		$ 97,287	1	$ 134,442	1
Total comprehensive income for the year		$ 553,261	4	$ 849,014	4
Earnings per Share (in dollars)	6(24)				
Basic earnings per share		$	2.03	$	3.30
Diluted earnings per share		$	1.93	$	3.03

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Capital			Retained Earnings		Other Equity Interest		
	Notes	Share capital - common stock	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
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)	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)								
Cash dividends		-	-	-	-	(748,387)	-	-	(748,387)
Legal reserve		-	-	-	87,759	(87,759)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	157,611	-	(157,611)	-
Conversion of convertible bonds	6(13)(15)(16)	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
Year ended December 31, 2023									
Balance at January 1, 2023		$ 2,184,054	$ 841	$ 1,118,544	$ 854,384	$ 1,105,399	$ 19,264	$ 239,077	$ 5,521,563
Net income for the year		-	-	-	-	455,974	-	-	455,974
Other comprehensive income (loss)	6(3)	-	-	-	-	(3,902)	(12,293)	113,482	97,287
Total comprehensive income (loss)		-	-	-	-	452,072	(12,293)	113,482	553,261
Appropriations and distribution of 2022 earnings	6(17)								
Cash dividends		-	-	-	-	(660,390)	-	-	(660,390)
Legal reserve		-	-	-	87,502	(87,502)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	-	90,147	-	(90,147)	-
Conversion of convertible bonds	6(13)(15)(16)	98,334	43,691	210,847	-	-	-	-	352,872
Balance at December 31, 2023		$ 2,282,388	$ 44,532	$ 1,329,391	$ 941,886	$ 899,726	$ 6,971	$ 262,412	$ 5,767,306

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 598,701	$ 821,806
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealised gain from sales		1,600	1,600
Realised gain from sales		(1,600)	(1,600)
Depreciation and amortisation	6(21)	16,709	14,714
Expected credit loss (gain)	6(4)	610	(722)
Net gain on financial assets at fair value through profit or loss	6(2)(20)	(2,990)	(1,155)
Interest expense	6(22)	231,099	162,153
Interest income		(24,043)	(7,216)
Dividend income	6(19)	(26,077)	(11,348)
Share of loss (profit) of subsidiaries and joint ventures accounted for using equity method	6(6)	47,072	(375,147)
Gain on disposal of property, plant and equipment	6(20)	-	(9)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(11,696)	4,001
Notes and accounts receivable		346,145	843,507
Accounts receivable - related parties		314,226	272,454
Other receivables		10,613	47,936
Inventories, net		757,179	(404,386)
Other current assets		16,084	(94,032)
Changes in operating liabilities			
Notes and accounts payable (including related parties)		711,760	(1,200,972)
Other payables (including related parties)		(235,776)	357,432
Other current liabilities		10,998	4,872
Other non-current liabilities		(15,596)	(1,483)
Cash inflow generated from operations		2,745,018	432,405
Interest received		24,043	7,216
Interest paid		(230,981)	(144,928)
Income tax paid		(153,250)	(112,998)
Net cash flows from operating activities		2,384,830	181,695

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ZENITRON CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		$ -	($ 29,920)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	137,677	273,286
Acquisition of financial assets at fair value through profit or loss - non-current		(39,824)	(7,500)
Increase in investments accounted for using equity method		-	(150,000)
Proceeds from capital reduction of investments accounted for using equity method		-	66,266
Acquisition of property, plant and equipment	6(7)	(5,831)	(7,991)
Proceeds from disposal of property, plant and equipment		-	171
(Increase) decrease in refundable deposits		(929)	518
Increase in other receivables - related parties		(5,124)	(400,261)
Increase in other non-current assets		(10,039)	(1,865)
Dividends received		26,077	11,348
Net cash flows from (used in) investing activities		102,007	(245,948)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans	6(26)	(1,710,985)	640,740
Increase in short-term notes and bills payable	6(26)	137	198,397
Payment of lease liabilities	6(26)	(2,534)	(1,037)
Payment of cash dividends	6(17)	(660,390)	(748,387)
Net cash flows (used in) from financing activities		(2,373,772)	89,713
Net increase in cash and cash equivalents		113,065	25,460
Cash and cash equivalents at beginning of year		689,960	664,500
Cash and cash equivalents at end of year		$ 803,025	$ 689,960

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

ZENITRON CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

Zenitron Corporation (the "Company") was incorporated as a company limited by shares in October 1982. The Company has been listed on the Taiwan Stock Exchange and started trading since August 26, 2002. The Company is primarily engaged in the sales of electrical components.

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

These financial statements were authorised for issuance by the Board of Directors on March 8, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

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

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods.

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

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Leasing arrangements (lessor)－operating leases

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	1 ~ 55 year(s)
Transportation equipment	1 ~ 5 year(s)
Office equipment	1 ~ 5 year(s)

(14) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 ~ 55 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

Borrowings comprise short-term bank borrowings.

(18) Notes and accounts payable

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

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

(19) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Company classifies the bonds payable upon issuance as a financial asset or financial liability in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at the residual value of total issue price less the amount of 'financial assets or financial liabilities at fair value through profit or loss' as stated above. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to the 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Share capital

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

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cach dividends are recorded as liabilities.

(25) Revenue recognition

Sales of goods - agency

A. The Company is an agency of electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. The Company's revenue from sales is recognised based on the price specified in the contract, net of the estimated sales discounts. Accumulated experience is used to estimate and provide for the sales discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30~120 days.

As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the timing based on trade terms that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Valuation of allowance for uncollectible accounts receivable

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

B. Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 95	$ 192
Checking accounts and demand deposits	802,930	689,768
	$ 803,025	$ 689,960

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash pledged to others.

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

	December 31, 2023	December 31, 2022
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 40,964	$ 26,902
Non-hedging derivatives - redemption of convertible bonds	11	47
	40,975	26,949
Valuation adjustments	(8,324)	(9,955)
	$ 32,651	$ 16,994
Non-current items		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 15,000	$ 7,500
Hybrid instruments	32,324	-
	47,324	7,500
Valuation adjustments	(1,376)	(384)
	$ 45,948	$ 7,116

A. The Company recognised net gain amounting to $2,990 and $1,155 on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.

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

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

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

	December 31, 2023	December 31, 2022
Current items		
Equity instruments		
Emerging stocks	$ 2,462	$ 2,462
Valuation adjustment	(1,672)	(1,652)
	$ 790	$ 810
Non-current items		
Equity instruments		
Listed stocks	$ 179,568	$ 227,098
Unlisted stocks	97,260	97,260
	276,828	324,358
Valuation adjustment	243,428	248,203
	$ 520,256	$ 572,561

A. The Company has elected to classify stock investments with steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $521,046 and $573,371 as at December 31, 2023 and 2022, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.

B. The Company sold stock investments at fair value amounting to $137,677 and $273,286 which resulted to a cumulative gain on disposal of $90,147 and $157,611 during the years ended December 31, 2023 and 2022, respectively.

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

	Year ended December 31	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income - the Company	$ 85,353	($ 122,886)
Fair value change recognised in other comprehensive income - investment accounted for under the equity method	28,129	-
	$ 113,482	($ 122,886)
Cumulative gains reclassified to retained earnings due to derecognition	($ 90,147)	($ 157,611)

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

E. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 6,340	$ 11,996
Accounts receivable	$ 3,677,976	$ 4,018,465
Less: Allowance for uncollectible accounts	(48,554)	(47,944)
	$ 3,629,422	$ 3,970,521

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

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 3,604,045	$ 6,340	$ 3,920,507	$ 11,996
Up to 30 days	2,358	-	4,891	-
31 to 90 days	28,810	-	50,038	-
Over 90 days	42,763	-	43,029	-
	$ 3,677,976	$ 6,340	$ 4,018,465	$ 11,996

The above ageing analysis was based on past due date.

C. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to $3,684,316, $4,030,461 and $4,876,616, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.

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

E. The Company adjusts historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2023 and 2022, the provision matrix based on the roll rate methodology is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
December 31, 2023					
Expected loss rate	0.15%	0.15%	0.15%-100%	0.15%-100%	
Total accounts receivable	$ 3,604,045	$ 2,358	$ 28,810	$ 42,763	$ 3,677,976

	Not past due	Up to 30 days past due	31~90 days past due	Over 90 days past due	Total
December 31, 2022					
Expected loss rate	0.11%	0.11%	0.11%-100%	0.11%-100%	
Total accounts receivable	$ 3,920,507	$ 4,891	$ 50,038	$ 43,029	$ 4,018,465

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

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 47,944	$ 51,314
Provision for (reversal of) impairment loss	610	(722)
Write-offs	-	(2,648)
At December 31	$ 48,554	$ 47,944

For provisioned loss for the years ended December 31, 2023 and 2022, the impairment (losses) gains arising from customers’ contracts are ($610) and $722, respectively.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 5,075,577	($ 523,127)	$ 4,552,450
Inventories in transit	183,692	-	183,692
	$ 5,259,269	($ 523,127)	$ 4,736,142

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 6,001,247	($ 731,296)	$ 5,269,951
Inventories in transit	223,370	-	223,370
	$ 6,224,617	($ 731,296)	$ 5,493,321

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	$ 13,120,728	$ 17,625,499
(Gain on reversal of) loss on decline in market value	(183,886)	514,040
	$ 12,936,842	$ 18,139,539

The gain on reversal of decline in market value for the year ended December 31, 2023 was due to the Company's disposal of slow-moving inventory.

(6) Investments accounted for using equity method

A. Subsidiaries accounted for using equity method

	December 31, 2023	December 31, 2022
Zenitron (HK) Limited	$ 544,405	$ 606,433
Supertronic International Corp.	2,895,340	2,872,256
Zenicom Corporation	176,141	168,645
	$ 3,615,886	$ 3,647,334

B. Share of profit (loss) of subsidiaries accounted for using equity method

	Year ended December 31	
	2023	2022
Supertronic International Corp.	($ 5,178)	$ 359,851
Zenitron (HK) Limited	(49,857)	19,137
Zenicom Corporation	7,963	(3,844)
Yo-Teh Investment Corporation	-	3
	($ 47,072)	$ 375,147

Refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

(7) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Office equipment	Total
At January 1, 2023					
Cost	$ 252,592	$ 334,227	$ 41,047	$ 70,670	$ 698,536
Accumulated depreciation	-	(242,390)	(32,199)	(56,652)	(331,241)
	$ 252,592	$ 91,837	$ 8,848	$ 14,018	$ 367,295
2023					
Opening net book amount as at January 1	$ 252,592	$ 91,837	$ 8,848	$ 14,018	$ 367,295
Additions	-	-	700	5,131	5,831
Depreciation charge	-	(2,824)	(2,973)	(4,236)	(10,033)
Closing net book amount as at December 31	$ 252,592	$ 89,013	$ 6,575	$ 14,913	$ 363,093
At December 31, 2023					
Cost	$ 252,592	$ 334,227	$ 41,747	$ 75,689	$ 704,255
Accumulated depreciation	-	(245,214)	(35,172)	(60,776)	(341,162)
	$ 252,592	$ 89,013	$ 6,575	$ 14,913	$ 363,093

	Land	Buildings and structures	Transportation equipment	Office equipment	Total
At January 1, 2022					
Cost	$ 252,592	$ 334,227	$ 43,037	$ 63,747	$ 693,603
Accumulated depreciation	-	(239,150)	(30,503)	(54,606)	(324,259)
	$ 252,592	$ 95,077	$ 12,534	$ 9,141	$ 369,344
2022					
Opening net book amount as at January 1	$ 252,592	$ 95,077	$ 12,534	$ 9,141	$ 369,344
Additions	-	-	-	7,991	7,991
Disposals	-	-	(157)	(5)	(162)
Depreciation charge	-	(3,240)	(3,529)	(3,109)	(9,878)
Closing net book amount as at December 31	$ 252,592	$ 91,837	$ 8,848	$ 14,018	$ 367,295
At December 31, 2022					
Cost	$ 252,592	$ 334,227	$ 41,047	$ 70,670	$ 698,536
Accumulated depreciation	-	(242,390)	(32,199)	(56,652)	(331,241)
	$ 252,592	$ 91,837	$ 8,848	$ 14,018	$ 367,295

A. The significant components of buildings and structures include main building and auxiliary building, which are depreciated over 55 and 15 years, respectively.

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

(8) Lease arrangements – lessee

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Right-of-use assets:		
Buildings and structures	$ 4,001	$ 699
Lease liabilities:		
Current	$ 2,930	$ 570
Non-current	1,086	129
	$ 4,016	$ 699

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise transportation equipment, buildings and structures. Low-value assets comprise office equipment. Right-of-use asset and lease liabilities were not recognised for these leases.

C. The depreciation charges on right-of-use assets are as follows:

	Year ended December 31	
	2023	2022
Buildings and structures	$ 2,549	$ 1,037

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $5,851 and $0, respectively.

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

	Year ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 63	$ 15
Expense on short-term leases and leases of low-value assets	687	658

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $3,284 and $1,710, respectively.

(9) Lease arrangements－lessor

For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of $7,323 and $7,130, respectively, based on the operating lease agreement, which does not include variable lease payments.

(10) Investment property

	Land	Buildings	Total
January 1, 2023			
Cost	$ 32,466	$ 29,941	$ 62,407
Accumulated depreciation and impairment	(15,410)	(11,049)	(26,459)
	$ 17,056	$ 18,892	$ 35,948
2023			
Opening net book amount as at January 1	$ 17,056	$ 18,892	$ 35,948
Depreciation charge	-	(543)	(543)
Closing net book amount as at December 31	$ 17,056	$ 18,349	$ 35,405
December 31, 2023			
Cost	$ 32,466	$ 29,941	$ 62,407
Accumulated depreciation and impairment	(15,410)	(11,592)	(27,002)
	$ 17,056	$ 18,349	$ 35,405

	Land	Buildings	Total
January 1, 2022			
Cost	$ 32,466	$ 29,941	$ 62,407
Accumulated depreciation and impairment	(15,410)	(10,505)	(25,915)
	$ 17,056	$ 19,436	$ 36,492
2022			
Opening net book amount as at January 1	$ 17,056	$ 19,436	$ 36,492
Depreciation charge	-	(544)	(544)
Closing net book amount as at December 31	$ 17,056	$ 18,892	$ 35,948
December 31, 2022			
Cost	$ 32,466	$ 29,941	$ 62,407
Accumulated depreciation and impairment	(15,410)	(11,049)	(26,459)
	$ 17,056	$ 18,892	$ 35,948

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

	Year ended December 31	
	2023	2022
Rental revenue from investment property	$ 2,679	$ 2,699
Direct operating expenses arising from the investment property that generated rental income during the year	$ 543	$ 544

B. The fair value of the investment property held by the Company were $98,103 and $93,755 as of December 31, 2023 and 2022, respectively, which were based on the trading prices of nearby areas.

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

(11) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	$ 5,849,533	$ 7,560,518
Interest rate range	1.77%~6.82%	1.45%~6.29%

A. For the years ended December 31, 2023 and 2022, the interest expense recognised in profit or loss amounted to $207,335 and $147,837, respectively.

B. As of December 31, 2023 and 2022, the Company provided collaterals for the financing facility of short-term borrowings and issued guaranteed notes as collateral in the amount of $17,276,185 and $16,771,251, respectively.

(12) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Short-term notes and bills payable	$ 900,000	$ 900,000
Discount on short-term notes and bills payable	(2,105)	(2,242)
	$ 897,895	$ 897,758
Coupon rate	1.98%~2.00%	1.99%~2.16%

The abovementioned commercial paper was secured by financial institutions.

(13) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 109,000	$ 467,100
Less: Discount on bonds payable	(932)	(10,674)
	108,068	456,426
Less: Bonds payable, current portion	(108,068)	-
	$ -	$ 456,426

A. The issuance of domestic convertible bonds by the Company

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

i. The Company issued $600,000, 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date (August 3, 2021~ August 3, 2024) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 3, 2021.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (November 4, 2021) to 40 days before the maturity date (June 24, 2024), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price is NT$29. Since the Company distributed cash dividends, the conversion price should be adjusted at the ex-dividend date in accordance with Article 11 of the terms of the bonds. On July 16, 2022, and July 17, 2023, the Company adjusted the conversion price to NT$26.15 and NT$23.96 (in dollars), respectively.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue (November 4, 2021) to 40 days before the maturity date (June 24, 2024), or (ii) the outstanding balance of the bonds is less than 10% of the total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) For the years ended December 31, 2023 and 2022, the bonds totaling $358,100 and $132,900 had been converted into 14,202 thousand and 4,665 thousand shares of common stock, respectively. Accordingly, the Company recognised capital surplus of $255,970 and $98,805, and reduced capital surplus - share options by $45,123 and $16,747, respectively.

(c) As of December 31, 2023, the bonds totaling $491,000 (face value) had been converted into 18,867 thousand shares of common stock. Accordingly, the Company recognised capital surplus of $354,775 and reduced capital surplus - share options by $61,870. The registration of bonds with a total face value of $106,700 which had been converted into 4,453 thousand common shares has not yet been completed, and was shown as 'certificate of entitlement to new shares from convertible bonds' in the amount of $44,532.

(d) As of December 31, 2023, there were no convertible bonds repurchased by the Company from the Taipei Exchange.

B. Regarding the issuance of convertible bonds, the equity conversion options of the fourth domestic unsecured convertible bonds amounting to $13,735 as of December 31, 2023 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.46%.

(14) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 87,442	$ 86,133
Fair value of plan assets	(29,053)	(15,029)
Net defined benefit liability	$ 58,389	$ 71,104

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	($ 86,133)	$ 15,029	($ 71,104)
Interest (expense) income	(1,055)	168	(887)
	(87,188)	15,197	(71,991)
Remeasurements:			
Return on plan assets	-	263	263
Change in demographic assumptions	(51)	-	(51)
Change in financial assumptions	(351)	-	(351)
Experience adjustments	(4,474)	-	(4,474)
	(4,876)	263	(4,613)
Pension fund contribution	-	14,615	14,615
Paid pension	4,622	(1,022)	3,600
Balance at December 31	($ 87,442)	$ 29,053	($ 58,389)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	($ 87,812)	$ 13,500	($ 74,312)
Interest (expense) income	(603)	84	(519)
	(88,415)	13,584	(74,831)
Remeasurements:			
Return on plan assets	-	1,280	1,280
Change in demographic assumptions	(572)	-	(572)
Change in financial assumptions	4,056	-	4,056
Experience adjustments	(1,217)	-	(1,217)
	2,267	1,280	3,547
Pension fund contribution	-	180	180
Paid pension	15	(15)	-
Balance at December 31	($ 86,133)	$ 15,029	($ 71,104)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.25%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with statistics and experience of the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,734)	$ 1,789	$ 1,770	($ 1,725)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,769)	$ 1,828	$ 1,809	($ 1,760)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $1,300.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	3,488
1-2 year(s)		4,772
2-5 years		28,407
Over 5 years		59,563
	$	96,230

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $16,863 and $16,691, respectively.

(15) Share capital

A. As of December 31, 2023, the Company's authorised capital was $3,500,000, consisting of 350 million shares of ordinary stock (including 20 million shares reserved for employee stock options), and the paid-in capital was $2,282,388 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares (including certificate of entitlement to new shares from convertible bonds) outstanding are as follows:

	2023	2022
	Shares (in thousands)	Shares (in thousands)
At January 1	218,490	213,825
Shares converted from bonds	14,202	4,665
At December 31	232,692	218,490

C. Information related to the conversion of the bonds into common shares of the Company for the years ended December 31, 2023 and 2022 is provided in Note 6(13).

(16) Capital surplus

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

	2023			
	Share premium	Share options	Others	Total
At January 1	$ 977,543	$ 58,858	$ 82,143	$ 1,118,544
Conversion of convertible bonds	255,970	(45,123)	-	210,847
At December 31	$ 1,233,513	$ 13,735	$ 82,143	$ 1,329,391

	2022			
	Share premium	Share options	Others	Total
At January 1	$ 878,738	$ 75,605	$ 82,143	$ 1,036,486
Conversion of convertible bonds	98,805	(16,747)	-	82,058
At December 31	$ 977,543	$ 58,858	$ 82,143	$ 1,118,544

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

A. In accordance with the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside or reversal of special reserve in accordance with related laws, if any. The remaining earnings are the distributable earnings for the year.

B. Dividend policy:

(a) The distribution of dividends shall be above 50% of the current year’s distributable earnings and the cash dividends distributed shall not be lower than 20% of the current actual earnings distributed.

(b) The Board of Directors is authorised to distribute all or part of the dividends and bonus in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.

(c) When the Company has no deficit, the Board of Directors is authorised to distribute all or part of the legal reserve (for the part that exceeds 25% of paid-in capital) and capital surplus if it meets the requirements under the Company Act in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

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

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

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

F. Events after the balance sheet date

On March 8, 2024, the Company's Board of Directors proposed the distribution of 2023 earnings and cash payment from capital surplus as follows:

	2023	
	Amount	Dividend per share (in dollars)
Legal surplus	$ 54,222	
Cash dividends	420,070	$ 1.80
	$ 474,292	

	2023	
	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	$ 46,675	$ 0.20

The aforementioned appropriation of 2023 earnings and cash payment from capital surplus have not yet been reported to the shareholders.

(18) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	$ 14,367,156	$ 19,452,860

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following geographical regions:

Year ended December 31, 2023	China	Taiwan	Others	Total
Revenue from external customer contracts	$ 9,256,044	$ 3,906,191	$ 1,204,921	$ 14,367,156

Year ended December 31, 2022	China	Taiwan	Others	Total
Revenue from external customer contracts	$ 13,690,867	$ 4,417,535	$ 1,344,458	$ 19,452,860

B. Contract liabilities (shown as 'other current liabilities')

As of December 31, 2023 and 2022, the Company has recognised revenue-related contract liabilities in the amounts of $8,228 and $11,516, respectively.

(19) Other income

	Year ended December 31	
	2023	2022
Dividend income	$ 26,077	$ 11,348
Advertising income	12,569	12,713
Rent income	7,323	7,130
Other income	14,730	24,627
	$ 60,699	$ 55,818

(20) Other gains and losses

	Year ended December 31	
	2023	2022
Foreign exchange gains (losses)	$ 65,839	($ 27,165)
Gains on financial assets at fair value through profit or loss	2,990	1,155
Gains on disposals of property, plant and equipment	-	9
	$ 68,829	($ 26,001)

(21) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense		
Salary expenses	$ 399,948	$ 427,992
Labour and health insurance fees	32,746	31,736
Pension costs	17,750	17,210
Directors' remuneration	19,360	26,390
Other personnel expenses	16,529	16,702
	486,333	520,030
Depreciation	13,125	11,459
Amortisation	3,584	3,255
	$ 503,042	$ 534,744

As at December 31, 2023 and 2022, the Company had 373 and 375 employees, respectively. There were 7 and 6 non-employee directors, respectively.

Note: The abovementioned expenses were all operating expenses.

A. (a) Average employee benefit expense were $1,276 and $1,338 for the years ended December 31, 2023 and 2022, respectively.

(b) Average employees' salaries were $1,093 and $1,160 for the years ended December 31, 2023 and 2022, respectively.

(c) Adjustment of average employees' salaries was (6%) for the year ended December 31, 2023.

B. The Company has no supervisors' remuneration as it has set up an audit committee.

C. Remuneration policy of the Company (including directors, managers and employees):

(a) Directors' remuneration policy

In accordance with the Articles of Incorporation of the Company, remuneration of the Company's directors is determined by the Board of Directors based on the assessment of the remuneration committee according to their participation in the operations of the Company and the value of their contribution and by reference to general pay levels in the industry. The Articles of Incorporation of the Company also prescribes that no more than 3% of the profit of the current year shall be distributed as directors' remuneration.

(b) Managers' remuneration policy:

Remuneration of the Company's managers is proposed by the remuneration committee and discussed and determined by the Board of Directors based on individual performance and contribution to the overall operations of the Company, taking into consideration the Company's future operating risk and general pay levels in the industry.

(c) Employees' compensation policy

i. The Company follows the Labor Standards Act and related regulations to formulate salaries and benefits for employees. Employees' compensation includes monthly salaries, quarterly sales bonuses, employees' compensation and performance bonus which are distributed based on a certain percentage of the Company's distributable profit.

ii. In accordance with the Articles of Incorporation of the Company, 3%~12% of the current year's earnings, if any, shall be distributed as employees' compensation. If the Company has accumulated deficit, earnings should be reserved to cover losses before calculating the distribution. The employees' compensation shall be distributed in the form of shares or in cash to employees including the employees of subsidiaries who meet certain specific requirements.

D. The Company's directors' remuneration and employees' compensation accounted as operating expenses were as follows:

	Year ended December 31	
	2023	2022
Directors' remuneration	$ 19,000	$ 26,000
Employees' compensation	22,000	32,000
	$ 41,000	$ 58,000

E. For the year ended December 31, 2023, the employees' compensation and directors' remuneration were estimated and accrued based on a certain percentage of distributable profit of current year as of the end of reporting period.

F. The directors' remuneration and employees' compensation for 2023 as resolved by the Board of Directors on March 8, 2024 were in agreement with those amounts recognised in the financial statements. The employees' compensation will be distributed in the form of cash.

G. Directors' remuneration and employees' compensation for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

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

(22) Finance costs

	Year ended December 31	
	2023	2022
Interest expense	$ 207,335	$ 147,837
Convertible bonds	4,534	7,364
Other interest expense	19,230	6,952
	$ 231,099	$ 162,153

(23) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Currrent tax on profits for the year	$ 95,046	$ 193,574
Tax on undistributed earnings	5,563	-
Prior year income tax under estimation	1,609	13,444
Total current tax	102,218	207,018
Deferred tax:		
Origination and reversal of temporary differences	40,509	(99,784)
Income tax expense	$ 142,727	$ 107,234

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	$ 922	($ 709)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 119,740	$ 164,361
Effects from items disallowed by tax regulation	15,815	(70,571)
Tax on undistributed earnings	5,563	-
Prior year income tax under estimation	1,609	13,444
Income tax expense	$ 142,727	$ 107,234

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets (liabilities):				
Unrealised loss on valuation and slow-moving inventories	$ 146,259	($ 41,634)	$ -	$ 104,625
Unrealised actuarial loss on defined benefit plan	6,885	-	922	7,807
Allowance for uncollectible accounts in excess of allowable limit	-	1,114	-	1,114
Share of profit of subsidiaries accounted for using equity method	(114,468)	-	-	(114,468)
Unrealised loss on doubtful debts	(11)	11	-	-
	$ 38,665	($ 40,509)	$ 922	($ 922)

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets (liabilities):				
Unrealised loss on valuation and slow-moving inventories	$ 47,878	$ 98,381	$ -	$ 146,259
Unrealised actuarial loss on defined benefit plan	7,594	-	(709)	6,885
Share of profit of subsidiaries accounted for using equity method	(114,468)	-	-	(114,468)
Unrealised loss on doubtful debts	(1,414)	1,403	-	(11)
	($ 60,410)	$ 99,784	($ 709)	$ 38,665

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 177,560	$ 130,065

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2023		
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 455,974	224,366	$ 2.03
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 455,974	224,366	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	858	
Convertible bonds	3,636	12,876	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 459,610	238,100	$ 1.93

	Year ended December 31, 2022		
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 714,572	216,541	$ 3.30
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 714,572	216,541	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,313	
Convertible bonds	5,891	19,811	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 720,463	237,665	$ 3.03

(25) Supplemental cash flow information

	Year ended December 31	
	2023	2022
Convertible bonds payable		
Conversion of bonds payable	$ 142,025	$ 46,646
Capital surplus of bonds payable conversion	210,847	82,058
Conversion of convertible bonds payable	(352,872)	(128,704)
Cash paid during the year	$ -	$ -

(26) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2023	$ 7,560,518	$ 897,758	$ 456,426	$ 699	$ 8,915,401
Changes in cash flow from financing activities	(1,710,985)	137	-	(2,534)	(1,713,382)
Changes in other non-cash items	-	-	(348,358)	5,851	(342,507)
December 31, 2023	$ 5,849,533	$ 897,895	$ 108,068	$ 4,016	$ 6,859,512

	Short-term borrowings	Short-term notes and bills payable	Bonds payable (including current portion)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2022	$ 6,919,778	$ 699,361	$ 577,835	$ 1,761	$ 8,198,735
Changes in cash flow from financing activities	640,740	198,397	-	(1,037)	838,100
Changes in other non-cash items	-	-	(121,409)	(25)	(121,434)
December 31, 2022	$ 7,560,518	$ 897,758	$ 456,426	$ 699	$ 8,915,401

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Refer to Note 4(3)B of the consolidated financial statements.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2023	2022
Zenitron (HK) Limited	$ 1,690,567	$ 4,895,151
Zenitron (Shanghai) International Trading Co., Ltd.	432,714	803,270
Others	157,136	344,327
	$ 2,280,417	$ 6,042,748

The sales price to related parties was determined based on initial cost plus a certain mark-up. The collection term was 60~90 days after monthly billings for related parties and 30~120 days after monthly billings for third parties.

B. Purchases

	Year ended December 31	
	2023	2022
Zenitron (HK) Limited	$ 203,028	$ 80,301
Zenicom (HK) Limited	134,954	169,247
Others	34,971	23,435
	$ 372,953	$ 272,983

The price and term for purchases from related parties was the same with third parties. The payment term was 60~90 days after monthly billings for related parties and approximately 10~75 days after monthly billings for general suppliers.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable		
Zenitron (HK) Limited	$ 540,602	$ 792,318
Zenitron (Shanghai) International Trading Co., Ltd.	47,033	89,054
Others	15,520	36,009
	$ 603,155	$ 917,381

	December 31, 2023	December 31, 2022
Other receivables		
Zenitron (HK) Limited	$ 622,655	$ 663,174
Zenicom Corporation	45,651	8
	$ 668,306	$ 663,182

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable		
Zenicom (HK) Limited	$ 43,448	$ 23,762
Zenitron (HK) Limited	39,817	19,981
Others	496	1,072
	$ 83,761	$ 44,815

	December 31, 2023	December 31, 2022
Other payables		
Supertronic International Corp.	$ 172,228	$ 172,221
ZTHC (Shanghai) Co., Ltd.	-	222,035
	$ 172,228	$ 394,256

E. Loans to / from related parties

(a) Loans to related parties

i. Outstanding balance

	December 31, 2023	December 31, 2022
Zenitron (HK) Limited	$ 613,100	$ 613,200
Zenicom Corporation	44,853	-
	$ 657,953	$ 613,200

ii. Interest income

	Year ended December 31	
	2023	2022
Zenitron (HK) Limited	$ 14,485	$ 613
Zenicom Corporation	1,017	134
ZTHC (Shanghai) Co., Ltd.	-	4,497
	$ 15,502	$ 5,244

(b) Loans from related parties

i. Outstanding balance

	December 31, 2023	December 31, 2022
Supertronic International Corp.	$ 172,228	$ 172,051
ZTHC (Shanghai) Co., Ltd.	-	221,650
	$ 172,228	$ 393,701

ii. Interest expense

	Year ended December 31	
	2023	2022
ZTHC (Shanghai) Co., Ltd.	$ 4,993	$ 380
Supertronic International Corp.	-	384
	$ 4,993	$ 764

F. Endorsements and guarantees provided to related parties

	December 31, 2023	December 31, 2022
Zenitron (HK) Limited	$ 799,452	$ 1,090,492
Zenitron (Shanghai) International Trading Co., Ltd.	390,699	465,040
Zenitron (Shenzhen) Technology Co., Ltd.	125,582	221,357
ZTHC (Shanghai) Co., Ltd.	-	123,424
Zenicom Corporation	16,410	100
	$ 1,332,143	$ 1,900,413

For the years ended December 31, 2023 and 2022, the service fee income (shown as other income) charged by the Company for providing endorsements and guarantees to related parties amounted to $8,675 and $9,737, respectively.

G. Key management compensation

	Year ended December 31	
	2023	2022
Salaries, short-term employee benefits and post-employment benefits	$ 84,387	$ 91,781

8. PLEDGED ASSETS

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

	Book value		
Pledged assets	December 31, 2023	December 31, 2022	Purpose
Investment property	$ 2,710	$ 2,788	Short-term borrowings
Guarantee deposits paid (shown as 'other non-current assets')	10,000	10,000	Court deposits
	$ 12,710	$ 12,788	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2023, other significant commitments were as follows:

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6(17).

12. OTHERS

(1) Capital risk management

The Company's main objective when managing capital is to maintain an optimal credit ranking and capital ratio to support the operations and to maximize stockholders' equity. Refer to the parent company only balance sheet of each period for related liabilities and capital ratio.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 78,599	$ 24,110
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 521,046	$ 573,371

	December 31, 2023	December 31, 2022
Financial assets at amortised cost/receivables		
Cash and cash equivalents	$ 803,025	$ 689,960
Notes receivable	6,340	11,996
Accounts receivable (including related parties)	4,232,577	4,887,902
Other receivables (including related parties)	718,091	722,642
Guarantee deposits paid (shown as ‘other non-current assets’)	42,048	41,119
	$ 5,802,081	$ 6,353,619
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 5,849,533	$ 7,560,518
Short-term notes and bills payable	897,895	897,758
Notes payable	2,537	2,477
Accounts payable (including related parties)	2,034,558	1,322,858
Other accounts payable (including related parties)	489,552	729,744
Bonds payable (including current portion)	108,068	456,426
Guarantee deposits received (shown as ‘other non-current liabilities’)	3,029	1,298
	$ 9,385,172	$ 10,971,079
Lease liabilities	$ 4,016	$ 699

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s financial risk management policies is to identify and analyse all the risks by examining the impact of the macroeconomics, industrial developments, market competition and the Company’s business development so as to achieve the optimised risk position, to maintain adequate liquidity position and to centralise the management of all market risks.

(b) Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial transactions and recognised assets, liabilities and net investments in foreign operations.

ii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies and market risk whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023							
						Sensitivity analysis		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate		Book value (In thousands of NTD)	Degree of variation		Effect on profit or loss
Financial assets								
Monetary items								
USD	$	175,119	30.66	$	5,369,149	1%	$	53,691
JPY		255,996	0.22		56,319	1%		563
Investments accounted for using equity method								
USD	$	94,295	30.71	$	2,895,340	-		-
HKD		138,561	3.93		544,405	-		-
Financial liabilities								
Monetary items								
USD	$	123,831	30.76	$	3,809,042	1%	$	38,090
JPY		65,751	0.22		14,465	1%		145

(Foreign currency: functional currency)	December 31, 2022 Foreign currency amount (In thousands)		Exchange rate	Book value (In thousands of NTD)		Sensitivity analysis Degree of variation	Effect on profit or loss	
Financial assets								
Monetary items								
USD	$	189,859	30.66	$	5,821,077	1%	$	58,211
JPY		257,165	0.23		59,148	1%		591
HKD		10,932	3.91		42,744	1%		427
Investments accounted for using equity method								
USD	$	93,528	30.71	$	2,872,256	-		-
HKD		153,995	3.94		606,433	-		-
Financial liabilities								
Monetary items								
USD	$	142,855	30.76	$	4,394,200	1%	$	43,942
RMB		50,087	4.43		221,885	1%		2,219
JPY		201,648	0.23		46,379	1%		464

iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $65,839 and ($27,165), respectively.

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $463 and $241, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $5,210 and $5,734, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from short-term borrowings and short-term notes and bills payable with variable rates, which expose the Company to cash flow interest rate risk.

ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net before tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $67,474 and $84,583, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their clients. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Credit risk arises from credit exposures to customers, including outstanding receivables.

ii. The Company adopts the following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

iii. The default occurs when the contract payments are past due over 60 days.

iv. The Company classifies customer's accounts receivable in accordance with the credit rating of the customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

v. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. Refer to Note 6(4) for details of the provision matrix and movements in loss allowance for the years ended December 31, 2023 and 2022.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Except for those listed in the table below, the Company's non-derivative financial liabilities will expire within 1 year. As of December 31, 2023 and 2022, the cash flows within 1 year of short-term notes and bills payable, notes payable, accounts payable (including related parties) and other payables (including related parties) are undiscounted and are in agreement with the balance of each account in the balance sheet.

December 31, 2023	Less than 1 year	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 5,859,317	$ -	$ -
Lease liabilities	2,979	1,093	-
Bonds payable (including current portion)	109,000	-	-

December 31, 2022	Less than 1 year	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 7,574,718	$ -	$ -
Lease liabilities	575	129	-
Bonds payable (including current portion)	-	467,100	-

iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and OTC stocks is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market, convertible bonds, beneficiary certificates and the Company's call options of convertible bonds is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

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

	December 31, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payalbe (including current portion)	$ 108,068	$ -	$ 108,019	$ -

	December 31, 2022			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payalbe (including current portion)	$ 456,426	$ -	$ 452,534	$ -

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

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

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

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 32,651	$ -	$ -	$ 32,651
Redemption of convertible bonds	-	-	-	-
Beneficiary certificates	-	-	13,624	13,624
Hybrid instruments-convertible bonds	-	-	32,324	32,324
Financial assets at fair value through other comprehensive income				
Listed stocks	432,408	-	-	432,408
Emerging stocks	790	-	-	790
Unlisted stocks	-	-	87,848	87,848
	$ 465,849	$ -	$ 133,796	$ 599,645

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 16,947	$ -	$ -	$ 16,947
Beneficiary certificates	-	-	7,116	7,116
Redemption of convertible bonds	-	-	47	47
Financial assets at fair value through other comprehensive income				
Listed stocks	475,301	-	-	475,301
Emerging stocks	810	-	-	810
Unlisted stocks	-	-	97,260	97,260
	$ 493,058	$ -	$ 104,423	$ 597,481

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

i. For the instruments the Company used market quoted prices as their fair values (that is, Level 1), the Company uses the closing price as market quoted price.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

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

iv. The Company considers adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. As of December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023		2022	
	Non-derivative instrument	Redemption of of convertible bonds	Non-derivative instrument	Redemption of of convertible bonds
At January 1	$ 104,376	$ 47	$ 74,814	$ 300
Increase during the year	39,824	-	37,420	-
Decrease during the year	-	(21)	(7,474)	(68)
Recorded as unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	(9,412)	-	-	-
Losses recognised in profit or loss	(992)	(26)	(384)	(185)
At December 31	$ 133,796	$ -	$ 104,376	$ 47

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

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 588	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Unlisted shares	87,260	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Hybrid instruments-convertible bonds	32,324	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Beneficiary certificates	13,624	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Redemption of convertible bonds	-	Binomial model	Volatility	13.46%	The higher the volatility, the higher the fair value
	$ 133,796				

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 10,000	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Unlisted shares	87,260	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Beneficiary certificates	7,116	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
Redemption of convertible bonds	47	Binomial model	Volatility	19.97%	The higher the volatility, the higher the fair value
	$ 104,423				

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

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

(4) Major shareholders information

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

14. SEGMENT INFORMATION

None.

ZENITRON CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description					Amount
Cash on hand and revolving funds						$ 95
Cash in banks						
Checking accounts						43,591
Demand deposits - NTD						227,733
Demand deposits - foreign currency	USD	16,056	thousand	Exchange rate	30.66	492,211
	JPY	177,395	thousand	Exchange rate	0.215	38,175
	Others					1,220
						$ 803,025

ZENITRON CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 2

Client Name	Amount	Note
Non-related parties		
Company A	$ 291,003	
Company B	188,182	
Others	3,198,791	Balance of each client has not exceeded 5% of total account balance
	3,677,976	
Less: Allowance for uncollectible accounts	(48,554)	
	$ 3,629,422	

ZENITRON CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount		Note
	Cost	Net Realizable Value	
Merchandise	$ 5,075,577	$ 4,552,450	
Inventory in transit	183,692	183,692	
	5,259,269	$ 4,736,142	
Less: Allowance for market value decline and loss on obsolete and slow-moving inventories	(523,127)		
	$ 4,736,142		

ZENITRON CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
Name of Investee	Shares (in thousands)	Amount	Shares (in thousands)	Amount (Note)	Shares (in thousands)	Amount (Note)	Shares (in thousands)	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
Supertronic International Corp.	100	$ 2,872,256	-	$ 23,084	-	$ -	100	100%	$ 2,895,340	$ 28,953.40	$ 234,568	None	
Zenitron (HK) Limited	22,373	606,433	-	-	-	(62,028)	22,373	100%	544,405	24.33	3,205,177	"	
Zenicom Corporation	16,520	168,645	-	7,496	-	-	16,520	100%	176,141	10.66	176,141	"	
		$ 3,647,334		$ 30,580		($ 62,028)			$ 3,615,886				

Note: The amount includes change in investee’s net equity value and profit (loss) of subsidiaries accounted for using equity method.

ZENITRON CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 5

Creditor	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Hua Nan Bank	Unsecured borrowings	$ 1,213,359	2023/7/28~2024/7/28	Note	$ 2,100,000	Note 8	Undrawn secured borrowing facilities
Taiwan Cooperative Bank	〃	833,625	2023/5/3~2024/12/14	〃	1,000,000	None	〃
First Commercial Bank	〃	750,000	2023/7/28~2024/7/28	〃	1,030,000	〃	〃
Shanghai Commercial and Savings Bank	〃	451,950	2023/8/10~2024/6/12	〃	600,000	〃	〃
Far Eastern International Bank	〃	400,000	2023/10/23~2024/4/12	〃	500,000	〃	〃
Taishin Bank	〃	300,000	2023/12/20~2024/2/20	〃	850,000	〃	〃
Shin Kong Bank	〃	300,000	2023/11/30~2023/12/30	〃	300,000	〃	〃
Cathay United Bank	〃	219,790	2023/12/20~2024/4/26	〃	450,000	〃	〃
Bank of Taiwan	〃	200,000	2023/11/9~2024/5/7	〃	600,000	〃	〃
Bank of Kaohsiung	〃	200,000	2023/10/13~2024/1/11	〃	300,000	〃	〃
Taipei Fubon Bank	〃	147,340	2023/12/27~2024/6/24	〃	570,000	〃	〃
Chang Hwa Bank	〃	140,000	2023/12/25~2024/6/22	〃	600,000	〃	〃
Taiwan Business Bank	〃	126,895	2023/11/28~2024/2/26	〃	650,000	〃	〃
Land Bank of Taiwan	〃	100,000	2023/12/15~2024/3/14	〃	600,000	〃	〃
Mega International Commercial Bank	〃	100,000	2023/12/25~2024/3/22	〃	700,000	〃	〃
Yuanta Bank	〃	100,000	2023/11/27~2024/2/23	〃	600,000	〃	〃
Taichung Commercial Bank	〃	100,000	2023/11/17~2024/2/17	〃	400,000	〃	〃
EnTie Bank	〃	100,000	2023/10/12~2024/1/10	〃	300,000	〃	〃
E.SUN Bank	〃	66,574	2023/10/16~2024/1/16	〃	650,000	〃	〃
		$ 5,849,533					

Note: Range of interest rate of the Company’s borrowings was 1.77%~6.82%.

ZENITRON CORPORATION
STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Guarantor or Accepting Institution	Contract Period	Range of Interest Rate	Amount: Issuance Amount	Amount: Unamortized Discount	Amount: Carrying Amount	Collateral	Note
Commercial paper payable	International Bills Finance Corporation	2023/11/8~2024/1/5	1.998%	$ 200,000	$ 559	$ 199,441	None	
	Mega Bills Finance Co., Ltd.	2023/12/19~2024/2/1	1.998%	200,000	436	199,564	〃	
	China Bills Finance Corporation	2023/12/15~2024/2/2	1.988%	300,000	544	299,456	〃	
	Dah Chung Bills Finance Corporation	2023/11/7~2024/1/5	1.998%	200,000	566	199,434	〃	
				$ 900,000	$ 2,105	$ 897,895		

ZENITRON CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 7

Supplier Name	Amount	Note
Non-related parties		
Company A	$ 337,588	
Company B	305,790	
Company C	281,354	
Company D	256,533	
Company E	199,389	
Company F	170,150	
Company G	153,119	
Others	246,874	Balance of each supplier has not exceeded 5% of total account balance
	$ 1,950,797	

ZENITRON CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Volume (in thousands)	Amount	Note
Sales revenue			
Memory cards	19,104	$ 3,097,708	
Linear integrated circuit	282,328	3,004,542	
Digital integrated circuit	105,327	1,526,698	
Power field effect transistors	611,925	2,050,770	
Logic integrated circuit	71,448	1,607,816	
Diodes	970,342	690,394	
Others	794,282	2,389,228	
Net operating revenue		$ 14,367,156	

ZENITRON CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Amount
Beginning inventory	$ 6,224,617
Add: Net purchases for the year	12,178,897
Processing fees	5,673
Less: Ending inventory	(5,259,269)
Obsolete and slow-moving inventory sold	(24,283)
Transferred to operating expenses	(4,907)
Cost of goods sold	13,120,728
Gain on reversal of market value	(183,886)
	$ 12,936,842

ZENITRON CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Selling	Administrative	Total	Note
Wages and salaries	$ 306,074	$ 130,984	$ 437,058	
Export (customs) expense	57,495	-	57,495	
Insurance	23,950	17,601	41,551	
Other expenses	94,951	75,348	170,299	Balance of each account has not exceeded 5% of total account balance
	$ 482,470	$ 223,933	$ 706,403	