Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Financial Statements and CPA's Audit Report
2023 and 2022
(Stock Code: 1626)

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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 2023 and 2022

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Independent Auditors' Report

(24) CSBZ No. 23003990

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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022, and the consolidated financial performance and consolidated statements of cash flow as of January 1, 2023 and December 31, 2022.

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 2023 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 2023 Consolidated Financial Statements of the Airmate Group are as follows:

Impairment assessment of accounts receivable

Description of the Key Audit Matter

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.

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 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

Description of the Key Audit Matter

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. The objective is to identify and assess the significant risks of misrepresentation in the consolidated financial statements arising from fraud or errors. We will then develop and implement appropriate strategies to address these risks. Additionally, we will gather sufficient and appropriate audit evidence to support our audit opinion. It is important to note that the risk of significant misrepresentation due to fraud is higher than that resulting from errors, given the potential for collusion, forgery, intentional omissions, false statements, or circumvention of internal controls. 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 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 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. Adequate and relevant audit evidence is obtained to express an opinion on the consolidated financial statements of the entities within the group. The auditor is responsible for guiding, supervising, and conducting the group audit engagement, as well as forming the group audit

opinion. 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 2023 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

Certified Public Accountant

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, 2024

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NT$ Thousands

	Assets	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets					
1100	Cash and Cash Equivalents	6(1)	$ 671,369	8	$ 898,784	10
1110	Financial Assets at Fair Value through Profit or Loss - Current	6(2)	-	-	43,956	-
1136	Financial Assets at Amortized Cost - Current	6(3) and 8	438,364	5	263,019	3
1150	Net Amount of Notes Receivable	6(4) and 7	518,044	6	842,396	10
1170	Net Amount of Accounts Receivable	6(4) and 7	977,065	12	919,776	10
1200	Other Receivables	6(5)(6)	22,458	-	137,575	2
130X	Inventories	6(7)	2,156,420	27	2,174,374	25
1410	Advance Payment	6(8)	204,282	3	174,534	2
1479	Other Current Assets - Others		14,882	-	60,468	1
1481	Rights of Pending Returning Products - Current	6(26)	52,714	1	34,280	-
11XX	**Total Current Assets**		5,055,598	62	5,549,162	63
	Non-current Assets					
1517	Financial Assets at Fair Value through Other Comprehensive Income- Non-current	6(9)	2,341	-	-	-
1550	Investments Accounted for Using the Equity Method	6(10)	34,381	1	33,440	-
1600	Property, Plant and Equipment	6(11)(12),8 and 12 (4)	2,521,797	31	2,787,713	32
1755	Right-of-use Assets	6(12) and 8	195,611	3	203,685	2
1760	Net amount of investment properties	6(12)(13) and 12(4)	8,664	-	9,307	-
1780	Intangible Assets	6(14)	5,802	-	4,195	-
1840	Deferred Income Tax Assets	6(32)	190,699	2	197,543	2
1990	Other Non-current Assets - Others	6(15) and 8	98,708	1	39,810	1
15XX	**Total Non-current Assets**		3,058,003	38	3,275,693	37
1XXX	**Total Assets**		$ 8,113,601	100	$ 8,824,855	100

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Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NT$ Thousands

	Liabilities and Equities	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Liabilities					
2100	Short-term loans	6(16) and 8	$ 549,060	7	$ 556,523	6
2130	Contract Liabilities - Current	6(26)	309,398	4	365,995	4
2150	Notes Payable	6(17) and 8	1,506,892	19	1,433,202	16
2170	Accounts Payable		1,466,198	18	1,739,558	20
2200	Other Payables	6(18) and 7	770,258	9	814,340	9
2230	Current Income Tax Liabilities		701	-	3,240	-
2250	Provision - Current	6(19)	54,472	1	22,354	-
2320	Long-term Liabilities Due within One Year or One Operating Cycle	6(20) and 8	-	-	353,566	4
2365	Refund Liabilities - Current	6(26)	78,586	1	52,146	1
2399	Other Current Liabilities - Others		29,802	-	28,525	1
21XX	**Total Current Liabilities**		4,765,367	59	5,369,449	61
	Non-current Liabilities					
2570	Deferred income tax liabilities	6(32)	33,487	-	24,357	-
2640	Net Defined Benefit Liabilities - Non-current	6(21)	39,858	1	36,727	1
2645	Security Deposits Received		120,126	1	105,457	1
2670	Other Non-current Liabilities - Others	6(22)(27)	69,910	1	73,960	1
25XX	**Total Non-current Liabilities**		263,381	3	240,501	3
2XXX	**Total Liabilities**		5,028,748	62	5,609,950	64
	Equities Attributable to Owners of Parent Company					
	Share Capital	6(23)				
3110	Common Stock		1,528,217	19	1,455,445	16
	Capital Surplus	6(24)				
3200	Capital Surplus		1,217,656	15	1,228,726	14
	Retained Earnings	6(25)				
3310	Legal Reserve		117,657	1	69,854	1
3320	Special Reserve		278,317	3	261,181	3
3350	Undistributed Earnings		294,249	4	478,016	5
	Other Equities					
3400	Other Equities		(351,243)	(4)	(278,317)	(3)
3XXX	**Total Equities**		3,084,853	38	3,214,905	36
	Subsequent Events	11				
3X2X	**Total Liabilities and Equities**		$ 8,113,601	100	$ 8,824,855	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, 2023 and 2022

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

Code	Items	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating Income	6(12)(26) and 7	$ 8,401,753	100	$ 9,220,863	100
5000	Operating Cost	6(7)(12)(13)(21)(30)(31)	(6,574,707)	(78)	(7,777,614)	(85)
5900	Gross Profit		1,827,046	22	1,443,249	15
5910	Unrealized Sales Profit	6(10)	(11,003)	-	(15,667)	-
5920	Realized Sales Profit	6(10)	11,674	-	17,138	-
5950	Net Operating Profit		1,827,717	22	1,444,720	15
	Operating Expenses	6(14)(21)(30)(31) and 7				
6100	Selling Expenses		(1,406,426)	(17)	(1,146,692)	(12)
6200	Administrative Expenses		(311,214)	(4)	(416,647)	(5)
6300	Research and Development Expense		(135,232)	(1)	(109,238)	(1)
6450	Expected Credit Gain (Loss)	12(2)	12,819	-	(15,114)	-
6000	Total Operating Expenses		(1,840,053)	(22)	(1,687,691)	(18)
6900	Operating loss		(12,336)	-	(242,971)	(3)
	Non-operating Income and Expenses					
7100	Interest Income		18,565	-	23,103	-
7010	Other Incomes	6(12)(22)(27)	72,478	1	73,577	1
7020	Other Gains and Losses	6(20)(28) and 12(4)	(3,896)	-	714,741	8
7050	Finance Costs	6(16)(20)(29)	(35,911)	(1)	(29,890)	1
7060	Share of Profit or Loss of Associates and Joint Ventures Recognized under Equity Method	6(10)	842	-	146	(1)
7000	Total Non-operating Income and Expenses		52,078	-	781,677	9
7900	**Net profit before tax**		39,742	-	538,706	6
7950	Income Tax Expense	6(32)	(13,163)	-	(65,509)	(1)
8200	**Net Profit of the Current Period**		$ 26,579	-	$ 473,197	5
	Other Comprehensive Income					
	Items not Reclassified to Profit or Loss:					
8311	Re-measurements of Defined Benefit Plans	6(21)	$ 137	-	$ 4,819	-
	Items that may Subsequently be Reclassified to Profit or Loss:					
8361	Exchange Differences from Translation of Financial Statements of Foreign Operating Entities		(72,926)	(1)	(17,136)	-
8300	**Other Comprehensive Profit or Loss (Net)**		($ 72,789)	(1)	($ 12,317)	-
8500	**Total Comprehensive Income**		($ 46,210)	(1)	$ 460,880	5
	Net Profit Attributed to:					
8610	Owners of Parent Company		$ 26,579	-	$ 473,197	5
	Total Comprehensive Income Attributable to:					
8710	Owners of Parent Company		($ 46,210)	(1)	$ 460,880	5
	Earning Per Share	6(33)				
9750	Basic		$ 0.17		$ 3.10	
9850	Diluted		$ 0.17		$ 2.83	

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, 2023 and 2022

Unit: NT$ Thousands

		Equities Attributable to Owners of Parent Company						
				Retained Earnings				
	Note	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences from Translation of Financial Statements of Foreign Operating Entities	Total Equity
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 as of December 31, 2022		$ 1,455,445	$ 1,228,726	$ 69,854	$ 261,181	$ 478,016	($ 278,317)	$ 3,214,905
In 2023								
Balance on January 1, 2023		$ 1,455,445	$ 1,228,726	$ 69,854	$ 261,181	$ 478,016	($ 278,317)	$ 3,214,905
Net Profit of the Current Period		-	-	-	-	26,579	-	26,579
Other Comprehensive Income of the Current Period		-	-	-	-	137	(72,926)	(72,789)
Total Comprehensive Income		-	-	-	-	26,716	(72,926)	(46,210)
Appropriation and Distribution of 2022 Retained Earnings:								
Setting Aside Legal Reserve		-	-	47,803	-	(47,803)	-	-
Setting Aside Special Reserve		-	-	-	17,136	(17,136)	-	-
Cash Dividends for Ordinary Shares	6(25)	-	-	-	-	(72,772)	-	(72,772)
Share Dividend for Ordinary Shares	6(23)(25)	72,772	-	-	-	(72,772)	-	-
Redemption of Convertible Corporate Bonds	6(20)(24)	-	(11,070)	-	-	-	-	(11,070)
Balance as of December 31, 2023		$ 1,528,217	$ 1,217,656	$ 117,657	$ 278,317	$ 294,249	($ 351,243)	$ 3,084,853

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, 2023 and 2022

Unit: NT$ Thousands

		In 2023	In 2022
Cash Flows from Operating Activities			
Net profit before tax in the current period		$ 39,742	$ 538,706
Adjustment Items:			
Revenue and Expense Items			
Expected Credit Loss (Gain)	12(2)	(12,819)	15,114
Depreciation Expense	6(11)(12)(13)(30)	358,549	406,859
Amortization Expense	6(14)(30)	1,797	2,745
Interest Expense	6(29)	35,911	29,890
Interest Income		(18,565)	(23,103)
Share of Profit or Loss of Associates and Joint Ventures Recognized under Equity Method	6(10)	(842)	(146)
Loss (profit) from financial assets measured at fair value through profit or loss	6(28)	(1,580)	4,769
Loss (Gain) on Disposal of Property, Plant and Equipment	6(28)	(16,679)	11,334
Gain on disposal of assets	6(28)	-	(705,571)
Loss (gain) on redemption of corporate convertible bonds	6(20) (28)	(8,838)	1,631
Unrealized Sales Profit	6(10)	11,003	15,667
Realized Sales Profit	6(10)	(11,674)	(17,138)
Unrealized gain on foreign currency exchange		(9,568)	(843)
Amortization of Long-term Deferred Income	6(27)	(2,874)	(3,268)
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		45,436	(44,164)
Net Amount of Notes Receivable		314,956	503,398
Net Amount of Accounts Receivable		(57,328)	275,159
Other Receivables		114,043	(107,535)
Inventories		(18,420)	560,413
Advance Payment		(33,292)	89,455
Other current assets — other		26,566	11,343
Net Changes in Liabilities related to Operating Activities			
Contract liabilities — current		(52,026)	104,470
Notes Payable		96,937	(400,569)
Accounts Payable		(248,587)	(547,905)
Other Payables		(32,837)	265,297
Provision - Current		32,487	(6,085)
Refund Liabilities - Current		27,691	(43,878)
Other Current Liabilities - Others		1,979	25,367
Net Defined Benefit Liabilities - Non-current		3,269	6,830
Cash Inflow Generated from Operations		584,437	968,242
Interest Received		19,087	22,610
Interest Paid		(30,809)	(32,204)
Income Tax Acquired (Paid)		43,851	(11,666)
Net Cash Inflow from Operating Activities		616,566	946,982

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Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousands

	Note	In 2023	In 2022
Cash Flows from Investment Activities			
Acquisition of Financial Assets at Amortized Cost		($ 1,238,038)	($ 1,760,236)
Disposal of Financial Assets at Amortized Cost		1,020,569	1,944,572
Acquisition of Financial Assets at Fair Value through Other Comprehensive Income	6(9)	(2,341)	-
Acquisition of Property, Plant and Equipment	6(34)	(129,110)	(128,978)
Increase in Advance Payments for Equipment		(74,594)	(23,086)
Disposal of Property, Plant, and Equipment		33,855	14,128
Acquisition of Intangible Assets	6(14)	(3,507)	(1,291)
Other Non-current Assets - Other Decrease (Increase)		(3,541)	45,219
Net Cash (Outflow) Inflow from Investment Activities		(396,707)	90,328
Cash Flows from Financing Activities			
Proceeds from Short-term Loans	6(35)	1,729,880	2,385,238
Repayment of Short-term Loans	6(35)	(1,734,278)	(2,634,948)
Repayment of Long-term Loans	6(35)	-	(8,726)
Redemption of Convertible Corporate Bonds	6(20)(35)	(360,202)	(304,530)
Deposit margin increase (decrease)	6(35)	16,641	(7,170)
Other non-current liabilities - other decrease	6(35)	-	(1,852)
Cash Dividends Paid	6(25)	(72,772)	-
Net cash flows used in financing activities		(420,731)	(571,988)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(26,543)	(16,192)
Increase (decrease) in Cash and Cash Equivalents in the Current Period		(227,415)	449,130
Cash and Cash Equivalents at Beginning of the Current Period	6(1)	898,784	449,654
Cash and Cash Equivalents at End of the Current Period	6(1)	$ 671,369	$ 898,784

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
2023 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, 2024.

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 2023, 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 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
Amendments to IAS 12 "International tax reform - pillar two model rules"	May 23, 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.

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

The following table summarizes the Standards and Interpretations for New Issuance, Amendments and Revisions to the International Financial Reporting Standards applicable in 2024, as approved by the FSC: (IAS)

New, Revised and Amended Standards or Interpretations	International Accounting Standards Board effective date of issue
Amendments to IFRS 16 "Lease liabilities in after-sales leaseback"	January 1, 2024
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
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements"	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.

(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 Board
IFRS 17 (Insurance Contracts)	January 1, 2023
Amendments to IFRS 17 (Insurance Contracts)	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to International Accounting Standard No. 21: Lack of Exchangeability	January 1, 2025

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 IFRSs, as approved by FSC requires the use of a number of significant accounting estimates and the Management's judgment in the application of the Group's accounting policies, and involve a high degree of judgment 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, 2023	December 31, 2022	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 processing of precision mold	100%	100%	
Waon Company/ Shenzhen Airmate	Airmate Electrical Appliances (Jiujiang) Co., Limited (abbreviated as "Jiujiang Airmate")	Production and sale of household appliances and processing of precision mold	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%	100%	
Emtech E-commerce	Xiangdao Technology (Shenzhen) Co., Ltd (hereinafter referred to as "Xiangdao Technology")	Sales of household appliances	100%	-	Note 2

Note1: Waon Company and Shenzhen Airmate respectively reinvested in Jiujiang Airmate, holding90% and10%of equity interests.

Note2: The subsidiary invested in and gained control of the newly established company during July 2023.

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. Refers to equity investments not held for trading, for which the entity has irrevocably elected at initial recognition to present changes in fair value in other comprehensive income, or 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:

   (1) Changes in fair value of equity instruments are recognized in other comprehensive profit or loss. At the time of the derecognition, the cumulative gains or losses previously recognized in other comprehensive profit or loss will not be reclassified from equity to profit or loss and transferred under retained earnings. Dividend income is recognized in profit or loss when the right to receive dividends is established, the economic benefits related to the dividends are expected to be received, and the amount of dividends can be reliably determined.

   (2) 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, but control over the financial assets have not been retained.

(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. Net realizable value refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(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 recognize 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 unrealized gains and losses arising from the Group's transactions with the associates have been eliminated in proportion to the equity interests in the associates; unrealized losses shall also be eliminated unless the evidence shows that the assets transferred under that transaction have been impaired. 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. m 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. 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. 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	5 ~ 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 recognizes 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 recognizes 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 realized 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 bet ween 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

Cash dividends declared for distribution to the shareholders of the company are recognized as liabilities in the financial statements when declared by the Board of Directors. Stock dividends declared for distribution to the shareholders of the company are recognized as stock dividends to be distributed in the financial statements when declared by the shareholders' meeting and are subsequently transferred to ordinary share capital on the issuance date 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. 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 judgment 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, 2023	December 31, 2022
Cash On Hand	$ 1,156	$ 1,454
Cheques and Demand Deposits	670,213	897,330
	$ 671,369	$ 898,784

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, 2023	December 31, 2022
Financial assets at fair value through profit or loss — current:		
Wealth management products	$ -	$ 43,956

1. Please refer to Note 6 (27) Other gains and losses for the situation of financial assets at fair value through profit or loss recognized in profit or loss.
2. The Group does not provide any financial assets measured at fair value through profit or loss as pledge guarantee.
3. Please refer to Note 12(2) for information on the credit risk of financial assets measured at fair value through profit or loss.

(III) Financial Assets at Amortized Cost

	December 31, 2023	December 31, 2022
Current items:		
Reimbursable account	$ 438,364	$ 263,019

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 438,364 and NTD 263,019 as at 31 December 2023 and 2022 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, 2023	December 31, 2022
Notes Receivable	$ 806,713	$ 1,187,470
Less: Notes receivable transfer Allowance loss	(291,939)	(357,011)
	-	-
Net Amount of Notes Receivable	514,774	830,459
Notes receivable - related parties	3,270	11,937
	$ 518,044	$ 842,396
Accounts Receivable	$ 961,733	$ 964,364
Lease payments receivable	42,571	-
Less: Provision	(42,415)	(61,334)
Net Amount of Accounts Receivable	961,889	903,030
Accounts receivable - related parties	15,176	16,746
	$ 977,065	$ 919,776

Please refer to Note 6 (12) Lease Transaction for the explanation of lease payments receivable and please refer to Note 7 for information on related party transaction.

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

	December 31, 2023		December 31, 2022	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Not Overdue	$ 518,044	$ 747,707	$ 842,396	$ 731,307
Due date:				
Within 30 days	-	206,747	-	144,422
31～60 days	-	19,357	-	17,668
61 to 90 days	-	2,296	-	-
91 to 180 days	-	10,575	-	31,420
181-270 days	-	230	-	7,726
271 to 365 days	-	582	-	5,584
More than 366 days	-	31,986	-	42,983
	$ 518,044	$ 1,019,480	$ 842,396	$ 981,110

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

2. The balances of accounts and notes receivable as of December 31, 2023 and 2022, were generated from customer contracts, and the balance of accounts receivable under customer contracts as of January 1, 2022 was NTD 2,563,123.

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 1,495,109 and NTD 1,762,172 as at December 31, 2023 and 2022, respectively.

5. As at December 31, 2023 and 2022, the Group had financial assets measured at fair value through other comprehensive income in projected sales receivables of NTD 0 and NTD 2272, 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, 2023				
Amount of accounts receivable sold	Underwriting limit	Derecognized amount	Advanced amount	Interest Rate Range
US$ -	US$ 1,000,000	$ -	$ -	-

December 31, 2022				
Amount of accounts receivable sold	Underwriting limit	Derecognized amount	Advanced amount	Interest Rate Range
US$ 215,589	US$ 1,000,000	$ 6,625 (US$ 215,589)	$ -	-

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, 2023	December 31, 2022
Other receivables - collections	$ 112,111	$ 117,704
Subsidy receivable (Note)	-	120,776
Claims receivable sold	-	6,625
Other receivables - others	22,458	10,174
	134,569	255,279
Less: Provision	(112,111)	(117,704)
	$ 22,458	$ 137,575

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, 2023		
	Cost	Provision for loss on valuation	at the end of the period
Raw materials	$ 525,545	($ 52,207)	$ 473,338
Work-in-process	303,692	(22,322)	281,370
Finished product	1,578,024	(176,312)	1,401,712
	$ 2,407,261	($ 250,841)	$ 2,156,420

	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

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

	In 2023	In 2022
Cost of inventories sold	$ 6,534,592	$ 7,737,760
Loss on valuation (recovery gain)	2,151	(6,956)
Others	37,964	46,810
	$ 6,574,707	$ 7,777,614

2. Recovery of the net realizable 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, 2023	December 31, 2022
Prepayment	$ 58,319	$ 34,844
Prepaid Expenses	64,063	51,935
Retained tax amount	81,900	87,755
	$ 204,282	$ 174,534

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

Items	December 31, 2023
Non-current items:	
Equity instruments	
Stocks from unlisted companies	$ 2,341
Valuation adjustments	-
	$ 2,341

There was no such incident on December 31, 2022.

1. The Group has chosen to classify its investments in stocks from unlisted companies, which are strategic investments, as financial assets measured at fair value through other comprehensive income. The fair value of these investments on December 31, 2023, was NTD 2,341.
2. Without taking into account the collateral or other credit enhancements held, the financial assets at fair value through other comprehensive income that best represents the Group at the maximum exposure to credit risk were NTD 2,341 on 31 December 2023.
3. The Group did not provide any financial assets measured at fair value through other comprehensive income as pledge guarantee.
4. Please refer to Note 12(2) for information on the credit risk of financial assets measured at fair value through other comprehensive income.

(X) Investments Accounted for Using the Equity Method

	In 2023	In 2022
1 January	$ 33,440	$ 31,342
Share of Investments Accounted for Using the Equity Method	842	146
Net Unrealized Profit and Loss from the Sidestream Transactions Arising from Sales	671	1,471
Net exchange differences	(572)	481
December 31	$ 34,381	$ 33,440

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

	December 31, 2023	December 31, 2022
The book amount of equity at the end of the current period of individual non-material associates	$ 34,381	$ 33,440

	In 2023	In 2022
Share attributable to the Consolidated Company:		
Total comprehensive revenue amount of continuous operation units	$ 842	$ 146

1. The Group holds 40% of the shares of Zhejiang Airmate Electric Sales Co., Ltd. (hereinafter referred to as Zhejiang Airmate Company). 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 2023 and 2022 arising from the sales to the associates company Zhejiang Airmate Company are as follows:

	In 2023	In 2022
Unrealized gross profit from sidestream sales	($ 11,003)	($ 15,667)
Realized gross profit from sidestream sales	11,674	17,138
	$ 671	$ 1,471

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

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(XI) Property, Plant and Equipment

	Houses and Buildings: For personal use	Houses and Buildings: For lease	Houses and Buildings: Subtotal	Machinery and Equipment	Transportation Facilities	Office Equipment	Other Equipment	Unfinished works and equipment to be inspected	Total
January 1, 2023									
Cost	$2,619,198	$ 62,102	$2,681,300	$909,443	$ 49,548	$241,828	$2,575,403	$ 41,699	$ 6,499,221
Accumulated epreciation and impairment	(466,227)	(30,094)	(496,321)	(693,856)	(39,592)	(218,703)	(2,263,036)	-	(3,711,508)
	$2,152,971	$ 32,008	$2,184,979	$215,587	$ 9,956	$ 23,125	$ 312,367	$ 41,699	$ 2,787,713
2023									
1 January	$2,152,971	$ 32,008	$2,184,979	$215,587	$ 9,956	$ 23,125	$ 312,367	$ 41,699	$ 2,787,713
Additions	33,953	-	33,953	2,452	5,593	5,568	42,787	38,757	129,110
Reclassification (Note)	(57,928)	58,167	239	402	-	5,658	73,482	(61,577)	18,204
Depreciation Expense	(47,245)	(26,143)	(73,388)	(78,794)	(3,473)	(10,979)	(186,747)	-	(353,381)
Disposal – Cost	(4,237)	-	(4,237)	(179,720)	(3,479)	(22,764)	(126,824)	-	(337,024)
Disposal – Accumulated Depreciation	1,526	-	1,526	166,179	3,408	22,407	126,328	-	319,848
Net exchange differences	(38,723)	3,397	(35,326)	(2,279)	(193)	(379)	(4,133)	(363)	(42,673)
December 31	$2,040,317	$ 67,429	$2,107,746	$123,827	$ 11,812	$ 22,636	$ 237,260	$ 18,516	$ 2,521,797
December 31, 2023									
Cost	$2,527,173	$139,604	$2,666,777	$696,563	$ 50,388	$220,101	$2,299,747	$ 18,516	$ 5,952,092
Accumulated depreciation and impairment	(486,856)	(72,175)	(559,031)	(572,736)	(38,576)	(197,465)	(2,062,487)	-	(3,430,295)
	$2,040,317	$ 67,429	$2,107,746	$123,827	$ 11,812	$ 22,636	$ 237,260	$ 18,516	$ 2,521,797

	Houses and Buildings: For personal use	Houses and Buildings: For lease	Houses and Buildings: Subtotal	Machinery and Equipment	Transportation Facilities	Office Equipment	Other Equipment	Unfinished works and equipment to be inspected	Total
January 1, 2022									
Cost	$2,535,086	$ 468	$2,535,554	$1,004,492	$ 49,559	$239,054	$2,699,013	$ 32,642	$ 6,560,314
Accumulated depreciation and impairment	(416,713)	(204)	(416,917)	(712,852)	(40,026)	(209,078)	(2,279,644)	-	(3,658,517)
	$2,118,373	$ 264	$2,118,637	$ 291,640	$ 9,533	$ 29,976	$ 419,369	$ 32,642	$ 2,901,797
2022									
1 January	$2,118,373	$ 264	$2,118,637	$ 291,640	$ 9,533	$ 29,976	$ 419,369	$ 32,642	$ 2,901,797
Additions	106,779	-	106,779	8,788	1,835	4,920	43,458	63,722	229,502
Reclassification (Note)	(45,565)	46,189	624	500	2,093	509	88,476	(54,869)	37,333
Depreciation Expense	(63,594)	(9,823)	(73,417)	(76,612)	(3,554)	(12,791)	(235,343)	-	(401,717)
Disposal – Cost	(969)	-	(969)	(114,745)	(4,725)	(6,046)	(180,500)	-	(306,985)
Disposal – Accumulated Depreciation	336	-	336	101,100	4,617	6,039	169,431	-	281,523
Net exchange differences	37,611	(4,622)	32,989	4,916	157	518	7,476	204	46,260
December 31	$2,152,971	$ 32,008	$2,184,979	$ 215,587	$ 9,956	$ 23,125	$ 312,367	$ 41,699	$ 2,787,713
December 31, 2022									
Cost	$2,619,198	$ 62,102	$2,681,300	$ 909,443	$ 49,548	$241,828	$2,575,403	$ 41,699	$ 6,499,221
Accumulated depreciation and impairment	(466,227)	(30,094)	(496,321)	(693,856)	(39,592)	(218,703)	(2,263,036)	-	(3,711,508)
	$2,152,971	$ 32,008	$2,184,979	$ 215,587	$ 9,956	$ 23,125	$ 312,367	$ 41,699	$ 2,787,713

Note: The primary purpose is to transfer prepaid equipment payments. In addition, there was a transfer in 2023 due to a change in the use of investment properties. See Note 6, (13) for further information.

1. There is no capitalization of borrowing cost for the Group's property, plant and equipment in 2023 and 2022.
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 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
4. For the information on guarantees in the form of property, plant and equipment provided by the Group, refer to Note 8 for details.

(XII) Lease Transaction

1. 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 2023 and 2022 are as follows:

	Land use right	
	2023	**2022**
1 January	$ 203,685	$ 204,682
Depreciation Expense	(4,910)	(4,930)
Net exchange differences	(3,164)	3,933
December 31	$ 195,611	$ 203,685

(3) The depreciation details for the right to use assets are as follows:

	In 2023
Operating Cost	$ 1,151
Operating Expenses	3,759
	$ 4,910

(4) The information on the profit and loss items and total cash outflow from lease in relation to lease contracts are as follows:

	In 2023	**In 2022**
Items that affect the profit and loss of the current period		
Expenses attributable to short-term lease contracts	$ 17,193	$ 18,082
Expenses attributable to the lease of low-value assets	132	170
Total cash outflow from lease	$ 17,325	$ 18,252

(5) For the information on guarantees in the form of the right-of-use assets, refer to Note 8 for details.

2. Lessor

(1) The leased assets of the Group include land use rights and buildings. The lease contracts usually range from 2 years to 11 years. They are individually negotiated, containing various terms and conditions.

(2) During 2023, and 2022, the Group recognized hire income of NTD 82,139 and NTD 12,242, respectively, based on the operating lease contracts. There were no changes in lease payments.

(3) The lease payments analyzed at maturity for the operating leases leased by the Group are as follows:

	December 31, 2023	December 31, 2022
Within 1 year	$ 78,306	$ 32,872
More than 1 years but not exceeding 2 years	58,356	26,693
More than 2 years but not exceeding 3 years	53,568	3,879
More than 3 years but not exceeding 4 years	53,352	1,150
More than 4 years but not exceeding 5 years	53,121	141
Over 5 years	261,771	-
	$ 558,474	$ 64,735

(XIII) Investment properties

	Right-of-use assets - land	
	2023	2022
1 January	$ 9,307	$ -
Reclassification (Note)	(239)	9,563
Depreciation Expense	(258)	(212)
Net exchange differences	(146)	(44)
December 31	$ 8,664	$ 9,307

Note: Changes in purposes respectively are transferred to real estate for its own use. Please refer to Note 6 (11) Property, Plant, and Equipment for details. The development of the Group's old plant has been completed, and a real estate ownership certificate was obtained in January 2022, and part of the converted real estate was used for sales. Please refer to Note 12, (4) for details.

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 2023 and 2022. The values are RMB 602,635 thousand (converted as NTD 2,612,816) and RMB 659,160 thousand (converted as NTD 2,857,888), 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.

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(XIV) Intangible Assets

	2023		
	Computer Software and Network Engineering	**Golf license**	**Total**
1 January			
Cost	$ 131,096	$ 18,889	$ 149,985
Accumulated amortization and impairment	(126,975)	(18,815)	(145,790)
	$ 4,121	$ 74	$ 4,195
1 January	$ 4,121	$ 74	$ 4,195
Additions	3,507	-	3,507
Amortization Expense	(1,724)	(73)	(1,797)
Net exchange differences	(102)	(1)	(103)
December 31	$ 5,802	$ -	$ 5,802
December 31			
Cost	$ 132,387	$ 18,577	$ 150,964
Accumulated amortization and impairment	(126,585)	(18,577)	(145,162)
	$ 5,802	$ -	$ 5,802

	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

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

	In 2023	**In 2022**
Operating Cost	$ 291	$ 821
Operating Expenses	1,506	1,924
	$ 1,797	$ 2,745

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

(XV) Other non-current assets

	December 31, 2023	**December 31, 2022**
Advance payment for equipment	$ 74,671	$ 18,922
Refundable Deposits	22,698	20,258
Others	1,339	630
	$ 98,708	$ 39,810

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

(XVI) Short-term loans

	December 31, 2023	December 31, 2022
Bank loans		
Unsecured loans	$ 311,460	$ 166,349
Secured loans	237,600	390,174
	$ 549,060	$ 556,523
Unutilised line of credit	$ 2,189,936	$ 2,167,809
Interest range	3.50%～6.59%	3.75%～5.85%

1. Interest expense recognized in profit or loss in 2023 and 2022 was NTD 31,507 and NTD 22,686, respectively.
2. Please refer to Note 8 for details of collateral for bank loans.

(XVII) Notes Payable

1. As at December 31, 2023 and 2022, the Group's notes payable with guarantees or commitments from financial institutions were NTD 1,506,027 and NTD 1,432,389, respectively.
2. Please refer to Note 8 for details of collateral for notes payable.

(XVIII) Other Payables

	December 31, 2023	December 31, 2022
Payable contribution expense	$ 466,517	$ 373,750
Payables for salary and incentives	182,274	276,018
Payable transportation expense	39,597	47,305
Payable tax	11,261	12,004
Compensation payable to directors	7,276	8,628
Other expenses payable	51,174	64,623
Other Payables	12,159	32,012
	$ 770,258	$ 814,340

(XIX) Provision - Current (Warranty liabilities)

	2023	2022
1 January	$ 22,354	$ 27,975
Additional provisions made in the current period	98,176	87,239
Provision amounts used during the current period	(65,689)	(93,295)
Net exchange differences	(369)	435
December 31	$ 54,472	$ 22,354

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.

(XX) Long-term Liabilities Due within One Year or One Operating Cycle

	December 31, 2023	December 31, 2022
Unsecured convertible bonds	$ -	$ 358,100
Less: Discount on corporate bonds payable	-	(4,534)
	-	353,566
Less: Corporate bonds due within one year or one operating cycle	-	(353,566)
	$ -	$ -
Equity component - conversion rights (recognized under capital surplus - stock options)	$ -	$ 11,070

	In 2023	In 2022
Embedded derivatives - loss on valuation of redemption rights (recognized under net loss on financial assets measured at fair value through profit or loss)	$ -	($ 36)
Interest Expense	$ 4,404	$ 6,871

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 corporate 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 corporate 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 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. 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:

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

B. 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:

From the date of issuance until the maturity date, there were no conversions.

(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 21, 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. 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:

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

B. 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 10, 2023. The conversion price upon expiration of the conversion is NTD 23.4.

(8) Conversion status:

From the date of issuance of convertible bonds to December 10, 2023, bondholders have applied for the conversion of 1,370 thousand 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. In 2023, and 2022, there were no conversions.

(9) Redemption and repurchase:

3,630 corporate bonds of the fourth unsecured convertible corporate bonds were redeemed from the date of issuance to December 10, 2023 at the redemption price of NTD 364,769, resulting a capital surplus reduction of NTD 11,222. The redemption gain arising from the foregoing is NTD 9,135, which is listed under "Other gains and losses"

(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, 2023	December 31, 2022
Present value of defined benefit obligations	$ 41,726	$ 38,515
Fair value of plan assets	(1,868)	(1,788)
Net liabilities of defined benefit	$ 39,858	$ 36,727

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

	In 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net liabilities of defined benefit
1 January	$ 38,515	($ 1,788)	$ 36,727
Current service cost	2,876	-	2,876
Interest (income) expenses	579	(25)	554
	41,970	(1,813)	40,157
Remeasurement:			

	In 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net liabilities of defined benefit
Return on plan assets (excluding amounts included in interest income or expenses)	-	(14)	(14)
Effect of changes in financial assumptions	513	-	513
Experience adjustment	(636)	-	(636)
	(123)	(14)	(137)
Contribution to retirement fund	-	(41)	(41)
Exchange differences	(121)	-	(121)
December 31	$ 41,726	($ 1,868)	$ 39,858

	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

(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 2023	In 2022
Discount Rate	1.25%～1.375%	1.375%～1.50%
Future salary increase rate	2.00%	2.00%

Future mortality assumptions for 2023 and 2022 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, 2023	($ 933)	$ 967	$ 948	($ 919)
December 31, 2022	($ 876)	$ 909	$ 893	($ 865)

	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, 2023	($ 72)	$ 74	$ 72	($ 71)
December 31, 2022	($ 76)	$ 79	$ 77	($ 75)

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 41.

(7) As of December 31, 2023, the weighted average duration of the pension plan is 7~13 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 Labor Insurance in accordance with the Labor 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 2023 and 2022, the Group recognized pension costs of NT$49,565 and NT$48,582 under the above pension scheme, respectively.

(XXII) Other Non-current Liabilities

Long-term deferred income is 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:

	2023	2022
1 January	$ 73,960	$ 76,031
Amortization in the current period	(2,874)	(3,268)
Net exchange differences	(1,176)	1,197
December 31	$ 69,910	$ 73,960

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

(XXIII) Share Capital

1. As of December 31, 2023, the Company had an authorized capital of NTD 2,162,500 divided into 216,250 thousand shares. The paid-up capital is NTD 1,528,217 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

	2023	2022
1 January	145,545	145,545
Capital increase through retained earnings	7,277	-
December 31	152,822	145,545

3. On June 19, 2023, the Company resolved at the Ordinary Shareholders' Meeting to allocate share dividends of NTD 72,772 from the 2022 distributable earnings, increasing the capital by issue of 7,277 thousand new shares, with a par value of NTD 10 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. The current capital increase and listing of the new shares were approved by the Taiwan Stock Exchange on September 27, 2023, and became effective. The listing date of the new shares is October 6, 2023.

4. To repay loans and improve the financial structure, new shares issued through increasing cash capital are resolved by the Company's Board of Directors on August 9, 2023. The maximum number of shares to be issued is limited to 20,000 thousand, with a par value of NT$10 per share. The actual issue price and related matters will be handled in accordance with legal regulations once the application is effectively registered with the competent authority. As of December 31, 2023, no application has been submitted to the regulatory authorities.

(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:

	2023			
	Issuance premium	Overdue expiration of employee share option	Share option of convertible corporate bonds	Total
1 January	$ 1,210,231	$ 7,425	$ 11,070	$ 1,228,726
Redemption of corporate bonds upon maturity	-	-	(11,070)	(11,070)
December 31	$ 1,210,231	$ 7,425	$ -	$ 1,217,656

	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

(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:

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

   (ii) Amount to offset past losses;

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

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

   When the Company is required to set aside special reserves by the securities supervisory authority in accordance with the rules on company with public issuance, the net amount of other equity deductions and the net increase in the fair value of investment properties held by the Company recognized in previous cumulations should set aside the same amount of special reserve as the undistributed earnings from the previous period. If it is insufficient, the amount of undistributed earnings in the current period shall be set aside by including net profit after tax plus other items other than net profit after tax in the current period.

The dividend distribution policy of the company must consider factors such as the current and future investment environment, funding needs, industry competition, and capital budgeting, while balancing shareholder interests and long-term financial planning. The dividend payment principle is not less than 25% of the "current distributable profits" (referred to as the "dividend distribution base ratio"), distributed to shareholders according to their shareholding proportions. Dividends distributed to shareholders may be in the form of stock dividends and cash dividends, with cash dividends not less than 10% of the total dividend distribution amount. However,(i)after considering the aforementioned factors, if the board of directors deems it appropriate to adopt a conservative dividend policy for the year, dividends may be distributed to shareholders within the range of not less than 50% of the aforementioned dividend distribution base ratio, with cash dividends not less than 10% of the total dividend distribution amount; and(ii)if the "current distributable profits" are less than 5% of the issued capital, no distribution may be made, subject to resolution by the shareholders' meeting.

“Distributable earnings in the current period” mentioned in the previous paragraph refers to the earnings for the current year, which, as per the above regulations, the earnings after paying the taxes, offsetting previous years’ losses, setting aside legal reserve and special reserves and excluding the accumulated undistributed earnings from the beginning of the current period.

Dividends and bonuses, capital surplus or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Company’s Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

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 NTD 185,271 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 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.

(2) On June 19, 2023, the Shareholders' Meeting resolved the profit distribution plan for year 2022. 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

(3) On March 15, 2024, the Company's Board of Directors passed a resolution to distribute dividends for 2023. The cash dividend per ordinary share is NT$0.3, with a total dividend amounting to $45,847.

(XXVI) Operating Income

	In 2023	In 2022
Customer contract revenue	$ 8,319,646	$ 9,220,863
Lease income (note)	82,107	-
	$ 8,401,753	$ 9,220,863

Note: Please refer to Note 6 (12). 2. Lease transaction- explanation of lessor.

1. Break down of customer contract revenue

The Group's income derived 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 2023	In 2022
Main regional markets		
China	$ 5,626,167	$ 5,153,850
Other countries	2,693,479	4,067,013
	$ 8,319,646	$ 9,220,863
Main products:		
Electric fans	$ 5,505,685	$ 5,878,253
Electric heaters	1,650,145	1,831,760
Others	1,163,816	1,510,850
	$ 8,319,646	$ 9,220,863

2. Contract Liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract Liabilities	$ 309,398	$ 365,995	$ 252,743

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 2023 and 2022 were NTD 365,995 and NTD 224,967, 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, 2023 and 2022, the balance of the Group's rights to products to be returned based on historical return information of similar product transactions was NTD 52,714 and NTD 34,280, respectively, and the balance of the refund liabilities was NTD 78,586 and NTD 52,146, respectively.

(XXVII) Other Incomes

	In 2023	In 2022
Government subsidy income	$ 42,299	$ 35,017
Amortization of Long-term Deferred Income	2,874	3,268
System annual fee income	2,259	2,556
Other income derived from security deposit received	1,713	1,390
Hire income	32	12,242
Others	23,301	19,104
	$ 72,478	$ 73,577

(XXVIII) Other Gains and Losses

	In 2023	In 2022
Gain (loss) on Disposal of Property, Plant and Equipment	$ 16,679	($ 11,334)
Gain (loss) on redemption of corporate convertible bonds	8,838	(1,631)
Net (loss) profit from financial assets measured at fair value through profit or loss	1,580	(4,769)
Gain on disposal of assets (Note)	-	705,571
Gain (loss) on foreign currency exchange	(7,854)	39,039
Miscellaneous Disbursements	(23,139)	(12,135)
	($ 3,896)	$ 714,741

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

(XXIX) Finance Costs

	In 2023	In 2022
Interest Expense:		
Bank loans	$ 31,507	$ 23,019
Convertible Corporate Bonds	4,404	6,871
	$ 35,911	$ 29,890

(XXX) Additional Information on the Nature of the Expense

	In 2023	In 2022
Employee Benefits Expenses	$ 1,132,852	$ 1,278,674
Depreciation expense for property, plant and equipment	353,381	401,717
Depreciation expense of right-of-use assets	4,910	4,930
Depreciation expense for investment properties	258	212
Amortization expense for intangible assets	1,797	2,745
	$ 1,493,198	$ 1,688,278

(XXXI) Employee Benefits Expenses

	In 2023	In 2022
Salary Expenses	$ 1,026,194	$ 1,175,130
Labor insurance expense (Note)	43,547	43,007
Retirement benefit Expenses	52,995	51,944
Other personnel costs	10,116	8,593
	$ 1,132,852	$ 1,278,674

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 Articles of Incorporation, if the Company is profitable at a particular fiscal year, the remuneration of employees and directors shall be allocated as follows. However, when the Company is at a cumulative loss, an amount shall first be retained to offset its loss.

(a) One percent to ten percent for the remuneration of employees, including employees of affiliated companies; and

(b) 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.

Without violating the provisions of any applicable laws, the employees' remunerations shall be in the form of cash or shares.

2. For year 2023 and 2022, the estimated sum of employee compensation is NTD 2,092 and NTD 28,808; the estimated sum of directors' compensation is NTD 628 NTD 8,642, which are included under Salary Expense.

For 2023, employee compensation and director compensation were estimated at 4.92% and 1.48%, respectively, based on that year's profitability. The Board of Directors approved the distribution amounts of $2,092and $628, respectively, of which the employee compensation will be distributed in cash.

The employees' and directors' compensation for year 2022, as resolved by the Board of Directors, were NTD28,808 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

(1) Income tax expense component:

	In 2023	In 2022
Current income tax:		
Income tax generated from current income	($ 1,618)	$ 5,409
Underestimation (overestimation) of income tax in the previous year	(1,193)	55

	In 2023	In 2022
	(2,811)	5,464
Deferred income tax:		
Occurrence and reversal of temporary differences	15,974	60,045
Income Tax Expense	$ 13,163	$ 65,509

(2) Income tax expense and accounting profit relationship

	In 2023	In 2022
Net profit before tax calculated based on statutory tax rate (Note)	$ 6,897	$ 285,877
Impact of items that can not be recognized according to the tax law	(12,244)	(195,252)
Changes in realizable assessment of deferred income tax assets	(14,092)	(14,224)
Unrecognized deferred income tax asset from tax loss	36,167	537
Underestimation (overestimation) of income tax in the previous year	(1,193)	55
Others	(2,372)	(11,484)
Income Tax Expense	$ 13,163	$ 65,509

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:

	In 2023		
	1 January	Recognized in profit or loss	December 31
Deferred income tax assets:			
Temporary differences:			
Expected Credit Loss	$ 33,860	$ 4,736	$ 38,596
Loss on Inventory Shortage	49,936	12,774	62,710
Others	26,127	6,385	32,512
Levy duty loss	87,620	(30,739)	56,881
	$ 197,543	($ 6,844)	$ 190,699
Deferred income tax liabilities:			
Temporary differences:			
Gain on disposal of assets	$ 24,357	$ 9,130	$ 33,487

	In 2022		
	1 January	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

	In 2022		
	1 January	Recognized in profit or loss	December 31
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

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, 2023				
Region	Year of occurrence	Amount yet to be offset	Amount of unrecognized deferred income tax assets	Last Year of Deduction
China	2021	$ 88,411	$ -	2026
China	2022	73,378	-	2027
China	2023	71,865	71,865	2028
Hong Kong	2022	99,591	-	Indefinite duration
		$ 333,245	$ 71,865	

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	

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, Material Technology and Xiangdao Technology is 25% if the tax preference is not applied.

On November 2021, 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 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 2022; 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 2021.

(XXXIII) Earning Per Share

	In 2023		
	After-tax amount	**Weighted average number of foreign shares in thousand**	**Earning Per Share (NTD)**
Basic earnings per share			
Net profit in the current period attributable to common shareholders of the parent company	$ 26,579	152,822	$ 0.17
Diluted earnings per share			
Net profit in the current period attributable to common shareholders of the parent company	$ 26,579	152,822	
Influence of potential common stock with diluting effect			
Employee Remuneration	-	2,177	
	$ 26,579	154,999	$ 0.17

	In 2022		
	After-tax amount	**Weighted average number of foreign shares in thousand**	**Earning Per Share (NTD)**
Basic earnings per share			
Net profit in the current period attributable to common shareholders of the parent company	$ 473,197	152,822	$ 3.10
Diluted earnings per share			
Net profit in the current period attributable to common shareholders of the parent company	$ 473,197	152,822	
Influence of potential common stock with diluting effect			
Convertible Corporate Bonds	6,907	14,862	
Employee Remuneration	-	1,847	
	$ 480,104	169,531	2.83

The above weighted average number of outstanding shares has been retrospectively adjusted based on the profit-to-capital ratio on September 12, 2023, and the basic and diluted earnings per share for year 2022 has been recalculated.

(XXXIV) Supplementary Information on Cash Flow

1. Investment activities with only partial cash payment:

	In 2023	In 2022
Purchase of property, plant and equipment	$ 129,110	$ 229,502
Less: Acquisition of asset exchange transactions (Note)	-	(100,524)
Cash paid for acquisition of property, plant and equipment	$ 129,110	$ 128,978

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

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

	In 2023	In 2022
Transfer of prepayments for equipment to property, plant and equipment	$ 17,965	$ 37,333
Transfer of investment properties to property, plant and equipment	$ 239	$ -
Investment property transferred from asset exchange transactions	$ -	$ 9,563
Corporate bonds payable and long term loans transferred to long-term liabilities due within one year or one operating cycle	$ -	$ 353,566

(XXXV) Changes in Liabilities due to Financing Activities

	January 1, 2023	Cash Flow	Non-cash changes/exchange rate changes	December 31, 2023
Short-term loans	$ 556,523	($ 4,398)	($ 3,065)	$ 549,060
Corporate bonds payable (including long-term liabilities due within one year)	353,566	(360,202)	6,636	-
Security Deposits Received	105,457	16,641	(1,972)	120,126
Other Non-current Liabilities	73,960	-	(4,050)	69,910
Total liabilities from financing activities	$ 1,089,506	($ 347,959)	($ 2,451)	$ 739,096

	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

(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
Jui-Pin, 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 Inco`me

	In 2023	In 2022
Merchandise sales:		
Associated Enterprises	$ 71,894	$ 85,178
Other related party	82,816	92,851
	$ 154,710	$ 178,029

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. Receivables from related parties

	December 31, 2023	December 31, 2022
Notes receivable:		
Associated Enterprises	$ 3,270	$ 11,937
Trade receivables:		
Other related party	15,176	16,746
	$ 18,446	$ 28,683

3. 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 2023	In 2022
Associated Enterprises	$ 1,732	$ 4,946
Other related party	549	552
	$ 2,281	$ 5,498

	Other payable payment to related party	
	December 31, 2023	**December 31, 2022**
Associated Enterprises	$ 1,537	$ 2,760
Other related party	6	6
	$ 1,543	$ 2,766

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. 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.

4. Endorsement and Guarantee Provided by Related Parties

As at December 31, 2023 and 2022, 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 2023	**In 2022**
Short-term Employee Benefits	$ 36,736	$ 38,235
Post-employment Benefits	59	30
	$ 36,795	$ 38,265

VIII. Pledged Assets

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

	Book value		
Assets	**December 31, 2023**	**December 31, 2022**	**Pledge guarantee object**
Financial Assets at Amortized Cost - Current:			
Reimbursable account	$ 434,917	$ 256,696	Guarantee of acceptance on notes payable
Reimbursable account	3,447	6,323	Short-term loan and financing limit
Property, Plant and Equipment	1,435,261	1,509,882	Short-term loan and financing limit
Right-of-use Assets	84,253	88,038	Short-term loan and financing limit
Guarantee deposits (listed under "other non-current assets")	22,698	20,258	Long-term loans and performance bond
	$ 1,980,576	$ 1,881,197	

IX. Significant Commitments and Contingencies

Nil.

X. Material Disaster Losses

Nil.

XI. Subsequent Events

For the distribution of earnings in 2024 resolved by the Board of Directors on March 15, 2023, please refer to Note 6 (25).

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 Group's debt-to-capital ratios as at December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
Total Liabilities	$	5,028,748	$	5,609,950
Less: cash and cash equivalents	(	671,369)	(	898,784)
Net liability	$	4,357,379	$	4,711,166
Total Equity	$	3,084,853	$	3,214,905
Liability capital ratio	141.25%		146.54%	

(II) Financial Instruments

1. Types of financial instruments

	December 31, 2023		December 31, 2022	
at amortized cost				
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
Financial Assets at Fair Value through				
Other Comprehensive Income				
Investments in designated equity instruments chosen	$	2,341	$	-
Accounts receivable expected to be sold		-		2,272
	$	2,341	$	2,272

	December 31, 2023	December 31, 2022
Financial Assets at Amortized Cost		
Cash and Cash Equivalents	$ 671,369	$ 898,784
Financial Assets at Amortized Cost	438,364	263,019
Notes Receivable	518,044	842,396
Accounts Receivable	977,065	917,504
Other Receivables	22,458	137,575
Refundable Deposits	22,698	20,258
	$ 2,649,998	$ 3,079,536
Financial Liabilities		
Financial liabilities through amortized cost		
Short-term loans	$ 549,060	$ 556,523
Notes Payable	1,506,892	1,433,202
Accounts Payable	1,466,198	1,739,558
Other Payables	770,258	814,340
Corporate bonds payable (including long-term liabilities due within one year)	-	353,566
Security Deposits Received	120,126	105,457
	$ 4,412,534	$ 5,002,646

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 nonderivative 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.

Exchange rate risk

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 i n 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 70% of the Group's sales region come from China in the recent years and are denominated in RMB, the other 30% mainly come from Europe, USA, Japan and South Korea, and mainly denominated in U SD 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, 2023		
	Foreign currency (thousands)	Currency Exchange Rate	NTD
(Foreign currency: functional currency)			
at amortized cost			
Monetary Items			
USD	$ 86,152	30.7050	$ 2,645,297
JPY	1,011,258	0.2172	219,645
RMB	1,011	4.3357	4,383
Financial Liabilities			
Monetary Items			
USD	82,606	30.7050	2,536,417
HKD	363	3.929	1,426

	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
Financial Liabilities			
Monetary Items			
USD	86,099	30.7100	2,644,100
HKD	1,282	3.9380	5,049

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. foreign currency exchange gains and losses in translation. In 2023 and 2022, when the value of NTD depreciates or appreciates by 5% against USD, HKD and JPY, the net profit before tax for 2023 and 2022 would increase or decrease by NTD 16,574 and NTD25,804, 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 2023 and 2022 due to exchange rate fluctuations (both realized and unrealized) totalled at NTD 7,854 and NTD $39,039, respectively.

Price risk

The Group is exposed to price risk through equity instruments, which are financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the prices of these equity instruments increase or decrease by 5%, while all other factors remain unchanged, the pre-tax net profit for the years 2023 and 2022 will increase or decrease by $0 and $2,198, respectively, due to the gains or losses from equity instruments measured at fair value through profit or loss. The gains or losses from equity investments classified as fair value through other comprehensive income will increase or decrease by $117 and $0, respectively, in other comprehensive income.

<u>Interest rate risk</u>

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 2023 and 2022, 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 1,058 and NTD 0 in 2023 and 2022, 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.

<u>Investment</u>

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.

<u>Notes receivable, accounts receivable and other receivables</u>

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 were 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, whicharemeasured 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, 2023

Group A

	Number of days overdue								
	Not Overdue	**Within 30 days**	**31～60 days**	**61 to 90 days**	**91 to 180 days**	**181-270 days**	**271 to 365 days**	**More than 366 days**	**Total**
Total book value (including related parties)	$ 1,097,145	$ 137,245	$ 19,357	$ 2,296	$ 10,566	$ 157z	$ 582	$ 75	$ 1,267,423
Expected credit loss	(5,616)	(3,432)	(172)	(84)	(944)	(9)	(133)	(75)	(10,465)
during the duration	$ 1,091,529	$ 133,813	$ 19,185	$ 2,212	$ 9,622	$ 148	$ 449	$ -	$ 1,256,958
Expected Loss Rate	0%～0.42%	0%～2.51%	0%～3.65%	0%～6.80%	0%～9.00%	0%～23.53%	0%～55.27%	0%～100%	

Group B

	Number of days overdue								
	Not Overdue	**Within 30 days**	**31～60 days**	**61 to 90 days**	**91 to 180 days**	**181-270 days**	**271 to 365 days**	**More than 366 days**	**Total**
Total book value (including related parties)	$ 168,606	$ 69,502	$ -	$ -	$ 9	$ 73	$ -	$ 31,911	$ 270,101
Expected credit loss	-	-	-	-	(2)	(37)	-	(31,911)	(31,950)
during the duration	$ 168,606	$ 69,502	$ -	$ -	$ 7	$ 36	$ -	$ -	$ 238,151
Expected Loss Rate	0%	0%	0%	0%	25%	50%	75%	100%	

December 31, 2022

Group A

	Number of days overdue								
	Not Overdue	**Within 30 days**	**31～60 days**	**61 to 90 days**	**91 to 180 days**	**181-270 days**	**271 to 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 to 90 days**	**91 to 180 days**	**181-270 days**	**271 to 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%	

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 2023	In 2022
Opening Balance	$ 61,334	$ 74,594
(Reversal) Provision for impairment loss	(12,819)	15,114
Reclassified to collections provisions	-	(29,757)
Amount written off due to irrecoverability	(5,421)	(61)
Effect of Exchange Rate Changes	(679)	1,444
Closing balance	$ 42,415	$ 61,334

The Group recognized impairment losses of NTD 12,819 and (NTD 15,114) on receivables arising from customer contracts in 2023 and 2022, 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, 2023 and 2022 totalled at NTD 2,189,936 and NTD 2,167,809 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, 2023

	Within 1 year	**1~2 years**	**2~3 years**	**More than 3 years**
Non-derivative financial liabilities:				
Short-term loans	$ 558,488	$ -	$ -	$ -
Notes Payable	1,506,892	-	-	-
Accounts Payable	1,466,198	-	-	-
Other Payables	770,258	-	-	-
	$ 4,301,836	$ -	$ -	$ -

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	$ -	$ -	$ -

(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.

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. The wealth management products invested by the Group is included.

2. For the fair value information of investment property measured at cost, please refer to Note 6, (13).

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, 2023

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Repetitive fair value				
Financial Assets at Fair Value through Other Comprehensive Income				
Investments in designated equity instruments chosen	$ -	$ -	$ 2,341	$ 2,341
Liabilities: None.				

December 31, 2022

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Repetitive fair value				
Measured at fair value through profit or loss				
at amortized cost				
Wealth management products	$ 43,956	$ -	$ -	$ 43,956
Financial Assets at Fair Value through Other Comprehensive Income				
Accounts receivable expected to be sold	-	2,272	-	2,272
	$ 43,956	$ 2,272	$ -	$ 46,228
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 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.

D. The Group’s equity investments with fair value classified as Level 3 are mainly investments in domestic unlisted companies. The valuation process for these investments is carried out by the Finance Department, which regularly uses the net asset value method for valuation and measurement.

5. There were no transfers between Level 1 and Level 2 in year 2023 and 2022.

6. There were no transfers into or out of the third grade during the fiscal years 2023 and 2022.

(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 (11) Real estate, plant, and equipment, (13) Investment property, 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 RMB 200,000 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 RMB 20,435 thousand (equivalent to NT$90,512) and other related

development investment costs Of RMB 42,961 thousand (equivalent to NT$190,285). The balance was RMB 136,604 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 RMB 22,695 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 RMB 2,159 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 (13) Investment property items.

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. Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures): Table 3.

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. Derivatives transactions: None.
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 2023

	Domestic sales market	Export sales market	Others	Adjustment and elimination	Total
Revenue:					
Revenue from external customers	$ 5,626,167	$ 2,693,479	$ 82,107	$ -	$ 8,401,753
Inter-departmental revenue	602,125	2,503,025	-	(3,105,150)	-
Total revenue	$ 6,228,292	$ 5,196,504	$ 82,107	($ 3,105,150)	$ 8,401,753
Report department profit or loss	($ 19,684)	($ 21,950)	$ 78,812	$ 2,564	$ 39,742
Report department assets	$ 6,313,856	$ 15,987,347	$ -	($ 14,187,602)	$ 8,113,601

In 2022

	Domestic sales market	Export sales market	Others	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 2023 and 2022, the total reported department revenue should be written off, excluding interdepartmental income of NT$3,105,150 and NT$4,523,378; in 2023 and 2022, the reported departmental profit and loss adjustment items are the net (loss) income of financial assets measured at fair value through profit or loss, Amount from foreign currency exchange gain (loss), gain (loss) from redemption of convertible bonds, and disposal asset income of NT$2,564 and NT$738,210,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 2023 and 2022 are as follows:

	In 2023		In 2022	
	Revenue	Non-current Assets	Revenue	Non-current Assets
China	$ 5,708,274	$ 2,864,963	$ 5,153,850	$ 3,078,150
Japan	962,906	-	1,350,583	-
South Korea	692,976	-	1,380,645	-
Others	1,037,597	-	1,335,785	-
Total	$ 8,401,753	$ 2,864,963	$ 9,220,863	$ 3,078,150

(V) Information of Major Customers

The Group's major customers information for 2023 and 2022 are as follows:

	In 2023		In 2022	
	Revenue	**Percentage of total sales**	**Revenue**	**Percentage of total sales**
From a customer in the Export Market Department	$ 921,910	11%	$ 1,020,346	11%

Airmate (Cayman) International Co Limited and Subsidiaries

Funds Loaned to Others

January 1 to December 31, 2023

Schedule 1

Unit: NT$ Thousands

(Unless otherwise specified)

No. (Note 1)	Companies that lend funds	Counterparty	Transaction item	Is it arelated party	Maximum amount in the current period	Closing balance	Actual disbursementa mount	Interest range	Capital loans and itsnature (Note 2)	Amount of business transactions	Reasons for the need for short-term financing	Appropriated amount for loss allowance	Collateral Name	Collateral Value	Loan 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	$ 502,361	$ 475,976	$ 475,976	2%~2.5%	2	$ -	Operating turnover	$ -	Nil	$ -	$2,163,915	$ 4,327,831	Note 3
2	Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Long-term receivables - related parties	Yes	1,065,815	260,139	260,139	2%~2.5%	2	-	Operating turnover	-	Nil	-	1,830,917	3,661,834	Note 3
2	Waon Development Co Limited	The Company	Other receivables - related parties	Yes	1,300,000	1,300,000	1,202,714	-	2	-	Operating turnover	-	Nil	-	1,464,733	3,661,834	Note 3
3	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	Other receivables - related parties	Yes	44,409	-	-	-	2	-	Operating turnover	-	Nil	-	1,070,436	2,676,092	Note 3

Note1: 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.

Note2: Capital loans and its nature code:
(1) Companies with business transactions
(2) Company which requires short-term financing.

Note3: 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 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.
(4) 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.

Note4: 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, 2023

Schedule 2

Unit: NT$ Thousands

(Unless otherwise specified)

		Recipient of endorsements/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 disbursementamount**	**Endorsement guaranteeamount 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	$ 6,169,706	$ 2,287,523 (USD 74,500 thousand)	$ 2,287,523 (USD 74,500 thousand)	$ 95,519 (USD 3,111 thousand)	$ -	74.15%	$15,424,265	Y	N	N	Note 3
0	The Company	Airmate Electric Appliances (Jiujiang) Co. Limited	2	6,169,706	500,761 (USD 1,200 thousand) (RMB 107,000 thousand)	500,761 (USD 1,200 thousand) (RMB 107,000 thousand)	33,818 (RMB 7,800 thousand)	-	16.23%	15,424,265	Y	N	Y	Note 3, note 4
0	The Company	Airmate Electric Appliances (Shenzhen) Co Limited	2	6,169,706	429,716 (USD 1,000 thousand) (RMB 90,000 thousand)	390,209 (RMB 90,000 thousand)	147,846 (RMB 34,100 thousand)	-	12.65%	15,424,265	Y	N	Y	Note 3, note 5
1	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	4	5,352,184	1,991,248 (RMB 441,000 thousand)	1,790,624 (RMB 413,000 thousand)	1,008,676 (RMB 232,647 thousand)	-	66.91%	13,380,460	N	N	Y	Note 3
2	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	4	3,939,588	2,031,886 (RMB 450,000 thousand)	1,951,043 (RMB 450,000 thousand)	562,174 (RMB 129,663 thousand)	-	99.05%	9,848,970	N	N	Y	Note 3

Note1: 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.

Note2: 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.

Note3: The Company's endorsement and guarantee procedures areas 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.

Note4: Wherein the balance endorsement guarantee at the end of the period amounted to NTD 433,566, which is the bank financing limit shared with Airmate Electric (Shenzhen) Co., Ltd., totaling to not more than NTD 476,922; the actual disbursement amounted to NTD 33,818.

Note5: Wherein the balance endorsement guarantee at the end of the period amounted to NTD 390,209, which is the bank financing limit shared with Airmate Electric (Jiujiang) Co., Ltd., totaling to not more than NTD 476,922; the actual disbursement amounted to NTD 147,847.

Note6: 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, 2023

Schedule 3

Unit: NT$ Thousands

Company held	Types and names of negotiable securities	Relationship with Securities Issuer	Account Columns	End of the period: Number of Shares	End of the period: at the end of the period	End of the period: Shareholding Ratio	End of the period: Fair value	Remark
Airmate Electric Appliances (Shenzhen) Co Limited	Capital contribution- Dongguan Airmate Intelligent Technology Co Limited	Nil	Financial Assets at Fair Value through Other Comprehensive Income	Note	$ 2,341	18	$ 2,341	

Note: Refers to Limited Company, therefore it is not applicable.

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, 2023

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)	($ 1,307,598)	(78%)	According to mutual agreement	Note	Note	$ 1,793,162	93%	
Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	Parent/Subsidiary Company	(Sales)	(1,179,439)	(18%)	According to mutual agreement	Note	Note	298,784	18%	
Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	(Sales)	(259,847)	(16%)	According to mutual agreement	Note	Note	90,692	5%	
Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	Affiliated companies	(Sales)	(108,787)	(2%)	According to mutual agreement	Note	Note	52,370	3%	
Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate e-Commerce (Shenzhen) Co., Ltd.	Affiliated companies	(Sales)	(176,298)	(3%)	According to mutual agreement	Note	Note	-	-	
Waon Development Co Limited	Airmate Electric Appliances (Shenzhen) Co Limited	Parent/Subsidiary Company	Purchase	1,307,598	52%	According to mutual agreement	Note	Note	(1,793,162)	(72%)	
Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Parent/Subsidiary Company	Purchase	1,179,439	47%	According to mutual agreement	Note	Note	(298,784)	(12%)	
Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	Affiliated companies	Purchase	259,847	5%	According to mutual agreement	Note	Note	(90,692)	(4%)	
Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	Purchase	108,787	10%	According to mutual agreement	Note	Note	(52,370)	(10%)	
Airmate e-Commerce (Shenzhen) Co., Ltd.	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	Purchase	176,298	100%	According to mutual agreement	Note	Note	-	-	

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, 2023

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	$ 2,195,649	0.75	$ -	-	$ 216,670	$ -
Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Affiliated companies	298,273	1.79	-	-	-	-
Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	Parent/Subsidiary Company	310,635	-	-	-	-	-
Waon Development Co Limited	The Company	Parent/Subsidiary Company	1,202,714	-	-	-	-	-
Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	Parent/Subsidiary Company	298,784	2.25	-	-	61,269	-
Airmate International Co. Limited China	Airmate Electric Appliances (Shenzhen) Co Limited	Parent/Subsidiary Company	666,643	-	-	-	-	-

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, 2023

Schedule 6

Unit: NT$ Thousands
(Unless otherwise specified)

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

				Transaction terms			
No. (Note 1)	Name of transacting party	Transacting party	Relationship with counterparty(Note 2)	Account	Amount	Transaction terms	Ratio to total consolidated revenue or total assets
0	The Company	Waon Development Co Limited	1	Other payables - capital loans	$ 1,202,714	Administered according to mutual agreement	15%
1	Airmate International Co. Limited China	Airmate Electric Appliances (Shenzhen) Co Limited	1	Long-term receivables - capital loans (Note 4)	666,643	Administered according to mutual agreement	8%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Sales	259,847	Administered according to mutual agreement	3%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Accounts Receivable	90,692	Administered according to mutual agreement	1%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Other Receivables	207,581	Administered according to mutual agreement	3%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Other Incomes	197,034	Administered according to mutual agreement	2%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	2	Sales	1,307,598	Administered according to mutual agreement	16%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	2	Accounts Receivable	1,793,162	Administered according to mutual agreement	22%
2	Airmate Electric Appliances (Shenzhen) Co Limited	Waon Development Co Limited	2	Other Receivables	402,487	Administered according to mutual agreement	5%
3	Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	1	Long-term receivables - capital loans (Note 5)	264,059	Administered according to mutual agreement	3%
3	Waon Development Co Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	1	Other Receivables	46,576	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	3	Sales	108,787	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate Electric Appliances (Shenzhen) Co Limited	3	Notes Receivable	52,370	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	2	Sales	1,179,439	Administered according to mutual agreement	14%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Waon Development Co Limited	2	Accounts Receivable	298,784	Administered according to mutual agreement	4%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Airmate e-Commerce (Shenzhen) Co., Ltd.	3	Sales	176,298	Administered according to mutual agreement	2%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Material Technology (Foshan) Co., Ltd.	3	Sales	62,624	Administered according to mutual agreement	1%
4	Airmate Electric Appliances (Jiujiang) Co. Limited	Material Technology (Foshan) Co., Ltd.	3	Accounts Receivable	36,929	Administered according to mutual agreement	0%
5	Airmate Technology (Shenzhen) Co. Limited	Airmate Electric Appliances (Jiujiang) Co. Limited	3	Sales	10,418	Administered according to mutual agreement	0%

Note1: Fill in the numbers as follows:
(1) 0 stands for parent company.
(2) Subsidiaries are numbered sequentially starting with Arabic numeral 1 by company.

Note2: 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.

Note3: 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.

Note4: The long-term receivables of Airmate International Co. Limited China from Airmate Electric Appliances (Shenzhen) Co Limited is NTD 475,976 in capital loans and NTD 190,667 in interest.

Note5: The long-term receivables of Waon Development Co., Limited. from Airmate Electric Appliances (Jiujiang) Co. Limited is NTD 260,139 in capital loans and NTD 3920 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, 2023

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**	**Number of Shares**	**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	$ 1,964,337 (USD 63,974 thousand)	$ 1,964,337 (USD 63,974 thousand)	63,974,492	100%	$ 4,327,152	$ 44,210	$ 44,210	Directly invested subsidiary companies of the Company
Airmate International Holding Limited	Airmate International Co. Limited China	British Virgin Islands	Holding company	2,142,018 (USD 69,761 thousand)	2,142,018 (USD 69,761 thousand)	69,761,220	100%	4,327,831	44,284	44,284	Indirectly invested subsidiary companies of the Company
Airmate International Co. Limited China	Waon Development Co Limited	Hong Kong	Trading company	3,222,951 (HK $820,298 thousand)	3,222,951 (HK $820,298 thousand)	-	100%	3,661,834	34,694	34,694	Indirectly invested subsidiary companies of the Company

Note1: Converted using the exchange rate of USD: NTD: 1: 30.7050, RMB: HKD: 1: 1.1035, HKD: NTD: 1: 3.9290 at the date of the financial report.
Note2: 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, 2023

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)	Cumulativeinvestment amount transferred from Taiwan at the beginning of the current period	Exported or recoveredinvestment amount for the current period (Note 2) Remit	Exported or recoveredinvestment amount for the current period (Note 2) Recovered	Cumulativeinvestment amount transferred from Taiwan at the end of the current period	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	$ 982,560	(2)	$ -	$ -	$ -	$ -	($ 82,910)	100%	($ 82,910)	$ 2,676,092	$ -	Note 3 and 5
Airmate Electric Appliances (Jiujiang) Co. Limited	Production and sale of household appliances and processing of precision mold	2,235,324	(2) and (3)	-	-	-	-	82,943	100%	82,943	1,969,794	-	Note 3 and 5
Zhejiang Airmate Electrical Appliance Sales Co., Ltd.	Sales of electric appliances	45,524	(3)	-	-	-	-	2,106	40%	842	34,381	-	Note 3 and 5
Airmate Technology (Shenzhen) Co. Limited	Sales, research and development of household appliances	43,357	(3)	-	-	-	-	(3,709)	100%	(3,709)	49,865	-	Note 3 and 5
Airmate e-Commerce (Shenzhen) Co., Ltd.	Sales of household appliances	43,357	(3)	-	-	-	-	11,127	100%	11,127	68,667	-	Note 3 and 5
Material Technology (Foshan) Co., Ltd.	Sales of household appliances	2,168	(3)	-	-	-	-	(13,373)	100%	(13,373)	(13,120)	-	Note 3 and 5
Xiangdao Technology (Shenzhen) Co., Ltd	Sales of household appliances	2,168	(3)	-	-	-	-	(6)	100%	(6)	2,162	-	Note 3 and 5

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)	-	-	-

Note1: 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 methods include reinvestment through our Company's mainland subsidiaries, namely Airmate Electric Appliances (Shenzhen) Co Limited and Airmate e-Commerce (Shenzhen) Co., Ltd.

Note2: 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".

Note3: The recognition of investment gains and losses is reflected in the audited financial statements approved by the parent company's certified public accountants.

Note4: Converted using the exchange rate of USD: NTD: 1: 30.7050, RMB: HKD: 1: 1.1035, HKD: NTD: 1: 3.9290 at the date of the financial report.

Note5: Except for Zhejiang Airmate Electrical Appliance Sales Co., Ltd., the above transactions have been written off during the preparation of the Consolidated Financial Report.

Airmate (Cayman) International Co Limited and Subsidiaries

Information of Major Shareholders

December 31, 2023

Schedule 9

Unit: shares

	Shareholding	
Name of Major Shareholders	**Shares Held**	**Percentage of Ownership**
Pearl Place Holding	28,503,024	18.65%

Note1: 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.

Note2: 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.

Note3: 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.

Note4: 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.

Note5: The total number of shares (including treasury shares) that have been delivered and registered is 152,821,721 shares = 152,821,721 (common shares) + 0 (preference shares).