Stock Code: 1626

Airmate (Cayman) International Co Limited and Subsidiaries

Consolidated Financial Statements and CPA's Audit Report

2021 and 2022

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For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Airmate (Cayman) International Co Limited and Subsidiaries

Consolidated Financial Report and Certified Public Accountant's Audit Report for the Financial Years of 2022 and 2021

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Independent Auditors' Report

(23) CSBZ No. 22003777

To Airmate (Cayman) International Co Limited:

Opinion

We have audited the Consolidated Balance Sheets of Airmate (Cayman) International Co Limited and its subsidiaries (hereinafter referred to as "Airmate Group") as of December 31, 2022 and 2021, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Material Accounting Policies) for the annual period from January 1 to December 31, 2022 and 2021.

In the opinion of the Accountants, the consolidated financial statements are prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations approved and issued by the Financial Supervisory Commission in force, which are sufficient to present the consolidated financial position of the Emmet Group as of December 31, 2022 and 2021, and the consolidated financial performance and consolidated statements of cash flow as of January 1, 2022 and December 31, 2021.

Basis of Audit Opinion

The Certified Public Accountant has carried out the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards 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. Our firm is independent of the Airmate (Cayman) International Co Limited and Subsidiaries 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. The Certified Public Accountant believes that sufficient and appropriate evidences for the audit have been obtained as the basis for expressing opinion.

Key Audit Matters

Key audit matters refer to those matters that, in the professional judgment of the Certified Public Accountant, are of the utmost significance for the audit of the 2022 Consolidated Financial Statements of the Airmate Group. These matters have been addressed in the process of our audit on the overall Consolidated Financial Statements, and in forming our opinion thereon. Hence, we will not provide a separate opinion on these matters.

The Key Audit Matters of the 2022 Consolidated Financial Statements of the Airmate Group are as follows:

Impairment assessment of accounts receivable

<u>Description of the Key Audit Matter</u>

For details on the accounting policy for accounts receivable, please refer to Note 4 (10) of the Consolidated Financial Statements. For details on the accounting estimates for impairment losses on accounts receivable and the explanation on the uncertainty of assumptions, please refer to Note 5 of the Consolidated Financial Statements. For details on the information on the credit risk of accounts receivable, please refer to Note 12 (2) of the Consolidated Financial Statements.

The Airmate Group makes provision for expected credit losses in accordance with the established policy on accounts receivable allowance for doubtful debts. The valuation method includes the customer's credit risk and historical credit loss experience and a reasonable estimate of the customer's future economic conditions. Since the aforementioned valuation method involves the subjective judgment of the Management, it has a significant impact on the measurement of expected credit losses from accounts receivable. Therefore, the Certified Public Accountant has included the impairment assessment of accounts receivable as one of the Key Audit Matters for the year.

<u>In response to the auditing procedures:</u>

The main corresponding procedures executed by the Certified Public Accountant on the above-mentioned Key Audit Matter are summarized as follows:

1. Based on the understanding on the operation and sales counterparties of the Airmate Group, assess the reasonableness of the policies and procedures on the provision for losses on accounts receivable, including the identification of individual major customers, the differentiation of similar credit risk groups, and objective evidence in the determination of expected credit losses.
2. Understand the design and the effectiveness of implementation of internal control procedures for the credit management of the Airmate Group and the assessment of expected credit losses during the subsistence period of the creditor's rights.
3. Evaluate the reasonableness of Management's assessment of the amounts of individually recognized material expected credit losses and expected credit losses based on similar credit risk groups.
4. Test the collection of accounts receivable after the execution period for expected credit losses that occur only in response to the time value of currency to assess the reasonableness of expected credit losses.

Assessment of allowance for inventory valuation loss

<u>Description of the Key Audit Matter</u>

For details on the accounting policy for inventory valuation, please refer to Note 4 (14) of the Consolidated Financial Statements; for the accounting estimates for inventory valuation and the explanation of the uncertainty of assumptions, please refer to Note 5 of the Consolidated Financial Statements; and for the explanation of important accounting items for inventory, please refer to Note 6, (7) of the Consolidated Financial Statements.

The Airmate Group measures the value of the inventory by the lower of cost and net realizable value. Due to the large number and type of inventory items in the Airmate Group and the fact that the net realizable value used in the individual recognition of obsolescence or damage and its valuation often involves subjective judgment, hence, there is uncertainty in the estimation. Therefore, the Certified Public Accountant has identified the assessment of allowance for inventory valuation loss as one of the key audit matters for the current year.

In response to the auditing procedures:

The main corresponding procedures executed by the Certified Public Accountant on the above-mentioned Key Audit Matter are summarized as follows:

1. Based on the understanding on the nature of the operations and industry of the Airmate Group, assess the reasonableness of the policies and procedures adopted for the allowance for inventory valuation loss, including the degree of inventory depreciation, the reasonableness of the assessment of obsolete and outdated inventory items, and the consistency of accounting estimation methods.
2. Verify that the information in the statement of inventory valuation loss used by the Airmate Group is consistent with its policy; randomly check the individual inventory item numbers to verify the degree of inventory devaluation, and then evaluate the appropriateness of the Airmate Group's allowance for valuation loss.

Responsibilities of the Management and the Governing Body for the Consolidated Financial Statements

The responsibilities of Management are to prepare an appropriately represented Consolidated Financial Report in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and standing interpretation recognized and published by the Financial Supervisory Commission, and maintain the necessary internal controls related to the preparation of the Consolidated Financial Statements to ensure that the Consolidated Financial Statements does not contain material misrepresentation due to fraud or error.

In preparing the Consolidated Financial Statements, the Management's responsibilities also include assessing the ability of the Airmate Group to continue operating as a going concern, disclosing related matters, and continuing to adopt the going concern accounting basis, unless the Management intends to liquidate the Airmate Group or cease operations, or there is no practicable alternative other than liquidation or cessation of operation.

The governing bodies of the Airmate Group (including the Audit Committee) are responsible to oversee the financial reporting procedures.

The Certified Public Accountant' Responsibilities in the Audit of the Consolidated Financial Statements

The objective of the audit on the Consolidated Financial Statements is to attain a reasonable assurance as to whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an Audit Report that includes our opinion. Reasonable assurance is a high level of assurance, but the audit work performed in accordance with the Auditing Standards of the Republic of China cannot guarantee that all material misstatements in the Consolidated Financial Statements can be detected. Misstatement may be caused by fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could reasonably have influence on the economic decisions made by the users of the Consolidated Financial Statements, they shall be deemed as material.

The Certified Public Accountant has exercised professional judgment and professional skepticism during the audit in accordance with the Auditing Standards of the Republic of China. The Certified Public Accountant will also perform the following duties:

1. Identify and evaluate the risk of material misstatements in the Consolidated Financial Statements due to fraud or error; design and carry out appropriate countermeasures on the evaluated risk; and obtain sufficient and appropriate evidence as the basis for the audit opinion. The risk of not

being able to detect a misstatement that is caused by fraud is higher than that caused by mistakes because fraud may involve conspiracy, forgery, intentional omission, false statement or overstepping internal control.

2. Understanding internal control relevant to the audit in order to design audit procedures that are appropriate in that particular circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Airmate Group.

3. Evaluating the appropriateness of the accounting policy adopted by the Management and the reasonableness of the accounting estimates and related disclosures made accordingly.

4. Concluding on the appropriateness of the Management's use of going concern basis of accounting, and determining whether there existed events or circumstances that might cast significant uncertainty over Airmate Group's ability to continue operation as a going concern based on the audit evidence obtained. If the Certified Public Accountant is of the opinion that a material uncertainty exists, the users of the Consolidated Financial Statements should be reminded to pay attention to the relevant disclosures in the Consolidated Financial Statements, or modify the audit opinion when the disclosures are inappropriate. The Certified Public Accountant's conclusions are based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Airmate Group to no longer have the capacity to operate as a going concern.

5. Assessing the overall presentation, structure and content of the Consolidated Financial Statements (including the related Notes) and whether the Consolidated Financial Statements appropriately represented the related transactions and events.

6. Obtaining adequate and appropriate audit evidence of the financial information of the Group's constituent entities so as to express an opinion on the Consolidated Financial Statements. The Certified Public Accountant is responsible for the guidance, supervision, and execution of the audit on the Airmate Group and is responsible for forming audit opinions on the Airmate Group.

The matters communicated with the governing bodies includes the planned scope and timing of the audit, as well as the significant audit findings (including any significant deficiencies in internal control identified during the audit).

The Certified Public Accountant has also provided the governing bodies with a declaration on the independence of the accounting firm's personnel in compliance with the Code of Ethics of Accountants in the Republic of China and has communicated with the governing bodies on all relationships and other matters (including relevant safeguards) that may be deemed to affect the independence of the Certified Public Accountant.

From the matters communicated with the governing bodies, the Certified Public Accountant has determined the Key Audit Matters of the 2022 Consolidated Financial Statements of the Airmate Group. The accountant has stated those items in the audit report unless the law does not allow public disclosure of certain matters, or under extreme rare cases, the accountant decided not to communicate specific matters in the audit report because it can reasonably assume the negative impact of communication is greater than the promoted public interest.

PricewaterhouseCoopers Taiwan

CPA: Guo-hua, Wang
Wu Jian zhi

Former Ministry of Finance: Securities and Futures Management Committee Approval number:	(87) Taiwan Finance Certificate (VI) No. 68790
Financial Supervisory Commission Approval number	Financial Supervisory Commission (FSC) No. 1030027246

March 15, 2023

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT$ Thousands

	Assets	Note	December 31, 2022 Amount		December 31, 2022 %	December 31, 2021 Amount		December 31, 2021 %
	Current Assets							
1100	Cash and Cash Equivalents	6(1)	$	898,784	10	$	449,654	5
1110	Financial Assets at Fair Value through Profit or Loss - Current	6(2)		43,956	-		4,477	-
1136	Financial Assets at Amortized Cost - Current	6(3) and 8		263,019	3		440,290	4
1150	Net Amount of Notes Receivable	6(4) and 7		842,396	10		1,322,860	13
1170	Net Amount of Accounts Receivable	6(4) and 7		919,776	10		1,165,669	12
1200	Other Receivables	6(5)(6)		137,575	2		29,055	-
130X	Inventories	6(7)		2,174,374	25		2,704,450	27
1410	Advance Payment	6(8)		174,534	2		258,719	3
1479	Other Current Assets - Others			60,468	1		35,890	-
1481	Rights of Pending Returning Products - Current	6(26)		34,280	-		65,266	1
11XX	**Total Current Assets**			5,549,162	63		6,476,330	65
	Non-current Assets							
1510	Financial Assets at Fair Value through Profit or Loss - Non-current	6(2)(20)		-	-		36	-
1550	Investments Accounted for Using the Equity Method	6(9)		33,440	-		31,342	-
1600	Property, Plant and Equipment	6(10), 8 and 12 (4)		2,787,713	32		2,901,797	29
1755	Right-of-use Assets	6(11)		203,685	2		204,682	2
1760	Net amount of investment properties	6(12) and 12 (4)		9,307	-		-	-
1780	Intangible Assets	6(13)		4,195	-		5,556	-
1840	Deferred Income Tax Assets	6(32)		197,543	2		233,231	3
1990	Other Non-current Assets - Others	6(14) and 8		39,810	1		96,746	1
15XX	**Total Non-current Assets**			3,275,693	37		3,473,390	35
1XXX	**Total Assets**		$	8,824,855	100	$	9,949,720	100

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT$ Thousands

	Liabilities and Equities	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Liabilities					
2100	Short-term loans	6(15) and 8	$ 556,523	6	$ 759,392	8
2130	Contract Liabilities - Current	6(26)	365,995	4	252,743	2
2150	Notes Payable	6(16) and 8	1,433,202	16	1,795,376	18
2170	Accounts Payable		1,739,558	20	2,247,637	23
2200	Other Payables	6(17) and 7	814,340	9	548,801	5
2230	Current Income Tax Liabilities		3,240	-	293	-
2250	Provision - Current	6(18)	22,354	-	27,975	-
2320	Long-term Liabilities Due within One Year or One Operating Cycle	6(19)(20) and8	353,566	4	298,402	3
2365	Refund Liabilities - Current	6(26)	52,146	1	94,350	1
2399	Other Current Liabilities - Others		28,525	1	3,957	-
21XX	**Total Current Liabilities**		5,369,449	61	6,028,926	60
	Non-current Liabilities					
2530	Corporate Bonds Payable	6(20) and 8	-	-	348,814	4
2540	Long-term Loans	6(19) and 8	-	-	8,030	-
2570	Deferred income tax liabilities	6(32)	24,357	-	-	-
2640	Net Defined Benefit Liabilities - Non-current	6(21)	36,727	1	34,716	-
2645	Security Deposits Received		105,457	1	110,870	1
2670	Other Non-current Liabilities - Others	6(22) and 12 (4)	73,960	1	661,440	7
25XX	**Total Non-current Liabilities**		240,501	3	1,163,870	12
2XXX	**Total Liabilities**		5,609,950	64	7,192,796	72
	Equities Attributable to Owners of Parent Company					
	Share Capital	6(20)(23)				
3110	Common Stock		1,455,445	16	1,455,445	15
	Capital Surplus	6(20)(24)				
3200	Capital Surplus		1,228,726	14	1,231,625	12
	Retained Earnings	6(25)				
3310	Legal Reserve		69,854	1	179,704	2
3320	Special Reserve		261,181	3	261,489	3
3350	Undistributed earnings (loss yet to be made up)		478,016	5	(110,158)	(1)
	Other Equities					
3400	Other Equities		(278,317)	(3)	(261,181)	(3)
3XXX	**Total Equities**		3,214,905	36	2,756,924	28
	Significant Commitments and Contingencies	9				
	Subsequent Events	11				
3X2X	**Total Liabilities and Equities**		$ 8,824,855	100	$ 9,949,720	100

Please refer to the accompanying Notes to the Consolidated Financial Statements which are part of the consolidated financial report.

Chairman: Shih, Jui Pin　　Manager: Shih, Jui Pin　　Accounting Supervisor: Ho, Mei Hsiu

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT$ Thousands
(Except earnings (loss) per share is NTD)

	Items	Note	In 2022 Amount	%	In 2021 Amount	%
4000	**Operating Income**	6(26) and 7	$ 9,220,863	100	$ 10,156,591	100
5000	**Operating Cost**	6(7)(13)(21)(30)(31) and 7	(7,777,614)	(85)	(9,039,549)	(89)
5900	**Gross Profit**		1,443,249	15	1,117,042	11
5910	Unrealized Sales Profit	6(9)	(15,667)	-	(24,801)	-
5920	**Realized Sales Profit**	6(9)	17,138	-	30,159	-
5950	**Net Operating Profit**		1,444,720	15	1,122,400	11
	Operating Expenses	6(13)(21)(30)(31) and 7				
6100	Selling Expenses		(1,146,692)	(12)	(1,037,332)	(10)
6200	Administrative Expenses		(416,647)	(5)	(284,693)	(3)
6300	Research and Development Expense		(109,238)	(1)	(119,531)	(1)
6450	Expected Credit Loss	12(2)	(15,114)	-	(46,358)	-
6000	Total Operating Expenses		(1,687,691)	(18)	(1,487,914)	(14)
6900	**Operating loss**		(242,971)	(3)	(365,514)	(3)
	Non-operating Income and Expenses					
7100	Interest Income		23,103	-	18,023	-
7010	Other Incomes	6(27)	73,577	1	63,126	-
7020	Other Gains and Losses	6(10)(12)(28) and 12(4)	714,741	8	(38,051)	-
7050	Finance Costs	6(15)(19)(20)(29)	(29,890)	1	(29,285)	-
7060	Share of Profit or Loss of Associates and Joint Ventures Recognized under Equity Method	6(9)	146	(1)	(1,128)	-
7000	Total Non-operating Income and Expenses		781,677	9	12,685	-
7900	**Net profit (net loss) before tax**		538,706	6	(352,829)	(3)
7950	Income tax (expense) gains	6(32)	(65,509)	(1)	45,602	-
8200	**Net profit (net loss) in the current period**		$ 473,197	5	($ 307,227)	(3)
	Other Comprehensive Income					
	Items not Reclassified to Profit or Loss:					
8311	Re-measurements of Defined Benefit Plans	6(21)	$ 4,819	-	$ 368	-
	Items that may Subsequently be Reclassified to Profit or Loss:					
8361	Exchange Differences from Translation of Financial Statements of Foreign Operating Entities		(17,136)	-	308	-
8300	**Other Comprehensive Profit or Loss (Net)**		($ 12,317)	-	$ 676	-
8500	**Total Comprehensive Income**		$ 460,880	5	($ 306,551)	(3)
	Net Profit (Loss) attributable to:					
8610	Owners of Parent Company		$ 473,197	5	($ 307,227)	(3)
	Total Comprehensive Income Attributable to:					
8710	Owners of Parent Company		$ 460,880	5	($ 306,551)	(3)
	Earnings (loss) per share	6(33)				
9750	Basic		$	3.25	($	2.11)
9850	Diluted		$	2.97	($	2.11)

Please refer to the accompanying Notes to the Consolidated Financial Statements which are part of the consolidated financial report.

Chairman: Shih, Jui Pin　　Manager: Shih, Jui Pin　　Accounting Supervisor: Ho, Mei Hsiu

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT$ Thousands

	Note	Equities Attributable to Owners of Parent Company		Retained Earnings					
		Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Undistributed earnings (loss yet to be made up)	Exchange Differences from Translation of Financial Statements of Foreign Operating Entities	Treasury Shares	Total Equity
In 2021									
Balance on January 1, 2021		$ 1,395,876	$ 1,224,541	$ 164,618	$ 363,822	$ 251,548	($ 261,489)	$ -	$ 3,138,916
Net Loss of the Current Period		-	-	-	-	(307,227)	-	-	(307,227)
Other Comprehensive Income of the Current Period		-	-	-	-	368	308	-	676
Total Comprehensive Income		-	-	-	-	(306,859)	308	-	(306,551)
Appropriation and Distribution of 2020 Retained Earnings:									
Setting Aside Legal Reserve		-	-	15,086	-	(15,086)	-	-	-
Reversal of Special Reserve		-	-	-	(102,333)	102,333	-	-	-
Cash Dividends for Ordinary Shares	6(25)	-	-	-	-	(83,753)	-	-	(83,753)
Share Dividend for Ordinary Shares	6(23)(25)	55,835	-	-	-	(55,835)	-	-	-
Conversion of Convertible Corporate Bonds	6(20)(23)(24)	13,704	22,022	-	-	-	-	-	35,726
Redemption of Convertible Corporate Bonds	6(20)(24)	-	(152)	-	-	-	-	-	(152)
Repurchase of Treasury Shares		-	-	-	-	-	-	(27,262)	(27,262)
Write-off of Treasury Shares	6(23)(24)	(9,970)	(14,786)	-	-	(2,506)	-	27,262	-
Balance on December 31, 2021		$ 1,455,445	$ 1,231,625	$ 179,704	$ 261,489	($ 110,158)	($ 261,181)	$ -	$ 2,756,924
In 2022									
Balance on January 1, 2022		$ 1,455,445	$ 1,231,625	$ 179,704	$ 261,489	($ 110,158)	($ 261,181)	$ -	$ 2,756,924
Net Profit of the Current Period		-	-	-	-	473,197	-	-	473,197
Other Comprehensive Income of the Current Period		-	-	-	-	4,819	(17,136)	-	(12,317)
Total Comprehensive Income		-	-	-	-	478,016	(17,136)	-	460,880
Appropriation and Distribution of 2021 Retained Earnings:									
Reversal of Special Reserve		-	-	-	(308)	308	-	-	-
Statutory surplus reserve to make up for the deficit	6(25)	-	-	(109,850)	-	109,850	-	-	-
Redemption of Convertible Corporate Bonds	6(20)(24)	-	(2,899)	-	-	-	-	-	(2,899)
Balance on December 31, 2022		$ 1,455,445	$ 1,228,726	$ 69,854	$ 261,181	$ 478,016	($ 278,317)	$ -	$ 3,214,905

Please refer to the accompanying Notes to the Consolidated Financial Statements which are part of the consolidated financial report.

Chairman: Shih, Jui Pin   Manager: Shih, Jui Pin   Accounting Supervisor: Ho, Mei Hsiu

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT$ Thousands

	Note	In 2022	In 2021
Cash Flows from Operating Activities			
Net profit (net loss) before tax in the current period		$ 538,706	($ 352,829)
Adjustment Items:			
Revenue and Expense Items			
Expected Credit Loss	12(2)	15,114	46,358
Depreciation Expense	6(10)(11)(12)(30)	406,859	410,642
Amortization Expense	6(13)(30)	2,745	4,993
Interest Expense	6(29)	29,890	29,285
Interest Income		(23,103)	(18,023)
Share of Profit or Loss of Associates and Joint Ventures Recognized under Equity Method	6(9)	(146)	1,128
Net loss (gain) on financial assets measured at fair value through profit or loss	6(28)	4,769	(4,588)
Loss(gains) on disposal of property, plant and equipment	6(28)	11,334	(775)
Expenses for Transfer and Reclassification of Property, Plant and Equipment	6(10)	-	25,437
Gain on disposal of assets	6(28)	(705,571)	-
Loss (gain) on redemption of corporate convertible bonds	6(20)(28)	1,631	(297)
Unrealized Sales Profit	6(9)	15,667	24,801
Realized Sales Profit	6(9)	(17,138)	(30,159)
Unrealized gain on foreign currency exchange		(843)	(579)
Amortization of Long-term Deferred Income	6(27)	(3,268)	(3,267)
Changes in Assets/Liabilities related to Operating Activities			
Net Changes in Assets related to Operating Activities			
Financial Assets at Fair Value through Profit or Loss		(44,164)	71,626
Notes Receivable		503,398	(705,044)
Accounts Receivable		275,159	332,921
Other Receivables		(107,535)	3,446
Inventories		560,413	(587,482)
Advance Payment		89,455	(40,768)
Other current assets — other		11,343	60,348
Net Changes in Liabilities related to Operating Activities			
Contract liabilities — current		104,470	(53,170)
Notes Payable		(400,569)	20,967
Accounts Payable		(547,905)	1,004,062
Other Payables		265,297	(109,951)
Provision - Current		(6,085)	(14,064)
Refund Liabilities - Current		(43,878)	(46,566)
Other Current Liabilities - Others		25,367	3,957
Net Defined Benefit Liabilities - Non-current		6,830	2,459
Cash Inflow Generated from Operations		968,242	74,868
Interest Received		22,610	17,945
Interest Paid		(32,204)	(29,083)
Income Tax Paid		(11,666)	(23,549)
Net Cash Inflow from Operating Activities		946,982	40,181

(Continued on next page)

Please refer to the accompanying Notes to the Consolidated Financial Statements which are part of the consolidated financial report.

Chairman: Shih, Jui Pin Manager: Shih, Jui Pin Accounting Supervisor: Ho, Mei Hsiu

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT$ Thousands

	Note	In 2022	In 2021
Cash Flows from Investment Activities			
Acquisition of Financial Assets at Amortized Cost		($ 1,760,236)	($ 1,313,195)
Disposal of Financial Assets at Amortized Cost		1,944,572	1,198,742
Acquisition of Property, Plant and Equipment	6(34)	(128,978)	(180,826)
Increase in Advance Payments for Equipment		(23,086)	(41,304)
Disposal of Property, Plant, and Equipment		14,128	31,198
Acquisition of Intangible Assets	6(13)	(1,291)	(2,207)
Other Non-current Assets - Other Decrease		45,219	1,787
Net cash inflow (outflow) from investing activities		90,328	(305,805)
Cash Flows from Financing Activities			
Proceeds from Short-term Loans	6(35)	2,385,238	2,779,632
Repayment of Short-term Loans	6(35)	(2,634,948)	(2,330,118)
Proceeds from Long-term Loans	6(35)	-	8,683
Repayment of Long-term Loans	6(35)	(8,726)	(132)
Redemption of Convertible Corporate Bonds	6(20) (35)	(304,530)	(4,567)
Deposit margin decrease	6(35)	(7,170)	(15)
Other non-current liabilities - other decrease	6(35)	(1,852)	-
Repurchase of Treasury Shares	6(23)	-	(27,262)
Cash Dividends Paid	6(25)	-	(83,753)
Net cash (outflow) inflow from financing activities		(571,988)	342,468
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(16,192)	(70,902)
Increase in Cash and Cash Equivalents in the Current Period		449,130	5,942
Cash and Cash Equivalents at Beginning of the Current Period	6(1)	449,654	443,712
Cash and Cash Equivalents at End of the Current Period	6(1)	$ 898,784	$ 449,654

Please refer to the accompanying Notes to the Consolidated Financial Statements which are part of the consolidated financial report.

Chairman: Shih, Jui Pin Manager: Shih, Jui Pin Accounting Supervisor: Ho, Mei Hsiu

Airmate (Cayman) International Co Limited and Subsidiaries

Notes to Consolidated Financial Statements

2022 and 2022

Unit: NT$ Thousands

(Unless otherwise specified)

I. Overview

Airmate (Cayman) International Co Limited (hereinafter referred to as the "Company") is an overseas holding company incorporated in the British Cayman Islands in March 2004. The main business of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") is the manufacture of household appliances and precision mold treatment. The shares of the Company were officially listed and traded on the Taiwan Stock Exchange since March 21, 2013.

II. Date and Procedures for the Approval of Financial Statements

This consolidated financial report has been issued upon approval by the Board of Directors on March 15, 2023.

III. Application of New Publication and Amendments of Guidelines and Interpretations

(I) The impact of the newly issued or revised International Financial Reporting Standards adopted and effective, as approved and published by the Financial Supervisory Commission (FSC)

The following table summarizes the new, revised, and amended International Financial Reporting Standards and Interpretations that are applicable for the year 2022, as approved and published by the Financial Supervisory Commission (FSC):

New, Revised and Amended Standards or Interpretations	International Accounting Standards Board Effective date of issue
Amendment to IFRS 3 (Reference to the Conceptual Framework)	January 1, 2022
Amendments to International Accounting Standard 16 "Property, Plant and Equipment: Price before reaching the intended use"	January 1, 2022
Amendment to IAS 37 (Onerous Contracts — Cost of Fulfilling a Contract)	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

The Group has assessed that the above Standards and Interpretations have no material impact on the financial position and financial performance of the Group.

(II) Impact of Yet to Adopt Newly Issued and Revised IFRSs approved by FSC

The following table summarizes the Standards and Interpretations for New Issuance, Amendments and Revisions to the International Financial Reporting Standards applicable in 2023, as approved by the FSC:

New, Revised and Amended Standards or Interpretations	International Accounting Standards Board Effective date of issue
Amendment to IAS 1 (Disclosure of Accounting Policies)	January 1, 2023
Amendment to IAS 8 (Definition of Accounting Estimates)	January 1, 2023
Amendments to International Accounting Standard 12: "Deferred tax related to assets and liabilities arising from a single transaction. "	January 1, 2023

The Group has assessed that the above Standards and Interpretations have no material impact on the financial position and financial performance of the Group.

(III) Impact of International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") but yet to be Approved by the FSC

The following table summarizes the Standards and Interpretations for New Issuance, Amendments and Revisions to the International Financial Reporting Standards issued by the IASB but yet to be approved by the FSC:

New, Revised and Amended Standards or Interpretations	International Accounting Standards Board Effective date of issue
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 the International Accounting Standards
Amendments to IFRS 16 “Lease liabilities in after-sales leaseback”	January 1, 2024
IFRS 17 (Insurance Contracts)	January 1, 2023
Amendments to IFRS 17 (Insurance Contracts)	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS No. 17 and IFRS 9 — Comparative Information "	January 1, 2023
Amendment to IAS 1 (Classification of Liabilities as Current or Non-Current)	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual terms”	January 1, 2024

The Group has assessed that the above Standards and Interpretations have no material impact on the financial position and financial performance of the Group.

IV. Summary Description of Material Accounting Policies

The material accounting policies used in the preparation of this Consolidated Financial Report are set out below. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Compliance Declaration

The Consolidated Financial Statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (hereinafter referred to as "IFRSs"), as approved by Financial Supervisory Commission.

(II) Basis of Preparation

1. Except for the following important items, this consolidated financial report is prepared at historical cost:

   (1) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss at fair value.

   (2) Financial assets measured at fair value through other comprehensive profit or loss measured at fair value.

   (3) Defined benefit liabilities recognized on the basis of net present value of retirement fund assets less defined benefit obligations.

2. The preparation of financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (hereinafter referred to as "IFRSs"), as approved by FSC requires the use of a number of significant accounting estimates and the Management's judgement in the application of the Group's accounting policies, and involve a high degree of judgement or complex items, or items involving material assumptions and estimates in the Consolidated Financial Statements, as detailed in Note 5.

(III) Basis of Consolidation

1. Preparation Principle of Consolidated Financial Reports

   (1) The Group includes all its subsidiaries in the consolidated financial reports. Subsidiary means an entity controlled by the Group. When the Group is exposed to the variable returns from the participation of the entity or has a right on such variable returns, and has the ability to influence such returns through its power over such entity, the Group is controlling that entity. Subsidiaries are included in the Consolidated Financial Report from the date when the Group acquires control and cease from consolidation from the date when control is lost.

   (2) Intercompany transactions, balances and unrealized gains and losses have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to conform to those adopted by the Group.

   (3) The components of profit or loss and other comprehensive income are attributable to the owners of the Parent Company and non-controlling interests; the total comprehensive profit or loss is also attributable to the owners of the Parent Company and non-controlling interests, even if this results in deficit balance in the non-controlling interests.

   (4) Changes in shares held by subsidiaries that do not result in loss of control (transactions with non-controlling interests) are treated as equity transactions, that is, transactions with owners. The difference between the adjusted amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.

2. Subsidiaries included in the consolidated financial report:

Name of Investor	Name of Subsidiary	Nature of Business	Percentage of shareholding December 31, 2022	Percentage of shareholding December 31, 2021	Explanation
The Company	Airmate International Holdings Limited (abbreviated as "Airmate International")	Overseas holding company	100%	100%	
Airmate International	Airmate China International Limited (abbreviated as "Airmate China")	Overseas holding company	100%	100%	
Airmate China	Waon Development Limited (abbreviated as Waon Company)	Trade business	100%	100%	
Waon Company	Airmate Electric (Shenzhen) Co., Ltd. (abbreviated as Shenzhen Airmate)	Production and sale of household appliances and precision mold processing	100%	100%	
Waon Company/Shenzhen Airmate	Airmate Electrical Appliances (Jiujiang) Co., Limited (abbreviated as "Jiujiang Airmate")	Production and sale of household appliances and precision mold processing	100%	100%	Note 1
Shenzhen Airmate	Airmate Technology (Shenzhen) Co., Limited (abbreviated as "Airmate Technology")	Sales, research and development of household appliances	100%	100%	
Shenzhen Airmate	Airmate e-Commerce (Shenzhen) Co., Ltd. (abbreviated as "Airmate e-Commerce")	Sales of household appliances	100%	100%	
Shenzhen Airmate	Material Technology (Foshan) Co., Ltd. (hereinafter referred to as Material Technology)	Sales of household appliances	100%	-	Note 2

Note 1: Waon Company and Shenzhen Airmate respectively reinvested in Jiujiang Airmate, holding 90% and 10% of equity interests.

Note 2: The subsidiary invested in and gained control of the newly established company during July 2022.

3. Subsidiaries not included in the Consolidated Financial Report: Nil.

4. Different accounting adjustment and treatment modes by subsidiaries during the accounting period: Nil.

5. Material limitation: Nil.

6. Non-controlling interests in subsidiaries that are material to the Group: Nil.

(IV) Foreign Currency Translation

The items presented in the financial statements of each individual entity within the Group are measured in the currency of the primary economic environment in which the individual entity operates (i.e. the functional currency). The Consolidated Financial Report are presented in the functional currency of the Company, "NTD" (presentation currency).

1. Foreign currency transactions and balances

   (1) Foreign currency transactions are converted into functional currencies using exchange rates on the date of the transaction or valuation. The conversion differences resulting from the conversion of such transactions are recognized in profit or loss for the current period.

   (2) The balance of foreign currency monetary assets and liabilities is adjusted based on the currency exchange rate on the balance sheet date. The conversion difference resulting from the adjustment is recognized in profit or loss for the current period.

   (3) For the balance of foreign currency non-monetary assets and liabilities, if the balance is measured at fair value through profit or loss, it is adjusted based on the exchange rate on the balance sheet date and the conversion differences arising from the adjustment are recognized in the profit or loss for the current period; if the balance is measured at fair value through other comprehensive income, it is adjusted based on the exchange rate on the balance sheet date and the conversion differences arising from the adjustment are recognized in other comprehensive income or loss. For those not measured at fair value, the balances are measured at the historical exchange rate on the initial trading date.

   (4) All exchange gains and losses are reported in the "Other Gains and Losses" section of the profit and loss statement.

2. Conversion of foreign operation

   (1) For group entities, associates and joint ventures whose functional currencies differ from the presentation currency, the operating performance and financial position are converted into the presentation currency in the following manner:

      A. The assets and liabilities presented in each Balance Sheet are converted at the closing exchange rate on the balance sheet date;

      B. The gains and losses presented in each Statement of Comprehensive Income are converted at the prevailing average exchange rate; and

      C. All exchange differences arising from conversion are recognized as other comprehensive profit or loss.

(2) Where the foreign operation disposed of or sold is an associate or joint venture, the conversion difference under other comprehensive income is reclassified proportionately to the profit or loss for the current period as part of the profit or loss on sale. However, even if the Group retains some interest in the former Associate or Joint Venture, but it has lost significant influence over the foreign operating entity associate or lost joint control over the foreign operating entity joint venture, it shall be treated as disposal of the entire interest in the foreign operating entity.

(3) When the partially disposed or sold foreign operation is a subsidiary, the cumulative conversion difference that will be recognized proportionately as other comprehensive profit or income is attributed to the non-controlling interest of the foreign operation. However, even if the Group retains some interest in the former Subsidiary, but it has lost control over the foreign operating entity subsidiary, it shall be treated as disposal of the entire interest in the foreign operating entity.

(V) Classification Criteria of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following conditions are classified as current assets:

(1) The asset is expected to be realized within the normal operating cycle or intended to be sold or consumed.

(2) Holders primarily for trading purposes.

(3) Expected to be realized within twelve months after the balance sheet date.

(4) Cash or cash equivalents, but excluding those restricted for exchange or settlement of liabilities at least twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above conditions as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

(1) Expected to be liquidated in the normal operating cycle.

(2) Holders primarily for trading purposes.

(3) Expected to mature within twelve months after the balance sheet date.

(4) Unable to unconditionally postpone the repayment period to at least twelve months after the balance sheet date. Where the terms of a liability include an option granted to the counterparty to liquidate by issuing equity instrument, its classification shall not be affected.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(VI) Cash equivalents

Approximate cash equivalents are short-term and highly liquid investments that can be converted at any time into certain amount of cash with minimal risk of change in value.

(VII) Financial Assets at Fair Value through Profit or Loss

1. Refers to financial assets that are not measured at cost after amortization or at fair value through other comprehensive profit or loss.

2. The Group adopts the trading day accounting for financial assets measured at fair value through profit or loss in accordance with the regular way purchase or sale.

3. The initial recognition of the Group is measured at fair value and the related transaction cost is recognized in profit or loss, and subsequently measured at fair value, and its gains or losses are recognized in profit or loss.

(VIII) Financial Assets at Fair Value through Other Comprehensive Income

1. Investments in debt instruments that meet all of the following conditions:

(1)The financial assets are held under a business model with the purpose of collecting contractual cash flows and disposals.

(2)The contractual terms of the financial asset generate cash flows at a specified date, which are exclusively for the payment of principal and interest on the outstanding principal amount.

2. The Group adopts the trading day accounting for financial assets measured at fair value through other comprehensive profit or loss in accordance with trading practices.

3. The initial recognition of the Group is measured at fair value plus transaction costs and subsequently at fair value. Changes in fair value of debt instruments are recognized in other comprehensive profit or loss. The impairment losses, interest income and gains and losses on foreign currency exchange are recognized in profit or loss before the derecognition. At the time of the derecognition, the cumulative gains or losses previously recognized in other comprehensive profit or loss will be reclassified from equity to profit or loss.

(IX) Financial Assets at Amortized Cost

1. It means that the following conditions are met at the same time:

(1) The financial asset is held under the business model for the purpose of collecting contractual cash flows.

(2) The contractual terms of the financial asset generate cash flows at a specified date, which are exclusively for the payment of principal and interest on the outstanding principal amount.

2. The Group adopts the trading day accounting for financial assets measured at amortized cost in accordance with trading practices.

3. The initial recognition of the Group is measured at fair value plus transaction costs and subsequently the interest income and impairment losses during the circulation period are recognized by using the effective interest method in accordance with the amortization procedures. At the time of the derecognition, the gains or losses are recognized in profit or loss.

4. Where the Group holds time deposits that do not meet the requirements for cash equivalents, due to the short holding period, the impact of discounting is immaterial and therefore is measured by the amount of investment.

(X)Accounts and Notes Receivable

1. Refers to the unconditional collection of accounts and notes for the consideration amount obtained from the transfer of commodities or labor in accordance with the contract.

2. For short-term accounts and notes receivable with unpaid interest, due to the impact of discounting is not significant, the Group thereby is measured by the original invoice amount.

3. Where the business model of the Group anticipates the sale of accounts receivable for the purpose of collecting contractual cash flows and sale, it shall be subsequently measured at fair value and the changes are recognized in other comprehensive profit or loss.

(XI) Impairment of Financial Assets

At each balance sheet date, the Group makes allowance for 12 months' expected credit loss for debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost, where the credit risk has not significantly increased since initial recognition, taking into account all reasonable and proven information (including forward-looking information); where the credit risk has significantly increased since initial recognition, the allowance shall be measured according to the expected credit loss for the period of existence; but shall not include accounts receivable or contractual assets forming part of the significant financial component, which allowance is measured according to the expected credit loss for the period of existence.

(XII) Derecognition of Financial Assets

The Group will derecognize the financial assets when one of the following conditions is met:

1. The contractual rights to receive cash flows from financial assets expire.
2. The contractual right to receive cash flows from the financial assets have been transferred, and almost all the risks and rewards of ownership of financial assets have been transferred.
3. The contractual right to receive cash flows from the financial assets have been transferred, and almost all the risks and rewards of ownership of financial assets have been transferred.

(XIII) Lessor's lease transaction - operating lease

Lease income from operating leases less any incentive given to the lessee is recognized as current profit or loss during the lease term by amortization according to the straight-line method.

(XIV) Inventories

Inventories are measured at the lower of cost and net realizable value, and costs are determined by the weighted average method. The cost of manufactured goods and work in progress includes raw materials, direct labor, other direct costs and manufacturing costs related to production which are divided according to actual production capacity, but excludes borrowing costs. When comparing the cost and net realizable value (whichever is lower), the comparison is made by comparing each item. The net realisable value is the balance after deducting the estimated cost to be invested and the related variable selling expenses from the estimated selling price in the ordinary course of business.

(XV)Investments using the Equity Method — Associates

1. Associates are all entities which the Group has material influence but no control over, and the Group generally holds more than 20% of their voting shares directly or indirectly. The Group uses the equity method for investments in associates, which is recognized at cost during acquisition.
2. The Group's share of the profit or loss after the acquisition of the associates is recognized in profit or loss for the current period, and its share of other comprehensive profit or loss after the acquisition is recognized in other comprehensive profit or loss. The Group does not recognise further losses if the Group's share of the loss to any Associates is equal to or greater than its interest in the Associates (including any other unsecured receivables), unless the Group has a legal obligation, a constructive obligation or has paid on its behalf in respect of the Associates.
3. When there is any changes in equity in the associates which is not due to profit or loss and other comprehensive profit or loss and the shareholding ratio of the associates is not affected, the Group will recognize the changes in equity attributable to the Group under the share of the associates as a “Capital Surplus” based on the shareholding ratio.
4. The unrealised gains and losses arising from the Group's transactions with the associates have been eliminated in proportion to the equity interests in the associates; unrealised losses shall also be eliminated unless the evidence shows that the assets transferred under that transaction have been impaired. The accounting policies of the Associates have been adjusted as necessary to conform to the policies adopted by the Group.
5. When the Group disposes of an associate, if the material influence on that associate has lost, all amounts previously recognized in other comprehensive profit or loss in relation to the associate are accounted for on the same basis as if the Group were to directly dispose of the relevant asset or liability, i.e., if the gain or loss previously recognized in other comprehensive income, it shall be reclassified to profit or loss at the time of the disposal of the relevant asset or liability, when the material influence on the associate has lost, the gain or loss is reclassified from equity to profit or loss. If the Group still has a significant influence on the Associate, only the proportionate amounts previously recognized in other comprehensive income will be transferred out in accordance with the abovementioned method.

(XVI) Property, Plant and Equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost, and the related interest during the period of purchase and construction is capitalized.
2. Subsequent costs are included in the carrying amount of an asset or are recognized as a separate asset only if there is a substantial likelihood that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. The carrying amount of the portion to be replaced shall be excluded. All other repair costs are recognized in profit or loss when incurred.
3. Property, plant and equipment are subsequently measured using the cost model and depreciated on a straight-line basis based on estimated useful life. If the composition of property, plant and equipment is material, the depreciation is to be presented separately.

4. At the end of each financial year, the Group reviews the residual value, useful life and depreciation method of each asset. If the expected residual value and useful life differs from the previous estimates, or if there has been a material change in the expected consumption pattern of the assets considering the future economic benefits, the change in accounting estimates will be treated in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful life of each class of assets is as follows:

Houses and Buildings	10	～	50	Years
Machinery and Equipment			10	Years
Transportation Facilities			6	Years
Office Equipment			5	Years
Other Equipment			5	Years

(XVII) Lease Transactions of Lessee - Right-of-use Assets/Lease Liabilities

1. Leased assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Group. For short-term lease or a low-value lease subject, the lease payment is recognized as an expense during the lease term using the straight-line method.
2. Lease liabilities are recognized at the present value of the outstanding lease payments from the commencement date of the lease, after discounting at the Group's incremental borrowing interest rate. Lease payments include:
   (1) Fixed payments less any lease incentives that may be received;
   (2) Variable lease payments depending on an index or rate;
   (3) Amount expected to be paid by the Group under the residual value guarantee; and
   (4) The exercise price of the purchase option, if the Lessee can reasonably exercise that option; and
   (5) The penalty payable for termination of the lease, if the term of the lease reflects the Lessee's option to terminate the lease.

Subsequent interest is measured by the amortized cost method, and interest expense is provisioned during the lease period. When non-contractual amendments result in changes in the lease term or lease payments, the lease liability is revalued and the right-of-use asset is adjusted by re-measurement.

3. The right-of-use assets are recognized at cost on the commencement date of the lease, including:
   (1) The initial measurement of lease liabilities;
   (2) Any lease payments made on or before the lease commencement date;
   (3) Any initial direct costs incurred; and
   (4) The estimated cost of dismantling, removing the asset and restoring the premises where it is located, or restoring the asset to the condition required by the terms and

conditions of the lease.

Subsequent measurement is by cost models and make provision for depreciation when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When a lease liability is revalued, the right-of-use asset will adjust the remeasurement value of the lease liability.

4. For lease modifications that reduce the scope of the lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and will recognize the difference between it and the remeasurement amount of the lease liability in profit or loss.

(XVIII) Investment properties

Investment properties are recognized by acquisition cost and subsequently measured using the cost model. The main right is the use of state-owned construction land in mainland China for a period of 50 years, and depreciation is provided on a straight-line basis based on the period of use of the right.

(XIX) Intangible Assets

Where the intangible assets are computer software and network engineering and golf licenses, it shall be recognized by acquisition cost, and amortized over an estimated useful life of 5 to 10 years using the straight-line method.

(XX)Impairment of Non-financial Assets

For assets showing signs of impairment on the balance sheet date, the Group estimates its recoverable amount and recognises the impairment loss when the recoverable amount is lower than its carrying amount. The recoverable amount is the fair value of an asset less the cost of disposal or the value of its use, whichever is higher. When the impairment of an asset recognized in the previous year does not exist or decreases, the impairment loss is to be reversed, but the carrying amount of the asset increased by reversing the impairment loss does not exceed the carrying amount of the asset less depreciation or amortization when the impairment loss is not recognized.

(XXI) Loans

Refers to the long and short-term borrowings from the banks. The Group measured the loan at its fair value less transaction costs at the time of initial recognition and subsequently recognize interest expense in profit or loss for the period using the effective interest method in accordance with the amortization procedure in respect of any difference between the price after deduction of transaction costs and the redemption value.

(XXII) Accounts and Notes Payable

1. Refers to debts arising from the purchase of raw materials, goods or services and notes payable arising from operations and non-operating activities.
2. Outstanding short-term accounts and notes payable and notes are measured at the amount of the original invoice due to the insignificant effect of the discount.

(XXIII)Convertible Corporate Bonds Payable

Convertible corporate bonds payable issued by the Group are embedded with conversion rights (i.e. the right of the holder to elect to convert to ordinary shares of the Group where a fixed amount will be converted into a fixed amount of shares), put-back and buy-back rights. At the time of the initial issue, the issue price is divided into financial assets, financial liabilities or equity according to the terms of issue, which are treated as follows:

1. Embedded put-back and buy-back rights: At the time of initial recognition, the net book value of the financial assets or liabilities measured at fair value through profit or loss is recorded; subsequently valued at fair value on the balance sheet date, and the difference is recognized as the gain or loss on financial assets (liabilities) measured at fair value through profit or loss.
2. Main covenants for corporate bonds: The difference between the fair value at the time of initial recognition and the redemption value is recognized as a discount on corporate bonds payable. Subsequently, the effective interest method is adopted and recognized in profit or loss during the circulation period under the amortization procedure as an adjustment to the financial cost.
3. Embedded conversion rights (consistent with the definition of equity): At the time of initial recognition, the issuance amount is deducted from the financial assets or liabilities measured at fair value through profit or loss and corporate bonds payable, and the remaining value is recorded under capital surplus - stock options and is not remeasured thereafter.
4. Any transaction costs directly attributable to the issuance shall be distributed to the components of each liability and equity in proportion to the initial carrying amount of each of the aforementioned components.
5. When the holder converts, the book value of the liability component (including corporate bonds payable and financial assets or liabilities measured at fair value through profit or loss) is treated according to its subsequent measurement method, and the book value of the aforementioned liability components plus the book value of the capital surplus - stock option is used as the issuance cost of the ordinary shares.

(XXIV) Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when the contract obligations have been performed, cancelled or expired.

(XXV)Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are only offset when the Group has a legally enforceable right and the intention for netting settlement or realization of assets and liabilities clearing happen at the same time, and the net amount is represented in the balance sheet.

(XXVI) Non-hedging Derivatives and Embedded Derivatives

1. Non-hedging derivative instruments are measured at fair value at the date of the contract at the time of initial recognition, and recorded under financial assets or liabilities measured at fair value through profit or loss. Subsequently, it is measured at fair value and the gains or losses are recognized in profit or loss.
2. For financial assets hybrid contract embedded with derivative instruments, it is classified based on the contract terms as financial assets measured at fair value through profit or

loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost at the time of initial recognition.

3. For non-financial assets hybrid contract embedded with derivative instrument, it shall be determined at the time of initial recognition, whether the embedded derivatives are closely related to the economic characteristics and risks of the main contract to determine whether they should be administered separately. If it is closely related, the overall hybrid instrument is to be administered according to appropriate criteria depending on its nature. If it is not closely related, the derivative instrument is separated from the main contract and is treated as a derivative, while the main contract is treated by appropriate criteria according to its nature; or designated as a financial liability at fair value through profit or loss as a whole at the time of initial recognition.

(XXVII) Provision

Provision (including warranties) represent current legal or constructive obligations arising from past events and are likely to require the release of economically effective resources to satisfy such obligations and the amount of such obligations can be reliably estimated and recognized. Provision is measured at the best estimated present value of expenses required to meet the obligation at the balance sheet date. The discount rate uses a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risk of the liability. The amortization of the discount is recognized as an interest expense. Future operating losses may not be recognized under the Provision.

(XXVIII) Employee benefits

1. Short-term Employee Benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid and recognized as an expense when the relevant services are provided.

2. Pensions

(1)Defined contribution plan

For defined contribution plan, the amount of the pension fund to be contributed is recognized as the pension cost for the current period on an accrual basis. Advance contributions are recognized as assets to the extent that they are refundable in cash or are reduced in future payments.

(2)Defined benefit plan

A. The net benefit obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by the employee in the current or past service and subtract the fair value of the plan assets from the present value of the defined benefit obligation at the balance sheet date. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method. The discount rate is the market interest rate of government bonds that is consistent with the currency and period of the defined benefit plan at the balance sheet date.

B. The remeasurement of the defined benefit plan is recognized in other comprehensive income in the period in which the remeasurement occurs and is presented under retained earnings.

C. The expenses associated with prior period service costs are recognized immediately in profit or loss.

3. Termination benefits

Termination benefits are benefits provided when an employee's employment with the Company is terminated before the normal retirement date or the benefits provided when the employee decides to accept an offer of benefits from the Company in exchange for the termination of employment. The Group recognises expenses when the offer for termination benefits can no longer be revoked or when the relevant restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled in the 12 months following the balance sheet date should be discounted.

4. Employee' remuneration and directors' remuneration

Employee' remuneration and directors' remuneration are recognized as expenses and liabilities when it is legally or presumptively obligatory and the amount can reasonably be estimated. After the resolution, if there is a difference between the actual amount allocated and the estimated amount, it is treated as a change in accounting estimates. In addition, if the employee remuneration is distributed in the form of shares, the closing price of the day before the date of the resolution of the Board of Directors shall be used as the basis for calculating the number of shares.

(XXIX) Income Tax

1. Income tax expense includes current and deferred income tax. Except for income tax related to items included in other comprehensive income or directly included in equity, which shall be recorded under other comprehensive income or directly in equity, income tax is recognized in profit or loss.

2. The Group calculates its income tax for the current period based on the tax rates enacted under the legislation or substantive legislation of the countries in which it operates and generates taxable income as at the balance sheet date. The Management periodically assesses the status of income tax returns filing in relation to applicable income tax regulations and, where applicable, estimates income tax liabilities based on the taxes expected to be paid to tax authorities.

3. Deferred income tax adopts the balance sheet method, and is recognized based on the tax base of assets and liabilities and the temporary differences arising from their carrying amount in the Consolidated Balance Sheet. In the case of temporary differences arising from Investment Subsidiaries and Associates, the Group may control the point in time at which the temporary differences reversal occurs, and the temporary differences will not be recognized if it is probable that it will not reverse in the foreseeable future. Deferred income tax adopts the tax rates (and tax laws) that have been legislated or substantively legislated at the balance sheet date and are expected to apply when the relevant deferred income tax assets are realised or the deferred income tax liabilities are settled.

4. Deferred tax assets are recognized to the extent that temporary differences are likely to be used to offset future taxable income, and are revalued at each balance sheet date for unrecognized and recognized deferred tax assets.

5. The current income tax assets and current income tax liabilities shall only be offset when there is a statutory power of execution to offset the recognized amount of current income tax assets and liabilities against each other and there is an intention to settle or simultaneously realize the assets and liabilities on a net basis. The deferred income tax assets and liabilities shall only be offset when there is a statutory power of execution to offset the current income tax assets and current income tax liabilities, and the tax authorities intend to settle or simultaneously realize the assets and liabilities on a net basis, by the same tax-paying entity subject to the same or different taxing authorities.

(XXX) Share Capital

When the Company repurchases the issued shares, the consideration paid, including any directly attributable incremental costs is to be recognized as a net post-tax decrease in shareholders' equity. During subsequent issue of the repurchased shares, the difference between the consideration received, net of any directly attributable incremental costs and the effect of income tax, and the book value is recognized as an adjustment to shareholders' equity.

(XXXI) Dividend distribution

The dividends distributed to the shareholders of the Company are recognized in the financial report at the time of the distribution of dividends is resolved by the Board of Shareholders of the Company, and the distribution in cash dividends are recognized as liabilities. The shares dividends are recognized as dividends held for distribution and classified as ordinary shares on the base date of issuance of new shares.

(XXXII) Government subsidy

Government subsidies are recognized at fair value when there is a reasonable confidence that the company fulfills the conditions attached to the government subsidy and that such subsidy is receivable. If the nature of the government subsidy is to compensate the Group for expenses incurred, the government subsidy shall be recognized in profit or loss in the current period in accordance with the basis of the system during the period in which the relevant expenses were incurred. Government subsidies relating to property, plant and equipment are recognized as non-current liabilities and are recognized in profit or loss on a straight-line basis over the estimated useful life of the underlying assets.

(XXXIII) Recognition of income - sale of products

1. The Group manufactures and sells household appliances and mold-related products. Sales revenue is recognized when control of the products is transferred to the customer, that is, when the product is delivered to the customer in accordance with the agreed conditions, the customer has discretion over the use of the product, and the Group has no outstanding performance obligations. Delivery of products occurs when the product is shipped to the specified location, the risk of obsolescence and loss is transferred to the customer, and the customer accepts the products based on the sales contract, or there is objective evidence that all terms of acceptance have been complied with.

2. Revenue from the sale of products is recognized at the contract price, net of estimated sales returns and discounts.2. Revenue from the sale of products is recognized at the contract price, net of estimated sales returns and discounts. The Group recognizes the

products expected to be returned as refund liabilities and the rights to the products to be returned respectively. Estimated sales returns are estimated at the point of sale based on historical experience using the expected value method for such returns. Sales discounts given to customers are generally calculated on the basis of cumulative sales volume over a year, and the Group estimates sales discounts based on historical experience using expected values. The Group has not adjusted the transaction price to reflect the monetary time value because the interval between the delivery of the promised products or services to the customer and the customer's payment has not exceeded one year.

3. The Group provides standard warranties for products sold, is obliged to refund for product defects, and the provision for warranty liabilities is recognized at the time of sale.
4. Accounts receivable are recognized when the products are delivered to the customer. Since then, the Group has an unconditional right to the contract price from that point onwards, it can then collect the consideration from the customer after the passage of time.

(XXXIV)Operations Department

The information of the Group's operation departments are reported in a consistent manner by internal management reports to key operational decision makers. The key operational decision makers are responsible to allocate resources to operation departments and evaluate their performance.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

At the time of preparation of the Group's Consolidated Financial Report, the Management has used its judgement to determine the accounting policies to be adopted and to make accounting estimates and assumptions based on the circumstances as at the balance sheet date and reasonable expectations of future events. The significant accounting estimates and assumptions made may differ from the actual results, and historical experience and other factors will be taken into account for the ongoing evaluation and adjustment. These estimates and assumptions carry the risk of material adjustment to the carrying amount of the assets and liabilities in the next financial year. Please find below a description of significant accounting judgments, estimates and assumptions uncertainty:

(I) Significant judgments on the adoption of accounting policies

Nil.

(II) Significant accounting estimates and assumptions

1. Provision for loss on accounts receivable

The Group's provision for impairment losses on accounts receivable is estimated on the basis of the assumptions upon default risk and expected loss rate. The Group determines upon the adoption of assumption and selection of input in calculating impairment by considering historical experience, current market status and prospective estimate on each reporting date. Please refer to Note 12(2) for a detailed explanation of the relevant assumptions and input.

2. Inventory valuation

As inventory shall be measured based on the cost or realizable value, whichever is lower; if on the consolidated company's evaluation report date, the inventory is obsolete, outdated or has no market value, the inventory cost shall be offset to net realizable value. The assessment of this inventory valuation is mainly based on the product requirements within a specific future period. Hence, it may have significant changes. For details on inventory valuation, please refer to Note 6(7).

VI. Description of Important Accounting Items

(I) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash On Hand	$1,454	$1,439
Cheques and Demand Deposits	897,330	448,215
	$898,784	**$449,654**

1. The financial institutions with which the Group engages has good credit quality, and the Group engages in transactions with a number of financial institutions to diversify credit risk. The likelihood of default is very low.
2. The Group does not provide cash and cash equivalents as pledge guarantee.

(II) Financial Assets at Fair Value through Profit or Loss

Items	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss current:		
Wealth management products	$ 43,956	$ -
Derivatives - forward exchange agreement	-	4,477
	$ 43,956	$ 4,477
Financial assets at fair value through profit or lossnon - current:		
Redemption rights of corporate bonds	$ -	$ 36

1. Please refer to Note 6 (27) Other gains and losses for the amount of financial assets at fair value through profit or loss recognized in profit or loss.
2. The transactions and contractual information of derivative financial assets not subject to hedge accounting undertaken by the Group are as follows:

	December 31, 2021		
	Contract amount (NTD thousand)	**Explanation**	**Maturity period**
Buy forward foreign exchange	CNY$ 76,952	USD to RMB	2022.01～2022.02
Buy forward foreign exchange	USD$ 8,000	Japanese Yen to US Dollar	2022.03～2022.05

The forward foreign exchange transactions entered into by the Group are to avoid the exchange rate risk which the operating activities are exposed to, the hence hedging accounting is not applied.

3. The Group does not provide any financial assets measured at fair value through profit or loss as pledge guarantee.
4. Please refer to Note 12(2) for information on the credit risk of financial assets measured at fair value through profit or loss.
5. Please refer to Note 6 (20) for the issuance conditions of convertible corporate bonds by the Group.

(III) Financial Assets at Amortized Cost

	December 31, 2022	December 31, 2021
Current items:		
Reimbursement accounts and pledged time deposits	$ 263,019	$ 440,290

1. Interest income recognized on financial assets measured at amortized cost is recorded under interest income.
2. Without taking into account the collateral or other credit enhancements held, the financial assets at amortized cost that best represents the Group at the maximum exposure to credit risk were NTD 263,019 and NTD440,290 as at 31 December 2022 and 2021 respectively.
3. Please refer to Note 8 for the conditions of the provision of financial assets measured at amortised cost as pledge guarantees for details.
4. Please refer to Note 12(2) for information on the credit risk of financial assets measured at amortized cost.

(IV) Notes receivable and accounts receivable

	December 31, 2022	December 31, 2021
Notes Receivable	$ 1,187,470	$ 1,898,891
Less: Discount on notes receivable	-	-
Notes receivable transfer	(357,011)	(578,246)
Allowance loss	-	-
Net Amount of Notes Receivable	830,459	1,320,645
Notes receivable - related parties	11,937	2,215
	$ 842,396	$ 1,322,860
Accounts Receivable	$ 964,364	$ 1,233,028
Less: Provision	(61,334)	(74,594)
Net Amount of Accounts Receivable	903,030	1,158,434
Accounts receivable - related parties	16,746	7,235
	$ 919,776	$ 1,165,669

Please refer to Note 7 for related party transaction for details.

1. The aging analysis of accounts receivable and notes receivable are as follows:

	December 31, 2022		December 31, 2021	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Not Overdue	$ 842,396	$ 731,307	$ 1,322,860	$ 693,447
Due date:				
Within 30 days	-	144,422	-	224,960
31～60 days	-	17,668	-	163,684
61～90 days	-	-	-	351
91～180 days	-	31,420	-	70,014
181～270 days	-	7,726	-	66,364
271～ 365 days	-	5,584	-	11,295
More than 366 days	-	42,983	-	10,148
	$ 842,396	$ 981,110	$ 1,322,860	$ 1,240,263

The above aging analysis is based on the number of days overdue.

2. The balances of accounts and notes receivable as of December 31, 2022 and 2021 were generated from customer contracts, and the balance of accounts receivable under customer contracts as of January 1, 2021 was NTD 2,215,382.

3. The bills receivable transferred by the Group are all bank acceptance bills given by the customer. According to a FAQ issued by Securities and Futures Bureau on December 26, 2018, "Whether the transfer of notes receivable in Mainland China can be derecognized?", assess the credit rating of the accepting bank that received the banker's acceptance. Banker's acceptances with a higher credit rating of the accepting bank usually have less credit risk and late payment risk. The main risk associated with

a banker's acceptance is interest rate risk, and interest rate risk has been transferred with an endorsement of notes. It is able to judge that almost all risks and rewards of ownership of banker's acceptances have been transferred. Therefore, the endorsement of the banker's acceptance transferred to the supplier is eligible for derecognition. The discounted and transferred notes are reported as a deduction for notes receivable.

4. Without taking into account the collateral or other credit enhancements held, the accounts and notes receivable that best represents the Group at the maximum exposure to credit risk were NTD 1,762,172 and NTD 2,488,529 as at December 31, 2022 and 2021, respectively.
5. As at December 31, 2022 and 2021, the Group had financial assets measured at fair value through other comprehensive income in projected sales receivables of NTD 2,272 and NTD 18,410, respectively.
6. For information on the transfer of financial assets, please refer to Note 6 (5) for details.
7. For aging analysis and credit risk information of accounts and notes receivable, please refer to Note 12, (2) and (3) for details.
8. The Group does not provide any notes and accounts receivable as pledge guarantees.

(V) Transfer of financial assets

The Group has entered into contracts with financial institutions for the sale of accounts receivable. According to the contract, the Group is not required to bear the risk of irrecoverability of these transferred accounts receivable, but is only required to bear the losses caused by commercial disputes. The Group does not have any further involvement in these transferred accounts receivable. Therefore, the Group excludes the accounts receivable transferred, and the relevant information of those which have not yet matured are as follows:

December 31, 2022

Amount of accounts receivable sold	Underwriting limit	Derecognized amount	Advanced amount	Advanced amount Interest Rate Range
US$215,589	$ 1,000,000	$ 6,625 (US$215,589 元)	$ -	-

December 31, 2021

Amount of accounts receivable sold	Underwriting limit	Derecognized amount	Advanced amount	Advanced amount Interest Rate Range
US$190,578	US$1,000,000	$ 5,249 (US$190,578 元)	$ -	-

The above amount of accounts receivable sold has been removed from accounts receivable and transferred to "other receivables". Please refer to Note 6(6) for details.

(VI) Other Receivables

	December 31, 2022	December 31, 2021
Claims receivable sold	$ 6,625	$ 5,249

Subsidy receivable (Note)	120,776	-
Other receivables - collections	117,704	86,741
Other receivables - others	10,174	23,806
	255,279	115,796
Less: Provision	(117,704)	(86,741)
	$ 137,575	$ 29,055

Note: It is a special subsidy provided by the Jiujiang Economic and Technological Development Zone Management Committee for the return of taxes required by the local tax bureau to the Group for the period before the acquisition of property rights.

(VII) Inventories

	December 31, 2022		
	Cost	Provision for loss on valuation	at the end of the period
Raw materials	$ 611,166	($ 44,049)	$ 567,117
Work-in-process	340,963	(23,107)	317,856
Finished product	1,475,128	(185,727)	1,289,401
	$ 2,427,257	($ 252,883)	$ 2,174,374

	December 31, 2021		
	Cost	Provision for loss on valuation	at the end of the period
Raw materials	$ 777,849	($ 40,308)	$ 737,541
Work-in-process	413,737	(36,629)	377,108
Finished product	1,768,697	(178,896)	1,589,801
	$ 2,960,283	($ 255,833)	$ 2,704,450

1. Inventory cost recognized as expenses by the Group in the current period:

	In 2022	In 2021
Cost of inventories sold	$ 7,737,760	$ 8,945,597
(Recovery gain) loss on valuation	(6,956)	44,621
Others	46,810	49,331
	$ 7,777,614	$ 9,039,549

2. Recovery of the net realisable value of inventories due to de-stocking of inventories originally provided as inventory valuation loss is recognized as decrease in costs of goods sold.

3. The Group does not provide inventory as pledge guarantee.

(VIII) Advance Payment

	December 31, 2022	December 31, 2021
Prepayment	$ 34,844	$ 35,478
Prepaid Expenses	51,935	34,861
Retained tax amount	87,755	188,380
	$ 174,534	$ 258,719

(IX) Investments Accounted for Using the Equity Method

Associates in which the Group adopts equity method are individual non-material ones, whose financial information was as follows:

	December 31, 2022	December 31, 2021
The book amount of equity at the end of the current period of individual non-material associates	$ 33,440	$ 31,342

	In 2022	In 2021
Share attributable to the Consolidated Company:		
Total comprehensive revenue amount of continuous operation units	$ 146	($ 1,128)

1. The Group holds 40% of the shares of Zhejiang AirmateElectric Sales Co., Ltd. (hereinafter referred to as Zhejiang AirmateCompany). Because other single major shareholders (not related parties) hold 60% of the shares, it shows that the Group has no actual ability to lead related activities, so it is judged that it has no control over the company and only has a significant impact.
2. The realized (unrealized) gross profit from the sidestream transactions of the Group in 2022 and 2021 arising from the sales to the associates company Zhejiang Airmate Company are as follows:

	In 2022	In 2021
Unrealized gross profit from sidestream sales	($ 15,667)	($ 24,801)
Realized gross profit from sidestream sales	17,138	30,159
	$ 1,471	$ 5,358

3. The Group does not provide any investment using the equity method as pledge guarantee.

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(X) Property, Plant and Equipment

	Houses and Buildings	Machinery and Equipment	Transportation Facilities	Office Equipment	Other Equipment	Unfinished works and equipment to be inspected	Total
January 1, 2022							
Cost	$ 2,535,554	$ 1,004,492	$ 49,559	$ 239,054	$ 2,699,013	$ 32,642	$ 6,560,314
Accumulated depreciation and impairment	(416,917)	(712,852)	(40,026)	(209,078)	(2,279,644)	-	(3,658,517)
	$ 2,118,637	**$ 291,640**	**$ 9,533**	**$ 29,976**	**$ 419,369**	**$ 32,642**	**$ 2,901,797**
January 1, 2022	$ 2,118,637	$ 291,640	$ 9,533	$ 29,976	$ 419,369	$ 32,642	$ 2,901,797
Additions	106,779	8,788	1,835	4,920	43,458	63,722	229,502
Reclassification	624	500	2,093	509	88,476	(54,869)	37,333
Depreciation Expense	(73,417)	(76,612)	(3,554)	(12,791)	(235,343)	-	(401,717)
Disposal – Cost	(969)	(114,745)	(4,725)	(6,046)	(180,500)	-	(306,985)
Disposal – Accumulated Depreciation	336	101,100	4,617	6,039	169,431	-	281,523
Net exchange differences	32,989	4,916	157	518	7,476	204	46,260
December 31	**$ 2,184,979**	**$ 215,587**	**$ 9,956**	**$ 23,125**	**$ 312,367**	**$ 41,699**	**$ 2,787,713**
December 31, 2022							
Cost	$ 2,681,300	$ 909,443	$ 49,548	$ 241,828	$ 2,575,403	$ 41,699	$ 6,499,221
Accumulated depreciation and impairment	(496,321)	(693,856)	(39,592)	(218,703)	(2,263,036)	-	(3,711,508)
	$ 2,184,979	**$ 215,587**	**$ 9,956**	**$ 23,125**	**$ 312,367**	**$ 41,699**	**$ 2,787,713**

	Houses and Buildings	Machinery and Equipment	Transportation Facilities	Office Equipment	Other Equipment	Unfinished works and equipment to be inspected	Total
January 1, 2021							
Cost	$ 2,552,225	$ 1,037,345	$ 52,734	$ 241,643	$ 2,614,064	$ 47,784	$ 6,545,795
Accumulated depreciation and impairment	(353,010)	(687,444)	(43,142)	(205,364)	(2,121,620)	-	(3,410,580)
	$ 2,199,215	**$ 349,901**	**$ 9,592**	**$ 36,279**	**$ 492,444**	**$ 47,784**	**$ 3,135,215**
January 1,							
2021	$ 2,199,215	$ 349,901	$ 9,592	$ 36,279	$ 492,444	$ 47,784	$ 3,135,215
Additions	133	27,875	3,314	8,655	25,775	115,074	180,826
Reclassification	-	2,545	916	400	139,198	(78,675)	64,384
Transfer Expenses	-	-	-	-	-	(25,437)	(25,437)
Depreciation Expense	(67,257)	(84,468)	(3,935)	(14,963)	(235,197)	-	(405,820)
Disposal – Cost	(2,938)	(25,114)	(7,079)	(8,846)	(35,822)	(25,845)	(105,644)
Disposal – Accumulated Depreciation	1,389	22,780	6,776	8,667	35,609	-	75,221
Net exchange differences	(11,905)	(1,879)	(51)	(216)	(2,638)	(259)	(16,948)
December 31	**$ 2,118,637**	**$ 291,640**	**$ 9,533**	**$ 29,976**	**$ 419,369**	**$ 32,642**	**$ 2,901,797**
December 31, 2021							
Cost	$ 2,535,554	$ 1,004,492	$ 49,559	$ 239,054	$ 2,699,013	$ 32,642	$ 6,560,314
Accumulated depreciation and impairment	(416,917)	(712,852)	(40,026)	(209,078)	(2,279,644)	-	(3,658,517)
	$ 2,118,637	**$ 291,640**	**$ 9,533**	**$ 29,976**	**$ 419,369**	**$ 32,642**	**$ 2,901,797**

1. There is no capitalisation of borrowing cost for the Group's property, plant and equipment in 2022 and 2021.
2. The significant components of the Group's houses and buildings include the building and its ancillary works. The buildings are depreciated on a 35-year and 50-year basis respectively while the ancillary works are depreciated on a 10-year and 35-year basis respectively.
3. The Group's real estate, plant and equipment are for its own use.
4. The development of the Group's old plant has been completed, and a real estate ownership certificate is obtained in January 2022, and part of the converted real estate is used as the operating office. Please refer to Note 12 (4) for details
5. For the information on guarantees in the form of property, plant and equipment provided by the Group, refer to Note 8 for details.

(XI) Lease Transaction - Lessee

1. The Group has signed contracts with Shenzhen Land Resources Bureau and Administrative Bureau of House Property Baoan Branch respectively to acquire land in the Huangfengling Industrial Zone for the construction of plants and employee dormitories. The term of the lease contract commences from year 2001 to 2051 for a total of 50 years; and with the Land and Resources Bureau of Jiujiang Municipality to acquire the target plant and its land use right of Jiujiang Economic and Technological Development Zone for the construction of target plants and employee dormitories. The term of the lease contract commences from year 2020 to 2070 for a total of 50 years. Also, the land obtained from the local Hong Kong Land Registry and used as office space is at the Fortress Tower on King's Road, North Point, Hong Kong. The term of the lease contract commences from year 1976 to 2051 for a total of 75 years.
2. Changes in the Group's right-of-use assets in 2022 and 2021 are as follows:

	Land use right			
	2022		2021	
1 January	$	204,682	$	210,874
Depreciation Expense	(	4,930)	(	4,822)
Net exchange differences		3,933	(	1,370)
December 31	$	203,685	$	204,682

3. The information on the profit and loss items in relation to lease contracts are as follows:

	In 2022		In 2021	
Items that affect the profit and loss of the current period				
Expenses attributable to short-term lease contracts	$	18,082	$	38,471
Expenses attributable to the lease of low-value assets		170		289
	$	18,252	$	38,760

4. The Group's total lease cash outflows during 2022 and 2021 were NTD 18,252 and NTD38,760, respectively.
5. For the information on guarantees in the form of the right-of-use assets, refer to Note 8 for detail

(XII) Investment properties

	Right-of-use assets - land	
January 1,		
2022	$	-
Reclassification (Note)		9,563
Depreciation Expense	(	212)
Net exchange differences	(	44)
December 31	$	9,307

Note: The development of the Group's old plant has been completed, and a real estate ownership certificate is obtained in January 2022, and part of the converted real estate is used for sales. Please refer to Note 12 (4) for details.

1. The investment properties held by the Group are state-owned construction land use rights and buildings located in Shiyan Street (Haigu Science and Technology Building), Bao 'an District, Shenzhen, China. Fair value of investment properties as of 31 December 2022 and 2021
2. The values are RMB659,160 thousand (converted as NTD 2,905,707) and RMB760,552 thousand (converted as NTD 3,352,663), respectively, based on the evaluation results of independent evaluation experts, which are assessed by reference to the comparison method and income method recently adopted for similar real estate, and are fair values at the third level.
3. There was no such incident on December 31, 2022

(XIII) Intangible Assets

	2022		
	Computer Software and Network Engineering	**Golf license**	**Total**
1 January			
Cost	$ 127,825	$ 18,599	$ 146,424
Accumulated amortization and impairment	(122,559)	(18,309)	(140,868)
	$ 5,266	$ 290	$ 5,556
1 January	$ 5,266	$ 290	$ 5,556
Additions	1,291	-	1,291
Amortization Expense	(2,524)	(221)	(2,745)
Net exchange differences	88	5	93
December 31	$ 4,121	$ 74	$ 4,195
December 31			
Cost	$ 131,096	$ 18,889	$ 149,985
Accumulated amortization and impairment	(126,975)	(18,815)	(145,790)
	$ 4,121	$ 74	$ 4,195

	2021		
	Computer Software and Network Engineering	**Golf license**	**Total**
1 January			
Cost	$ 125,662	$ 18,700	$ 144,362
Accumulated amortization and impairment	(118,477)	(18,136)	(136,613)
	$ 7,185	**$ 564**	**$ 7,749**
1 January	$ 7,185	$ 564	$ 7,749
Additions	2,207	-	2,207
Reclassification	634	-	634
Amortization Expense	(4,722)	(271)	(4,993)
Net exchange differences	(38)	(3)	(41)
December 31	**$ 5,266**	**$ 290**	**$ 5,556**
December 31			
Cost	$ 127,825	$ 18,599	$ 146,424
Accumulated amortization and impairment	(122,559)	(18,309)	(140,868)
	$ 5,266	**$ 290**	**$ 5,556**

1. Details on the amortization of intangible assets are as follows:

	In 2022	**In 2021**
Operating Cost	$ 821	$ 1,539
Operating cost-various amortization	1,924	3,454
	$ 2,745	$ 4,993

2. The Group does not provide any intangible asset as pledge guarantee.

(XIV) Other non-current assets

	December 31, 2022	**December 31, 2021**
Advance payment for equipment	$ 18,922	$ 31,872
Refundable Deposits	20,258	63,969
Others	630	905
	$ 39,810	**$ 96,746**

For details on payment of security deposits as pledge guarantee, please refer to Note 8.

(XV) Short-term loans

	December 31, 2022	**December 31, 2021**
Bank loans		
Unsecured loans	$ 166,349	$ 644,758
Secured loans	390,174	114,634
	$ 556,523	**$ 759,392**
Unutilised line of credit	**$ 2,167,809**	**$ 1,386,565**
Interest range	**3.75%~5.85%**	**0.86%~4.79%**

1. Interest expense recognized in profit or loss in 2022 and 2021 was NTD 22,686 and NTD22,037, respectively.
2. Please refer to Note 8 for details of collateral for bank loans.

(XVI) Notes Payable

1. As at December 31, 2022 and 2021, the Group's notes payable with guarantees or commitments from financial institutions were NTD 1,432,389 and NTD 1,788,547, respectively.
2. Please refer to Note 8 for details of collateral for notes payable.

(XVII) Other Payables

	December 31, 2022	December 31, 2021
Payables for salary and incentives	$ 276,018	$ 200,767
Compensation payable to directors	8,628	-
Payable contribution expense	373,750	241,336
Payable transportation expense	47,305	5,621
Payable tax	12,004	13,684
Other expenses payable	64,623	52,673
Other Payables	32,012	34,720
	$ 814,340	**$ 548,801**

(XVIII) Provision - Current (Warranty liabilities)

	2022	2021
1 January	$ 27,975	$ 42,265
Additional provisions made in the current period	87,239	94,748
Provision amounts used during the current period	(93,295)	(108,811)
Net exchange differences	435	(227)
December 31	**$ 22,354**	**$ 27,975**

The Group's provision for warranty liabilities is mainly related to the sale of electronic appliances by distributors in Mainland China and the export of home appliances, and is estimated based on historical warranty information for similar product transactions. The Group anticipates that most of these liabilities will incur in the year following the sale.

(XIX) Long-term Loans

Nature of loan	Loan period and repayment method	Interest range	December 31, 2021
Long-term bank loans			
Secured loans	From September 2021 to September 2023, the interest shall be paid monthly, the principal shall be repaid monthly at a fixed rate of 0.5%, and the balance shall be settled upon maturity.	4.30%～4.35%	$ 8,551
Less: Long-term loans due within one year or one operating cycle			(521)

	$ 8,030

As of December 31, 2022, this is no such case.

1. Interest expense recognized in profit or loss in 2022 and 2021 was NTD 333 and NTD 101, respectively.
2. Please refer to Note 8 for the details of collateral for long-term bank loans.

(XX) Corporate Bonds Payable

	December 31, 2022	December 31, 2021
Secured convertible bonds	$ -	$ 300,000
Unsecured convertible bonds	358,100	358,100
Less: Discount on corporate bonds payable	(4,534)	(11,405)
	353,566	646,695
Less: Corporate bonds due within one year or one operating cycle	(353,566)	(297,881)
	$ -	$ 348,814
Embedded derivatives - redemption rights (recognized under "Financial assets measured at fair value through profit or loss")	$ -	($ 36)
Equity component - conversion rights (recognized under capital surplus - stock options)	$ 11,070	$ 13,969

	In 2022	In 2021
Embedded derivatives - gain (loss) on valuation of redemption rights (recognized under net (loss) gain (loss) on financial assets measured at fair value through profit or loss)	($ 36)	$ 105
Interest Expense	$ 6,871	$ 7,147

1. The following is the Company's issuance conditions for the third secured convertible bonds issued domestically in the Republic of China:
   (1) Issue period: 3 years, from December 4, 2019 to December 4, 2022.
   (2) The total amount of the issuance is NT$ 300,000, with a nominal value of NT$100 each, issued in nominal value. A total of 3,000 copies were issued.
   (3) The coupon rate is 0%, and the effective interest rate is 0.0639%.
   (4) Conversion period:

      From the next day following three months after issuance of convertible bonds (March 5, 2020) to the maturity date (December 4, 2022)

   (5) Redemption method:

      From the next day following three months after issuance of convertible bonds (March 5, 2020) to forty days before the expiry of the issuance period (October 25, 2022), if the closing price of common stock of the Company at the Taipei Exchange goes over 30% (included) over the conversion price of convertible corporate bonds at the time for over 30 business days continuously, or the outstanding balance of convertible corporate bonds is lower than 10% of the total amount of issuance, redemption right will be exercised according to the provisions of the conversion method. If the Company executes the redemption request, the convertible corporate bonds shall be redeemed from the bondholders with cash according to face value within five business days after the bond's redemption record date.

(6) Reverse repurchase method: Nil.

(7) Conversion price and adjustment:

① The conversion price at the time of issue is NT $32.

② If the number of issued common stock increases after issuance of convertible bonds, the Company has to adjust the conversion price according to the formula listed in the prospectus. The Convertible Bonds has matured on December 4, 2022. The conversion price upon expiration of the conversion is NTD 28.4.

(8) Conversion status:

There were no conversions as of the maturity date and December 31, 2021.

(9) Redemption and repurchase:

The third secured convertible corporate bonds were due to redeem 3,000 corporate bonds on December 4, 2022. The redemption price was NT$ 304,530, resulting a capital surplus reduction of NT$ 2,899. The redemption gain arising from the foregoing is NT$ 1,631, which is listed under "Other gains and losses".

2. The following is the Company's issuance conditions for the third secured convertible bonds issued domestically in the Republic of China:

(1) Issue period: 3 years, from December 10, 2020 to December 10, 2023.

(2) The total amount of the issuance is NT$400,000, with a nominal value of NT$100 each, issued in nominal value. A total of 4,000 copies were issued.

(3) The coupon rate is 0%, and the effective interest rate is 0.1128%.

(4) Conversion period:

From the next day following three months after issuance of convertible corporate bonds (March 11, 2021) to the maturity date (December 10, 2023).

(5) Redemption method:

From the next day following three months after issuance of convertible corporate bonds (March 11, 2021) to forty days before the expiry of the issuance period (October 31, 2023), if the closing price of common stock of the Company at the Taipei Exchange goes over 30% (included) over the conversion price of convertible corporate bonds at the time for 30 business days continuously, or the outstanding balance of convertible corporate bonds is lower than 10% of the total amount of issuance, redemption right will be exercised according to the provisions of the conversion method. If the Company executes the redemption request, the convertible corporate bonds shall be redeemed from the bondholders with cash according to face value within five business days after the bond's redemption record date.

(6) Reverse repurchase method: Nil.

(7) Conversion price and adjustment:

① The conversion price at the time of issue is NT $27.

② If the number of issued common stock increases after issuance of convertible bonds, the Company has to adjust the conversion price according to the formula listed in the prospectus. As of December 31, 2022, the conversion price was NT $25.3.

(8) Conversion status:

From the date of issuance of convertible bonds to December 31, 2022, bondholders have applied for the conversion of 1,370,000 ordinary shares of the Company, and the face amount of corporate bonds conversion is NTD 37,000. The decrease in capital reserve due to conversion was NTD 1,143. And in 2021, capital surplus generated by the premiums of new shares issuance from bond conversion was NTD 23,165. The share capital resulting from bond conversion was NTD 13,704; in 2022, there was no conversion.

(9) Redemption and repurchase:

49 corporate bonds of the fourth unsecured convertible corporate bonds were redeemed in year 2021 at the redemption price of NT$4,567, resulting a capital surplus reduction of NT$152. The redemption gain arising from the foregoing is NT$297, which is listed under "Other gains and losses"; in 2022, there was no redemption and repurchase.

3. For details of the Company's assets provided as a guarantee for the issuance of the Company's bonds, please refer to Note 8.

(XXI) Pensions

1. Defined benefit plan

(1) In accordance with the provisions of the "Labor Standards Act", the Group's Waon Company and its Taiwan Branch company have established defined benefit of retirement pension that apply to the service years of all permanent employees before the implementation of the "Labour Pension Act" on July 1, 2005, as well as to the subsequent service years that continue to apply the Labor Standards Law after the implementation of the "Labour Pension Act". If an employee meets the retirement conditions, the payment of the retirement pension is calculated based on the service years and the average salary of the 6 months before retirement. For service years within 15 years (inclusive), two base amounts are given for each full year of service, and the service years beyond 15 years, one base amount is given for each full year of service, provided that the cumulative maximum is 45 base amounts. Waon Company and its Taiwan Branch allocate 2% of the total salary to the Retirement Fund on a monthly basis. The Fund is deposited with the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. In addition, before the end of each year, Waon Company and its Taiwan branch shall estimate the balance of the designated account for the Labor Retirement Reserve mentioned in the preceding paragraph. If the balance falls short of the amount of the retirement pension calculated according to the foregoing calculation for the employees who meet the retirement conditions within the next year of payment, the differences shall be contributed in one payment before the end of March of the following year.

(2) The amount recognized in the balance sheet is as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 38,515	$ 36,330
Fair value of plan assets	(1,788)	(1,614)

Net liabilities of defined benefit	$ 36,727	$ 34,716

(3) Changes in net defined benefit liabilities are as follows:

In 2022

	Present value of defined benefit obligations	Fair value of plan assets	Net liabilities of defined benefit
1 January	$ 36,330	($ 1,614)	$ 34,716
Current service cost	3,177	-	3,177
Interest (income) expenses	193	(8)	185
	39,700	(1,622)	38,078
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	(126)	(126)
Effect of changes in financial assumptions	(4,015)	-	(4,015)
Experience adjustment	(678)	-	(678)
	(4,693)	(126)	(4,819)
Contribution to retirement fund	-	(40)	(40)
Exchange differences	3,508	-	3,508
December 31	$ 38,515	($ 1,788)	$ 36,727

In 2021

	Present value of defined benefit obligations	Fair value of plan assets	Net liabilities of defined benefit
1 January	$ 34,171	($ 1,546)	$ 32,625
Current service cost	3,406	-	3,406
Interest (income) expenses	168	(7)	161
	37,745	(1,553)	36,192
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	(21)	(21)
Effect of changes in demographic assumptions	1,131	-	1,131
Experience adjustment	(1,478)	-	(1,478)
	(347)	(21)	(368)
Contribution to retirement fund	-	(40)	(40)
Exchange differences	(1,068)	-	(1,068)

December 31	$ 36,330	($ 1,614)	$ 34,716

(4) The Company's defined benefit retirement plan fund assets are entrusted to the Bank of Taiwan to operate in accordance with the proportion and amount of the entrusted operating projects specified in the annual investment and utilization plan of the Fund, in accordance with the provisions of Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (that is, to deposit with domestic and foreign financial institutions, to invest in domestic and foreign listed or privately placed equity securities, and to invest in domestic and foreign real estate securitized commodities, etc.). The relevant operation is supervised by the Labor Retirement Fund Supervisory Board. The minimum income to be allocated to the annual accounts of the Fund shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank. If there is any deficiency, it shall be supplemented by the national treasury upon the approval by the competent authority. Since the Company does not have the rights to participate in the operation and management of the Fund, hence it is not possible to disclose the classification of the fair value of the assets of the Plan in accordance with paragraph 142 of IAS 19. For details on the fair value of the funds' total assets as of December 31, 2022 and December 31, 2021, please refer to the annual report on the operation of the Labor Retirement Fund published by the Government.

(5) The actuarial assumptions in relation to pensions are summarized as follows:

	In 2022	In 2021
Discount Rate	1.375%～1.50%	0.50%
Future salary increase rate	2.00%	2.00%

Future mortality assumptions for 2022 and 2021 are estimated based on the Sixth Experience Life Table of Taiwan Life Insurance.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions used is as follows:

	Waon Company			
	Discount Rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Impact on the present value of defined benefit obligations				
December 31, 2022	($ 876)	$ 909	$ 893	($ 865)
December 31, 2021	($ 878)	$ 915	$ 891	($ 860)

	Waon Company Taiwan Branch			
	Discount Rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Impact on the present value of defined benefit obligations				
December 31, 2022	($ 76)	$ 79	$ 77	($ 75)
December 31, 2021	($ 92)	$ 95	$ 92	($ 90)

The above sensitivity analysis is based on analyzing the influence of single assumption change with others remaining the same. In practice the change of many assumptions may be serial. Sensitivity analysis is conducted in the same method of calculating the net retirement fund liability in the balance sheet.

The method and assumptions used in preparing the sensitivity analysis for the period are the same as before.

(6) The Group's anticipated contribution for retirement plans within the next one year is NTD 40.

(7) As of December 31, 2022, the weighted average duration of the pension plan is 8～14 years.

2. Defined contribution plan

(1) The Waon Company allocates pensions to designated account of the provident fund in accordance with the Mandatory Provident Fund Schemes Ordinance of Hong Kong.

(2) The Taiwan Branch of Waon Company contributes 6% of the salary sum to the designated account for Labor Retirement Fund of the Bureau of Labour Insurance in accordance with the Labour Pension Act. The payment of the employee's retirement pension is based on the individual employee's retirement pension account and the amount of accumulated income by monthly payment or in a lump sum.

(3) Airmate Shenzhen, Airmate Jiujiang and Airmate Technology shall allocate pension insurance premiums in accordance with the pension insurance system stipulated by the Government of the People's Republic of China at a fixed rate based on the total salary of local employees every month. Retirement benefits for each employee are managed and arranged by the Government, and the Group has no further obligations other than the monthly contribution.

(4) In 2022 and 2021, the Group recognized pension costs of NT$48,582 and NT$41,286 under the above pension scheme, respectively.

(XXII) Other Non-current Liabilities

	December 31, 2022	December 31, 2021
Long-term deferred income	$ 73,960	$ 76,031
Other compensation	-	585,409
	$ 73,960	$ 661,440

1. Long-term deferred income is mainly incentives for the purchase of housing tax provided by the Jiujiang Economic and Technological Development Zone Management Committee, which is amortized as other income for the period of 5 to 50 years. The changes in the current period are as follows:

	2022	2021
1 January	$ 76,031	$ 79,727
Amortization in the current period	(3,268)	(3,267)
Net exchange differences	1,197	(429)
December 31	$ 73,960	$ 76,031

The above long-term deferred income amortization is listed under "Other income", please refer to Note 6 (27).

2. Other compensation is the compensation received in advance for the land development project of the old factory in Shenzhen Industrial Zone. The development project has been completed, and the real estate title certificate was obtained in January 2022, and the transaction has been completed, so it is transferred to the disposal of assets. Please refer to Note 6 (28) and 12 (4).

(XXIII) Share Capital

1. As of December 31, 2022, the Company had an authorized capital of NTD 2,162,500 divided into 216,250,000 shares. The paid-up capital is NTD 1,455,445 with a nominal value of NTD 10 per share. The issued shares capital of the Company have been received.

2. The adjustment of the number of the Company ordinary shares in circulation at the beginning and end of the period are as follows:Unit: Thousand shares

	2022	2021
1 January	145,545	139,588
Distribution of share dividends	-	5,584
Conversion of Convertible Corporate Bonds	-	1,370
Write-off of Treasury Shares	-	(997)
December 31	145,545	145,545

3. On August 5, 2021, the Company resolved at the Ordinary Shareholders' Meeting to allocate share dividends of NTD 55,835 from the 2020 distributable earnings, increasing the capital by issue of 5,584,000 new shares, with a par value of NTD10 per share, and allocate 40 shares per 1000 shares free of charge according to the shareholding ratio of the shareholders recorded in the register of shareholders on the base date of issuance of the new shares.

   The proposed capital increase was approved by the Financial Supervisory Commission and the Chairman was authorized by resolution of the Board of Directors to fix the base date for the capital increase as September 21, 2021.

   On March 15, 2023, the Company resolved at the Ordinary Shareholders' Meeting to allocate share dividends of NTD 72,77 from the 2022 distributable earnings, increasing the capital by issue of 7,277,000 new shares, with a par value of NTD10 per share, and allocate 50 shares per 1000 shares free of charge according to the shareholding ratio of the shareholders recorded in the register of shareholders on the base date of issuance of the new shares. As of the date of the audit report, it has not been resolved by the shareholders' meeting.

4. Treasury shares

   (1) In order to protect the Company's credit and shareholders' interests, the Company repurchased 997,000 shares of the Company between March 16 to May 15, 2021, with a total acquisition cost of NTD 27,262. On August 18, 2021, the Board of Directors resolved to cancel 997,000 shares of treasury shares, with a capital reduction amount of NTD 9,970. On August 25, 2021, with the consent of Taiwan Stock Exchange Co., Ltd., the cancellation was completed on August 30, 2021.

   (2) The Securities and Exchange Act provides that the number of shares bought back by the Company may not exceed ten percent of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital reserve.

   (3) In accordance with the Securities and Exchange Act, the treasury shares held by the Company may not be pledged or enjoy the rights of shareholders prior to being transferred.

   (4) Pursuant to the Securities and Exchange Act, the shares repurchased to protect the credit and shareholders' interests of the Company shall be registered for cancellation within six months from the date of repurchase.

5. For the conversion of convertible corporate bonds, please refer to Note 6(20).

(XXIV)Capital Surplus

In accordance with the Company Act, the capital surplus from the excess amount of the shares issued in excess of the par value and the capital surplus received from gifts shall be used to compensate for losses, and when the Company has no cumulative losses, it shall be distributed as new shares or cash in proportion to the original shareholding ratio of the shareholders. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the above capital surplus is allocated to the capital, the total amount of the capital surplus shall not exceed 10% of the paid-up capital each year. The Company shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

The details of the Company's capital surplus are as follows:

	2022			
	Issuance premium	**Overdue expiration of employee share option**	**Share option of convertible corporate bonds**	**Total**
1 January	$ 1,210,231	$ 7,425	$ 13,969	$ 1,231,625
Redemption of corporate bonds upon maturity	-	-	(2,899)	(2,899)
December 31	**$ 1,210,231**	**$ 7,425**	**$ 11,070**	**$ 1,228,726**

	Issuance premium	Trading of treasury shares	2021 Overdue expiration of employee share option	Share option of convertible corporate bonds	Total
1 January	$1,195,688	$ 6,164	$ 7,425	$ 15,264	$1,224,541
Conversion of Convertible Corporate Bonds	23,165	-	-	(1,143)	22,022
Redemption of Convertible Corporate Bonds	-	-	-	(152)	(152)
Write-off of Treasury Shares	(8,622)	(6,164)	-	-	(14,786)
December 31	$1,210,231	$ -	$ 7,425	$ 13,969	$1,231,625

(XXV) Retained Earnings

1. In accordance with the Articles of Incorporation of the Company, during the period when the Company's shares are listed for sale on a trading platform or are listed on the Stock Exchange, the Board of Directors shall, when proposing the distribution of surplus earnings, make provision for the following from the surplus earnings of each fiscal year:

   (a) Provision for the payment of the relevant tax for the fiscal year;

   (b) Amount to offset past losses;

   (c) 10% surplus reserve (also referred to as “statutory surplus reserve”, unless the statutory surplus reserve has reached the paid-in capital of the Company); and

   (d) Special Reserve as required by the securities supervisory authority in accordance with the rules on company with public issuance.

   If there is remaining surplus, it shall be combined with cumulative undistributed surpluses over the previous years in part or whole and distribute to shareholders as dividend according to shareholding ratio, under the precondition of being in compliance with the Cayman Company Law, after setting aside the employees compensation and the amount to be distributed have been approved by the Board of Directors to be in line with the previously formulated dividend policy in line with the Articles of Incorporation. Dividends to be distributed to shareholders may be in the form of share dividends and cash dividends, provided that the cash dividend shall not be less than fifty percent of the dividend distributed to shareholders in accordance with the foregoing provision; unless otherwise decided by the Board of Directors and at the Shareholders' Meeting, any remaining profits shall be distributed as shareholders' dividends in accordance with the Cayman Company Law and the rules of the Public Offering Company, after taking into account financial, business and operational factors, and shall not be less than twenty-five percent of the profits after tax for the year.

2. Legal Reserve

   In accordance with provisions of the Company Act, the Company shall contribute 10% of the net profit after tax as a legal reserve until the amount of the reserve is equivalent with the total amount of capital. When there is no loss in the Company, the legal reserve will be used to issue new shares or cash upon resolution at the Shareholders'

Meeting, but shall be limited to the part of the reserve that has exceeded 25% of the paid-up capital.

On June 10, 2022, the Company passed a resolution at the ordinary shareholders' meeting to adopt the 2021 loss appropriation to cover the loss with the statutory surplus reserve of NT$109,850.

3. Special Reserve

The amount of interest arising out of retained earnings of cumulative translation adjustment generated due to financial statement translation of foreign operation under the item of shareholders equity by the Company when applying the exemption item in IFRS No.1 "First-time Adoption of International Financial Reporting Standards" was NTD185,271 thousand. Besides, in accordance with the provision of FSC Jin-Guan-Zheng-Fa-Zi No. 1010012865 on April 6, 2012, the same amount was recognized as a special reserve, and when relevant assets are used, handled, and re-classified, the earnings are distributed according to the ratio of the original recognized special reserve.

In accordance with the above provisions, in distributing distributable earnings by the Company, the difference between the net amount recognized of other shareholders equity deduction occurred in the current year and the special reserve balance mentioned above is set aside as special reserve from current year profit or loss and previous undistributed earnings; the cumulative other shareholders' equity deduction through previous cumulation is set aside as special reserve that could not be distributed from previous undistributed earnings. Afterward, if other shareholders' equity deduction has been reversed, the reversal shall be applicable to earnings distribution.

4. Earnings distribution

(1) On August 5, 2021, the Shareholders' Meeting resolved the profit distribution plan for year 2020. The details of the dividends distributed to owners of ordinary shares are as follows:

	In 2020	
	Shares allotment rate (NTD)	Amount
Cash	$ 0.60	$ 83,753
Stock Dividend	0.40	55,835
		$ 139,588

(2) On June 10, 2022, by the resolution of the Board of Directors, dividends will not be distributed due to the operation is at loss in year 2021.

(3) On March 15, 2023, the profit distribution plan for year 2020 is resolved by the Shareholders' Meeting, but yet to be reported at the Shareholders' Meeting. The details of the dividends distributed to owners of ordinary shares are as follows:

	In 2022	
	Shares allotment rate (NTD)	Amount
Cash	$ 0.50	$ 72,772
Stock Dividend	0.50	72,772
		$ 145,544

(XXVI)Operating Income

1. The Group's operating income is derived from customer contract revenue mainly from the transfer of control over commodities to customers to meet performance obligations. Revenue can be broken down into the following geographical areas and main product lines:

	In 2022	In 2021
Main regional markets		
China	$ 5,153,850	$ 5,295,449
Other countries	4,067,013	4,861,142
	$ 9,220,863	**$ 10,156,591**
Main products:		
Electric fans	$ 5,878,253	$ 6,712,792
Electric heaters	1,831,760	1,790,037
Others	1,510,850	1,653,762
	$ 9,220,863	**$ 10,156,591**

2. Contract Liabilities

The Group recognizes the contract liabilities related to the customer contract revenue as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract Liabilities	$ 365,995	$ 252,743	$ 309,422

Income Recognized in the Current Period from the Contract Liabilities at the Beginning of the Period

From the opening balance of the Group's contract liabilities, the amounts of income recognized in 2022 and 2021 were NTD 224,967 and NTD 309,422, respectively.

3. Refund liabilities

The Group gives the right to return the goods to some domestic distributors of electrical appliances in mainland China. When the products are transferred to the distributors, the anticipated return sum from part of the consideration received is recognized as a refund liability. The right to recover the goods when the distributors return the goods is recognized as a right to the products to be returned. As at December 31, 2022 and 2021, the balance of the Group's rights to products to be returned based on historical return information of similar product transactions was NTD 34,280 and NTD 65,266, respectively, and the balance of the refund liabilities was NTD 52,146 and NTD 94,350, respectively.

(XXVII) Other Incomes

	In 2022	In 2021
Government subsidy income (Note)	$ 35,017	$ 31,671
Hire income	12,242	3,041
Amortization of Long-term Deferred Income	3,268	3,267
System annual fee income	2,556	2,762
Other income derived from security deposit received	1,390	2,663
Others	19,104	19,722
	$ 73,577	**$ 63,126**

Note: Government subsidy income refers to the government compensation for acquisition of land and vocational training subsidies, etc.

(XXVIII) Other Gains and Losses

	In 2022	In 2021
Gain on disposal of assets (Note)	$ 705,571	$ -
Gain (loss) on foreign currency exchange	39,039	(32,953)
Gain (loss) on redemption of bonds	(1,631)	297
Loss (gains) on disposal of property, plant and equipment	(11,334)	775
Net (loss) profit from financial assets measured at fair value through profit or loss	(4,769)	4,588
Miscellaneous Disbursements	(12,135)	(10,758)
	$ 714,741	**($ 38,051)**

Note: For disposal of assets and interests, please refer to Note 12, (4).

(XXIX) Finance Costs

	In 2022	In 2021
Interest Expense		
Bank loans	$ 23,019	$ 22,138
Convertible Corporate Bonds	6,871	7,147
	$ 29,890	**$ 29,285**

(XXX) Additional Information on the Nature of the Expense

	In 2022	In 2021
Employee Benefits Expenses	$ 1,278,674	$ 1,457,441
Depreciation expense for property, plant and equipment	401,717	405,820
Depreciation expense of right-of-use assets	4,930	4,822
Depreciation expense for investment properties	212	-
Amortization expense for intangible assets	2,745	4,993
	$ 1,688,278	$ 1,873,076

(XXXI) Employee Benefits Expenses

	In 2022	In 2021
Salary Expenses	$ 1,175,130	$ 1,358,574
Labor insurance expense (Note)	43,007	38,732
Retirement benefit Expenses	51,944	44,853
Other personnel costs	8,593	15,282
	$ 1,278,674	$ 1,457,441

Note: Including insurances like local medicare, unemployment, work injury and birth for subsidiaries in Mainland China.

1. In accordance with the provisions of the Articles of Incorporation of the Company, unless otherwise provided by the Cayman Company Law, the Rules on Public Offering Company or the Articles of Incorporation, if the Company is profitable at a particular fiscal year, the remuneration of employees and directors shall be allocated as follows:

   (1) Five percent to Ten percent for the remuneration of employees, including employees of affiliated companies; and

   (2) Not more than three percent for the remuneration of directors (not including independent directors).

   Distribution of the employees' and directors' remuneration shall be resolved at Board of Directors' Meetings, with over two-thirds of directors in attendance and approved by over half of the directors present in the meeting, and reported at the Shareholder's Meeting. However, when the Company is at a cumulative loss, the make-up sum shall first be retained, and then allocate the employees' and directors' remunerations at the percentage mentioned above. The above "profit" refers to the net profit before tax of the Company. For the avoidance of doubt, net profit before tax refers to the amount before payment of remunerations for employees and directors. Without violating the provisions of any applicable laws, the above-mentioned employees' remunerations shall be in the form of cash or shares.

2. For year 2022, the estimated sum of employee compensation is NTD 28,808; the estimated sum of directors' compensation is NTD 8,642, which are included under Salary Expense. In 2021, due to losses, no provision was made for employee compensation and director compensation.

The expenses of estimated employee compensation and director compensation in 2022 are estimated based on a certain proportion of the amount of accumulated losses retained to make up for the profit situation in the current period. The employees' and directors' compensation for year 2022, as resolved by the Board of Directors, were NTD 28,808 and NTD 8,642, respectively, which is not different from the amount recognized in employee compensation and director compensation of the 2022 Annual Financial Report.

Information on the remuneration of employees and directors passed by the Board of Directors of the Company can be found at the Market Observation Post System.

(XXXII) Income Tax

1. Income tax expense (profit)

(1) Components of income tax expense (benefit):

		In 2022		In 2021
Current income tax:				
Income tax generated from current income	$	5,409	$	2,653
Underestimation of income tax in the previous year		55		7,064
		5,464		9,717
Deferred income tax:				
Occurrence and reversal of temporary differences		60,045	(	55,319)
Income tax expense (profit)	$	65,509		($ 45,602)

(2) Income tax expense (profit) and accounting profit relationship

		In 2022		In 2021
Net profit (net loss) before tax calculated based on statutory tax rate (Note)	$	285,877	($	126,745)
Impact of items that can not be recognized according to the tax law	(	195,252)		106
Changes in realisable assessment of deferred income tax assets	(	14,224)		57,924
Unrecognized deferred income tax asset from tax loss		537		20,039
Underestimation of income tax in the previous year		55		7,064
Others	(	11,484)	(	3,990)
Income tax expense (profit)	$	65,509	($	45,602)

Note: The basis of the applicable tax rate is calculated at the rate applicable to the income of the relevant country.

2. Deferred income tax assets and liabilities arising from temporary differences and tax losses are as follows:

	1 January	In 2022 Recognized in profit or loss	December 31
Deferred income tax assets:			
Temporary differences:			
Expected Credit Loss	$ 29,972	$ 3,888	$ 33,860
Loss on Inventory Shortage	50,466	(530)	49,936
Other compensation	85,038	(85,038)	-
Others	25,504	623	26,127
Levy duty loss	42,251	45,369	87,620
	$ 233,231	**($ 35,688)**	**$ 197,543**
Deferred income tax liabilities:			
Temporary differences:			
Gain on disposal of assets	**$ -**	**$ 24,357**	**$ 24,357**

	1 January	In 2021 Recognized in profit or loss	December 31
Deferred income tax assets:			
Temporary differences:			
Expected Credit Loss	$ 25,142	$ 4,830	$ 29,972
Loss on Inventory Shortage	42,978	7,488	50,466
Other compensation	86,109	(1,071)	85,038
Others	23,683	1,821	25,504
Levy duty loss	-	42,251	42,251
	$ 177,912	**$ 55,319**	**$ 233,231**

3. The expiration date of the Group's unused tax losses and the relevant amounts of unrecognized deferred income tax assets are as follows:

December 31, 2022

Region	Year of occurrence	Amount yet to be offset	Amount of unrecognized deferred income tax assets	Last Year of Deduction
China	2021	$ 285,377	$ 2,739	2026
China	2022	88,050	-	2027
Hong Kong	2022	105,155	-	Indefinite duration
		$ 478,582	**$ 2,739**	

Region	Year of occurrence	Amount yet to be offset	Amount of unrecognized deferred income tax assets	Last Year of Deduction
		December 31, 2021		
China	2021	$ 338,855	$ 80,157	2026

4. The applicable tax rates for each entity consolidated are as follows:

   (1) For the Waon Company, in accordance with Hong Kong tax law, the income tax rates of 16.5% shall apply if the income is derived domestically in Hong Kong.

   (2) In accordance with the tax laws of the Republic of China, the income tax rate of the profit-making business of the Waon Company Taiwan Branch is 20%.

   (3) In accordance with the tax laws of Mainland China, the income tax rate applicable to Shenzhen Airmate, Airmate Technology, Airmate Electronic Commerce and Material Technology is 25% if the tax preference is not applied.

   On December 4, 2018, Jiujiang Airmate obtained the preferential tax treatment for high-tech enterprises at the applicable tax rate of 15%, which is valid for three years and expires in 2020. Plus, in November 2021, Jiujiang Airmate once again obtained the preferential tax treatment for high-tech enterprises at the applicable tax rate of 15%, which is valid for three years and expires in 2023.

5. Income Tax Audit

   The corporate income tax of Jiujiang Airmate, Shenzhen Airmate and Airmate Electronic Commerce has been reported to the local tax authorities up to year 2021; Waon Company's corporate income tax has been reported to the local tax authorities and has been reviewed by the local tax authorities up to year 2021; Waon Company Taiwan Branch's profit-making business income tax return has been reviewed by the tax audit authority up to year 2020.

(XXXIII) Earnings (loss) per share

	After-tax amount	Weighted average number of foreign shares in thousand	Earning Per Share (NTD)
	In 2022		
Basic earnings per share			
Net profit in the current period attributable to common shareholders of the parent company	$ 473,197	145,545	$ 3.25
Diluted earnings per share			
Net profit in the current period attributable to common shareholders of the parent company			
Influence of potential common stock with diluting effect	**$ 473,197**	**145,545**	
Convertible Corporate Bonds	6,907	14,154	
Employee Remuneration	-	1,759	
Effect of net profit in the current period plus potential common shares attributable to common shareholders of the parent company	$ 480,104	161,458	$ 2.97

	In 2021		
	After-tax amount	**Weighted average number of foreign shares in thousand**	**Loss per share (NTD)**
Basic and diluted loss per share			
Net loss in the current period attributable to ordinary shareholders of the parent company	($ 307,227)	145,743	($ 2.11)

The inclusion of the dilutive employee remuneration and convertible corporate bonds in year 2021 resulted in anti-dilution effect, hence it is therefore not included in the calculation of diluted losses per share.

(XXXIV) Supplementary Information on Cash Flow

1. Investment activities with only partial cash payment:

	In 2022	In 2021
Purchase of property, plant and equipment	$ 229,502	$ 180,826
Less: Acquisition of asset exchange transactions (Note)	(100,524)	-
Cash paid for acquisition of property, plant and equipment	$ 128,978	$ 180,826

Note: Please refer to Note 12, (4).

2. Investment and financing activities that do not affect cash flow:

	In 2022	In 2021
Transfer of prepayments for equipment to property, plant and equipment	$ 37,333	$ 64,384
Transfer of prepayments for equipment to intangible assets	$ -	$ 634
Investment property transferred from asset exchange transactions	$ 9,563	$ -
Convertible corporate bonds converted into share capital and capital surplus	$ -	$ 35,726

(XXXV) Changes in Liabilities due to Financing Activities

	January 1, 2022	Cash Flow	Non-cash changes/exchange rate changes	December 31, 2022
Short-term loans	$ 759,392	($ 249,710)	$ 46,841	$ 556,523
Long-term loans (including long-term liabilities due within one year)	8,551	(8,726)	175	-
Corporate bonds payable (including long-term liabilities due within one year)	646,695	(304,530)	11,401	353,566
Security Deposits Received	110,870	(7,170)	1,757	105,457
Other Non-current Liabilities	661,440	(1,852)	(585,628)	73,960
Total liabilities from financing activities	$ 2,186,948	($ 571,988)	($ 525,454)	$ 1,089,506

	January 1, 2021	Cash Flow	Non-cash changes/exchange rate changes	December 31, 2021
Short-term loans	$ 315,302	$ 449,514	($ 5,424)	$ 759,392
Long-term loans (including long-term liabilities due within one year)	-	8,551	-	8,551
Corporate bonds payable (including long-term liabilities due within one year)	679,997	(4,567)	(28,735)	646,695
Security Deposits Received	111,485	(15)	(600)	110,870
Other Non-current Liabilities	668,302	-	(6,862)	661,440
Total liabilities from financing activities	$ 1,775,086	$ 453,483	($ 41,621)	$ 2,186,948

(XXXVI) Operation Seasonality

The primary products of the Group are electric fans and electric heaters, hence the operation is subject to seasonal fluctuation due to weather conditions. Among them, the sales of electric fan in the first quarter of each year is unfavorably influenced by winter weather conditions; downstream customers will order in advance in the second quarter to meet the demand of electric fan in summer and in the fourth quarter to meet the demand for electric heater in winter; in July it will depend on changes in the weather; while in August to September, the sale is stagnant. The Group tries to meet the supply demand for the period through flexible adjustment of the production of electric fans, electric heaters and other products according to the market adjustment, weather changes and customer demand, as well as inventory management satisfy the demand during these periods to reduce the seasonal impact.

VII. Related Party Transaction

(I) The Names and Relationships of the Related Parties

Name of Related Party	Relationship with the Group
Zhejiang Airmate Electrical Appliance Sales Co., Ltd.	Associated Enterprises
Tung Fu Electric Co Limited	Other related party. The chairman of the Board of Directors of this company is the Chairman of the Board of Directors of the Company
Rui-Bin, Shih	Chairman of the Board of Directors of the Company
Zheng-Fu, Cai	Director of the Company

(II) Significant Transactions with Related Parties

1. Operating Income

	In 2022	In 2021
Merchandise sales:		
Associated Enterprises	$ 85,178	$ 65,659
Other related party	92,851	101,372
	$ 178,029	$ 167,031

The transaction price and payment terms for the sale of goods are agreed upon by both parties. No guarantee or interest is received for receivables from related parties, and no provision for losses has been made after assessment.

2. Purchase

	In 2022	In 2021
Product Purchase:		
Other related party	$ -	$ 783

The transaction price of the Company's purchase of goods from related parties are agreed upon by both parties, and the payment is to be settled within 30 days.

3. Receivables from related parties

	December 31, 2022	December 31, 2021
Notes receivable:		
Associated Enterprises	$ 11,937	$ 2,215
Trade receivables:		
Other related party	16,746	7,235
	$ 28,683	$ 9,450

4. Expenses paid to related parties

The related expenses incurred by the Group for the services rendered by the related parties are as follows:

	Transaction amount			
	In 2022		In 2021	
Associated Enterprises	$	4,946	$	3,732
Other related party		552		548
	$	5,498	$	4,280

	Other payable payment to related party			
	December 31, 2022		December 31, 2021	
Associated Enterprises	$	2,760	$	3,536
Other related party		6		6
	$	2,766	$	3,542

The outstanding balance with this type of related party shall be settled with cash within three months from the reporting date, and for common expenses, the payment shall be made within the same month. There is no significant difference between the transaction price and those with non-related parties.

5. Endorsement and Guarantee Provided by Related Parties

As at December 31, 2022 and 2021, some of the key Management of the Group act as joint guarantor for the Group's financing from financial institutions.

(III) Information on Remuneration of Key Management

	In 2022		In 2021	
Short-term Employee Benefits	$	38,235	$	34,277
Post-employment Benefits		30		66
	$	38,265	$	34,343

VIII. Pledged Assets

The details of the carrying value of the assets pledged and guaranteed by the Group are as follows:

Assets	Book value: December 31, 2022	Book value: December 31, 2021	Pledge guarantee object
Financial Assets at Amortized Cost - Current:			
Reimbursable account	$ 256,696	$ 269,799	Guarantee of acceptance on notes payable
Reimbursable account	6,323	5,535	Short-term loan and financing limit
Pledged time deposits and reimbursable accounts	-	164,956	Corporate bonds guarantee limit
Property, Plant and Equipment	1,509,882	242,098	Short-term loan and financing limit
Right-of-use Assets	88,038	37,156	Short-term loan and financing limit
Guarantee deposits (listed under "other non-current assets")	20,258	63,969	Long-term loans and performance bond
	$ 1,881,197	**$ 783,513**	

IX. Significant Commitments and Contingencies: Nil.

X. Material Disaster Losses: Nil.

XI. Subsequent Events

(I) For the distribution of earnings in 2022 resolved by the Board of Directors on March 15, 2023, please refer to Note 6 (25).

(II) For issuance of new shares through transfer of earnings to increase in capital resolved by the Board of Directors on March 15, 2023, please refer to Note 6 (23).

XII. Others

(I) Capital Management

The Group's capital management objectives are based on sound capital to maintain the confidence of investors, creditors and markets and to support the development of future operations. Capital includes the share capital, capital surplus, retained earnings and other equity interests of the Group. The Board of Directors controls the capital return rate and the ordinary shares dividend level.

The Group's debt-to-capital ratios as at December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Total Liabilities	$ 5,609,950	$ 7,192,796
Less: cash and cash equivalents	(898,784)	(449,654)
Net liability	$ 4,711,166	$ 6,743,142
Total Equity	$ 3,214,905	$ 2,756,924
Liability capital ratio	**146.54%**	**244.59%**

(II) Financial Instruments

1. Types of financial instruments

at amortized cost	December 31, 2022	December 31, 2021
Financial Assets at Fair Value through Profit or Loss		
Financial assets mandatorily measured at fair value through profit or loss		
Wealth management products	$ 43,956	$ -
Derivatives — forward foreign exchange contracts	-	4,477
Convertible bonds — redemption rights	-	36
	$ 43,956	$ 4,513
Financial Assets at Fair Value through Other Comprehensive Income		
Accounts receivable expected to be sold	$ 2,272	$ 18,410
Financial Assets at Amortized Cost		
Cash and Cash Equivalents	$ 898,784	$ 449,654
Financial Assets at Amortized Cost	263,019	440,290
Notes Receivable	842,396	1,322,860
Accounts Receivable	917,504	1,147,259
Other Receivables	137,575	29,055
Refundable Deposits	20,258	63,969
	$ 3,079,536	$ 3,453,087

Financial liabilities through amortized cost	December 31, 2022	December 31, 2021
Short-term loans	$ 556,523	$ 759,392
Notes Payable	1,433,202	1,795,376
Accounts Payable	1,739,558	2,247,637
Other Payables	814,340	548,801
Corporate bonds payable (including long-term liabilities due within one year)	353,566	646,695
Long-term loans (including long-term liabilities due within one year)	-	8,551
Security Deposits Received	105,457	110,870
	$ 5,002,646	$ 6,117,322

2. Risk Management Policy

The Group's financial management department provides services to various business units, coordinates access to domestic and international financial markets, and oversees and manages the financial risks associated with the Group's operations through internal risk reporting which analyzes the risk exposure according to their risk level and breadth. The Group uses derivative financial instruments to avoid exposure to risk in order to mitigate the impact of such risks. The use of derivative financial instruments is governed by the policies approved by the Board of Directors of the Group and is governed by the written principles of exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investment of residual liquidity. The Internal Auditors continuously review the conformity to policies and risk exposure limits. The Group does not deal in financial instruments (including derivative financial instruments) for speculative purposes.

3. Nature and extent of material financial risk

(1) Market risk

Market risk refers to the risk of changes in market prices, such as changes in exchange rates, interest rates and equity instruments, affecting the Group's earnings or the value of financial instruments held. The objective of market risk management lies in optimizing the investment return by controlling the market risk exposure within the acceptable range.

The Group manages market risk by engaging in derivative transactions and thereby generating financial liabilities. The execution of all transactions must abide by the designated staff authorized by the Board of Directors.

<u>Exchange rate risk</u>

A. The Group is exposed to exchange rate risk arising from sales, purchases and borrowing transactions that are not denominated in the functional currencies of each Group companies. The functional currency of the Group companies is mainly NTD, followed by RMB and HKD. The main currencies used in these transactions are denominated in NTD, RMB, JPY, USD and HKD.

The Group uses short-term loans and derivative financial instruments to hedge against exchange rate risk in order to avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows due to changes in exchange rates. The use of such derivative financial instruments may assist the Group in reduction, but not the complete elimination of the effects of changes in foreign currency exchange rates. As 50% of the Group's sales region come from China in the recent years and are denominated in RMB, the other 50% mainly come from Europe, USA, Japan and South Korea, and mainly denominated in USD and JPY, while the import is mainly denominated in RMB. Therefore, in addition to the natural hedging of the RMB from the import and sales, the change in the exchange rate of the remaining different currencies still has an offsetting effect. In addition to the natural hedging, the Group also chooses to prevent exchange rate risk through forward foreign exchange contracts and exchange rate option contracts in due time. However, as the Group considers the growth of future operations, the holding of foreign currencies will continue to increase and domestic funds and future dividends distribution to domestic investors are required to be exchanged in USD, so the risk of exchange rate fluctuation of USD against the NTD will arise; therefore, the Group will strengthen the control over foreign exchange, and the possible response measures are as follows:

(a) Continuously strengthen the concept of foreign exchange hedging among finance personnel, and determine the trend of exchange rate fluctuations using methods such as the real-time online exchange rate system and the strengthening contacts with financial institutions as the basis for reference.

(b) To the extent possible, make payment for the purchase and related expenses by sales revenue in the same currency to achieve the natural hedging effect.

(c) Decide whether to adopt derivatives for hedging to avoid exchange rate risks according to the Company's operational status.

B. The Group's financial assets and liabilities which are exposed to significant foreign currency exchange rate risk (including monetary items in non-functional currency denominations that have been eliminated in the Consolidated Financial Statements) are as follows:

	December 31, 2022		
	Foreign currency (thousands)	Currency Exchange Rate	NTD
at amortized cost			
Monetary Items			
USD	$ 94,324	30.7100	$ 2,896,690
JPY	1,145,651	0.2324	266,249
RMB	529	4.4084	2,332
HKD	189	3.9380	744
Financial Liabilities			
Monetary Items			
USD	86,099	30.7100	2,644,100
JPY	3,400	0.2324	790
HKD	1,282	3.9380	5,049

	December 31, 2021		
	Foreign currency (thousands)	Currency Exchange Rate	NTD
at amortized cost			
Monetary Items			
USD	$ 102,574	27.6800	$ 2,839,248
JPY	510,503	0.2405	122,776
RMB	3,039	4.3408	13,192
HKD	191	3.5490	678
Financial Liabilities			
Monetary Items			
USD	103,535	27.6800	2,865,849
JPY	12,495	0.2405	3,005
HKD	235	3.5490	834

C. The Group's exchange rate risk arises primarily from cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables, etc. denominated in foreign currencies, which results in foreign currency exchange gains and losses in translation. In 2022 and 2021, when the value of NTD depreciates or appreciates by 5% against USD, HKD and JPY, the net profit before tax for 2021 and 2020 would increase or decrease by NTD 25,804 and NTD 5,310, respectively, using the same basis for both periods of analysis and all other factors remained unchanged.

D. The Group's exchange losses recognized in respect of monetary items in 2022 and 2021 due to exchange rate fluctuations (both realised and unrealised) totalled at NTD 39,039 and NTD $32,953, respectively.

Interest rate risk

The Group's borrowings are measured at amortised cost and re-priced annually as contracted, thus exposing the Group to the risk of future changes in market interest rates. The Group's interest rate risk arises from long-term loans at floating interest rates. Currency market interest rates have risen slowly in recent years but remain at a relatively low level, therefore, the changes in loan rate of the Group's loans is minimal. However, if there is a significant fluctuation in future interest rate trends, and the Group still has demand for loan, in addition to adopting other capital market financing instruments, the Group has to observe interest rate trends and choose to borrow at fixed or floating interest rates to avoid the risk of interest rate fluctuations. If the loan interest rate increases or decreases by 1% in year 2022 and 2021, with all other factors remain unchanged, the increase or decrease in interest expense from the Group's loans floating interest rate will result in a decrease or increase in net profit after tax of NTD 0 and NTD 86 in 2022 and 2021, respectively.

(2) Credit risk

The Group's credit risk is the risk of financial loss arising from the inability of a customer or counterparty to meet its contractual obligations, mainly arising from accounts receivable from customers of the Group.

Investment

The credit risk of bank deposits (including repayable accounts and pledged time deposits), fixed income investments and other financial instruments are measured and monitored by the Group's Finance Department. As the transacting party and the counterparties of the Group are banks with good creditworthiness and financial institutions with investment grade and above, corporate bodies and government agencies, there are no significant performance concerns and therefore no significant credit risks.

Notes receivable, accounts receivable and other receivables

A. The Group's Finance Department together with the Market Department, establishes a credit policy under which the credit rating of each new customer is analysed individually before standard payment and delivery terms and conditions are granted according to the policy. The Group's review includes external ratings (if available) and, in certain cases, bank notes. Customers who do not meet the Group's benchmark credit rating may only transact with the Group on an advance receipt basis.

B. In monitoring the credit risk of customers, the Group categories the customers according to the credit characteristics of the customers, including whether they are individuals or legal entities; whether they are distributors, retailers or end customers; and the scale of operation, distributor target achievement rate and whether there was late payment. The Group's accounts receivable and other receivables are primarily attributed to the Group's customers who are distributors. Customers rated with high risk will be included into the list of restricted customers and put under the monitoring of Market Department, and future sales with this type of customers will be conducted on the advance receipt basis.

C. The Group has allocated an impairment loss allowance account to reflect the estimated loss on accounts receivable and other receivables. The main components of allowance account include specific loss components related to individual material risk exposure and portfolio loss components for losses already incurred yet unidentified within similar asset group. The portfolio loss allowance account is determined by historical payment statistical data of similar financial assets.

D. In accordance with the credit risk management procedures of the Group, a breach of contract is deemed to have occurred when the counterparty fails to honour the agreement between the parties without consulting the Company.

E. The Group applies a simplified approach to the estimation of expected credit losses for all notes receivable and accounts receivable, which are measured using the duration of the expected credit losses. For measurement purposes, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics of the ability to pay all amounts due on behalf of the customer in accordance with the terms of the contract, and have been included in the forward-looking information such as historical credit loss experience and reasonable expectations of future economic conditions.

The expected credit losses of the Group's notes receivable and accounts receivable are analyzed as follows:

December 31, 2021

Group A

Number of days overdue

	Not Overdue	Within 30 days	31~60 days	61~90 days	91~180 days	181~270 days	271~365 days	More than 366 days	Total
Total book value (including related parties)	$ 1,399,336	$ 99,076	$ 17,668	$ -	$ 28,153	$ 7,726	$ 5,556	$ -	$ 1,557,515
Expected credit loss during the duration	(2,206)	(2,580)	(742)	-	(1,627)	(2,345)	(5,556)	-	(15,056)
	$ 1,397,130	$ 96,496	$ 16,926	$ -	$ 26,526	$ 5,381	$ -	$ -	$ 1,542,459
Expected Loss Rate	0%~0.2%	0%~2.62%	0%~4.2%	0%~8.72%	0%~10.97%	0%~30.35%	0%~100%	0%~100%	

Group B

Number of days overdue

	Not Overdue	Within 30 days	31~60 days	61~90 days	91~180 days	181~270 days	271~365 days	More than 366 days	Total
Total book value (including related parties)	$ 174,367	$ 45,346	$ -	$ -	$ 3,267	$ -	$ 28	$ 42,983	$ 265,991
Expected credit loss during the duration	-	-	-	-	(3,267)	-	(28)	(42,983)	(46,278)
	$ 174,367	$ 45,346	$ -	$ -	$ -	$ -	$ -	$ -	$ 219,713
Expected Loss Rate	0%	0%	0%	0%	25%~100%	50%	75%~100%	100%	

December 31, 2021

Group A

Number of days overdue

	Not Overdue	Within 30 days	31~60 days	61~90 days	91~180 days	181~270 days	271~365 days	More than 366 days	Total
Total book value (including related parties)	$ 1,932,041	$ 143,099	$ 153,523	$ 7	$ 22,116	$ 12,023	$ 11,295	$ 10,041	$ 2,284,145
Expected credit loss during the duration	(1,813)	(3,653)	(6,969)	-	(1,055)	(4,333)	(7,477)	(10,041)	(35,341)
	$ 1,930,228	**$ 139,446**	**$ 146,554**	**$ 7**	**$ 21,061**	**$ 7,690**	**$ 3,818**	**$ -**	**$ 2,248,804**
Expected Loss Rate	0%~0.11%	0%~2.88%	0%~4.54%	0%~9.65%	0%~12.03%	0%~36.13%	0%~66.20%	100%	

Group B

Number of days overdue

	Not Overdue	Within 30 days	31～60 days	61～90 days	91～180 days	181～270 days	271～365 days	More than 366 days	Total
Total book value (including related parties)	$ 84,266	$ 81,861	$ 10,161	$ 344	$ 47,898	$ 54,341	$ -	$ 107	$ 278,978
Expected credit loss during the duration	-	-	-	-	(11,975)	(27,171)	-	(107)	(39,253)
	$ 84,266	**$ 81,861**	**$ 10,161**	**$ 344**	**$ 35,923**	**$ 27,170**	**$ -**	**$ -**	**$ 239,725**
Expected Loss Rate	0%	0%	0%	0%	25%	50%	75%	100%	

Group A: General Distributors and Foreign Sales Customers.

Group B: Customers such as e-commerce platforms and mass sales channels.

F. Changes in impairment losses on accounts receivable and notes receivable adopted by the Group in a simplified manner are as follows:

	In 2022	In 2021
Opening Balance	$ 74,594	$ 31,884
Provision for impairment loss	15,114	46,358
Reclassified to collections provisions	(29,757)	(207)
Amount written off due to irrecoverability	(61)	(3,267)
Effect of Exchange Rate Changes	1,444	(174)
Closing balance	$ 61,334	$ 74,594

The Group recognized impairment losses of NTD 15,114 and NTD 46,358 on receivables arising from customer contracts in 2022 and 2021, respectively.

G. The Group's credit risk exposure is mainly affected by the individual circumstances of each customer. However, the Management also considers the statistical information of the Group's customer base, including the risk of default in the customer's industry and country, as these factors may affect credit risk.

(3) Liquidity risk

A. Liquidity risk is the risk that the Group will not be able to settle its financial liabilities in cash or other financial assets and not able to meet the relevant obligations. The Group's approach to managing liquidity is to ensure, to the extent possible, that the Group has sufficient liquidity to meet its liabilities as they fall due under both normal and pressuring circumstances, without incurring unacceptable losses or exposing the Group to reputational damage.

B. The Group ensures that sufficient cash is available to meet the anticipated operating expense requirements for 60 days, including the fulfilment of financial obligations, but excludes potential impacts that cannot be reasonably expected in extreme circumstances, such as natural disasters. In addition, the Group's unused lines of credit as at December 31, 2022 and 2021 totalled at NTD 2,167,809 and NTD 1,386,565 respectively.

C. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities closed on a net or aggregate basis, grouped according to the relevant maturity dates. Non-derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to the contract maturity date; derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to the expected maturity date. The amounts of contractual cash flows disclosed in the following table is the undiscounted amounts.

	December 31, 2022			
	Within 1 year	**1~2 years**	**2~3 years**	**More than 3 years**
Non-derivative financial liabilities:				
Short-term loans	$ 557,557	$ -	$ -	$ -
Notes Payable	1,433,202	-	-	-
Accounts Payable	1,739,558	-	-	-
Other Payables	814,340	-	-	-
Corporate Bonds Payable	358,100	-	-	-
	$ 4,902,757	$ -	$ -	$ -

	December 31, 2021			
	Within 1 year	**1~2 years**	**2~3 years**	**More than 3 years**
Non-derivative financial liabilities:				
Short-term loans	$ 769,660	$ -	$ -	$ -
Notes Payable	1,795,376	-	-	-
Accounts Payable	2,247,637	-	-	-
Other Payables	548,801	-	-	-
Corporate Bonds Payable	300,000	358,100	-	-
Long-term Loans	882	8,287	-	-
	$ 5,662,356	$ 366,387	$ -	$ -

As of December 31, 2021, the principal of loans due "within 1 year" and "1～2 years" amounted to NT$8,195. the principal and interest repaid by the Company in advance in September 2022 amounted to NT$8,401. In addition, the Group does not anticipate the timing of cash flows analysed at maturity to be materially earlier or the actual amount to be materially different.

(III) Information on Fair Value

1. The hierarchy of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

   Level 1: quoted prices (unadjusted) in the active market for the same assets or liabilities that an enterprise may acquire at the measurement date. An active market is a market in where assets or liabilities are traded with sufficient frequency and quantity to provide pricing information on a continuing basis. The wealth management products invested by the Group is included.

   Level 2: The observable input value of the asset or liability, directly or indirectly, except for the quotation included in Level 1. The fair values of hybrid instruments, derivatives and accounts receivable expected to be sold invested by the Company are all included.

   Level 3: non-observable input value of the asset or liability.

2. For the fair value information of investment property measured at cost, please refer to Note 6, (12).

3. Financial instruments not measured at fair value

   Includes cash and cash equivalents, assets measured at amortized cost, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, corporate bonds payable (including those maturing within one year or one operating cycle), long-term loans (including those maturing within one year or one operating cycle), and the carrying amount of security deposits received is a reasonable approximation of fair value.

4. The Group classified financial and non-financial instruments measured at fair value according to the nature, characteristics and risks of assets and liabilities and fair value level. The relevant information is as follows:

   (1) The Group's classification based on the nature of assets and liabilities, the relevant information is as follows:

December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Repetitive fair value				
Financial Assets at Fair Value ough Profit or Loss				
Wealth management products	$ 43,956	$ -	$ -	$ 43,956
Financial Assets at Fair Value ough Other Comprehensive Income				
Accounts receivable expected to sold	-	2,272	-	2,272
	$ 43,956	**$ 2,272**	**$ -**	**$ 46,228**
Liabilities: None.				

December 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Repetitive fair value				
Financial Assets at Fair Value through Profit or Loss				
Convertible bonds - redemption rights	$ -	$ 36	$ -	$ 36
Derivatives - forward exchange agreement	-	4,477	-	4,477
Financial Assets at Fair Value through Other Comprehensive Income				
Accounts receivable expected to be sold	-	18,410	-	18,410
	$ -	**$ 22,923**	**$ -**	**$ 22,923**
Liabilities: None.				

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

A. When evaluating non-standard and less complex financial instruments, such as debt instruments with no active market, the Group employs valuation techniques widely used by market participants. The parameters used in the evaluation model of such financial instruments are generally market-observable information.

B. The evaluation of wealth management products is to use the net value of the market price as the input value of the fair value (that is, the first level).

C. The valuation of derivative financial instruments is based on valuation models that are widely accepted by market users, such as the discounting method and the option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward foreign exchange rate.

D. The Group incorporates credit risk valuation adjustments into the fair value calculation of financial and non-financial instruments to reflect the credit risk of counterparties and the Group's credit quality respectively.

5. There were no transfers between Level 1 and Level 2 in year 2022 and 2021.

(IV) Old Plant Land Development Plan

On June 3, 2016, the Group signed a joint development agreement with Shenzhen Baoan TCL Haichuang Valley Technology Park Development Co., Ltd. (hereinafter referred to as TCL Haichuang Valley) and Shenzhen TCL Real Estate Co., Ltd. for the land development of the old factory in Shenzhen Industrial Zone. The land development project of the old factory has been completed and a real estate title certificate was obtained in January 2022; the real estate transferred, part of which is intended for the Group's own use and part will be sold at an appropriate time in the future; the recognition of relevant income in 2022 is as follows, please also refer to Note 6 (10) Real estate, plant and equipment, (12) Investment property, (22) Other non-current liabilities and (28) Other gains and losses.

Nature of earnings	**Recognized income amount**		**Explanation**
Compensation income	$	605,047	1
Converted property - for own use		100,524	2
Converted property - to be sold		-	3
Total	$	705,571	

1. The Group had previously received RMB200,000 thousand (equivalent to NT$885,844) of land development compensation for the old Shenzhen Industrial Zone after deducting the deferred development cost — book value of the old fixed asset building of RMB20,435 thousand (equivalent to NT$90,512) and other related development investment costs OF RMB42,961 thousand (equivalent to NT$190,285). The balance was RMB136,604 thousand (equivalent to NT$605,047). As the land development of the old Shenzhen Industrial Zone was completed and the real estate title certificate was obtained in January 2022, the Group transferred the relevant compensation income to income.

2. In accordance with the IFRS Question and Answer Collection "Accounting Treatment of Joint Construction and Allocation of Housing Units" issued by the Accounting Research and Development Foundation on July 25, 2019, the landlord shall, upon completion of the construction, account for the allocation of the transferred houses and the exchanged land interests in accordance with the agreed proportions, and shall be the self-user according to the intended use, when the construction is completed and exchanged, In exchange for housing and land ownership transactions, the part of land exchanged for housing has commercial real disposal gains and losses; because the land development case of the old factory has been completed and a real estate title certificate has been obtained in January 2022, the Group has, in accordance with the above provisions, converted the use of the house for its own use, and its cost is measured at the fair value of the house. Asset gain of RMB22,695 thousand (converted into NT$100,524).

3. In accordance with the IFRS Question and Answer Collection "Accounting Treatment of Joint Construction and Allocation of Housing Units" issued by the Accounting Research and Development Foundation on July 25, 2019, the landlord is the seller according to the expected use for the accounting treatment of the houses transferred and the land shares exchanged after the completion of the joint construction according to the agreed proportion. Since the landlord's exchange of the land into the house and the land ownership transaction is an exchange for the sale of future premises, the real estate exchange should be considered in conjunction with the subsequent sale of the premises; since the land development case of the old factory has been completed and a real estate title certificate has been obtained in January 2022, the Group will exchange the purpose of the house for the proposed seller in accordance with the above provisions. In the future, it will be sold to a third party, and the relevant disposal interests will be recognized.

   In addition, the Group's book value of RMB2,159 thousand (converted into NT$9,563) in exchange for land use rights belonging to future sellers, is shown under investment real estate items, please refer to Note 6. (12) Investment property items.

(V) Explanation on the impact of the COVID-19 pandemic on the Group's operations

Due to the impact of the COVID-19 pandemic and a number of preventive measures implemented by government entities, the Group has taken timely corresponding measures, allocated the production capacity of each plant and closely liaised with suppliers and customers to adjust the delivery strategy and arrange the delivery time. The COVID-19 pandemic has limited impact on the Group's overall operations and financial position. The Group will continue to follow the development of the pandemic and adjust the strategy in a timely manner.

XIII. Note Disclosure

(I) Information on Significant Transactions

1. Funds Loaned to Others: Please refer to Schedule I.
2. Endorsement or Guarantee for Others: Please refer to Schedule II.
3. Marketable securities held at the end of the period (excluding parts controlled by investment subsidiaries, Associates and Joint Venture): Please refer to Schedule III.
4. Cumulative amount of buying or selling negotiable securities to reach NTD 300 million or over 20% of the paid-up capital: None
5. The amount of acquiring property to reach NTD 300 million or over 20% of the

paid-up capital: None

6. The amount of disposing of property to reach NTD 300 million or over 20% of the paid-up capital: None
7. The amount of goods purchased and sold transacted with related parties amounted to NTD 100 million or over 20% of the paid-up capital: Please refer to Schedule IV.
8. Receivables from related parties amounted to NTD 100 million or over 20% of the paid-up capital: Please refer to Schedule V.
9. Engagement in derivative instrument transactions: Please refer to the explanation in Note 6(2).
10. Significant transactions and amounts of business relationships between the Parent Company and the Subsidiaries and between Subsidiaries: Please refer to Schedule VI.

(II) Information on Investees

Relevant information such as the name and location of the investee company (excluding the investee companies in Mainland China): Please refer to the Schedule VII.

(III) Information on Investments in Mainland China

1. Basic information: Please refer to Schedule VIII.
2. Significant transactions that occurred directly or indirectly through third-region undertakings and reinvestment in investee companies in Mainland China: Nil.

(IV) Information of Major Shareholders

Information on Major Shareholders: Please refer to Schedule X.

XIV. Segment Information

(I) General Information

The reportable departments of the Group are categorized into the Domestic Market and Export market. The Domestic Market is the business unit responsible for sales in Mainland China. The Export Market is the business unit responsible for sales in Northeast Asia, Europe, and America.

(II) Information on the Reporting Department's profit and loss, assets, liabilities and measurement basis and adjustment

The Group uses the departmental pre-tax profit and loss (excluding income tax, non-frequently occurring profit or loss, gains and losses on financial assets measured at fair value and exchange gains and losses) in internal management reports reviewed by the key operational decision makers as the basis for resource allocation and performance evaluation. The information and adjustment of operating segments of the consolidated company were as follows:

	In 2022			
	Domestic sales market	Export sales market	Adjustment and elimination	Total
Revenue:				
Revenue from external customers	$ 5,153,850	$ 4,067,013	$ -	$ 9,220,863
Inter-departmental revenue	691,348	3,832,030	(4,523,378)	-
Total revenue	$ 5,845,198	$ 7,899,043	($ 4,523,378)	$ 9,220,863
Report department profit or loss	($ 204,748)	$ 5,244	$ 738,210	$ 538,706
Report department assets	$ 6,935,008	$ 15,705,926	($ 13,816,079)	$ 8,824,855

	In 2021			
	Domestic sales market	Export sales market	Adjustment and elimination	Total
Revenue:				
Revenue from external customers	$ 5,295,449	$ 4,861,142	$ -	$ 10,156,591
Inter-departmental revenue	1,013,704	4,724,085	(5,737,789)	-
Total revenue	$ 6,309,153	$ 9,585,227	($ 5,737,789)	$ 10,156,591
Report department profit or loss	($ 72,565)	($ 252,196)	($ 28,068)	($ 352,829)
Report department assets	$ 6,967,462	$ 14,891,932	($ 11,909,674)	$ 9,949,720

In 2022 and 2021, the total reported department revenue should be written off, excluding interdepartmental income of NT$4,523,378 and NT$5,737,789; in 2022 and 2021, the reported departmental profit and loss adjustment items are the net (loss) income of financial assets measured at fair value through profit or loss, foreign currency exchange gain (loss), bond redemption (loss) income, and disposal asset income of NT$738,210 and (NT$28,068), respectively.

(III) Information by Product or Service Segment

Please refer to Note 6 (26).

(IV) Information by Geographical Segment

The Group's breakdown by geographical locations for 20221 and 2021 are as follows:

	In 2022		In 2021	
	Revenue	Non-current Assets	Revenue	Non-current Assets
China	$ 5,153,850	$ 3,078,150	$ 5,295,449	$ 3,240,123
Japan	1,350,583	-	1,609,564	-
South Korea	1,380,645	-	1,441,321	-
Others	1,335,785	-	1,810,257	-
Total	$ 9,220,863	$ 3,078,150	$ 10,156,591	$ 3,240,123

(V) Information of Major Customers

The Group's major customers information for 2022 and 2021 are as follows:

	In 2022		In 2021	
	Revenue	**Percentage of total sales**	**Revenue**	**Percentage of total sales**
From a customer in the Export Market Department	$ 1,020,346	11%	$ 1,040,212	10%

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Airmate (Cayman) International Co Limited and Subsidiaries
Funds Loaned to Others
January 1 to December 31, 2022

Unit: NT$ Thousands

Schedule 1

(Unless otherwise specified

No. (Note 1)	Companies that lend funds	Counterparty	Transaction item	Is it a related party	Maximum amount in the current period	Closing balance	Actual disbursement amount	Interest range	Capital loans and its nature (Note 2)	Amount of business transactions	Reasons for the need for short-term financing	Appropriated amount for loss allowance	Collateral Name	Collateral Value	Limit for individual objects	Capital loans and total limits	Remark
1	Airmate International Co. Limited China	Airmate Electric Appliances (Shenzhen) Co Limited	Long-term receivables - related parties	Yes	$ 499,308	$ 475,871	$ 475,871	2%~2.5%	2	$ -	Business turnover	$ -	Nil	$ -	$2,178,168	$ 4,356,336	Note 3
2	Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Long-term receivables - related parties	Yes	1,081,884	1,057,967	1,057,967	2%~2.5%	2	-	Business turnover	-	Nil	-	1,849,965	3,699,930	Note 3
2	Waon Development Co Limited	The Company	Other receivables - related parties	Yes	800,000	800,000	745,821	-	2	-	Business turnover	-	Nil	-	1,479,972	3,699,930	Note 3
3	Airmate Technology (Shenzhen) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	Other receivables - related parties	Yes	13,524	-	-	4.3%	2	-	Business turnover	-	Nil	-	21,766	54,417	Note 3
3	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	Other receivables - related parties	Yes	44,885	44,082	-	-	2	-	Operating turnover	-	Nil	-	1,121,588	2,803,971	Note 3

Note 1: The explanation for this column is as follows:
(1) Fill 0 for the issuer.
(2) The investee company is numbered sequentially starting with Arabic numeral 1 for each entity.

Note 2: Capital loans and its nature code:
(1) Companies with business transactions
(2) Company which requires short-term financing.

The operating procedures for fund lending to others are as follows:
(1) The amount of individual loans for the company or bank which has business transactions with the company lending funds shall not exceed the amount of business transactions between the two parties. The term "business transaction" refers to the purchase or sale of goods by both parties.
(2) The amount of individual loans for the company or bank with short-term financing funds necessary shall be limited to 40% of the net value of the company lending funds
(3) The amount of individual loans for the company or bank with short-term financing funds necessary shall be limited to 40% of the net value of the company lending funds.
(4) The amount of financing for individual counterparty which engages in capital lending to the subsidiaries with the company lending funds shall be limited to no more than 50% of the net value of the company's latest financial statements
(5) The total loan and amount of the company lending funds shall not exceed 40% of the net value of the company lending funds; provided, however, that the total amount of the loan does not exceed 100% of the net value of the company lending funds between foreign companies directly or indirectly holding 100% of the voting shares of the parent company, or 100% of the voting shares held directly or indirectly by the parent company

Note 3: The above transactions had been written off in preparing the consolidated financial report.

Airmate (Cayman) International Co Limited and Subsidiaries
Endorsement or Guarantee for Others
January 1 to December 31, 2022

Schedule 2

Unit: NT$ Thousands
(Unless otherwise specified)

		Recipient ofendorsements/guarantees												
No. (Note 1)	Endorsement Guarantor Company Name	Company name	Relationship (Note 2)	Endorsement guarantee limit for single enterprise	Maximum endorsement guarantee balance for the current period	Endorsement guarantee balance at the end of the period	Actual disbursement amount	Endorsement guarantee amount secured by property.	Ratio of accumulated endorsement guarantee amount to the net value of the latest financial statements	Maximum limit of endorsement Guarantee	Endorsement guarantee to the subsidiary by the parent company	Endorsement guarantee to the parent company by a subsidiary	Endorsement Guarantee to Mainland China.	Remark
0	The Company	Waon Development Co Limited	2	$ 6,429,810	$ 2,287,265 (US $71,000 thousand)	$ 2,180,410 (US $71,000 thousand)	$ 185,527 (US $6,041 thousand)	$ -	67.82%	$16,074,525	Y	N	N	Note 3
0	The Company	Airmate Electric Appliances (Jiujiang) Co. Limited	2	6,429,810	390,347 (US $1,200 thousand) (RMB 82,000 thousand)	361,472 (RMB 82,000 thousand)	66,564 (RMB 15,100 thousand)	-	11.24%	16,074,525	Y	N	Y	Note 3, Note 4
0	The Company	Airmate Electric Appliances (Shenzhen) Co Limited	2	6,429,810	448,262 (US $1,200 thousand) (RMB 93,500,000)	427,448 (US $1,000,000) (RMB 90,000 thousand)	30,857 (RMB 7,000 thousand)	-	13.30%	16,074,525	Y	N	Y	Note 3, note 5
1	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	4	5,607,942	2,024,024 (RMB 449,000 thousand)	1,838,218 (RMB 417,000 thousand)	766,984 (RMB 173,990 thousand)	-	65.56%	14,019,855	N	N	Y	Note 3
2	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	4	3,839,236	2,019,845 (RMB 450,000 thousand)	1,983,689 (RMB 450,000 thousand)	957,860 (RMB 217,291 thousand)	-	103.34%	9,598,090	N	N	Y	Note 3
3	Waon Development Co Limited	The Company	3	7,399,860	303,020	-	-	-	-	18,499,650	N	Y	N	Note 3

Note 1: The explanation for this column is as follows:
(1) Fill 0 for the issuer.
(2) The investee company is numbered sequentially starting with Arabic numeral 1 for each entity.

Note 2: There are 7 types of relationship between the endorsement guarantor and the endorsee as follows, please specify the type:
(1) Companies with business dealings.
(2) Companies where the Company directly or indirectly holds over 50% voting shares.
(3) Companies that directly or indirectly hold more than 50% of the voting rights in the company.
(4) The Company directly and indirectly holds more than 90% of the voting shares of the company.
(5) Companies that are mutually guaranteed by the contract between peers or co-contractors based on the needs of the underwriting project.
(6) Companies to which all investing shareholders endorse a guarantee based on its shareholding ratio as a result of the joint investment relationship.
(7) Joint and several guarantees of performance bonds for pre-sale housing sales contracts with peers in the same industry in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee procedures are as follows:
(1) For companies with business transaction, the total amount of endorsement guarantee shall not exceed 40% of the net value of the company, and individual objects shall not exceed the amount of business transactions.
(2) The total amount of the endorsement guarantee of the company exceeding 50% of the shares directly and indirectly held by the company shall not exceed 40% of the net value of the company, and the individual counterparty shall not exceed the amount of their investment.
(3) The total amount of the Company's overall external endorsement guarantee is limited to not more than 40 percent of the net value of the latest financial statements; and the limit for a single enterprise is limited to 40 percent of its net value.
For subsidiaries which the Company holds 100% voting shares and between subsidiaries, the endorsement guarantee shall not exceed 500% of the net value based on the latest financial report. For each individual counterparty, the amount of endorsement guarantee shall not exceed 200% of the net value based on the latest financial report. And the project shall be reported to the board of directors for review.

Note 4: Wherein the balance endorsement guarantee at the end of the period amounted to NT$330,615, which is the bank financing limit shared with Airmate Electric (Shenzhen) Co., Ltd., totaling to not more than NT$396,738; the actual disbursement amounted to NT$66,564.

Note 5: Wherein the balance endorsement guarantee at the end of the period amounted to NT$308,574, which is the bank financing limit shared with Airmate Electric (Jiujiang) Co., Ltd., totaling to not more than $396,738; the actual disbursement amounted to NT$30,8574.

The above transactions had been written off in preparing the consolidated financial report.

Airmate (Cayman) International Co Limited and Subsidiaries

Marketable securities held at the end of the period (excluding parts controlled by investment subsidiaries, Associates and Joint Venture)

January 1 to December 31, 2022

Schedule 3

Unit: NT$ Thousands

				End of the period				
Company held	**Types and names of negotiable securities**	**Relationship with Securities Issuer**	**Account Columns**	**Number of shares (thousand shares)**	**at the end of the period**	**Percentage of Ownership**	**Fair value**	**Remark**
Airmate e-Commerce (Shenzhen) Co., Ltd.	Bank of China wealth management - (1 month) shortest holding period net bond wealth management products	Nil	Financial Assets at Fair Value through Profit or Loss - Current	1,973	$ 8,852	-	$ 8,852	
Airmate e-Commerce (Shenzhen) Co., Ltd.	Bank of China wealth management - (3 months) shortest holding period net bond wealth management products	Nil	Financial Assets at Fair Value through Profit or Loss - Current	2,956	13,192	-	13,192	
Airmate e-Commerce (Shenzhen) Co., Ltd.	Bank of China wealth management - (6 months) shortest holding period net bond wealth management products	Nil	Financial Assets at Fair Value through Profit or Loss - Current	4,922	21,912	-	21,912	

Airmate (Cayman) International Co Limited and Subsidiaries

The amount of goods purchased and sold transacted with related parties amounted to NTD 100 million or over 20% of the paid-up capital

January 1 to December 31, 2022

Schedule 4

Unit: NT$ Thousands

(Unless otherwise specified)

			Transaction details				Cases and Reasons for Different Trading Conditions from General Trading		Notes and Accounts Receivable (Payable)		
Supplier (Buyer) Company	Transaction counterparty	Relationship	Purchase/Sale	Amount	Ratio to total inputs (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes receivable (paid) to accounts receivable	Remark
Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	Parent/Subsidiary Company	(Sales)	($ 2,604,073)	(85%)	According to mutual agreement	Note	Note	$ 2,061,801	92%	
Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	Parent/Subsidiary Company	(Sales)	(1,221,015)	(20%)	According to mutual agreement	Note	Note	751,391	33%	
Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	(Sales)	(422,103)	(14%)	According to mutual agreement	Note	Note	181,905	8%	
Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	Affiliated companies	(Sales)	(114,939)	(2%)	According to mutual agreement	Note	Note	88,164	4%	
Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate e-Commerce (Shenzhen) Co., Ltd.	Affiliated companies	(Sales)	(135,665)	(2%)	According to mutual agreement	Note	Note	2,808	0%	
Waon Development Co Limited	Airmate Electric Appliances (Shenzhen) Co Limited	Parent/Subsidiary Company	Purchase	2,604,073	68%	According to mutual agreement	Note	Note	(2,061,801)	(65%)	
Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Parent/Subsidiary Company	Purchase	1,221,015	27%	According to mutual agreement	Note	Note	(751,391)	(24%)	
Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	Affiliated companies	Purchase	422,103	10%	According to mutual agreement	Note	Note	(181,905)	(8%)	
Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	Purchase	114,939	100%	According to mutual agreement	Note	Note	(88,164)	(8%)	
Airmate e-Commerce (Shenzhen) Co., Ltd.	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	Purchase	135,665	100%	According to mutual agreement	Note	Note	(2,808)	(100%)	

Note：Except where there were no similar transactions as precedence, the trading conditions were determined by negotiation between the parties, while the remaining are not materially different from normal trading conditions.

Airmate (Cayman) International Co Limited and Subsidiaries

Receivables from related parties amounted to NTD 100 million or over 20% of the paid-up capital

December 31, 2022

Schedule 5

Unit: NT$ Thousands

(Unless otherwise specified)

The companies that record such transactions as receivables	Transaction counterparty	Relationship	Accounts receivable balance from related parties	Turnover	Overdue accounts receivable from related party: Amount	Overdue accounts receivable from related party: Handling method	Amount collected after the due date for accounts receivable from related parties	Appropriated amount for loss allowance
Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	Parent/Subsidiary Company	$ 2,443,237	1.30	$ -	-	$ 183,307	$ -
Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	456,717	1.53	-	-	-	-
Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Parent/Subsidiary Company	1,193,592	-	-	-	-	-
Waon Development Co Limited	The Company	Parent/Subsidiary Company	745,821	-	-	-	-	-
Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	Parent/Subsidiary Company	751,391	3.16	-	-	59,835	-
Airmate International Co. Limited China	Airmate Electric Appliances (Shenzhen) Co Limited	Parent/Subsidiary Company	656,978	-	-	-	-	-

Note：The above transactions had been written off in preparing the consolidated financial report.

Airmate (Cayman) International Co Limited and Subsidiaries

Significant transactions and amounts of business relationships between the Parent Company and the Subsidiaries and between Subsidiaries

January 1 to December 31, 2022

Schedule 6

Where the amount of transactionsbetween the parent company and its subsidiariesor between subsidiaries exceeds NTD 10,000,000 and is disclosed in Note 3, its counterpartytransactions will not be repeated.

Unit: NT$ Thousands

(Unless otherwise specified)

No. (Note 1)	Name of transacting party	Transacting party	Relationship with counterparty (Note 2)	Transaction terms: Account	Transaction terms: Amount	Transaction terms: Transaction terms	Transaction terms: Ratio to total consolidated revenue or total assets
0	The Company	Waon Development Co Limited	1	Other payables - capital loans	$ 745,821	Administered according to mutual agreement	8%
1	Airmate International Co. Limited China	Airmate Electric Appliances (Shenzhen) Co Limited	1	Long-term receivables - capital loans (Note 4)	656,978	Administered according to mutual agreement	7%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Sales	422,103	Administered according to mutual agreement	5%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Accounts Receivable	181,905	Administered according to mutual agreement	2%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Other Receivables	274,812	Administered according to mutual agreement	3%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Other Incomes	320,628	Administered according to mutual agreement	3%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	2	Sales	2,604,073	Administered according to mutual agreement	28%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	2	Accounts Receivable	2,061,801	Administered according to mutual agreement	23%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	2	Other Receivables	381,436	Administered according to mutual agreement	4%
3	Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	1	Long-term receivables - capital loans (Note 5)	1,154,597	Administered according to mutual agreement	13%
3	Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	1	Other Receivables	38,995	Administered according to mutual agreement	0%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	3	Sales	114,939	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	3	Notes Receivable	88,164	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	2	Sales	1,221,015	Administered according to mutual agreement	13%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	2	Accounts Receivable	751,391	Administered according to mutual agreement	9%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate e-Commerce (Shenzhen) Co., Ltd.	3	Sales	135,665	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Material Technology (Foshan) Co., Ltd.	3	Sales	15,002	Administered according to mutual agreement	0%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Zhejiang Airmate Electrical Appliance Sales Co., Ltd.	3	Sales	85,178	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Zhejiang Airmate Electrical Appliance Sales Co., Ltd.	3	Accounts Receivable	11,937	Administered according to mutual agreement	0%

Note 1: Fill in the numbers as follows:
(1) 0 stands for parent company.
(2) Subsidiaries are numbered sequentially starting with Arabic numeral 1 by company.

Note 2: The transaction was carried out in accordance with the agreement between the two parties and was not materially different from the ordinary transaction.
(1) Parent to Subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to Subsidiary.

Note 3: Only the information on the sale of goods and accounts receivable from the business relationship and significant transactions between the parent company and the subsidiary are disclosed, while the purchase of goods and accounts payable by the counterparty will not be described herein.

Note 4: The long-term receivables of Airmate International Co. Limited China from Airmate Electric Appliances (Shenzhen) Co Limited is NTD 475,871 in capital loans and NTD 181,107 in interest.

Note 5: The long-term receivables of Waon Development Co., Limited. from Airmate Electric Appliances (Jiujiang) Co. Limited is NTD 1,057,967 in capital loans and NTD 96,630 in interest.

Airmate (Cayman) International Co Limited and Subsidiaries

Relevant information such as the name and location of the investee company (excluding the investee companies in Mainland China)

January 1 to December 31, 2022

Schedule 7

Unit: NT$ Thousands

(Unless otherwise specified)

				Initial Investment (Note 1)		Number of Shares					
Name of Investor	**Name of investee**	**Location**	**Main business items**	**End of the current period**	**End of previous year**	**Held at the end of the Period**	**Ratio**	**at the end of the period**	**Profit or loss of investee for the current period**	**Recognized gains and losses on investments for the current period (Note 2)**	**Remark**
The Company	Airmate International Holding Limited	British Virgin Islands	Holding company	$ 1,964,657 (USD 63,974 thousand)	$ 1,964,657 (USD 63,974 thousand)	63,974,492	100%	$ 4,355,732	$ 539,862	$ 539,862	Directly invested subsidiary companies of the Company
Airmate International Holding Limited	Airmate International Co. Limited China	British Virgin Islands	Holding company	2,142,367 (USD 69,761 thousand)	2,142,367 (USD 69,761 thousand)	69,761,220	100%	4,356,336	540,084	540,084	Directly invested subsidiary companies of the Company
Airmate International Co. Limited China	Waon Development Co Limited	Hong Kong	Trading company	3,230,334 (HK $820,298 thousand)	3,230,334 (HK $820,298 thousand)	-	100%	3,699,930	466,974	466,974	Directly invested subsidiary companies of the Company

Note 1: Converted using the exchange rate of USD: NTD: 1: 30.7100, RMB: HKD: 1: 1.1194, HKD: NTD: 1: 3.9380 at the date of the financial report.
Note 2: The above transactions had been written off in preparing the consolidated financial report.

Airmate (Cayman) International Co Limited and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1 to December 31, 2022

Schedule 8

Unit: NT$ Thousands
(Unless otherwise specified)

Name of investee company in Mainland China	Main business items	Paid-up capital (Note 4)	Investment method (Note 1)	Cumulative investment amount transferred from Taiwan at the beginning of the current period	Exported or recovered investment amount for the current period (Note 2) Remit	Recovered	Cumulative investment amount transferred from Taiwan at the end of the current period	Book profit or loss of investee for the current period	Shareholding ratio of the Company's direct or indirect investment	Profit or loss on investment recognized in the current period	Book value of investments at the end of the period	Investment income recovered as of the current period	Remark
Airmate Electric Appliances (Shenzhen) Co Limited	Production and sale of household appliances and processing of precision mold	$ 982,720	(2)	$ -	$ -	$ -	$ -	$ 643,107	100%	$ 643,107	$ 2,803,971	$ -	Note 3 and 5
Airmate Electric Appliances (Jiujiang) Co. Limited	Production and sale of household appliances and processing of precision mold	2,235,688	(2)and(3)	-	-	-	-	(91,669)	100%	(91,669)	1,919,618	-	Note 3 and 5
Zhejiang Airmate Electrical Appliance Sales Co., Ltd.	Sales of electric appliances	46,286	(3)	-	-	-	-	366	40%	146	33,440	-	Note 3 and 5
Airmate Technology (Shenzhen) Co. Limited	Sales, research and development of household appliances	44,082	(3)	-	-	-	-	12,840	100%	12,840	54,417	-	Note 3 and 5
Airmate e-Commerce (Shenzhen) Co., Ltd.	Sales of household appliances	44,082	(3)	-	-	-	-	10,969	100%	10,969	58,664	-	Note 3 and 5
Material Technology (Foshan) Co., Ltd.	Sales of household appliances	2,204	(3)	-	-	-	-	(2,150)	100%	(2,150)	65	-	Note 3, 5, 6

Company name	Accumulated amount of investment remitted from Taiwan to Mainland China at the end of the current period	Investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs	Quota for investment in mainland China according to the Investment Review Committee of the Ministry of Economic Affairs
(Note 2)	-	-	-

Note 1: The investment methods are divided into the following three types. Please indicate the type as follows:
(1) Direct investment in mainland China.
(2) Reinvestment in Mainland China through a third region (Waon Development Co Limited).
(3) Other method, reinvestment through Airmate Electric Appliances (Shenzhen) Co Limited
Note 2: The Company is an overseas company, so it is not bound by the limitations of "Review Principles on Investment or Technological Cooperation in Mainland China".
Note 3: The financial reports audited by CPAs of the invested company during the same period will be recognized.
Note 4: Converted using the exchange rate of USD: NTD: 1: 30.7100, RMB: HKD: 1: 1.1194, HKD: NTD: 1: 3.9380 at the date of the financial report.
Note 4: Except for Zhejiang Airmate Electrical Appliance Sales Co., Ltd., the above transactions have been written off during the preparation of the Consolidated Financial Report.
It was newly established in July 2022 and is still in operation.

Airmate (Cayman) International Co Limited and Subsidiaries

Information of Major Shareholders

December 31, 2022

Schedule 9

Unit: shares

Name of Major Shareholders	Shareholding	
	Shares Held	Percentage of Ownership
Pearl Place Holding	27,145,738	18.65%

Note 1: This above information was calculated based on the shareholdings of the shareholders who holds more than 5% of the total common shares and preference shares of the Company (including treasury share) which has completed the non-physical registration and delivery as at the last business day of each quarter.

Note 2: For the above information, if the shares are held by a trust, it shall be disclosed by the name of the settlor who sets up the trust.

Note 3: The principle of preparation of this table is to calculate the distribution of the balance of each credit transaction with reference to the register of securities owners (short-selling not included) when the trading has been suspended by the extraordinary shareholders' meeting.

Note 4: Shareholding ratio (%) = the total number of shares held by the shareholder/the total number of shares delivered after completing the non-physical registration and delivery.

Note 5: The total number of shares (including treasury shares) that have been delivered and registered is 145,544,496 shares = 145,544,496 (common shares) + 0 (preference shares).