增你強股份有限公司
Zenitron Corporation

# Minutes of 2024 Annual Shareholders' Meeting

(Translation)

**Time：** 9:00 a.m., Wednesday, June 12, 2024

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

**Quorum：**159,108,375 shares were represented by the shareholders and proxies present ((Including 25,346,504 shares from electronic voting), which amounted to 67.95% of the Company's 234,127,697 issued and outstanding shares.

**Board Member Present：**CHOU YEOU-YIH,CHEN HSIN-YIH, FANG YI-HSIUNG, The representative of YUTSENG INVESTMENT：CHOU CHUN-KUANG, The representative of ZENITEX INVESTMENT：CHOU CHUN-HSIEN, HSU JUI-MAO (Independent Director), HSIAO MIN-CHIH (Independent Director), YEH FU-LING (Independent Director)
More than one-half of all directors are in attendance.

**In attendance：**CPA of PwC Taiwan：CHEN JIN-CHANG
Lawyer of Security & Integrity Law firm：Yetty Chen

**Chairman：**CHOU YEOU-YIH, the Chairman of Board Director

**Recorder：**Alicia Huang

**Meeting Commencement Announced：**The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.

**Chairman's Address：**(Omitted)

# Report Items

1. The 2023 Business Report. (Please refer to Attachment I)

2. The 2023 Audit Committee’s Review Report. (Please refer to Attachment II)

3. Report of 2023 employees’profit sharing bonus and directors’ compensation.
   In accordance with Company Act and regulations of Company’s Articles of Incorporation, the employees’ profit sharing bonus and directors’ compensation are to be distributed as NT$22,000,000 and NT$19,000,000, respectively, and all in cash.

4. The 2023 Earnings Distribution of cash dividends and Cash distribution from capital surplus.
   (1) The Board of Directors approved the cash dividends distributed from earnings as NT$420,070,115 (NT$1.8 per share) and the cash distribution from capital surplus as NT$46,674,457 (NT$0.2 per share).
   (2) The cash dividend is to be distributed to each share based on the percentage of actual holding shares on the record date for distribution and shall be rounded down to the nearest dollar. The total of any fractional amount less than one dollar will be adjusted, where number from the decimal point is from large to small and the account number is adjusted from front to back to meet the total cash dividend and cash distribution from capital surplus allocation.
   (3) In the event that proposed distribution of earnings is affected by a change in the Company's outstanding common shares, the Chairman shall be authorized to handle such revision.

# Proposed Resolutions

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

Subject: Adoption of the 2023 Business Report and Financial Statements.

Explanation:

1. The business report, parent company only financial report and consolidated financial report of 2023 of the company have been accomplished.
2. The aforementioned financial statements have been certified by Chen, Jin-Chang and Liao, Fu-Ming, CPAs of PwC Taiwan, and reports have been verified.
3. Enclosed with attachments:
   a. Business Report (Please refer to Attachment I)
   b. Independent Auditors' Report and the Financial Statements (including consolidated financial statement) (Please refer to Attachment III)
4. Please kindly ratify the 2023 Business Report and Financial Statements.

Resolution:

Voting Results: Shares represented at the time of voting: 159,102,375

| Voting Results | in person/ by proxy votes | electronic votes | toatl votes | percentage |
|---|---|---|---|---|
| approval votes | 133,754,871 | 19,695,145 | 153,450,016 | 96.44% |
| disapproval votes | 0 | 23,855 | 23,855 | 0.01% |
| invalid votes | 0 | 0 | 0 | 0.00% |
| abstention votes /No Votes | 1,000 | 5,627,504 | 5,628,504 | 3.53% |

RESOLVED, that the above proposal be and hereby was approved as proposed.

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

Subject: Adoption of the 2023 Earnings Distribution.

Explanation:

1. The 2023 Earnings Distribution table has been accomplished. (Please refer to Attachement IV)
2. Please kindly ratify the 2023 Earnings Distribution

Resolution:

Voting Results: Shares represented at the time of voting: 159,102,375

| Voting Results | in person/ by proxy votes | electronic votes | toatl votes | percentage |
|---|---|---|---|---|
| approval votes | 133,754,871 | 19,928,820 | 153,683,691 | 96.59% |
| disapproval votes | 0 | 59,096 | 59,096 | 0.03% |
| invalid votes | 0 | 0 | 0 | 0.00% |
| abstention votes /No Votes | 1,000 | 5,358,588 | 5,359,588 | 3.36% |

RESOLVED, that the above proposal be and hereby was approved as proposed.

## Matters for Election and Discussion

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

Subject: Election of Directors.

Explanation:

1. The term of the current members of the Board of Directors will end on July 4, 2024; therefore, the company proposes to duly elect new Board members at this year's Annual Shareholders' Meeting.
2. According to Article 17 of the Articles of Incorporation, a total of ten directors (including four independent directors) shall be elected adopting candidates' nomination system, and the shareholders shall elect the directors from the nominated director candidates. The nomination list has been resolved by the Board meeting dated April 29, 2024, and please refers to Attachment V for the nomination list of directors and independent directors.
3. The tenure of office of the new directors will be three years from June 12, 2024 to June 11, 2027. The term of office of the original directors shall expire on the same date as the term when this Annual Shareholders' Meeting finishes.
4. This election is conducted in accordance with Company's Procedures for Election of Directors.

Election result:

| Title | Account / ID Number | Name | Received votes |
|---|---|---|---|
| Directors | 00000001 | CHOU,YEOU-YIH | 190,403,828 |
| Directors | 00000107 | YUTSENG INVESTMENT CO., LTD. | 166,941,349 |
| Directors | 00000057 | ZENITEX INVESTMENT CO., LTD. | 166,623,147 |
| Directors | 00004621 | ZENIBOSS CORPORATION | 166,350,991 |

| Title | Account / ID Number | Name | Received votes |
|---|---|---|---|
| Directors | 00000002 | CHEN,HSIN-YI | 164,385,794 |
| Directors | 00000440 | FANG,YI-HSIUNG | 164,269,340 |
| Independent Directors | F10322**** | HSU,JUI-MAO | 128,007,024 |
| Independent Directors | M10183**** | LIAO, FU-LONG | 127,950,763 |
| Independent Directors | F22417**** | YEH, FU-LING | 127,928,791 |
| Independent Directors | T22081**** | LI ,WEI-CHIEN | 127,917,683 |

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

Subject: Releasing Directors and the representatives from Non-competition restrictions.

Explanation:

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

Resolution:

Voting Results: Shares represented at the time of voting: 159,108,375

| Voting Results | in person/ by proxy votes | electronic votes | toatl votes | percentage |
|---|---|---|---|---|
| approval votes | 133,754,871 | 19,633,445 | 153,388,316 | 96.40% |
| disapproval votes | 0 | 243,023 | 243,023 | 0.15% |
| invalid votes | 0 | 0 | 0 | 0.00% |
| abstention votes /No Votes | 7,000 | 5,470,036 | 5,477,036 | 3.44% |

RESOLVED, that the above proposal be and hereby was approved as proposed.

## **Extemporary Motions:** None.

## **Adjournment:** 09:22 AM, June 12, 2024

【There are no questions from shareholders at this shareholders meeting.】

**Attachment I**

# Business Report

## I. The 2023 Business report

1. Implementation results of business plan

The revenue of 2023 was NT$14,367,156 thousand, a decrease of NT$5,085,704 thousand and a decay rate of 26.14% over NT$19,452,860 thousand in 2022. Net income before tax in 2023 was NT$598,701 thousand, a decrease of NT$223,105 thousand and a decay rate of 27.15% over NT$821,806 thousand in 2022.

Consolidated revenue has reached NT$32,574,018 thousand in 2023, a decrease of NT$7,448,904 thousand and a decay rate of 18.61% over NT$40,022,922 thousand in 2022. Net income before tax in 2023 was NT$604,945 thousand, a decrease of NT$301,734 thousand and a decay rate of 33.28% over NT$906,679 thousand in 2022.

2. Budget execution status

Financial forecast for 2023 is undisclosed so there is no budget execution status available.

3. Analysis of financial income and expenditure and profitability :

(Parent Company Only)

| Items of analysis | Year | Financial Analysis | |
|---|---|---|---|
| | | 2022 | 2023 |
| Financial Structure (%) | Debt to assets ratio | 67.23 | 62.70 |
| | The ratio of long-term funds to property, plant and equipment | 1,678.92 | 1,637.56 |
| Profitability | Return on asset (%) | 5.03 | 3.96 |
| | Return on equity (%) | 13.21 | 8.07 |
| | Ratio of Pre-tax Profit to Paid-in capital (%) | 37.61 | 25.72 |
| | Profit ratio (%) | 3.67 | 3.17 |
| | Earnings per share (NT$) | 3.30 | 2.03 |

(Consolidated)

| Items of analysis | Year | Financial Analysis | |
|---|---|---|---|
| | | 2022 | 2023 |
| Financial Structure (%) | Debt to assets ratio | 74.59 | 72.63 |
| | The ratio of long-term funds to property, plant and equipment | 1,467.75 | 1,463.46 |
| Profitability | Return on asset (%) | 4.46 | 3.89 |
| | Return on equity (%) | 13.21 | 8.07 |
| | Ratio of Pre-tax Profit to Paid-in capital (%) | 41.49 | 25.99 |
| | Profit ratio (%) | 1.78 | 1.39 |
| | Earnings per share (NT$) | 3.30 | 2.03 |

## II. 2024 Business Plan Overview

Looking back at the international circumstances in 2023, the Russia-Ukraine war sustains and Israel–Hamas war has arisen. The global economic outlook encounters several downside risks, including the constant raising interest rates by major central banks in the United States and Europe, as well as the tightening financial conditions. While the economy was affected by the high inflation and wars, consumption has been suppressed, leading to decrease shipments of terminal electronic products such as PCs and mobile phones. In 2023, the semiconductor industry was impacted by the world economy and the main activity of the overall supply chain was inventory adjustment.

Looking forward to 2024, the semiconductor industry is expected to experience a recovery, forecasting total worldwide market scale to reach US$600 billion in revenue, where automotive-related applications shall become the main growth driver of semiconductors in the next few years; automotive high-performance computing (HPC), in particular, anticipates the most growth. In addition, driven by generative AI, the global Graphic Processor (GPU) Chip Market boosted by rising and registered as high as 56.7% in 2023. AI craze was kicked off by ChatGPT in 2023, generative AI has accelerated the industrial demand for the high-speed computing and corresponding industries. Compared with ordinary server, AI server has boosted demand for performance and efficiency in peripheral industries, such as power supplies and cooling related products. AI with emerging technologies and applications combined with IoT, automotive electronics and compound semiconductor will drive the continuous growth of demand for more types and volumes of semiconductor components and will also become the key driving force for the growth of the semiconductor industry.

Furthermore, under the circumstances that communication applications still dominate the semiconductor market revenue, 5G chips will promote the development of communication technology, and automotive applications will also create high demand and growth to 5G chips, including innovative applications such as Internet of Vehicles-related communication systems, autonomous driving, and smart cockpits, which are all achievable by 5G chips. In particular, the second wave of 5G Advanced technological innovation shall bring more business opportunities, and such technologies will also become the basis for 6G development, when various countries are actively forming alliances to lead 6G communication standard technologies.

In reply to the importance of environmental sustainability, the semiconductor industry constantly conducts the development of new-generation semiconductors in its efforts to save energy and reduce carbon emissions and the development of silicon carbide (SiC) and gallium nitride (GaN) has been rising and evolving continuously. Among them, SiC is compatible of voltages above 800V. For the development of automotive electronics, the electrical energy conversion efficiency of overall vehicle can be increased. For the development of electric vehicles, the battery life and vehicle charging speed can be improved. The development of GaN, due to its characteristics of high-frequency conversion is expected to dominate the communications market and be an inevitable part of market applications such as 5G base stations, satellite communications, and military radars.

In response to the development trends in various application fields of the industry, the Company adopts the following significant sales strategies:

1. Focus on application areas of seven major products

In order to match the solution-oriented marketing mode, the Company integrated the existing marketing team and also commit to training FAE and R&D designers. Currently effectiveness through hard work of application design solutions has gradually shown, and specific solutions in seven areas such as, “handheld devices”, “computers and peripherals”, “power management”, “consumer electronics", "communication and network", "industrial power supply", and "automotive electronics". In addition to focusing on the integration of existing agency line products, we also set up a market development department to actively seek new agency lines to strengthen the competitiveness of various solutions.

2. Continue to expand product line

In regard to market changes and demand for AI and high-efficiency computing, the company continues to cooperate with OEM to research and discuss the evolution and market launch of new process products. In power components, the application of high-efficiency components is continuously promoted and there are higher requirements for the processing performance, network integration, and power consumption of related semiconductors to the relative functions. Therefore, from upstream chips to downstream end products, data centers and AI applications, automotive electronics, industrial control, 5G/6G transmission, optical communications, WiFi 6/7, green energy and renewable energy will be the focus of future development. The company also focuses on key applications and expands its agent product line to provide better services.

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

It is the company's business strategy to become a “value-added distributor with leading technology". Therefore, mastering new technologies, training professional R&D talents, and developing high-quality application design solutions are important goals for the company's talent cultivation. By providing solutions, customers’ research and development costs and time can be reduced, also customers’ loyalty can be cultivated so as to widen the gap with competitors. On the other hand, the development of its own technology will help the company strive for new product agency rights and strengthen the competitiveness of its product line.

Facing the increasingly fierce competition in the electronics industry, Zenitron is committed to becoming a "value-added supplier of application design solutions". To create irreplaceable value of the Company, we strengthen own R&D capabilities, break away from the trading of traditional components, provide customers with overall solutions, and accelerate customers’ product launches time schedule. To align with the solution-oriented marketing mode, the company not only integrates the existing marketing team but also strives to train FAE and R&D design personnel. In addition to focusing on the integration of existing agency line products, we also set up a market development department to actively seek new agency lines to strengthen the competitiveness of various solutions. Additionally, changes in the global economic climate, exchange rate fluctuations, interest rate adjustments, updates in relevant policies and regulations, and the international situation uncertainty all affect company financial business; therefore, in response to the possibility and impact of various risk factors, the company conducts risk control and management in the scope of market, environment, finance and operation.

The inventory adjustment in 2023 is reaching to its end along with the driving force of applications, such as AI, 5G and high-efficiency computing, the growth of 2024 can be boosted. The dispute between the United States and China has impacted the development of globalization. The United States has implemented chip export controls for China and has actively formed international alliances against China to enhance the "security" and "resilience" of the semiconductor supply chain, including reducing the world's dependence in China for manufacturing chips. Affected by rising global geopolitical risks, major countries continue to promote the localization and regionalization of key material supply chains. Countries such as the US and Europe have successively introduced chips Act to consolidate the security of the semiconductor supply chains, and this may reform the division of labor in the global supply chain.

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

**Attachment II**

# Zenitron Corporation
## Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, parent company only financial statement and consolidated financial statement, as well as the proposal of earnings distribution. The financial statements have been certified by Chen, Jin-Chang and Liao, Fu-Ming, CPAs of PwC Taiwan and reports been verified. The aforementioned business report, together with the financial reports and proposal of earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Zenitron Corp., in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Submitted to:

2024 Annual Shareholders' Meeting of Zenitron Corporation

Chairman of the Audit Committee:

Hsu, Jui-Mao

March 08, 2024

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

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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 |

(Continued)

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 |

(Continued)

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 | Year ended December 31 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Zenitron Corporation

## *Opinion*

We have audited the accompanying consolidated balance sheets of Zenitron Corporation and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

## *Basis for opinion*

We conducted our audits in accordance with the Regulations Governing 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2023 consolidated financial statements are stated as follows:

## *Valuation of allowance for uncollectible accounts receivable*

Description

Refer to Note 4(8)(9), Note 5(2) and Note 6(4) for accounting policies on accounts receivable, accounting estimates and assumptions on impairment assessment as well as details of related impairment, respectively.

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

How our audit addressed the matter

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

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

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

Description

Refer to Note 4(12), Note 5(2) and Note 6(5) for accounting policies on inventory valuation, accounting estimates and assumptions and details of allowance for valuation losses, respectively.

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

How our audit addressed the matter

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

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

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

We have audited and expressed an unqualified opinion on the parent company only financial statements of Zenitron Corporation as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

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

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

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

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

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

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

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

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

Chen, Ching Chang

Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2024

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ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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) | $ 1,486,278 | 7 | $ 1,374,575 | 6 |
| Financial assets at fair value through profit or loss - current | 6(2) | 35,759 | - | 20,259 | - |
| Financial assets at fair value through other comprehensive income - current | 6(3) | 790 | - | 810 | - |
| Notes receivable, net | 6(4) | 270,656 | 1 | 164,073 | 1 |
| Accounts receivable, net | 6(4) | 8,183,865 | 39 | 7,438,333 | 35 |
| Other receivables | | 110,650 | 1 | 74,863 | - |
| Inventories, net | 6(5) | 9,392,977 | 45 | 11,095,522 | 51 |
| Other current assets | | 236,221 | 1 | 236,324 | 1 |
| **Total current assets** | | 19,717,196 | 94 | 20,404,759 | 94 |
| **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) | 580,774 | 3 | 605,360 | 3 |
| Property, plant and equipment | 6(6) | 409,940 | 2 | 420,424 | 2 |
| Right-of-use assets | 6(7) | 87,248 | - | 25,521 | - |
| Investment property, net | 6(9) and 8 | 35,405 | - | 35,948 | - |
| Deferred income tax assets | 6(22) | 124,574 | 1 | 168,060 | 1 |
| Other non-current assets | 8 | 75,382 | - | 65,527 | - |
| **Total non-current assets** | | 1,359,271 | 6 | 1,327,956 | 6 |
| **Total assets** | | $ 21,076,467 | 100 | $ 21,732,715 | 100 |

(Continued)

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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(10) | $ 8,834,145 | 42 | $ 11,159,622 | 51 |
| Short-term notes and bills payable | 6(11) | 897,895 | 4 | 897,758 | 4 |
| Notes payable | | 2,536 | - | 2,477 | - |
| Accounts payable | | 4,408,776 | 21 | 2,563,319 | 12 |
| Other payables | | 506,495 | 3 | 595,540 | 3 |
| Current income tax liabilities | | 105,106 | - | 157,745 | 1 |
| Current lease liabilities | 6(7) | 36,613 | - | 23,872 | - |
| Long-term liabilities, current portion | 6(12) | 108,068 | 1 | - | - |
| Other current liabilities | 6(17) | 177,491 | 1 | 161,589 | 1 |
| **Total current liabilities** | | 15,077,125 | 72 | 15,561,922 | 72 |
| **Non-current liabilities** | | | | | |
| Bonds payable | 6(12) | - | - | 456,426 | 2 |
| Deferred income tax liabilities | 6(22) | 115,676 | 1 | 114,479 | 1 |
| Non-current lease liabilities | 6(7) | 50,921 | - | 2,263 | - |
| Other non-current liabilities | 6(13) | 65,439 | - | 76,062 | - |
| **Total non-current liabilities** | | 232,036 | 1 | 649,230 | 3 |
| **Total liabilities** | | 15,309,161 | 73 | 16,211,152 | 75 |
| **Equity attributable to owners of parent** | | | | | |
| Share capital | 6(14) | | | | |
| Common stock | | 2,282,388 | 11 | 2,184,054 | 10 |
| Certificate of entitlement to new shares from convertible bonds | 6(12) | 44,532 | - | 841 | - |
| Capital surplus | 6(15) | | | | |
| Capital surplus | | 1,329,391 | 6 | 1,118,544 | 5 |
| Retained earnings | 6(16) | | | | |
| Legal reserve | | 941,886 | 5 | 854,384 | 4 |
| Unappropriated retained earnings | | 899,726 | 4 | 1,105,399 | 5 |
| Other equity interest | | | | | |
| Other equity interest | | 269,383 | 1 | 258,341 | 1 |
| **Total equity** | | 5,767,306 | 27 | 5,521,563 | 25 |
| Significant contingent liabilities and unrecognised contract commitments | 9 | | | | |
| Significant subsequent events | 11 | | | | |
| **Total liabilities and equity** | | $ 21,076,467 | 100 | $ 21,732,715 | 100 |

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| Items | Notes | 2023 AMOUNT | 2023 % | 2022 AMOUNT | 2022 % |
|---|---|---|---|---|---|
| Operating Revenue | 6(17) | $ 32,574,018 | 100 | $ 40,022,922 | 100 |
| Operating Costs | 6(5) | ( 30,182,703) | ( 93) | ( 37,297,722) | ( 93) |
| Gross Profit | | 2,391,315 | 7 | 2,725,200 | 7 |
| Operating Expenses | 6(21) | | | | |
| Selling expenses | | ( 1,089,968) | ( 3) | ( 1,116,524) | ( 3) |
| General and administrative expenses | | ( 382,059) | ( 1) | ( 396,288) | ( 1) |
| Expected credit impairment gain | 6(4) | 3,137 | - | 2,400 | - |
| Total operating expenses | | ( 1,468,890) | ( 4) | ( 1,510,412) | ( 4) |
| Operating Profit | | 922,425 | 3 | 1,214,788 | 3 |
| Non-operating income and expenses | | | | | |
| Interest income | | 17,820 | - | 7,295 | - |
| Other income | 6(18) | 90,060 | - | 64,804 | - |
| Other gains and losses | 6(19) | 46,534 | - | ( 58,880) | - |
| Finance costs | 6(20) | ( 471,894) | ( 1) | ( 321,328) | ( 1) |
| Total non-operating income and expenses | | ( 317,480) | ( 1) | ( 308,109) | ( 1) |
| **Profit before Income Tax** | | 604,945 | 2 | 906,679 | 2 |
| Income tax expense | 6(22) | ( 148,971) | - | ( 192,107) | - |
| **Profit for the Year** | | $ 455,974 | 2 | $ 714,572 | 2 |
| **Other comprehensive income** | | | | | |
| **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| (Losses) gains on remeasurements of defined benefit plans | 6(13) | ($ 4,824) | - | $ 3,547 | - |
| Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(3) | 113,482 | - | ( 122,886) | - |
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(22) | 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 | - |
| **Other Comprehensive Income for the Year** | | $ 97,287 | - | $ 134,442 | - |
| **Total comprehensive income** | | $ 553,261 | 2 | $ 849,014 | 2 |
| Profit attributable to: | | | | | |
| Owners of the parent | | $ 455,974 | 2 | $ 714,572 | 2 |
| Comprehensive income attributable to: | | | | | |
| Owners of the parent | | $ 553,261 | 2 | $ 849,014 | 2 |
| Earnings per Share (in dollars) | 6(23) | | | | |
| 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 consolidated financial statements.

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital | | | Retained Earnings | | Other Equity Interest | | |
| | Notes | Share capital - common stock | Certificate of entitlement to new shares from convertible bonds | Capital surplus | Legal reserve | Unappropriated retained earnings | Exchange differences on translation of foreign financial statements | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Total equity |
| 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(16) | | | | | | | | |
| 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(12)(14)(15) | 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(16) | | | | | | | | |
| 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(12)(14)(15) | 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 consolidated financial statements.

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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 | | $ 604,945 | $ 906,679 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation and amortization | 6(21) | 67,302 | 69,927 |
| Expected credit gain | 6(4) | ( 3,137 ) | ( 2,400 ) |
| Net gain on financial assets at fair value through profit or loss | 6(2)(19) | ( 2,833 ) | ( 880 ) |
| Interest expense | 6(20) | 471,894 | 321,328 |
| Interest income | | ( 17,820 ) | ( 7,295 ) |
| Dividend income | 6(18) | ( 26,077 ) | ( 12,558 ) |
| Loss on disposal of property, plant and equipment | 6(19) | 209 | 91 |
| 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 | | ( 848,978 ) | 1,987,427 |
| Other receivables | | 14,268 | 43,148 |
| Inventories | | 1,702,545 | ( 2,439,813 ) |
| Other current assets | | 103 | ( 88,771 ) |
| Changes in operating liabilities | | | |
| Notes and accounts payable | | 1,845,516 | ( 2,053,264 ) |
| Other payables | | ( 76,944 ) | 56,360 |
| Other current liabilities | | 15,902 | 78,654 |
| Other non-current liabilities | | ( 15,447 ) | ( 1,281 ) |
| Cash inflow (outflow) generated from operations | | 3,719,752 | ( 1,138,647 ) |
| Interest received | | 17,820 | 7,295 |
| Interest paid | | ( 483,995 ) | ( 280,714 ) |
| Income tax paid | | ( 206,060 ) | ( 292,685 ) |
| Net cash flows from (used in) operating activities | | 3,047,517 | ( 1,704,751 ) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through profit or loss - non-current | | ( 39,824 ) | ( 7,500 ) |
| 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 |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | | - | 6,142 |
| Acquisition of property, plant and equipment | 6(6) | ( 9,329 ) | ( 12,397 ) |
| Proceeds from disposal of property, plant and equipment | | - | 171 |
| Increase in refundable deposits | | ( 3,973 ) | ( 823 ) |
| Increase in other non-current assets | | ( 10,670 ) | ( 2,902 ) |
| Dividends received | | 26,077 | 12,558 |
| Net cash flows from investing activities | | 99,958 | 238,615 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Decrease) increase in short-term loans | 6(25) | ( 2,325,477 ) | 1,561,566 |
| Increase in short-term notes and bills payable | 6(25) | 137 | 198,397 |
| Payment of lease liabilities | 6(25) | ( 43,016 ) | ( 47,945 ) |
| Payment of cash dividends | 6(16) | ( 660,390 ) | ( 748,387 ) |
| Net cash flows (used in) from financing activities | | ( 3,028,746 ) | 963,631 |
| Effect of exchange rate changes | | ( 7,026 ) | 261,884 |
| Net increase (decrease) in cash and cash equivalents | | 111,703 | ( 240,621 ) |
| Cash and cash equivalents at beginning of year | | 1,374,575 | 1,615,196 |
| Cash and cash equivalents at end of year | | $ 1,486,278 | $ 1,374,575 |

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

**Attachment IV**

# Zenitron Corporation

## 2023 Earnings Distribution Table

**Unit: NT$**

| Item | Amount |
|---|---|
| Undistributed Earnings, beginning of period | 357,506,344 |
| Plus (Less): Adjustments of 2023 Retained Earnings | 86,245,707 |
| Undistributed Earnings after Adjustment | 443,752,051 |
| Net profit after tax 2023 | 455,974,342 |
| Less: Legal Reserve | (54,222,005) |
| Special Reserve | 0 |
| Earnings in 2023 Available for Distribution | 401,752,337 |
| Accumulated Retained Earnings Available for Distribution | 845,504,388 |
| Less: Distribution Earnings: | |
| Dividends to Share Holder- Cash (NT$1.8 per share) | (420,070,115) |
| Undistributed Earnings, end of period | 425,434,273 |

Note:1.Earnings in 2023 available for distribution are prioritized for earnings distribution allocation for current year, and the shortfall will be allocated by the balance available for distribution in 2022, and so forth.

2.Distribution of dividends is based on 233,372,286 Shares Outstanding on February 29, 2024.

**Attachment V**

# List of Director and Independent Director Candidates

| Title | Name or Account | Educational Background/ Main Experience | Current position |
|---|---|---|---|
| Director | CHOU,YEOU-YIH | Completed MDP class in Asia University College of Management<br>Department of Electrical Engineering, College ofEngineering, Tatung University<br>Director of Electronic Design, Tatung Co.<br>Chairman, Zenitron Corporation | Chairman, Zenitron Corporation |
| Director | CHEN,HSIN-YI | Department of Electrical Engineering, College of Engineering, Tatung University<br>Vice Chairman, Zenitron Corporation | Vice Chairman, Zenitron Corporation |
| Director | FANG,YI-HSIUNG | Ibiza College of Australia Engineering Management Section<br>President, I-SHENG Electric Wire & Cable Co., Ltd. | |
| Director | YUTSENG INVESTMENT CO., LTD. | N/A | Director, Zenitron Corporation |
| Director | ZENITEX INVESTMENT CO., LTD. | N/A | Director, Zenitron Corporation |
| Director | ZENIBOSS CORPORATION | N/A | N/A |
| Independent Director | HSU,JUI-MAO | EMBA, National Taiwan University<br>Master of Business Administration, Fudan University<br>Master of Business Administration, University of Missouri<br>President, IBT Securities Co., Ltd.<br>Independent director, SHINIH Enterprise Co., Ltd. | Independent director, Zenitron Corporation |
| Independent Director | LIAO, FU-LONG | Department of Accounting, National Taipei University of Business<br>Senior Manager, E.Sun Bank | Independent director, Well Shin Technology Co., Ltd. |
| Independent Director | YEH, FU-LING | Master of Business Administration, Katz School, University of Pittsburgh<br>Master of City Planning, University of Pennsylvania<br>Department of Sociology, National Taiwan University<br>Vice President, Industrial Technology Investment Corporation.<br>Chairman, Choice Biotech<br>Founder, CTY Ventures | Independent Director, Tainergy Tech Co., Ltd |
| Independent Director | LI ,WEI-CHIEN | Master of Sociology, National Taiwan University<br>Representative of the directors of Etron Technology Inc.<br>Director of Kai Chun Investment Co., Ltd. | Vice President of Coretronic Corp.<br>Independent Director, of ADLINK Technology Inc. |

**Attachment VI**

# Release of the Non-Competition Restrictions of Directors and Independent Directors

| Name | Company Names and Positions engaging in similar business activities that are undertaken simultaneously |
|---|---|
| CHOU,YEOU-YIH | Director, Nu Inc. - Zenitron legal representative<br>Director, ADLINK Technology<br>Director, I-SHENG ELECTRIC WIRE & CABLE CO., LTD. |
| FANG,YI-HSIUNG | Director, DRAGONJET CORPORATION<br>President, I-SHENG ELECTRIC WIRE & CABLE CO., LTD. |
| LIAO, FU-LONG | Independent director, Well Shin Technology Co., Ltd. |
| YEH, FU-LING | Independent Director, Tainergy Tech Co., Ltd |
| LI ,WEI-CHIEN | Vice President of Coretronic Corp.<br>Independent Director, of ADLINK Technology |