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AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

Annual Report 2022

**Annual Report Inquiry Website: Public Information Observation <https://mops.twse.com.tw>
The disclosure of Airmate's Annual Report is available at: www.airmate-china.com**

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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2. Airmate China International Limited (BVI)

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Phone: (86) -0755-27655988

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V. Handling of stock transfer institutions

Name: Company Agency Department of CTBC Bank Website: www.ctbcbank.com

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VI. Certified Accountant of Most Recent Financial Reports

Accountant Name: Accountant Wang Guo-hao and Wu Chien-Chih

Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan

Website: www.pwc.com

Tel: (886) 7-237-3116

Address: 22F, No. 95, Minzu 2nd Rd., Xinxing Dist., Kaohsiung City

VIII. The name of the overseas listed trading exchange and the method of inquiring about the information of the overseas listed trading overseas securities: None.

IX. Company Website: <http://www.airmate-china.com>

List of Directors

Job Title	Name	Nationality	Education and Career Background
Chairman andChiefExecutive Officer	Shih, Jui-Bin	ROC	Department of Electronics of Chubu University Affiliated Vocational School, Aichi Province, Japan YUASAPRIMUS CO., LTD. , LTD Product Staff
Director	Tsai, Cheng-Fu	ROC	Master of Electronic Engineering, National Kaohsiung University of Science and Technology Leader of Cham Wai Limited(Hong Kong)
Director	Cheng-Li-Ping	ROC	Department of Statistics, Tamkang University Deputy General Manager of Tung Fu Electric Co., Ltd., Chairman of Airmate (Cayman) Chairman, International Co., Ltd.
Director	Pearl Place Holdings LimitedRepresentitive: Shih, Jui-Lin	ROC	Department of Business Administration, Mount Ida College Business Department Staff of Data Systems Consulting Co., Ltd., and Microcell Composite Company
Director	Chen, Yen-Fu	ROC	Institute of Environmental Policy, National Dong Hwa University Assistant Manager of Ministry of Education Environmental Protection Division; Project Manager of Capital Engineering Corp; Business Specialist of Nano Electronics and Micro System Technologies, Inc.; Business Assistant Manager of Creating Nano Technologies
Director	Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd.: Huang Qing-shu	ROC	Chairman of Hern Juei Co., Ltd., Chairman of Heng Ta Mold Enterprise Co., Ltd., Chairman of Ecotime Optoelectronic Technology Co., Ltd.
Independent Director	Chen, Ming-Chang	ROC	Ph.D. of Graduate Institute of Business Administration, National Chengchi University, National Business Doctor Chairman of China Taiwanese Investment Management Association, General Manager of China Productivity Center, Director of Graduate Institute of Business Administration, National Chung Hsing University, Deputy Director of Small and Medium Enterprises Administration, Ministry of Economy Affairs, Director, Economic Division, Mainland Affairs Council

Independent Director	Chi, Lai-Ping	ROC	Masters in International Relations, Chicago University, USA, Bachelor in Economics, Columbia University, USA Independent Director of Yuanta Financial Holdings, Independent Director of Yuanta Life Insurance Co., Ltd., General Manager of Merrill Lynch (Taiwan) Investment Management, Deputy General Manager of Prudential Life Insurance (Taiwan) Co., Ltd., President of Greater China of Sony Life, Deputy General Manager of MetLife International, Managing Director of Sino-US MetLife, Chairman of MetLife Hong Kong, General Manager of MetLife Taiwan
Independent Director	Lin, Chih-Lung	ROC	M.A., Department of Accountancy, National Cheng Kung University Lecturer in the Department of Fiscal Taxation, National Taipei University of Business; Lecturer in the Department of Accounting Information, Southern Taiwan University of Science and Technology; Assistant Professor of Specialized Technology, Institute of Business Studies, Tainan University of Technology; Partner Accountant, Yuxin Certified Public Accountants; Audit Department, Diwan Certified Public Accountants; Tax Department, KPMG Taiwan Certified Public Accountants.

6.Handling stock transfer institutions

Name:CTBC Bank Agency DepartmentWebsite:www.ctbcbank.com

Address: 5F,No.83,Section 1, Chongqing South Road, Zhongzheng District, Taipei City

Tel: (886)2-6636-5566

7.The latest annual financial report visa accountant

Accountant Name: Accountant Wang Guo-hao and Wu Chien-Chih

Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan

Website: www.pwc.com

Tel: (886) 7-237-3116

Address: 22F, No. 95, Minzu 2nd Rd., Xinxing Dist., Kaohsiung City

8.The name of the trading place for the listing of overseas securities and the way of querying the information of the overseas securities: None.

IX. Website:<http://www.airmate-china.com>

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Chapter I. Letter to Shareholders

I. Preface

In 2022, the world economy continued to spread more than three years of COVID-19, the geopolitical crisis environment of the Russian-Russian war conflict, with the background of FED's sharp interest rate hike, and multiple factors accompanied by deglobalization and supply chain transfer, resulting in a surge of inflation, loss of consumption and bulk in the world High-grade raw materials, resulting in the external harsh plight of production and sales constraints was the first time since the Great Depression of the last century. In view of the outside environment, there are many serious challenges to our operations in 2022. However, through the active efforts of management and all staff, the proportion of revenue impact is still unacceptable, although unhappy but generally better than the peers, the overall profit situation has turned positive, of which part of the industry still has a loss but has improved from the previous period. The Company examines the operating performance in 2022, including product line strategy in China market, diversification and model change of online channels, deep optimization of production policy and configuration, effective human resources adjustment, and quality customer development for export, and orderly push for new sales channels for end consumers. Moving and first results. The company's long-term goal is to develop smart home appliance products as the core, in the product online development, expand the diversified benefits of channels, and always improve quality as the enterprise connotation and reconstruct the brand image, in order to create the company's sustainable business value.

In 2022, the fine operation and manufacturing structure efficiency adjustment continued to deepen reform, integrate company resources, strengthen the company's core product quality and marketing efforts. In promoting product price/performance ability, while reshaping the brand power and channel stickiness, the production and sales of home appliances that meet the current consumer environment and end consumers to enhance the needs of better life, in order to ensure product added value and gain brand premium, with the continuous and effective promotion of these strategies. In the post-pandemic environment, we will actively improve the performance of operations in 2023.

The following is a report on the Company's operations for 2022 and future prospects for 2023:

The Company is the ultimate parent company of the Group after its listing, mainly responsible for investment holding. Its production base is primarily located in Shenzhen City, Guangdong Province, and Jiujiang City, Jiangxi Province in China. The consolidated operating revenue in 2022 is NT\$9.22 billion, and the consolidated net profits after tax (PAT) is NT\$473 million. The consolidated net profit per share after tax is NT\$3.25. Looking forward to 2023, the internal and external economic and business challenges, the company in the face of the internal and external consumer market quality, quantity changes and small home appliance industry competitive situation, we will strengthen the operation of each subsidiary's deep meticulous management and overall synergy, smooth supply chain system About the link, actively explore new customers in new markets and deepen the whole process of customer service, and grow closely with major and high-quality customers, and build a sustainable ESG main enterprise with the core values of the company.

Looking forward to the future development of the company, after the release of the epidemic in mainland China, it is expected that the company's sales situation will jump first, gradually better. In the face of deep changes in consumption patterns and demand, we seek to seize the opportunity to quickly meet the diversified competition in the small home appliance market in Mainland China, and the demand and trend of the domestic and foreign market due to inflation and global economic situation, the Company and the Group's investment subsidiaries will be fast. Rapid response to market changes is the focus, both steadily cultivate existing customer base and expand the breadth of customer cooperation and expand quality new customers; Since the listing, the management team and all employees have a motto in line with the integrity of the company's business foundation, show a pragmatic attitude, committed to the business operation, for small home appliances industry To provide the best products that meet market needs, we hope to create the best interests of all shareholders and

employees to give back to their aspirations. We continue to adjust the operation of the company under various effective adjustments, reduce the efficiency, the added value of the company's real estate will continue to generate returns and cash flows. With all of the above, we will break out of the shackles and take small steps to show our achievements in the future, in order to reward and be grateful to our shareholders for their continuous support.

II. 2022 Business Results

(I) 2022 Business Plan and Implementation Results

Unit:NTD Thousand

Item	2022 Audit	2021 Audit	Growth Rate
Consolidated operating revenue	9,220,863	10,156,591	-9.21%
Consolidated operating profit	1,444,720	1,122,400	28.72%
Consolidated net profit	-242,971	-365,514	33.53%
Consolidated Net Operating Revenues	781,677	12,685	6062.22%
Consolidated Income Before Tax	538,706	-352,829	252.68%
Income tax expense	-65,509	45,602	-243.65%
Consolidated total profit and loss	473,197	-307,227	254.02%

(II) Financial revenue and profitability

Item		Year	2022	2021
Financial Structure	Liabilities to assets(%)		63.57	72.29
Liquidity analysis	Current ratio(%)		103.35	107.42
	Speed ratio(%)		61.88	61.98
Profitability	Return on assets (%)		5.31	-2.94
	Return on shareholders' equity (%)		15.85	-10.42
	Net profit margin (%)		5.13	-3.02
	Earnings per share (NT\$)		3.25	-2.11

(III) Annual Research and New Technology Development Situation

1. Results of annual research and new technology development
 - (1) Development of PTC Electric Heaters with Large Air Volume
 - (2) Design and Development of Water-cooled Fans with Cooling Chip Components (substitute for ice crystals)
 - (3) Design and development of inverter window air conditioner
 - (4) Application of electrolyzed water sterilization technology
 - (5) Application of Natural Humidification Technology of Hydrophilic Humidification Pan
 - (6) Clothes drying and heating integrated electric heater
 - (7) Superconducting cooling and heating loop fan
 - (8) Research on the Sterilization Function of Fresh Air Products
 - (9) Research on the Sterilization Function of Yuba Products
 - (10) Light Touch
 - (11) Inner Winding Motor Development
 - (12) Development of flame skirting series electric heaters
 - (13) Development of flame (colorful) humidifier
 - (14) Heating Gasification Humidifier Development
 - (15) Heating type cooking machine development
 - (16) Development of Small Mobile Air Conditioner (Compressor)
 - (17) Development of Small Split Mobile Air Conditioner (Compressor)
 - (18) Development of refrigeration chip beer machine
 - (19) Warm board product development
 - (20) Intelligent sugar cup development
 - (21) Product development with smart camera
2. Future research and technology development plans
 - (1) Short-term business development plans
 - A. Development and research of wireless steam cleaning sweepers, floor washers, personal health and care products, and pet line products.
 - B. Continuous increase of research on the application of semiconductor refrigeration chip and radar, battery and refrigeration chip small refrigerator.
 - C. Design and development of humidifier with large humidification capacity (2.5 liters/hour).
 - D. Research and development of new-type electric heaters (flaming mountain, footline with closeable air outlet; graphene heating element).
 - E. Continue to increase the development and application research of pin structure and high power internal winding motors.
 - F. continue to introduce and apply new technologies such as voice recognition (offline + online), motion monitoring, gesture recognition, etc. to various products.
 - G. Hydroxide ion air-cleaning ceiling fan development.
 - H. Development of products with compressors.
 - (2) Long-term business development plans
 - A. Development of a series of home appliances for personal health, care and cleaning (disinfection, sterilization).
 - B. Development of medical product series.
 - C. The Company plans to research the application of smart home appliance sensors and human-computer interaction (voice control).
 - D. Research on various composite air processors (cooling, heating, humidifying).
 - E. Development of DIY fresh air products.
 - F. Development and application research of high cost-effective external rotor DC

motors.

G. Development and research on the application of pet products

H. Development of products with compressors

III. Operating Plan Overview of the Year

1. Focusing on strengthening the brand development of Airmate, becoming a leading small home appliance company with competitiveness and core values in domestic and foreign sales in Mainland China, ensuring quality and quantity advantages, and strengthening the win-win cooperation with suppliers and customers.
2. Continue to promote the localization and indigenization of talents in each company, establish a group enterprise management model, commit to the company's product strength and continue to develop new products, new customers and new markets, improve production optimization technology, continue to invest in efficient production lines and reasonably manage and control expenses and costs, to make the company's operations aggregating profits.
3. Attach importance to the integration of labor and management, create maximum profits for employees and shareholders, and fulfill corporate social responsibilities.

(II) Sales Volume Forecast and the Basis

The main markets of the company's reinvested subsidiaries are located in mainland China, Northeast Asia, Southeast Asia, and Europe and the United States. Therefore, the estimated annual sales volume is mainly based on local industry-related statistical data, major customer information feedback and judgments on future market supply and demand. In summary, the sales of the small home appliance business will experience a steady and significant growth in volume and amount compared to 2022.

(III) Significant Sales and Production Policies

1.Export

- Product sales in the Japanese and Korean markets and European and American markets maintained are steady growing in two quarters, actively developing customers in different industries, assisting customers in developing new products to tap the Southeast Asian market.
- Focus on key customers and keep in touch with the technical team, deepen the development and technical adhesion, we increase the number of product development (enhance the patent layout, patent licensing customers), in order to win orders.
- We comprehensively enhance the export business services including customer service platform channel integration, IDM services, multiple sales with one machine, R&D awards, patent sharing and online sales, etc., to improve service quality.
- Consolidate the sales channel base of export customers, more international marketing channels of cross-border e-commerce platforms, and continue to promote their own brand products on the international stage.

2.Offline operation in China

- Team Integration: The national offline teams are divided into two regions, south and north, with 2 large regional directors established. We have increased operation support centers, promoted data-based operations, and conduct more accurate and efficient management close to the market, and enhance the brand's service power to distributor partners and consumers in the new retail era.
- Accurate focus on products: focus on hot products, reduce SKUs, fit the market, ensure sales efficiency, and improve the integration of production and sales operations. At the same time, focus on the inventory turnover rate and amount of

dealers and factories, reduce the inventory of dealers and factories at the end of seasons, and finally realize order-based production.

- Channel continued to plowing: channel network breadth development expanded, continued to build more than 2000 Emmitt county city/township image store. In addition, 3C, super system to strengthen the consumer experience, with the store image input, shopping guide sales ability training, to achieve the proportion of Emmitt single store retail sales and high-end product sales growth.
- Embrace new channels: actively embrace new sales channels, offline network batch, community group buying platform, Jingdong store, Tmall Premium, actively expand new sales channels, increase the line meet rate, achieve greater brand exposure and output.

3. Online operation in China

- Multi-platform benign development: For different online consumer groups and sales models on Taobao Tmall, JD Mall, Suning, Vipshop, and live broadcast, we have developed marketable and differentiated product combinations suitable for each platform to meet the needs of different consumers. Emphasize the development of other new sales channels such as Pinduoduo, Yunji, and NetEase Yeation. Establish vertical integration of sales and production to improve brand share across the network and channels. In addition, we are involved in the new type of sales of the secondary e-commerce channel. We target the market through emerging focus private domain traffic channels such as short-form video e-commerce, content e-commerce, information flow e-commerce, etc.
- Utilizing the high efficiency and high focus characteristics of the online platform, focus on dryers, dehumidifiers, ventilation fans, yuba, foot baths, steam mop and other niches small household appliances market, to increase the brand's higher sustainable performance growth target.
- Marketing Transformation: Fully embrace mobile Internet marketing, use emerging media, deeply interact with young consumers through social media such as live streaming, short video, Weibo, WeChat official accounts, and Xiaohongshu, to achieve a younger brand consumer base and enhance Airmate's visibility and reputation among various consumer groups, and improve the brand's influence.
- Visual system: Comprehensively improve the visual system: In the era of online marketing, content capabilities are becoming one of the core capabilities of the enterprise. We have established a visual center to unify the visual content system specifications of the brand, export high-quality marketing content, better disseminate the Airmate brand, and improve brand power.
- Launched outdoor appliances: according to the development trend of the Chinese market, Emmitt launched outdoor series appliances, including outdoor camping air conditioning, outdoor folding fan, outdoor multi-function dun cup, and other products, combined with outdoor scene matching home appliance supply, we believe in creating a more relaxed and comfortable outdoor life experience, we believe in The outdoor appliance market will usher in huge demand and market growth.

IV. The company's future development strategy

The company and its subsidiaries will continue to focus on the development of the industry, develop competitive high margin products and continuous improvement, research and development of new technologies, and the pursuit of win-win cooperation with relevant stakeholders. The company is fully committed to the maintenance of brand power and customer loyalty, while actively responding to, exploring, and satisfying the deep needs of end customers in the market, and gaining recognition and orders from new markets, new customers, and new products through immediate response to market changes, thereby forming a flagship brand in the small home appliance market.

V. Affected by external competition environment, regulatory environment and overall business environment

(1) Influence of external competition environment

Small home appliance industry is in a variety of fierce competition environment, the company and its subsidiaries will continue to play to the existing advantages to adapt to market and strengthen product differentiation, and effectively control costs and inventory to reduce the impact of external competitive environment, and take advantage of the opportunity of some peers to expand the company's market position.

(2) Influence of legal environment

The Company and affiliated companies have not undergone or faced any loss from country or region where there is influence of legal environment changes in recent years.

(3) Influence of overall operation environment

At present, the company's investment subsidiary production and operation is located in mainland China, the market environment of the local small home appliance industry is still competitive, the global climate is dark, yet to be ready to see, but as mainland China fully accelerate the economic stimulus action, to consumer upgrade and people on product quality and The pace of the new application pursuit, the overall evaluation of the future is still cautious and optimistic.

Best regards (Wish you peace, happiness and good fortune)

Airmate (Cayman) International Co Limited

Chairman of Board: Rui-Bin Shih

General Manager: Rui-Bin Shih

Chief Account: Mei-Hsiu Ho

Chapter II. Company Profile

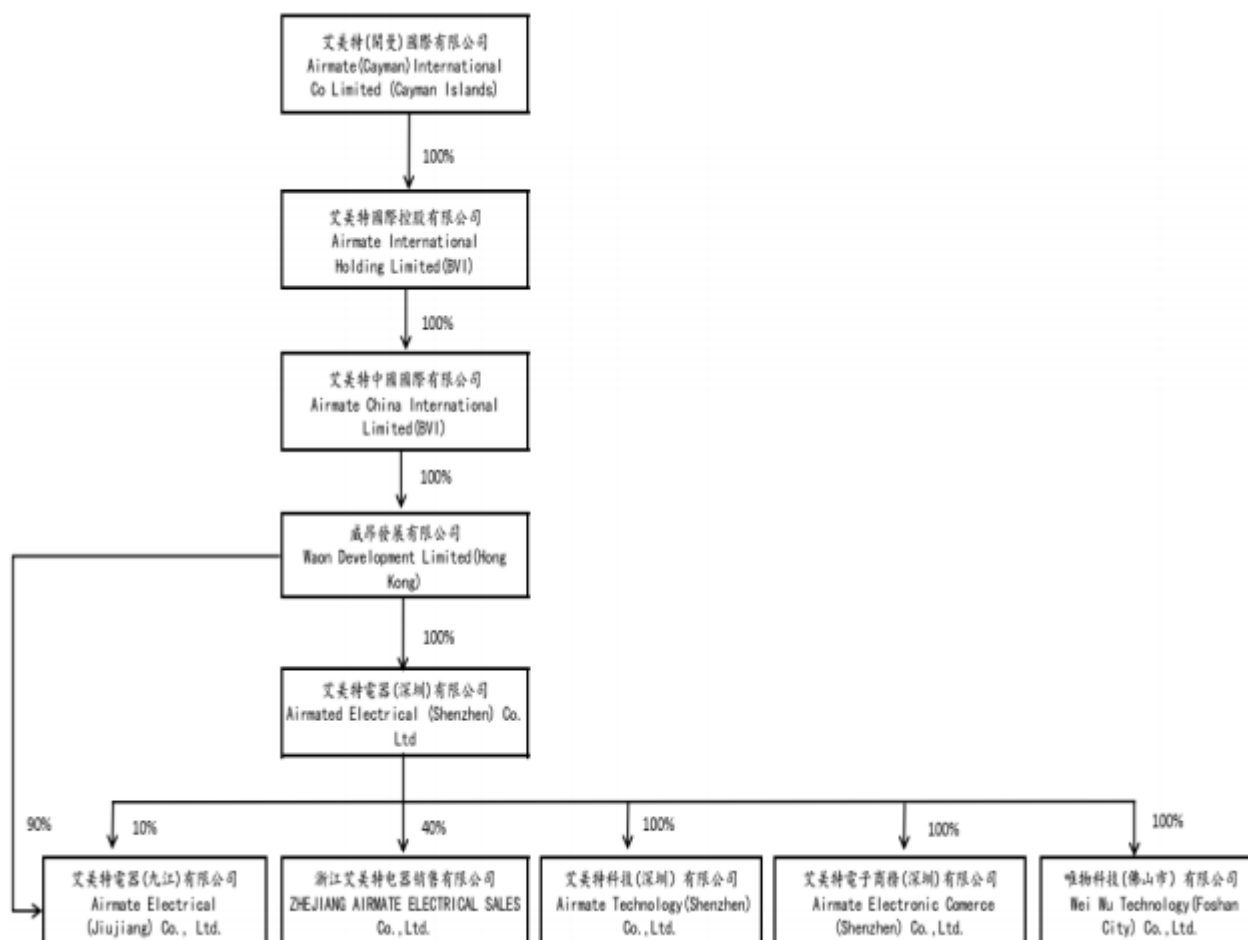
I. Date of Establishment: March 11, 2004.

II. Corporate and Group Profile

Airmate (Cayman) International Limited Co Limited(hereinafter referred to as the Company) was incorporated as an offshore holding company in the Cayman Islands on March 11, 2004, and as the entity applying to return to Taiwan to apply for registration in the Taiwan Stock Exchange Corporation (TSEC) and apply for the first listing of shares; as of the end of March 2022, the Company's subordinates are composed by Airmate International Holdings Limited, Airmate China International Co., Ltd., Waon Development Limited, Airmate Electric (Shenzhen) Co., Ltd., Airmate Electric (Jiujiang) Co., Ltd., Airmate Technology (Shenzhen) Co., Ltd., Airmate Electronic Commerce (Shenzhen) Co., Ltd. and other 7 companies, all of which are 100% wholly-owned subsidiaries; the main operating entities are Airmate Electric (Shenzhen) Co., Ltd., a research and development and production/marketing center and Airmate Electric (Jiujiang) Co., Ltd. and the external order receiving company — Waon Development Co., Ltd. The Company specializes in the research and development, production and sales of electric fans, electric heaters and various small household appliances.

Starting with home appliance substitutes, the Company established its production base in 1991 - Airmate in Shenzhen. It is committed to the research and development and manufacture of sophisticated small home appliances. In 1997, it officially launched its own branded "  艾美特 " products and began to systematically establish the sales channels for distributors in China. After more than 20 years of deep farming, Airmate's new trademark "  AIRMATE 艾美特 " has been upgraded in 2019 with the "Technology□ Aesthetics□Family Mate" brand positioning of the "Air Mate" core. Technology and aesthetics are converging and advancing with time. Currently, products are sold in online e-commerce channels, physical home electronics stores and shopping malls in 31 provinces and cities in China. Currently, the proportion of domestic sales in Mainland China is about 52%. Due to its excellent research and development production capacity, the Company is also responsible for the design, development and production of factories for international household appliance brands. Through Waon Development Co., Ltd., the Company is responsible for the external sales transformation business. The OEM area covers Japan, Korea, France, Germany, Canada, Singapore, the United States, Australia and other regions. The external sales amount accounts for about 48% of the Group's total sales, and it has become one of the most internationally recognized manufacturers in the household appliance industry. This is a significant recognition of the company's efforts in the small household appliance market in China over the years.

III. Group Structure



IV. Corporate and Group History

Year	History of the Company and the Group
1973	The parent company of Airmate (Taiwan Dongfu Electrical Appliances Co., Ltd.) was founded in Taiwan.
1990	The management team and the substantial shareholders established Waon Development Limited (Hong Kong) with a registered capital of HK\$13,510 thousand.
1991	Established Airmate Electrical (Shenzhen) Limited with a registered capital of US\$23,750 thousand, and set up a major production base in Shenzhen to launch a global layout.
1994	Became the first foreign-invested enterprise to obtain CCEE safety certification for small household appliances in China. Start to cooperate with Sanyo Electric Co., Ltd. of Japan to produce dedicated Sanyo fan motors.
1996	Obtained ISO9002 quality control system international certification.
1997	Expand the Airmate brand into the Chinese market and cut into the electric heater market. Establishment of Airmate French subsidiary, registered capital Franc 50 thousand. Established Airmate China International Limited (BVI) with a registered capital of US\$20,000 thousand.
1998	Established Airmate International Holding Limited with a registered capital of US\$21,000 thousand.
1999	Obtained ISO9001 quality control system international certification. The China Association of Enterprises with Foreign Investment was awarded the “National Foreign Investment Double Excellence Enterprise”. By the share conversion, included Waon Company as a 100% subsidiary of Airmate International
2000	Establish a global sales network of more than 60 countries on five continents and become the largest supplier of household fans in Japan.

Year	History of the Company and the Group
2001	Waon Company signed an equity transfer agreement with Airmate China to transfer the equity of Airmate Electrical (Shenzhen), which is 100% owned by the former Waon Company, to Airmate China.
2002	China Quality Inspection Association awarded the National Dual Guarantee Enterprise of Product Quality and After-Sale Service Credit. “Airmate” was named a famous trademark in Guangdong Province. Won the dual honors of Shenzhen Industry and Commerce Top 100 and Export top 100.
2003	Airmate expanded plant at Shenzhen Airmate fans passed the National Inspection-Free Product Quality. Awarded with National Dual Guarantee Enterprise of Product Quality and After-Sale Service Credit.
2004	The Company was established with HK\$16,000 thousand in shares and became the ultimate parent company of the group through a series of stock exchange processes.
2005	Airmate extensively entered other small home appliances market. The State Administration of Quality Supervision, Inspection and Quarantine awarded the title of China's Famous Brand Products Was rated as "the first Shenzhen Import and Export Integrity AAA Enterprise". Rated as “The Top 500 Company With The Most Valuable Brand in The Country”.
2008	Airmate trademark was awarded the title of “Well-Known Trademark”. Capital increase by cash of HK\$40,000.
2009	Won the award of the National High-tech Enterprise Award. Won the title of Guangdong Province Famous Brand Product. Elected as the Member of Shenzhen Quality and Credit Enterprise. capital increase by cash of HK\$1,050,000. Transferred of surplus and employee dividend to capital of HK\$4,820 thousand
2010	Won the honor of “Shenzhen Intellectual Property Advantage Enterprise”. Awarded the Director Award of Science and Technology Innovation in Bao'an District. Transferred of employee dividend to capital of HK\$680 thousand
2011	Airmate's electric fan comprehensive market share in China for 10 consecutive years ranks the top two among domestic enterprises. Airmate's electric heater comprehensive market share in China for 6 consecutive years ranks the top three among domestic enterprises.
2012	Transferred of capital surplus to capital of HK\$203,310 thousand capital increase by cash of HK\$29,000 thousand. The Directors were re-elected as Directors, including four Independent Directors, and set up an Audit Committee. Reelected the board of directors. Elected nine directors, including four independent directors, and set up an audit committee. On July 26, 2012, the shareholders' meeting approved a resolution to change the company's par value per share from HK\$1 to NTD10, with the paid-in capital of NTD1,102,442,500.
2013	capital increase by cash of NTD 122,500 thousand. On March 21, listed on the TWSE
2014	Established Airmate Electrical (Jiujiang) Ltd. with a registered capital of US\$35,000,000 thousand. Mass production in October the same year.
2015	Joint venture with mainland Chinese to establish Airmate Technology Co., Ltd., specializes in kitchen appliances product design, development, and market development. With the registered capital of RMB \$10,000 thousand, and the company holds 51% shares.
2016	Airmate Electrical (Jiujiang) Ltd. capital increase by cash of US\$23,000 thousand. On June 3, 2016, the Company signed a joint development project agreement with TCL Haichuanggu Technology Park Development Co., Ltd. (hereinafter referred to as TCL Haichuanggu) and Shenzhen TCL Real Estate Co., Ltd. to develop old factories land in Shenzhen Industrial Zone. Airmate Europe LLC. Liquidation was completed on 8 June 2016.
2017	The capital increase by cash of Airmate Electrical (JIUJIANG) Limited of US\$3,300 thousand.
2018	Airmate Electrical (Jiujiang) Ltd. capital increase by cash of US\$1,850 thousand. Airmate Fresh Wind Division was established on April 30, 2018 The development project of the old factory land in Shenzhen Industrial Zone signed by the Company and TCL Haichuanggu Technology Park Development Co., Ltd. (hereinafter referred to as TCL Haichuanggu) and Shenzhen TCL Real Estate Co., Ltd. started in October 2018.
2019	The capital increase by cash of Airmate (Cayman) International Co. Limited of

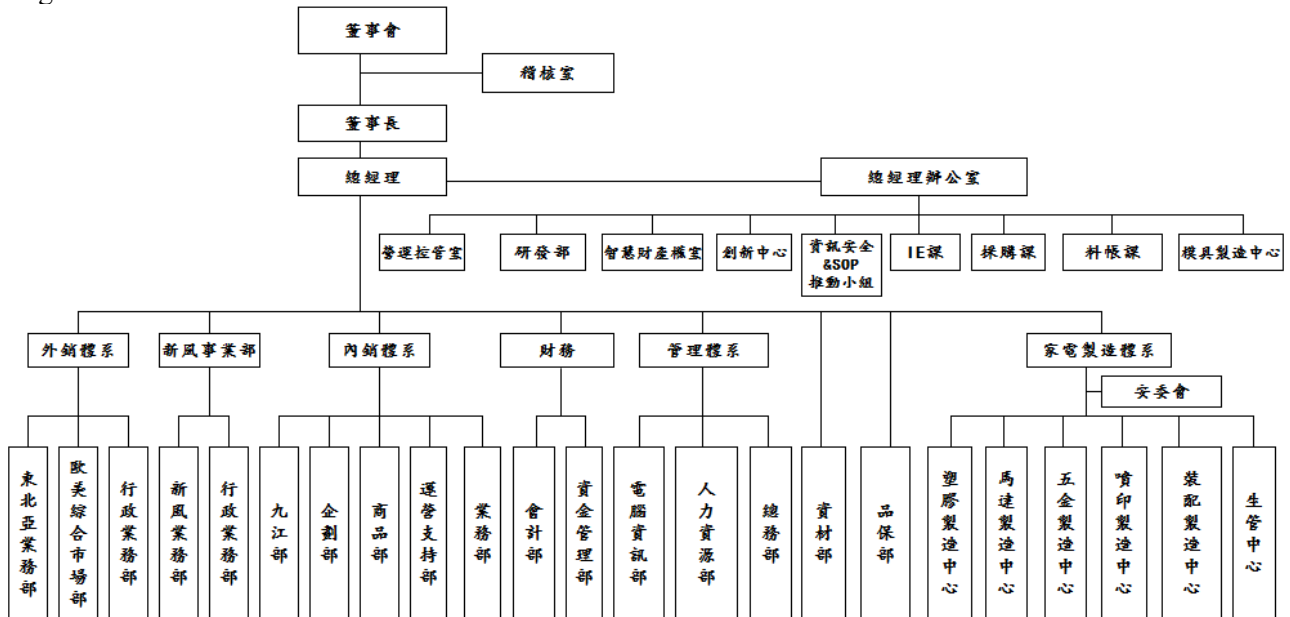
Year	History of the Company and the Group
	US\$120,000 thousand. Airmate Black and White Swan Air Circulating Fan Serie won the TMIC's Best New Product under Circulating Fan Category ad the Golden Wheat Quality Award under Household Appliances Digital Category. The brand of Airmate has renewed and upgraded, the new trademark design  AIRMATE 艾美特 follows the core of "Air Mate" with "Technology, Aesthetics and Home Mate" brand positioning upgrade, combine the technology and the aesthetics.
2020	The Air2 Air Circulation Fan of Airmate's High-End Aesthetic line, was awarded the "Product of Excellence" award at the Apland Awards 2020 for its industry-leading fashion design and innovative technology, reaffirming Airmate's commitment to providing insights into customers' needs, improving the user experience and creating superior products.
2021	Airmate's high-end aesthetics AIR6 series won the Smart Technology Innovation Product Award; Apulian Excellent Product Award, AIR3 won Tiangong Cup Industrial Design Competition Excellent Product Award of Jiangxi Province; AIR6 series won the National Electricity Industry Rock Award Excellent Product Award in China; Airmate Electric (Jiujiang) Co., Ltd. won the National Electricity Industry Rock Award in China - Solid Rock Award in 2021.
2022	Flame air humidification negative ion incense burner won the 2022 China Home Appliances Rock Quality Award; Air7Pro won the 5th Consumer Intelligent Technology Innovation Product; FA20-RD70 Air Circulation Fan won the top ten trending products in 2022; the 12th Shenzhen Skills Competition - Advanced Manufacturing Industry (Product) Design Skill Award The first and second prize of the design award.

V. Risk Items: Please refer to the Chapter VII-6 of this annual report.

Chapter III. Corporate Governance Report

I. The Company's Organizational System

(I) Organizational Structure



(II) Responsibilities and functions of major departments

Major departments		Functions
Board Meetings		Planning Company-wide business operations and policies, establishing operational goals and appointing the Company's major managers to execute Company business.
Audit Department		Responsible for various auditing tasks and the internal control evaluation and implementation of the Company as well as proposing recommendations for improvement and continuously monitoring progress of improvement.
President (CEO)		Perform resolutions from the Board of Directors meeting and Company management.
President's Office (CEO's Office)		Managing Company operational management, information security management, execute SOP, innovation center, patent applications, handling of legal cases, and maintaining investor relations.
Export Market	Export Business Department	Developing and maintaining the Company's export business.
	Sales Administration Department	Day-to-day internal management work of the Export Business Department.
Domestic Market	Sales Department	Developing and maintaining the Company's business in China.
	Jiujiang Department	Developing and maintaining the Company's business in China.
	Planning Department	Establishing and promoting the Company's brand and image in China region.
	Product Department	Product development in China region.
	Operations Support Department	Communication and coordination between the Company's sales headquarter and various departments and day-to-day internal management work in China region.
Ventilation Business Department	Ventilation Sales Department	Expansion and maintenance of ventilation business products in China.
	Administrative Department	Routine management of Ventilation Sales Department in China.

Major departments		Functions
Financing Market	Accounting Department	Accounting and bookkeeping tasks and establishing and carrying out the accounting policy.
	Capital Management Department	Capital planning and appropriations.
IT Department		Researching and establishing the Company's IT policy, IT system planning and maintenance, and telecommunications planning, setting, and maintenance.
HR Department		Manages human resources-related tasks.
Administrative Affairs Department		Day-to-day administrative management.
Research and Development Department		Coordinating the Company's R&D resources and establishing R&D objectives.
Logistics Department		Manages the Company's purchasing and warehousing tasks.
Quality Assurance Department		In charge of various quality controls and handles customer grievances.
Home Appliance Manufacturing System		Production of plastics, motors, hardware, inkjet printing and assembly.

II. Directors, Supervisors, President, Vice President, Assistant Vice Presidents and Managers of Departments and Branches

(I) Basic information of Directors

1. Director information

April 21, 2023

Job Title	Nationality/ Place of Incorporation	Name	Gender Age	Choose (on) the date	Term	Date first elected	Shares held when elected		Shares Currently Held		Spouse & Minor Shareholding		Shares held in others' names		Major experience (academic)	Titles also held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relations:		
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job Title	Name	Relation
Chairman and CEO and General Manager	ROC	Shih, Jui-Bin	Male 41-50 y.o	2021.08.05	3 years	2011.09.01	1,009,480	0.72	1,049,751	0.72	811,221	0.56	—	—	Japan Aichi Chubu University College of Electronics Yuasa Primus Co., Ltd., Product Staff, Ltd., Representative of Pearl Place Holdings Limited	Note 1 (1)(2)	Director	Pearl Place Holdings Limited Representatives: Shih, Jui-Lin	Brothers
Vice Chairman and General Manager of Airmate Electric (Jiujiang) Co., Ltd. Subsidiary	ROC	Tsai, Cheng-Fu	Male 61-70 y.o	2021.08.05	3 years	2004.04.30	4,009,788	2.84	4,169,751	2.86	—	—	—	—	Master of Electronic Engineering, National Kaohsiung University of Science and Technology Leader of Cham Wai Limited (Hong Kong)	Note 2	—	—	—
Director	ROC	Cheng-Li-Ping	Male 71-80 y.o	2021.08.05	3 years	2006.12.18	3,157,095	2.24	3,283,041	2.26	51,178	0.04	—	—	Department of Statistics, Tamkang University Vice President, Tung Fu Electric Co., Ltd.	Note 3	—	—	—
Director	ROC	Pearl Place Holdings Limited Representative: Shih, Jui-Lin	Male 41-50 y.o	2021.08.05	3 years	2018.06.11	26,104,350	18.52	27,145,738	18.65	159,813	0.11	—	—	Department of Business Administration, Mount Ida College Business Department Staff of Data Systems	Note 4	Chairman CEO and General Manager	Shih, Jui-Bin	Brothers

Job Title	Nationality/ Place of Incorporation	Name	Gender Age	Choose (on) the date	Term	Date first elected	Shares held when elected		Shares Currently Held		Spouse & Minor Shareholding		Shares held in others' names		Major experience (academic)	Titles also held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relations:		
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Job Title	Name	Relation
															Consulting Co., Ltd., Business Department Staff of Microcell Composite Company				
Director	ROC	Chen, Yen-Fu	Male 41-50 y.o	2021.08.05	3 years	2018.06.11	16,402	0.01	17,056	0.01	1,355,817	0.93	—	—	Institute of Environmental Policy, National Dong Hwa University Assistant Manager of Ministry of Education Environmental Protection Division; Project Manager of Capital Engineering Corp; Business Specialist of Nano Electronics and Micro System Technologies, Inc.; Business Assistant Manager of Creating Nano Technologies	Note 5	—	—	—
Director	ROC	Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd. Representative : Huang, Ching-Shu	Male 61-70 y.o	2021.08.05	3 years	2021.08.05	2,346,000	1.66	2,439,589	1.68	2,121	0.00	—	—	Chairman of Hern Juei Co., Ltd., Chairman of Heng Ta Mold Enterprise Co., Ltd., Chairman of Ecotime Optoelectronic Technology Co., Ltd.	Note 6	—	—	—
Independent Director	ROC	Chen, Ming-Chang	M 71-80	2021.08.05	3 years	2012.05.15	—	—	—	—	—	—	—	—	Ph.D. of Graduate Institute of Business Administration, National Chengchi	Note 7	—	—	—

Job Title	Nationality/ Place of Incorporation	Name	Gender Age	Choose(only) the date	Term	Date first elected	Shares held when elected		Shares Currently Held		Spouse & Minor Shareholding		Shares held in others' names		Major experience(academic)	Titles also held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relations:		
							Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)			Job Title	Name	Relation
			Male												University; National Business Doctor Chairman of Taiwanese Investment Management Association of China; General Manager of China Productivity Center; Director of Graduate Institute of Business Administration, National Chung Hsing University; Deputy Director of Small and Medium Enterprises Administration, Ministry of Economy Affairs; Director, Economic Division, Mainland Affairs Council				
Independent Director	ROC	Chi, Lai-Ping	Male 61-70 y.o	2021.08.05	3years	2012.09.05	—	—	—	—	—	—	—	—	Bachelors in Economics, Columbia University, USA. Masters in International Relations, Chicago University, USA. Independent Director of Yuanta Financial Holdings, Independent Director of Yuanta Life Insurance Co., Ltd., General Manager of Merrill	Note 8	—	—	—

Job Title	Nationality/ Place of Incorporation	Name	Gender Age	Choose(only) the date	Term	Date first elected	Shares held when elected		Shares Currently Held		Spouse & Minor Shareholding		Shares held in others' names		Major experience(academic)	Titles also held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relations:		
							Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)			Job Title	Name	Relation
															Lynch (Taiwan) Investment Management, Deputy General Manager of Prudential Life Insurance (Taiwan) Co., Ltd., President of Greater China of Sony Life, Deputy General Manager of MetLife International, Managing Director of Sino-US MetLife, Chairman of MetLife Hong Kong, General Manager of MetLife Taiwan				
Independent Director	ROC	Lin, Chih-Lung	Male 41-50 y.o	2021.08.05	3 years	2021.08.05	—	—	—	—	—	—	—	—	M.A., Department of Accountancy, National Cheng Kung University Lecturer in the Department of Fiscal Taxation, National Taipei University of Business; Lecturer in the Department of Accounting Information, Southern Taiwan University of Science and Technology; Assistant Professor of Specialized Technology, Institute of Business Studies, Tainan	Note 9	—	—	—

Job Title	Nationality/ Place of Incorporation	Name	Gender Age	Choose(only) the date	Term	Date first elected	Shares held when elected		Shares Currently Held		Spouse & Minor Shareholding		Shares held in others' names		Major experience(academic)	Titles also held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relations:		
							Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)			Job Title	Name	Relation
															University of Technology; Partner Accountant, Yuxin Certified Public Accountants; Audit Department, Diwan Certified Public Accountants; Tax Department, KPMG Taiwan Certified Public Accountants.				

Note 1 :

- (1) Concurrently served as CEO and General Manager of Airmate Group, Chairman of Airmate International Holdings Limited, Chairman of Airmate China International Limited, Chairman of Veeam Development Limited, Chairman of Taiwan Branch of Hong Kong Shang Veeam Development Limited, Chairman and General Manager of Airmate Electric (Shenzhen) Limited, Vice Chairman of Airmate Electric (Jiujiang) Limited, Chairman of Dongfu Electric (Shares) Limited, Representative of Airmate Electronic Commerce (Shenzhen) Limited, Pearl Place Holdings Ltd.
- (2) When the chairman is the same person, spouse or first-class relative as the general manager or a relative, shall state the reason, rationality, necessity and workarounds (e.g. increase in the number of independent directors, and there should be more information about how half of the director is not an employee or manager).

Reason	Reasonableness and necessity	Response measures
Completed Industry qualifications	Good customer familiarity	Actively cultivate professional managers
Understanding the Business Market	Full insight into changes in the market	Half of the company's directors do not concurrently serve as employees or managers
Leadership	Has overall planning ability of the enterprise	Proposed Additional Seat of Independent Directors

Note 2: Director of Waon Development Co., Ltd., Vice Chairman of Airmate Electric (Shenzhen) Co., Ltd., Director of Zhejiang Airmate Appliance Electric Sales Co., Ltd., principal of Joyful Oasis Ltd., Chairman and General Manager of Airmate Electric Appliances (Jiujiang) Co., Ltd., Executive Director and Legal Representative of Airmate Technology (Shenzhen) Co., Ltd.

Note 3: Director of the Board of Waon Development Ltd

Note 4: Manager of Export Marketing Department of Emmitt Electric (Shenzhen) Co., Ltd., Special Assistant to Group General Manager, Director of Dongfu Electric Co., Ltd.

Note 5: Sales Assistant Manager, Li Pai Yi Co., Limited

Note 6: Note 6: Chairman of (Hern Juei Co., Ltd. and Chairman of Heng Ta Mold Enterprise Co., Ltd.

Note 7: Note 7: Dean of Management Institute in Taipei, Lecturer Professor at Nanhua University, Concurrent Professor at National Taipei University, Advisor to Straits Exchange Foundation, Independent Director of Shane Global Holding Inc.

Note 8: Adjunct Professor of Beijing University of Foreign Studies, Hong Kong Zhongzhi Asia Co., Ltd., Independent Director of Taishin Securities, Independent Director of Taishin Financial Holding Co., Ltd., and Independent Director of Taishin Life Insurance Co., Ltd.

Note 9: Director of the Board of Nang Kuang Pharmaceutical Co., Ltd, Independent Director of the Board of TEKHO MARINE BIOTECH CO., LTD., Director of NCKU Financial Strategies Research Foundation, Independent Director of the Board of CHIA HER INDUSTRIAL CO., LTD., Legal Representative and Director of the Board of TOPOWER CO., LTD.

4. Disclosure of information on professional qualifications of directors and independence of independent directors

Qualificaion Name	Professional qualifications and experience (Note 1)	Independent status (Note 2)	Concurrently serves as Independent Director for multiple other publicly-listed companies
Chairman Shih, Jui-Pin	Graduated from Department of Electronics of Chubu University Affiliated Vocational School, Aichi Province, Japan. Currently, serves as the Chairman of the Company is also the CEO and General Manager. He has more than five years of experience in business, finance and company business. He is committed to the relevant fields of the small appliance industry. He has the ability of professional leadership, marketing, operation management and strategic planning, lead the company to become a pioneer in the industry, and move towards sustainable operation. No situation listed in Section 30 of the Company Act.	Not applicable	None
Director Tsai, Cheng-Fu	Graduated from Electronic Engineering Department, Kaohsiung University of Science and Technology with a master's degree, current serves as the Vice Chairman of the Group and director of subsidiary. He has more than five years of work experience in business, finance and company business. He is committed to more than 25 years of experience in the related fields of the small appliance industry. He is also the Secretary General of the Founding Association of Shenzhen Taiwan Chamber of Commerce and the Honorary President of Shenzhen Taiwan Chamber of Commerce. He has specialized operational management and competence, and has rich planning experience in the industry. No situation listed in Section 30 of the Company Act.	Not applicable	None
Director Cheng-Li-Ping	Graduated from Department of Statistics at Tamkang University. Formerly Deputy General Manager of Tung Fu Electric Appliances Co., Ltd. and General Manager of Airmate Group. Currently, he is the director of company's subsidiary Vaon Development Co., Ltd. He has more than five years of experience in business, finance and company business. He is committed to the small appliance industry with more than 25 years of experience in related fields. He has professional leadership, international marketing and marketing, operational management and strategic planning capabilities and senior industry experience. No situation listed in Section 30 of the Company Act.	Not applicable	None
Director Pearl Place Holdings Limited Representative: Shili-Jue Zhu	One of the directors of the company who has more than five years of work experience in business, finance and corporate business. No situation listed in Section 30 of the Company Act.	Not applicable	None
Director Chen Yanfu	Graduated from the Environmental Policy Institute of National Dong Hwa University, formerly Assistant to the Environmental Protection Team of the Ministry of Education, Project Manager of KING'S (ASIA) Contracting Company Limited, Business Specialist of Nano Electronics and Micro System Technologies, Inc. (NEMS Tech.), Business Deputy of Creating Nano Technologies, currently serves as the Business Associate of Libaiyi Co., Ltd., more than 15 years of experience in the panel, PCB, semiconductor industry, more than five years of experience in business, finance and company business, with operational management and strategic planning capabilities and senior industry experience. No situation listed in Section 30 of the Company Act.	Not applicable	None

Name \ Qualification	Professional qualifications and experience (Note 1)	Independent status (Note 2)	Concurrently serves as Independent Director for multiple other publicly-listed companies
Director Investment Special Account Representative of Chinatrust Commercial Bank for Entrusted Custody of Tuck Giant Enterprise Ltd.: Mr. Huang Qing-shu	He is currently Chairman of Hern Juei Co., Ltd., Chairman of Heng Ta Mold Enterprise Co., Ltd. with more than five years of work experience required for business, finance and corporate business, and is committed to specializing in the production of molds and plastic molds for various household appliances. Development and technology research, more than 30 years of experience in industry-related fields, providing professional advice on the development and technology of the company's product molds. No situation listed in Section 30 of the Company Act.	Not applicable	None
Independent Director Chen, Ming-zhang	Graduated from the Program of MBA in the National Chengchi University, Ph.D. of Commerce, Member of the Salary and Remuneration Committee of the Company, Convenor of the Audit Committee, currently President of the Taipei Institute of Business Management, Lecturer Professor of Nanhua University, Concurrent Professor of Taipei University, Advisor of The Straits Exchange Foundation (SEF), independent Director of Shane Global Holding Inc. (SGH), with more than five years of work experience required for business, finance and corporate business, specializing in enterprise management, and rich industry experience. No situation listed in Section 30 of the Company Act.	The independent directors of the Company are eligible for independence. Independent directors themselves, their spouses, and their relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or other affiliated enterprises; do not hold the number of shares in the Company; and do not serve as directors, supervisors or employees of companies with specific relationships with the Company. No amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.	1
Independent Director Chi, Lai-Ping	Bachelor of Economics, University of Columbia, USA, and Master of International Relations, University of Chicago, USA. Convener and member of the Remuneration Committee of the Company's Audit Committee. Currently serving as a Part-time Professor at the University of International Business and Economics (UIBE), Chairman of Hong Kong Zhongzhi Asia Co., Ltd., Independent Director of Taishin Financial Holdings Co., Ltd., Independent Director of Prudential International Life Insurance Co., Ltd. (renamed Taiwan New Life Insurance Co., Ltd.), with more than five years of work experience in business, finance and corporate business, he is specialized in the field of economics and international relations and provides relevant professional views and experience exchanges of the Company. No situation listed in Section 30 of the Company Act.	The independent directors of the Company are eligible for independence. Independent directors themselves, their spouses, and their relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or other affiliated enterprises; do not hold the number of shares in the Company; and do not serve as directors, supervisors or employees of companies with specific relationships with the Company. No amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.	2

Name \ Qualification	Professional qualifications and experience (Note 1)	Independent status (Note 2)	Concurrently serves as Independent Director for multiple other publicly-listed companies
Independent Director Lin Zhi-Long	Graduated from the Institute of Accounting, National Cheng Kung University with a master's degree, passed the accountant college entrance examination of The Republic of China, possessed professional certificates of accountant, land administration agent, internal auditor of the Republic of China and international internal auditor, and has more than five years of business, legal, financial, accounting or the work experience required by the company's business, the convener of the company's Audit Committee and a member of the Remuneration Committee, the current director of Zhili United Certified Public Accountants, a partner accountant, a lecturer in the Accounting Department of National Cheng Kung University, a director of Nang Kuang Pharmaceutical Co., Ltd., Independent director of Tekho Marine Biotech Co., Ltd., director of Cheng Kung Accounting & Financial Strategy Research Foundation as aggregate corporation, independent director of Chia Her Industrial Co., Ltd. and representative of legal person of Toppower Co., Ltd. He has rich experience in accountant practice and diversified industries. No situation listed in Section 30 of the Company Act.	The independent directors of the Company are eligible for independence. Independent directors themselves, their spouses, and their relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or other affiliated enterprises; do not hold the number of shares in the Company; and do not serve as directors, supervisors or employees of companies with specific relationships with the Company. No amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.	2

Note 1: Professional qualifications and experience: Indicate the professional qualifications and experience of each director. If he is a member of the Audit Committee and has accounting or financial expertise, he should indicate his accounting or financial background and work experience, indicate whether there are circumstances under Article 30 of the Company Law

Note 2: Independent directors should clarify whether they meet the requirements for independence, including but not limited to whether they, their spouses, relatives within the second degree of kinship, etc. serve as directors, supervisor or employee of the Company or its affiliated enterprises; the number and proportion of the company's shares held by relatives within myself, spouse, parents (or in the name of others); whether he serves as a director, supervisor or employee of a company with a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors for Public Offering and Matters to be Complied with);

The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

5. Board Diversity and Independence:

(1) Diversity of the Board of Directors:

The diversity goals of the members of the Board of Directors of the Company are to have more than one-third of the seats on the Board of Directors of each gender and not more than one-third of the seats on the Board of Directors as employees.

There are currently 9 directors, including 3 independent directors. The diversification of all directors is as follows:

- ① Female directors account for 0%, and male directors account for 100%. Currently, no specific targets have been set. In the future, it will be gradually realized.
- ② The proportion of directors with employee status is 33%, and the proportion of independent directors is 33%, which meets the requirements.
- ③ 2 directors aged over 70; 3 directors aged 60-69; 4 directors aged 41-49.
- ④ 4 directors with tenure of more than 10 years; 3 directors for 3-9 years; and 2 directors for less than 3 years.

⑥ The core items of diversity of each director are as follows:

Diversity Core Items Name Of Director		Gender	Part-Time Employees	Business Management	Leadership Decisions	Knowledge Of The Industry	Financial Accountant
Director	Shih, Jui-Pin	Male	V	V	V	V	
Director	Tsai, Cheng-Fu	Male	V	V	V	V	
Director	Cheng-Li-Ping	Male		V		V	
Director	Shih Li, Chueh-Chu	Female		V		V	
Director	Chen Yanfu	Male		V		V	
Director	Huang, Ching-Shu	Male		V		V	
Independent Director	Chen, Ming-zhang	Male		V			V
Independent Director	Chi, Lai-Ping	Male		V			V
Independent Director	Lin Zhi-Long	Male		V			V

(2) Independence of the Board of Directors:

The selection procedures for all directors of the company are open and fair, and comply with the company's "Articles of Association", "Director Election Measures", "Corporate Governance Code of Practice", "Public Issuance of Independent Directors and Compliance with Election Measures" and "Securities Exchange Act" According to Article 14-2", etc., the composition of the current board of directors consists of 3 independent directors (33%) and 6 independent directors (67%).

The board of directors of the Company guides the company's strategy, supervisory management and accountability to the company and shareholders. In all operations and arrangements of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws and regulations, the articles of association or the resolutions of the shareholders' meeting, etc. The Board of Directors of the Company emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals and exercise their powers independently. The 3 independent directors have also complied with the relevant statutory provisions, combined with the terms of reference of the Audit Committee, to examine the existence of the company or the management and control of risks, etc., in order to ensure the supervision of the effective implementation of the company's internal controls, the selection (dismissal) of visa accountants, and the preparation of independence and financial statements. In addition, the "Directors' Election Method" of the Company stipulates that the election of directors and independent directors shall adopt a cumulative voting system and a candidate nomination system, encourage shareholders to participate, hold a certain number of more than a certain number of shareholders to submit a list of candidates, review the qualification conditions of candidates and confirm whether there are any violations of the provisions of Article 30 of the Company Law, the relevant handling operations shall be conducted and announced in accordance with the law, and the shareholders' rights and interests shall be protected to avoid the monopoly or excessive abuse of the nomination rights and maintain its independence

In order to establish the performance evaluation system of the Board of Directors, the Company conducts an internal self-assessment of the Board of Directors and the self-assessment of the members of the Board of Directors once a year. The results of the self-assessment are disclosed in the annual report and website of the Company after being submitted to the Board of Directors.

(II) General manager, deputy general manager, assistant manager, department and branch supervisor information

April 21, 2023

Job Title	Nationality	Name	Gender	Date of Appointment	Number of shares held		Shares held by spouse and minor children		Shares held in others' names		Primary work or academic experiences	Position Held with Other Companies	Managers who have spousal or second-degree family relationships within the Company		
					Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)			Job Title	Name	Relation
Chairman and General Manager and CEO	ROC	Shih, Jui-Bin (Note 1)	M	2019.08.08	1,049,751	0.72	811,221	0.56	—	—	Chubu University, Aichi Province, Japan Electronics DepartmentYuasa Primus Co., Ltd. , LTD Product Staff	Concurrently served as CEO and General Manager of Airmate Group, Chairman of Airmate International Holdings Limited, Chairman of Airmate China International Limited, Chairman of Veeam Development Limited, Chairman of Taiwan Branch of Hong Kong Shang Veeam Development Limited, Chairman and General Manager of Airmate Electric (Shenzhen) Limited, Vice Chairman ofAirmate Electric (Jiujiang) Limited, Chairman of Dongfu Electric (Shares) Limited, Representative ofAirmate Electronic Commerce (Shenzhen) Limited, Pearl Place Holdings Ltd.	—	—	—
Vice Chairman and General Manager of Airmate Electric (Jiujiang) Co., Ltd. Subsidiary	ROC	Tsai, Cheng-Fu	M	2020.12.17	4,169,751	2.86	—	—	—	—	Master of Electronic Engineering, National Kaohsiung University of Science and Technology Person in Charge of Zhanwei Limited (Hong Kong)	Vice Chairman of the Company, Director of Waon Development Co., Ltd., Vice Chairman of Airmate Electric (Shenzhen) Co., Ltd., director of Zhejiang Airmate Electric Sales Co., Ltd., principal of Joyful Oasis Ltd. , chairman and general manager of Airmate Electric (Jiujiang) Co., Ltd., executive director and legal representative of Airmate Technology (Shenzhen) Co., Ltd.			
Chief Operating Officer (COO)	ROC	Tseng, Chao-Ting	M	2018.11.14	305,085	0.21	—	—	—	—	Department of International Business, Chung Yuan Christian University Information and Finance Manager at Airmate Electrical (Shenzhen) Limited Purchasing Manager of Chicony Electronics Co., Ltd; Assistant Manager in Supply Chain Management Department of Tsannkuen (Zhangzhou) Enterprise Co., Ltd.	President of Tung Fu Electric Co., Ltd; Director of Airmate Electrical (Jiujiang) Limited	—	—	—
Head of China Market Department	China	Lei, Yen	F	2018.09.10	—	—	—	—	—	—	Department of Law, Hengyang Gong'an Cadre Secondary Specialized School, Hunan Province Director of China Marketing, Emit Electric(Shenzhen)Co., Ltd.	General Manager of Airmate Technology (Shenzhen) Co., Ltd., General Manager of Airmate Electronic Commerce (Shenzhen) Co., Ltd.,Supervisor of Weiwu Technology (Foshan City) Co., Ltd.	—	—	—

Job Title	Nationality	Name	Gender	Date of Appointment	Number of shares held		Shares held by spouse and minor children		Shares held in others' names		Primary work or academic experiences	Position Held with Other Companies	Managers who have spousal or second-degree family relationships within the Company		
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			Job Title	Name	Relation
Accounting Manager and Head of Corporate Governance	ROC	Ho, Mei-Hsiu	F	2019.01.10	116,498	0.08	—	—	—	—	Department of Financial Management, National Kaohsiung University of Science and Technology Audit Manager of KPMG	Accounting Manager of Airmate International Holdings Co., Ltd., Airmate China International Co., Ltd., Waon Development Limited, Waon Development Limited Taiwan Branch, Airmate Electrical (Shenzhen) Co., Ltd. and Airmate Electrical (Jiujiang) Co., Ltd., and Supervisor of Zhejiang Airmate Electric Appliance Sales Co., Ltd., Airmate Technology (Shenzhen) Co., Ltd. and Airmate E-commerce (Shenzhen) Co., Ltd.	—	—	—

Note 1: If the chairman of the board of directors and the general manager or equivalent (top manager) who are the same person, spouse or relative, then, the reasons, rationalities, necessities and countermeasures should be explained:

Reason	Reasonableness and necessity	Response measures
Completed Industry qualifications	Good customer familiarity	Actively cultivate professional managers
Understanding the Business Market	Full insight into changes in the market	Half of the company's directors do not concurrently serve as employees or managers
Leadership	Has overall planning ability of the enterprise	Proposed Additional Seat of Independent Directors

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, General Manager, and Deputy General Managers

1. Remuneration to Directors and Independent Directors

(1).Remuneration of Directors in the most recent year (2022)

Unit: NT \$ thousand

Job Title	Name	Directors' Remuneration								Ratio of total remuneration A, B, C, and D to net Income (%) (Note 3)		Remuneration paid to concurrent employees								Ratio of total remuneration A, B, C, D, E, F, and G to net Income (%) (Note 3)		Remuneration from an invested company other than the Company's subsidiary or parent company
		Remuneration(A)		Retirement pension(B)		Director Remuneration (C) (Note 1)		Business Execution Fee(D)				Salaries, bonuses and special charges, etc.(E)		Retirement pension(F)		Employee Compensation (G) (Note 1)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
Cash amount	Stock amount															Cash amount	Stock amount					
Chairman concurrently serves as CEO and General Manager	Shih, Jui-Bin	5,122	8,547	-	-	8,642	8,642	200	200	13,965 2.95%	17,389 3.67%	1,979	10,731	-	-	-	-	-	-	15,943 3.37%	28,121 5.94%	None
Director	Tsai, Cheng-Fu																					
Director	Cheng-Li-Ping																					
Director	Pearl Place Holdings Limited – Representative: Shih, Jui-Lin(Note 4)																					
Director	Pearl Place Holdings Limited – Representative: Shi-Li, Chueh-Chu(Note 4)																					
Director	Chen, Yen-Fu																					
Director	Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd.: Representative: Huang,Ching-Shu																					
Independent Director	Chen, Ming-Chang																					
Independent Director	Chi, Lai-Ping																					
Independent Director	Lin, Chih-Lung																					

Explanation:
1. Independent directors' remuneration payment policies, systems, standards and structure, and clarification of the relationship between the responsibilities, risks, time participation and other factors assumed and the amount of remuneration paid: considering maintaining the professionalism and independence of independent directors, the Company's independent directors , apart from remuneration and travel expenses for attending the meeting, the independent directors of the company do not participate in the distribution of directors' remuneration after the company's earnings. The remuneration shall refer to the level of the same trade and be decided by the Board of Directors.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all companies in the financial report (e.g., serving as a non-employee consultant) in the most recent fiscal year: None.
Note 1: The earning distribution plan of the latest year (2022) has been approved by the board of directors (03/15/2023), and the remuneration of directors and supervisors is NT\$8,642 thousand in total, which has not been approved by the shareholders' meeting.
Note 2: The earning distribution plan of the latest year (2022) has been approved by the board of directors (03/15/2023), and the remuneration of employees was NT\$28,808 thousand in total, which has not been approved by the shareholders' meeting.
Note 3: The net profit after tax of the Company and the consolidated financial statements for the year 2022was NT\$473,197 thousand.
Note 4:PEARL PLACE HOLLING LIMITED was reassigned to the representative of the legal director on June 20, 2022. Ms. Shi-Li, Chueh-Chu to Mr. Shih, Jui-Lin as representative director of PEARL PLACE HOLDings Limited.

Table of Range of Remuneration

Table of Remuneration Ranges for Directors	Name of Director			
	First four total honorarium(A+B+C+D)		Total honorarium(A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Less than\$1,000,000	Shi-LI, Chueh-Chu	Shi-LI, Chueh-Chu	Shi-LI, Chueh-Chu	Shi-LI, Chueh-Chu
\$1,000,000 (including)~2,000,000 (excluding)	Shih, Jui-Bin 、Cheng-Li-Ping 、Shih, Jui-Lin 、Huang,Ching-Shu 、Chen, Yen-Fu 、Chen, Ming-Chang 、Chi, Lai-Ping 、Lin, Chih-Lung	Cheng-Li-Ping 、Shih, Jui-Lin 、Huang,Ching-Shu 、Chen, Yen-Fu 、Chen, Ming-Chang 、Chi, Lai-Ping 、Lin, Chih-Lung	Shih, Jui-Bin 、Cheng-Li-Ping 、Shih, Jui-Lin 、Huang,Ching-Shu 、Chen, Yen-Fu 、Chen, Ming-Chang 、Chi, Lai-Ping 、Lin, Chih-Lung	Cheng-Li-Ping 、Shih, Jui-Lin 、Huang,Ching-Shu 、Chen, Yen-Fu 、Chen, Ming-Chang 、Chi, Lai-Ping 、Lin, Chih-Lung
\$2,000,000 (including)~\$3,500,000(excluding)	Tsai, Cheng-Fu	Shih, Jui-Bin 、Tsai, Cheng-Fu		—
\$3,500,000(including)~\$5,000,000 (excluding)	—	—	Tsai, Cheng-Fu	—
\$5,000,000 (including)~\$10,000,000(excluding)	—	—	—	Shih, Jui-Bin 、Tsai, Cheng-Fu
NT\$10,000,000(including)~\$15,000,000(excluding)	—	—	—	—
\$15,000,000 (including)~\$30,000,000(excluding)	—	—	—	—
NT\$30,000,000(including)~\$50,000,000 (excluding)	—	—	—	—
\$50,000,000 (including)~\$100,000,000(excluding)	—	—	—	—
\$100,000,000orabove	—	—	—	—
Total	10people	10people	10people	10people

2. Remunerations for Supervisors: Not applicable.

3. Remuneration for the President and Vice President

Unit: NTD 1,000

Job Title	Name of Director	Salary (A)		Severance Pay and Pension (B)		Bonus and special fee (C)		Profit-sharing employee bonus (D) (Note 1)				Percentage of the total amount of A, B, C and D and other 4 items in the net profit after tax (%) (Note 1)		Remuneration from an invested company other than the Company's subsidiary or parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash amount	Stock Amount	Cash amount	Stock Amount			
Chairman of the Board of Directors also serves as CEO and General Manager	Shih, Jui-Bin	—	16,024	—	30	1,979	4,834	—	—	—	—	1,979 0.42	20,889 4.41	None
Vice Chairman of the Board of Directors also serves as the General Manager of Subsidiary in Jiujiang	Tsai, Cheng-Fu													
Chief Operating Officer (COO)	Tseng, Chao-Ting													
China Marketing Department General Director	Lei, Yan													
Chief Financial Officer (CFO)	Ho, Mei-Hsiu													

Note 1: The net loss after tax of the Company and the consolidated financial statements for the year 2022 was NT \$ 473,197 thousand.

Table of Range of Remuneration

Table Of Remuneration Ranges For President And Vice Presidents	Name Of President And Vice President	
	The Company	All companies in the consolidated financial statements
Less than NTD 1,000,000	Shih, Jui-Bin, Lei Yan, Zeng Zhao-ting, Ho Mei-Hsiu	-
NTD 1,000,000 (including) ~ NTD 2,000,000 (excluding)	Tsai, Cheng-Fu	-
NT\$2,000,000 (including) ~ NTD 3,500,000 (excluding)	-	Zeng Zhao-Ting, Ho Mei-Hsiu
NTD 3,500,000 (including) ~ NTD 5,000,000 (excluding)	-	Tsai, Cheng-Fu, Lei Yan
NTD 5,000,000 (inclusive) to NTD 10,000,000 (exclusive)	-	Shih, Jui-Bin
NTD 10,000,000 (inclusive) to NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) to NTD 30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NTD 50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NTD 100,000,000 (exclusive)	-	-
Over NTD100,000,000	-	-
Total	5 persons	5 persons

4. Names of Managers and the Distribution of Employees' Profit-sharing Bonus

April 12, 2023 Unit: NT \$ thousand

	Title	Name of Director	Stock amount	Cash amount	To tal	Ratio of total amount to the after-tax net income (%)
Officer	Chairman concurrently serves as CEO and General Manager	Shih, Jui-Bin	—	—	—	—
	Chief Operating Officer (COO)	Tseng, Chao-Ting				
	Assistant Manager	Pu, Yuan-Che				
	China Marketing Department General Director	Lei Yan				
	Accounting Manager and Corporate Governance	Ho, Mei-Hsiu				
	Finance Manager	Lin, Huang-Ming				

Note 1: Note 2: The earning distribution plan of the latest year (2022) has been approved by the board of directors (03/15/2023), and the remuneration of employees was NT\$28,808 thousand in total, which has not been approved by the shareholders' meeting.

- (4) Comparative analysis of the ratio of the total remuneration paid to directors, supervisors, general manager and deputy general manager of the Company in the past two years to the net income after tax of individual or individual financial statements, and the relationship between the policies, standards and combinations of remuneration paid, the formula for determining remuneration and the operating performance and future risks of the Company and the consolidated statements:

- (1) Ratio of remunerations paid to Directors, Supervisors, President and Vice President in the most recent two years on the after-tax net income

Unit: NTD thousand

Item	2022		2021	
	Percentage of total net income after tax %		Percentage of total net income after tax %	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Directors' Remuneration	3.37	5.94	-2.12	-5.53
Remuneration of General Manager and Deputy General Manager	0.42	4.41	-0.61	-8.69

Note: The net profit (loss) after tax of the Company and the consolidated financial statements for the years 2022 and 2021 was NTD 473,197,000 and NTD (307,227,000) respectively.

- (2) Policies, standards, and packages for payment of remuneration, as well as the procedures followed for determining the remuneration, and their linkages to business performance and future risk exposure.

A. Directors

Directors' remunerations are determined by the Board of Directors by referencing recommendations from the Remuneration Committee and average industry standards. Directors' remunerations include travel expenses, appropriation of net income and allowances. Appropriation of net income has been clearly stipulated in the Company's Articles of Association, in which any surplus present after paying income taxes and offsetting any past deficits, 10% of which will be appropriated as legal capital reserve and special capital reserve, and the no more than 3% of the balance can be appropriated as Directors' remunerations. After a resolution has been approved at the Board meeting, the Board will submit the proposal for approval at the Shareholders' Meeting.

B. President and Vice Presidents

Remunerations for President and Vice Presidents are handled in accordance with the Company's HR regulations in line with their titles, levels of contribution to the Company and in consideration of industry standards.

IV. Implementation of Corporate Governance

(I) Board of Directors

(1) Functions of the Board of Directors

The Board of Directors has convened 5 meetings (A) in 2022 with the following attendance from its members:

Job Title	Name of Director	Actual Attendance	Times of proxy attendance	Actual presence (attendance) rate (%) (B/A)	Note
Chairman of the Board of Directors also serves as CEO and General Manager	Shih, Jui-Bin	5	-	100	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times
Director	Cheng-Li-Ping	5	-	100	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times
Director	Tsai, Cheng-Fu	5	-	100	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times
Director	Pearl Place Holdings Limited Representative: Shih, Jui-Lin	3	-	100	2022.06.20 Change of legal person directors, the number of attendance should be 3 times.
Director	Pearl Place Holdings Limited Representative: Shi-Li Yu-Zhu	2	-	100	2022.6.20 Resignation as a legal person director shall attend 2 times.
Director	Chen Yan-Fu	4	1	100	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times
Director	Entrusted Custody for Special Investment Account Representative of Chinatruck Commercial Bank of Tuck Giant Enterprise Ltd.: Huang Qing-Shu	3	2	60	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times
Independent Director	Chen, Ming-Zhang	4	1	80	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times
Independent Director	Chi, Lai-Ping	5	-	100	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times
Independent Director	Lin Zhi-Long	4	1	80	2021.08.05 Ordinary General Meeting of Shareholders renewed, attended 7 times

Other required disclosure:

I. If the operation of the Board of Directors is one of the following circumstances, the date, period, the content of the motion, all independent directors' opinions and the company's handling of independent directors.

(I) Items listed in Article 14 of the Securities Trading Act:

Date of Board Meeting (Period)	Important Resolutions
2022/3/21 (1st Session, 2022)	1. Passed the appointment and exemption of the audit director. 2. Passed the Company's "Statement on Internal Control System" for 2021. 3. Approved the amendments to the Company's Articles of Association. 4. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 5. Passed the Company's business report and consolidated financial statements for 2021. 6. Approved the Company's 2021 deficit offset 7. Passed the proposal on the endorsement/guarantee for subsidiaries Waon Development Limited, Airmate Electrical (Shenzhen) Co., Ltd. and Airmate Electrical (Jiujiang) Co., Ltd. 8. Passed the proposal on amending the "Corporate Governance Best Practice

	Principles” of the Company. 9. Approved the Company's proposal to amend the Regulations Governing the Acquisition and Disposal of Assets. 10. Approved the amendments to the "Rules of Procedure for Shareholders Meeting." 11. Passed the Company's proposed amendment to the “Audit Committee Organizational Rules”. 12. Passed the independence and performance evaluation results of the CPAs for 2021. 13. Passed the proposal on changing CPAs and the independence evaluation of CPAs of the Company. 14. Passed the proposal on holding the regular meeting of shareholders of the Company in 2022.
Independent Directors' Opinion	No objections or reservations
The Company's handing of the opinions of Independent Directors	Not applicable
2022/5/11 (2nd Seesion, 2022)	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Passed the Company’s consolidated financial statements for the first quarter of 2022. 3. Approved the endorsement and guarantee of the subsidiaries Waon Development Co., Ltd., Airmate Electric (Shenzhen) Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd.
Independent Directors' Opinion	No objections or reservations
The Company's handing of the opinions of Independent Directors	Not applicable
2022/8/10 (3rd Session, 2022)	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Approved the Company's consolidated financial statements for the second quarter of 2022. 3. Approved the proposal for the endorsement/guarantee for subsidiary Waon Development Limited (Hong Kong). 4. Approved the Directors' Compensation Plan for January to June 2021 of the Company. 5. Approved the Company's 2022 Remunerations of Independent Directors. 6. Approved the Company's January-June 2021 Manager's Compensation Plan.
Independent Directors' Opinion	No objections or reservations
The Company's handing of the opinions of Independent Directors	Not applicable
2022/11/9 (4th Session, 2022)	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Approved the consolidated financial statements of the Company for the third quarter of 2022. 3. Approved the proposal for the endorsement/guarantee for subsidiary Waon Development Limited (Hong Kong).

Independent Directors' Opinion	No objections or reservations.
The Company's handing of the opinions of Independent Directors	Not applicable
2022/12/14 (5th Session, 2022)	1. Approved the annual audit plan of Airmate (Cayman) International Limited for 2023. 2. Passed the update of the internal control system of Emmitt Group, including the adjustment and revision of the internal audit implementation rules. 3. Approved the Company's renewal of liability insurance for Directors and managers. 4. Approved the endorsement guarantee to the subsidiary Waon Development Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd. 5. Adoption of the Company's budget for 2023. 6. Passed the Company's proposed amendments to the "Internal Important Information and Prevention of Insider Trading Operations". 7. Passed the proposal on the Company's remuneration for directors in January-December, 2020 8. Adoption of the Company's January-December 2021 Manager's Compensation Plan.
Independent Directors' Opinion	No objections or reservations.
The Company's handing of the opinions of Independent Directors	Not applicable
(II) Other than the matters mentioned above, other resolutions on which the Independent Directors have dissenting opinions or qualified opinions: None.	
II. The Directors' implementation of the recusal of the resolution due to conflict of interest shall describe the names of the Directors, the contents of the proposals, the reason for the avoidance of interests, and the participation in voting:	
2022/8/10 (3rd Session, 2022)	1. Proposal content: Adoption of the directors' remuneration plan of the Company from January to December 2020. Interest Avoidance Directors: Shih, Jui-Bin, Cheng-Li-Ping, Tsai, Cheng-Fu, Pearl Place Holdings Limited representative: Shih, Jui-Lin Reasons for Avoidance of Interest: Avoidance of individual directors based on their own interest Participation in the voting situation: The above-mentioned director avoids discussion and voting on this motion, and attended by all other directors the resolution to approved. 2. Proposal content: Adoption of the Company's remuneration proposal for independent directors from January to June 2021. Interest Avoidance Directors: Chi, Lai-Ping, Chen, Ming-Chang and Lin, Chih-Lung Reasons for Avoidance of Interest: Avoidance of individual directors based on their own interest Participation in the voting: The aforementioned directors abstained from the discussion and voting of this proposal and all other directors attended 3. Proposal content: Adoption of the remuneration plan for managers of the

	Company for January-June 2021. Interest Avoidance Directors: Shih, Jui-Bin, Tsai, Cheng-Fu, Pearl Place Holdings Limited representative: Shih, Jui-Lin Reason for avoidance of interest: Serving as the manager Participation in the voting: The aforementioned directors abstained from the discussion and voting of this proposal and all other directors attended
2022/12/14 (5th Session, 2022)	1. Proposal content: Adoption of the directors' remuneration plan of the Company from January to December 2020. Director: Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd. Shih, Jui-Bin, Cheng-Li-Ping, Tsai, Cheng-Fu, Pearl Place Holdings Limited representative: Shih, Jui-Lin, Huang, Ching-Shu Reasons for Avoidance of Interest: Avoidance of individual directors based on their own interest Participation in the voting: The aforementioned directors abstained from the discussion and voting of this proposal and all other directors attended The reasons for the increase or decrease: Motion content: The content of the motion: passed the company's salary remuneration case from January to December 2022. Interest Avoidance Directors: Shih, Jui-Bin, Tsai, Cheng-Fu, Pearl Place Holdings Limited representative: Shih, Jui-Lin Reason for avoidance of interest: Serving as the manager Participation in the voting: The aforementioned directors abstained from the discussion and voting of this proposal and all other directors attended

III. Listed companies should disclose the assessment cycle and period, assessment scope, method and content of the self- (or peer) evaluation of the board, and fill in Schedule 2 (2) the execution of the Board's assessment: Please refer to the table below.

IV. Objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as the establishment of an audit committee, improving information transparency, etc.) and evaluation of execution process: The company has passed the resolution of the Board of Directors on June 8, 2012 to establish the audit committee and remuneration committee. Relevant information will be disclosed on the website designated by the Company and the competent authority to enhance information transparency.

(2) Execution of evaluation of the Board of Directors

Frequency	Period	Scope	Method
Once a year	2022.01.01 - 2022.12.31	Board of Directors, Individual Directors, and Functional Committees	internal self-assessment of the Board of Directors , self-assessment of directors
Content of evaluation (1) Performance evaluation of the board of directors: including the degree of involvement in the operation of the Company, the quality of decision-making of the board of directors, the composition and structure of the board of directors, the selection and continuous learning of directors, internal control, etc. (2) Performance evaluation of individual directors: at least including the cognition of the Company's objectives and tasks, the understanding of director liabilities, the involvement in the Company's operations, the internal relationship management and communication, the specialty and further study of directors and internal control. (3) Performance evaluation of functional committees: the degree of involvement in the Company's operation, the cognition of the responsibilities of functional committees, the quality of decision-making of functional committees, the composition and selection of members of functional committees, internal control, etc.			
Evaluation conclusions: The Company has completed the self-assessment and assessment of the performance of the Board of Directors in 2022 and intends to submit the 1nd Board of Directors Report for 2023 as a basis for review and improvement. The overall average score of the Board of Directors' performance self-assessment was 4.66 (out of 5), and the overall average score of individual Board members' performance self-assessment was 4.68 (out of 5), indicating that the Board of Directors was performing well; the performance self-assessment results of the Functional Committees (Salary and Compensation Committee and Audit Committee) were 4.51 (out of 5), indicating that the Functional Committees were performing well and in line with corporate governance, effectively improving the functions of the Board of Directors.			

(II) Audit Committee

The Company has set up an audit committee on June 8, 2012, consisting of all independent directors, held at least quarterly. Its annual and recent annual audit committee operations are as follows:

The Audit Committee convened 5 meetings in 2022 (A), with the following attendance records from the Independent Directors:

Job Title	Name	Actual attendance(B)	Times of proxy attendance	Actual attendance rate(%) (B/A)(Note)	Note
Independent Director	Chen, Ming-Chang	4	1	80	Re-elected as an independent director on 2021.08.05, who is also a member of the Audit Committee in accordance with the Articles of Association and the times to attend is 6.
Independent Director	Chi, Lai-Ping	5	-	100	Re-elected as an independent director on 2021.08.05, who is also a member of the Audit Committee in accordance with the Articles of Association and the times to attend is 6.
Independent Director	Lin, Chih-Lung	4	1	80	Re-elected as an independent director on 2021.08.05, who is also a member of the Audit Committee in accordance with the Articles of Association and the times to attend is 6.

Other required disclosure:

- I. The Audit Committee shall operate by stating the date, period, content of the proposal, content of the objections, reservations or material recommendations of the independent directors, the results of the resolutions of the Audit Committee and the handling of the opinions of the Company to the Audit Committee, if any.

(I) The matters listed in Article 14 of 5 of Article 14 of the Securities Exchange Act.

Date of Board Meeting (Period)	Important Resolutions
2022/3/21 (1st Session, 2022)	- Passed the appointment and exemption of the audit director. - Passed the Company's "Statement on Internal Control System" for 2021. - Approved the amendments to the Company's Articles of Association. Audit tail - Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. - Passed the Company's business report and consolidated financial statements for 2021. - Approved the Company's 2021 deficit offset - Passed the proposal on the endorsement/guarantee for subsidiaries Waon Development Limited, Airmate Electrical (Shenzhen) Co., Ltd. and Airmate Electrical (Jiujiang) Co., Ltd. - Passed the proposal on amending the "Corporate Governance Best Practice Principles" of the Company. - Approved the Company's proposal to amend the Regulations Governing the Acquisition and Disposal of Assets. - Approved the amendments to the "Rules of Procedure for Shareholders Meeting." - Passed the Company's proposed amendment to the "Audit Committee Organizational Rules". - Passed the independence and performance evaluation results of the CPAs for 2021. - Passed the proposal on changing CPAs and the independence evaluation of CPAs of the Company.
Contents of independent directors' objections, reservations or major proposals	None

Results of the Audit Committee's resolutions	Approved with the consent by all members of the Audit Committee
The Company's Reaction to Audit Committee's opinions	Not applicable
2022/5/11 (2nd Session, 2022)	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Passed the Company's consolidated financial statements for the first quarter of 2022. 3. Approved the endorsement and guarantee of the subsidiaries Waon Development Co., Ltd., Airmate Electric (Shenzhen) Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd.
Contents of independent directors' objections, reservations or major proposals	None
Results of the Audit Committee's resolutions	Approved with the consent by all members of the Audit Committee
The Company's Reaction to Audit Committee's opinions	Not applicable
2022/8/10 (3rd Session, 2022)	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Approved the Company's consolidated financial statements for the second quarter of 2022. 3. Approved the proposal for the endorsement/guarantee for subsidiary Waon Development Limited (Hong Kong).
Contents of independent directors' objections, reservations or major proposals	None
Results of the Audit Committee's resolutions	Approved with the consent by all members of the Audit Committee
The Company's Reaction to Audit Committee's opinions	Not applicable
2022/11/9 (4th Session, 2022)	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Approved the consolidated financial statements of the Company for the third quarter of 2022. 3. Approved the proposal for the endorsement/guarantee for subsidiary Waon Development Limited (Hong Kong).
Contents of independent directors' objections, reservations or major proposals	None
Results of the Audit Committee's resolutions	Approved with the consent by all members of the Audit Committee
The Company's Reaction to Audit Committee's opinions	Not applicable

Committee's opinions	
2022/12/14 (5th Session, 2022)	1. Approved the annual audit plan of Airmate (Cayman) International Limited for 2023. 2. Passed the update of the internal control system of Emmitt Group, including the adjustment and revision of the internal audit implementation rules. 3. Approved the Company's renewal of liability insurance for Directors and managers. 4. Approved the endorsement guarantee to the subsidiary Waon Development Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd. 5. Adoption of the Company's budget for 2023. 6. Passed the Company's proposed amendments to the "Internal Important Information and Prevention of Insider Trading Operations".
Contents of independent directors' objections, reservations or major proposals	None
Results of the Audit Committee's resolutions	Approved with the consent by all members of the Audit Committee
The Company's Reaction to Audit Committee's opinions	Not applicable

(II) In addition to the items in the preceding paragraphs, other resolutions passed by the majority of all Directors but yet to be approved by the Audit Committee: None.

II. Ways in which Independent Directors have abstained from motions that pose a conflict of interest, the Independent Director's name, the content of the motion, cause of the conflict of interest, and the circumstances of the vote shall be elaborated: none.

III. The communication between the independent directors and internal audit executives and accountants (such as matters, methods and results of communication regarding the company's financial and business situation):

(I) The communication between the independent directors and internal audit supervisors

1. The company's audit unit regularly provides independent directors internal audit report, and reports the latest audit status through the board of directors. Independent directors may check the company's financial and business execution status at any time. Review and improve. In addition, in terms of communications with CPA, in case an Independent Director has any questions or concerns about the Company's financing and business executions, he or she can communicate with the Company's CPAs at any time and to instruct relevant departments to undertake necessary review and improvement.
2. The communication between independent directors and internal audit supervisors is as follows:

Assumption of Office	Communication content	Results
2022.03.21	1. The progress of implementation of the audit plan for December 2020 and January 2021. 2. After reporting and auditing the internal control deficiencies and abnormal matters found by the audit office, follow up on a quarterly basis, and report on the tracking situation as of January 2021.	After the discussion and communication, independent directors have no objection to the results of the audit business execution.
2022.05.11	1. Progress in the implementation of the audit plan from February to March 2021. 2. After reporting and auditing the internal control deficiencies and abnormal matters found by the audit office, follow up on a quarterly basis, and report on the tracking situation as of March 2021.	After the discussion and communication, independent directors have no objection to the results of the audit business execution.
2022.08.10	1. Progress in the implementation of the audit plan from April to June 2021. 2. After reporting and auditing the internal control deficiencies and abnormal matters found by the audit office, follow up on a quarterly basis, and report on the tracking	After the discussion and communication, independent directors have no objection to the results of the audit business execution.

		situation as of November 2021.	
2022.11.09	1. Progress in the implementation of the audit plan from July to September 2021. 2. After reporting and auditing the internal control deficiencies and abnormal matters found by the audit office, follow up on a quarterly basis, and report on the tracking situation as of October 2021.	After the discussion and communication, independent directors have no objection to the results of the audit business execution.	
2022.12.14	1. Progress in the implementation of the audit plan from October to November 2021. 2. After reporting and auditing the internal control deficiencies and abnormal matters found by the audit office, follow up on a quarterly basis, and report on the tracking situation as of November 2021.	After the discussion and communication, independent directors have no objection to the results of the audit business execution.	

(II) Communication between independent directors and accountants

The Audit Committee of the Company is in good communication with the visiting accountant and attends the meetings of the Audit Committee as necessary to report on the results of the audit or review of the quarterly financial statements and other communications required by relevant ordinances, and will promptly report to the members of the Audit Committee in the event of any special circumstances, and there are no special circumstances in the finances for the year 2022.

Assumption of Office	Nature/Method	Communication content	Communication status
2022.08.01	Communication in writing	The audit results of the consolidated financial report for the second quarter of 2022 were communicated with the governance unit.	After the discussion and communication, independent directors and accountants communicate with no objections.
2022.11.04	Communication in writing	2022 annual verification planning and communication with the governance unit. Important legal updates.	After the discussion and communication, independent directors and accountants communicate with no objections.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Items	State of operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established and disclosed public information observatories on the Company's website in accordance with the Code of Corporate Governance Practices for Listed Companies.	None.
II. Shareholding structure & shareholders' rights (I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigation? Are such matters handled according to the internal procedure? (II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies? (IV) Has the Company established internal rules against insiders trading with undisclosed information?	V V V V		(I) The Company has agreed on "Internal Significant Information and Preventive Insider Trading Operations", and the spokesperson handles issues such as shareholder advice and disputes. If the dispute involves legal issues, the lawyer shall handle it. (II) The Company maintains a list of major shareholders and ultimate controllers of the major shareholders in accordance with the register of shareholders provided by the Shares Agency of Chinatrust Commercial Bank. (III) In accordance with the Company's relevant internal control system and subsidiaries' supervision methods, conduct regular operation reviews, and at the same time, the audit unit regularly supervises the implementation. (IV) The company has established the "Code of Ethics and Conduct for Directors, Supervisors and Managers" and "Internal Significant Information and	None.

Evaluation Items	State of operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			Prevention of Insider Trading", which is promoted to insiders at least once a year, and is announced within the company and conduct the education and training to all employees.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board have a diversified approach, specific management objectives and implementation? (II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (III) Does the Company establish a Board performance evaluation method, conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the Board of Directors as the Individual Directors' salary and nomination renewal references? (IV) Does the Company regularly evaluate the independence of the CPAs?	V	V	(I) Details of this Annual Report on pages 18-19. (II) The company has not yet formulated. (III) The Company has stipulated the "Board Performance Evaluation Measures and Evaluation Methods". The results of the 2022 annual evaluation are available on pages 28-29 of the annual report and disclosed on the Company's website. (IV) The Company's certified accountants have abstained from the commissioned matters and those who have a direct or indirect interest in the matters themselves, and the independence of the certified accountants is regularly assessed by the Board of Directors and the results of the assessment are reported to the Board of Directors. Please refer to Schedule 1 of "Assessment of Accountants' Independence" (page 35) of this annual report. The results of the 2021 Certified Accountant Independence Assessment were adopted by the Board of Directors on 15 March 2021.	(a),(c) and (d)there are no significant differences in compliance with the requirements of the Code of Practice for Listed TPEs, (b)will be set according to the actual operational needs in the future.
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but	V		The Company's CFO concurrently serves as the Secretary to the Board of Directors. 15th Board of Directors passed by CFO and head of	In compliance with requirements of the Corporate Governance Best Practice

Evaluation Items	State of operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of Board meetings and shareholders' meetings)?			governance of the company, responsible for publicGovernment-related matters.	Principles for TWSE/TPEX Listed Companies and does not show major deviations.
V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company has set up a "Stakeholder Zone" on the website, special contact information and email addresses for stakeholders, as well as contact information at the Market Observation Post System and the company website, in order to respond to stakeholders' concerns on important CSR issues. Relevant departments are responsible for receiving and handling interests and rights related toconsumers, suppliers, financial institutions, and other stakeholders of the Company. Employees can provide their opinions and feedback to various levels of the management.	In compliance with requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and does not show major deviations.
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company's share transfer agency is the Share Agency Service at CTBC Bank.	In compliance with requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and does not show major deviations.
VII. Information disclosure (I) Does the Company have a corporate website to	V		(I) The Company announces business status on the Company website and discloses financial	(a) (b) Thereisno significant difference in complying with

Evaluation Items	State of operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
disclose both the Company's financial standings and corporate governance status? (II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)? (III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?	V		information on the Market Observation Post System (MOPS). (II) The Company has established a corporate website in Chinese, and has designated personnel for information collection and disclosure. The spokesperson system is also implemented in practice. (III) The Company announces and declares financial reports within the time limit in accordance with the regulations of the competent authority.	the requirements of the Code of Practice on Listed OTPEs Corporate Governance. (c) are announced and reported within the specified time. In the future, the actual assessment will be announced and reported on the first, second and third quarter financial reports and the operation of each month.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing Liability Insurance for Directors)?	V		(I) Employee rights and employee wellness: The Employee Welfare Committee, retirement allowance and group insurance have been executed to protect employees' rights and wellness. (II) Investor relations, vendor relations, and rights of stakeholders: The company discloses information through the Market Observation Post System and the company website to enable investors to fully understand the Company's operating conditions, sets up an Investor Relation Office to deal with investor suggestions, and sets up a stakeholder zone on the company website to respond to important issues	In compliance with requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and does not show major deviations.

Evaluation Items	State of operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			concerned by stakeholders. (III) Directors' training: The Company provides training records at all times to aid in Directors' decision-making and regularly announce directors' training status. (IV) Implementation of risk management policies and risk evaluation measures: the Company's management officers are all equipped with adequate understanding of the industry and the Company's positioning as well as the Company development objectives for the future. Every decision is made upon prudent evaluation and then discussed, authorized and implemented by the Board of Directors to ensure Company assets and to reduce risks. (V) Implementation of customer relations policies: The Company has set up customer service hotline, and designated personnel will provide consultation services and responses to suggestions and complaints from the consumers. At the same time, relevant departments are also informed via written correspondence. (VI) The Company purchases liability insurance for Directors on an annual basis.	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.				

Evaluation Items	State of operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(1) Improvement: In addition to the expected policy for board diversity and diversification of the specific management objectives and implementation of the Diversity Policy on the Company's website and annual reports, we also gradually improve corporate governance. (III) Priority enhancements and measures for those who have not yet been improved: In addition to the set up of remuneration committee and audit committee according to law, various functional committees are expected to be set up voluntarily to gradually improve corporate governance To achieve the indicators of evaluation in order to enhance the corporate governance image.				

Schedule 1: Assessments of Accountants' Independence

Item Number	Assessment Metrics	Yes	Is it compatible with independence
1	Less than 7 years of service as a certified accountant	V	V
2	Whether members of the Accounting Services Group, other co-practicing accountants or shareholders of corporate accounting firms, accounting firms, firm-related enterprises and affiliated firms maintain independence from the Company	V	V
3	The certified public accountants and members of the audit service team do not currently or in the last two years have served as directors, supervisors, managers of audit clients, or have any positions that have a significant impact on the audit case.	V	V
4	The certified public accountants and members of the audit service team have no family relationship with the company's directors, supervisors, managers, or persons who have a significant impact on the audit case.	V	V
5	The certified accountant has not served as a director, supervisor, manager of the company or any position that has a significant impact on audit cases within one year of resignation	V	V
6	The certified accountant has no direct or indirect significant financial interest in the company	V	V
7	The certified accounting firm does not rely excessively on the remuneration source of a single client (the Company)	V	V
8	There is no significant close business relationship between the certified accountant and the Company	V	V
9	There is no potential employment relationship between the certified accountant and the Company	V	V
10	The certified accountant is not related to the audit case or has public expenses	V	V
11	The non-audit service provided by the certified accountant to the Company has no direct impact on the important items of the audit case	V	V
12	The certified accountant does not represent the company and defends against third parties in legal cases or other disputes	V	V
13	The Certified Public Accountant does not promote or intermediate stocks or other securities issued by the Company	V	V
14	The certified accountant did not accept gifts or special offers of significant value from the Company or its directors, supervisors, managers or major shareholders	V	V
15	The certified accountant or the audit services team member does not keep the Company's financial assets on behalf of the Company	V	V

(IV) Composition, Duties, and Operations of the Remuneration Committee

1. Composition of the Remuneration Committee

Identity	Name	Professional qualifications, experience and independence	Number of members who concurrently serve as remuneration committee members of other public offering companies
Independent Director	Chen, Ming-Zhang	Please refer to the relevant content of Schedule 1 Director Information (1) on Pages 13-18 of this annual report	1
Independent Director	Chi, Lai-Ping		2
Independent Director	Lin Zhi-Long		2

2. Duties of the Remuneration Committee

The Remuneration Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion.

- (1) Formulate and regularly review the policy, system, standards, and structure of the performance assessment, salary, and remuneration of directors and managerial officers.
- (2) Establishing and periodically reviewing the compensations for directors, supervisors, and managerial officers. The Remuneration Committee shall convene at least two (2) meetings, called by its Convener, in each year, and meetings can also be called whenever necessary.

3. Operations of Remuneration Committee

(1) The number of committee members of the Company is three.

(2) The term of office of the members of the Committee: August 05, 2021 to August 04, 2024, the most recent year (2022), the Salary Compensation Committee held the meeting in 2 times (A), the qualifications and attendance of the members are as follows

Job Title	Name of Director	Actual Attendance (B)	Times of proxy attendance	Actual attendance rate (%) (B/A) (Note)	Note
Convener	Chen, Ming-Zhang	2	—	100	2021.08.05 Renewed as entrusted by the Board of Directors.
Member	Chi, Lai-Ping	2	—	100	2021.08.05 Renewed as entrusted by the Board of Directors.
Member	Lin, Zhi-Long	2	—	100	2021.08.05 Renewed as entrusted by the Board of Directors.

Other required disclosure:

I. Discussions and Resolutions of the Compensation and Compensation Committee

The Meeting Date of Compensation Committee	Important Resolutions	Result of Resolution	The company's handling to the comments of the salary and remuneration committee
2022.08.10	1. Directors' compensation proposal from January to December 2022 2. Independent Directors' annual compensation proposal in 2022 3 Managers' compensation proposal from January to December 2022	Adopted by all members present at the meeting	Not applicable
2022.12.14	1. Directors' compensation proposal from January to December 2022 2. Managers' compensation proposal from January to December 2022	Adopted by all members present at the meeting	Not applicable

II. If the Board of Directors does not adopt or amend the recommendations of the Compensation and Compensation Committee, then, the date, session, resolutions of the Board of Directors, the results of the resolutions of the Board of Directors, and the company's handling of the opinions of the Compensation and Compensation Committee should be clarified (for example, the remuneration approved by the Board of Directors is superior to the recommendations of the Compensation and Compensation Committee). the difference and reasons should be stated): None.

III. For the matters decided by the Remuneration and Compensation Committee, if any member has objections or reservations and there is a record or written statement, the remuneration report shall be clearly clarified.

Remuneration Committee Date, Session, Proposal Content, All Members' Opinions and Handling of Members' Opinions: None.

(V) Implementation of sustainable development and deviations in codes of practice for the sustainable development of listed companies

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the company establish a corporate governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and is authorized by the Board of Directors to the senior management, and the supervision of the board?		V	The company has a "Code of Practice for Corporate Sustainability", but has not set up a dedicated unit to promote sustainable development. In the future, we will continue to implement the direction of promoting corporate governance, the development of sustainable environment, and the maintenance of social welfare and strengthening the company's sustainability information disclosure. Contribute to society.	In the future, we plan and set up a dedicated (part-time) sustainable development unit and authorized by the board of senior management to process and report to the Board of Directors.
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	V		The Company has established the "Corporate Social Responsibility Code of Practice" to implement corporate governance, conduct risk assessment on environmental, social and corporate governance issues related to the Company's operations, construct a sustainable environment, safeguard the social welfare, and develop relevant risk management strategies and measures for major issues. Please refer to the "Promotion of the Sustainable Development of the Company" (Table 1) on page 40 of this chapter of this annual report.	Comply with the Code of Practice for Listed Listed Companies on Sustainability.
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics? (II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	V V V		(I) The Company has passed a number of ISO certifications (ISO14001: 2015, ISO45001: 2018), has complete specifications for quality management, safety and health, environmental protection, etc., and meets the auditing standards of the competent authorities and the expectations	Comply with the Code of Practice for Listed Listed Companies on Sustainability.

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues? (IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		of the general public for enterprise to give back to the society. (II) The Company has various waste management procedures, classifies and disposes of the waste according to the standard procedures, and entrusts waste treatment institutions recognized by local government to remove or recycle waste. In addition, in order to effectively reduce production costs, the Company is committed to the effective use of resources for a long time, because the waste generated by the Company's production process is mostly sewage and waste gas, the Company has purchased sewage and waste gas treatment facilities, which will reduce the load impact to the environment to a very limited degree. (III) Incorporate the greenhouse gas agenda into the risk management to assess the potential risks and opportunities continuously. At present, the company's production plants are set up with environmental assessment reports and sewage discharge permits in accordance with local regulations. In addition, the Company usually pay attention to energy saving and carbon reduction, in order to save production electricity consumption. (IV) The Company has calculated the greenhouse gas emissions, water consumption, and total weight of	

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof															
	Yes	No	Summary																
			waste over the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reductions, water consumption, and waste management. (1) Greenhouse gas emissions Checking of greenhouse gas emissions for nearly 2 years according to ISO 14064-1 Quantitative Results: <table><tr><td colspan="3">Unit: Equivalent tons of carbon dioxide</td></tr><tr><td>Year</td><td>2022</td><td>2021</td></tr><tr><td>Direct emissions</td><td>281.42</td><td>595.35</td></tr><tr><td>Indirect emissions</td><td>14,789.39</td><td>19,727.55</td></tr><tr><td>Total greenhouse gas emissions</td><td>15,070.81</td><td>20,322.90</td></tr></table> Reduce energy consumption and greenhouse gas emissions through operational management and process technology development. Lower energy intensity reduction target: the target to reduce the overall energy intensity by 10% by 2025 compared to 2017. Greenhouse gas reduction target: reduce the greenhouse gas emission intensity (GHG emissions/revenue) by 1% per year over the previous year. The 2022 year was reduced by 25% from the previous year, and the greenhouse gas emissions were substantially reduced to complete the mission. (2) Water Consumption	Unit: Equivalent tons of carbon dioxide			Year	2022	2021	Direct emissions	281.42	595.35	Indirect emissions	14,789.39	19,727.55	Total greenhouse gas emissions	15,070.81	20,322.90	
Unit: Equivalent tons of carbon dioxide																			
Year	2022	2021																	
Direct emissions	281.42	595.35																	
Indirect emissions	14,789.39	19,727.55																	
Total greenhouse gas emissions	15,070.81	20,322.90																	

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof	
	Yes	No	Summary		
			Unit: Ton		
			Year	2022	2021
			Water Consumption	275,602	277,845
			In order to reduce the significant impact of water in the value chain, we formulate water pollutant control procedures, clearly regulate the responsibilities of each department for wastewater treatment. Employees engaged in waste water pollution control and management are arranged by the Ministry of Human Resources to conduct training and assessment of sewage treatment personnel to the environmental protection department. The production plants are set up with an environmental assessment report and sewage discharge permit in accordance with local laws and regulations.		
			(3) Waste		
			Unit: Ton		
			Year	2022	2021
			Total Weight of Wastes	135.67	194.28
The implementation programme is as follows: Strengthen the recovery and treatment of hazardous wastes: prevent the leakage and discharge of toxic wastes polluting the environment, formulate management indicators, hand over 100% hazardous waste to qualified treatment institutions for recycling and treatment, and strictly implement the requirements of environmental protection authorities. Strictly implement					

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			safe production standardization management, strictly implement SOP, eliminate production waste, and strictly formulate KPI for control. Production equipment improvement: effectively supervise the production operation, manage the use of materials by the departments, eliminate the material loss caused by unreasonable and wrong operation, analyze the factors that may cause material waste and improve them, and set production loss rate index for each production department. Energy-saving measures in the plant area: formulate regulations on saving electricity consumption, water consumption and paper consumption to save electricity and water resources indirectly. This year's target waste generated 169 tons, actually 135.67 tons, about 20% reduction. This year's actual reduction of 30% compared to last year, the company will continue to move towards the corporate sustainability goal.	
IV. Social Issues				
(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(I) The company follows the international human rights conventions including: the United Nations Universal Declaration of Human Rights and the International Labour Organization Convention, and formulates relevant management policies and procedures. The subsidiaries of the Company handle the employee-related benefits and define management procedures in accordance with the provisions of the relevant labor laws and regulations of the location to protect the legitimate rights and interests of	Comply with the Code of Practice for Listed Companies on Sustainability.
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately employee compensation based on operating performance or results?	V			
	V			
(III) Does the Company provide a healthy and safe work	V			

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
environment, and does it organize health and safety training for its employees on a regular basis? (IV) Has the Company established effective career development and training plans for its employees? (V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures? (VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.	V V		employees. (II) (1) The Company has clear regulations on employee promotion, appraisal, training, rewards and other systems. The remuneration standard for new employees depends on the academic experience and other conditions of the talents required for the job, and the department uses the job evaluation form as the basis for promotion. (2) The fixed holidays of the Company shall be Saturday, Sunday, and the official holidays of the countries where the Company is located, and annual holidays shall be granted in accordance with the relevant regulations on local labor. (3) Article 14.5 of the Articles of Association of the Company stipulates that if the Company makes profits in the year, it shall allocate 5% ~ 10% of the remuneration of employees, and the remuneration of directors shall not exceed 3%. In addition, the Company will pay the end-of-year bonus to employees by reference to such indicators as the results of operations in the current year. (III) The Company focus on the great importance to the safety and health of its employees and cooperates in the environment. Before the implementation of the work, the Company conducts regular and irregular training in the factory and outside the factory,	

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			organizes industrial safety fire fighting and disaster relief, regularly assists employees in health inspection, and provides appropriate and adequate protective tools. and acquired the "Occupational Health and Safety Management System (ISO45001)"	
			2022	
			2021	
			Person-times of education and training	
			38,017	
			Person-hour of educational and training	
			64,237	
			71,314	
			(IV) The Company has not yet established effective career planning and development plans for its employees and will propose relevant plans in the future.	
			(V) The Company provides a transparent and effective consumer grievance and complaint procedure to ensure consumer rights and for our products and services, and a Customer Service section has been set up on our corporate website.	
			a customer service area on the company's website. In addition, the Company has complied with relevant regulations and international standards regarding the marketing and labeling for products and services.	
			(VI) The Company has established the Business Partner Management Procedures, including suppliers,	

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			subcontractors, sub-suppliers and recruitment agencies, and the manager of the Purchasing Department is responsible for the management of suppliers on behalf of the department. In order to improve the social responsibility with the suppliers, the Company and the supplier shall promise to abide by the local labor laws and regulations and BSCI corporate social responsibility standards, and accept the on-site audit required by the Company. On-site audit assessment of social responsibility performance is arranged at least once a year. The results are taken as the basis for the judgment of possibility for continued cooperation.	
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports and prepare reports that disclose non-financial information of the Company, such as corporate social responsibility reports? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?		V	The Company compiles a Corporate Sustainability Report in accordance with the latest GRI Standards, presenting the Company's performance in terms of sustainable development and opening up downloads to the public and stakeholders to the Company's website. However, no assurance or guarantee opinion has been obtained from the third-party verification unit.	Except for matters related to third-party authentication that are still in progress, the remainder meets the requirements of the Code of Practice on Corporate Social Responsibility of Listed Companies.
VI. If a company has its own sustainability code in accordance with the “Code of Practice for Listed Companies on Sustainability”, please state the difference between its operation and the prescribed code: In March 2023, in line with the international development trend, the Board of Directors adopted the “Code of Practice on Sustainable Development” to modify some of the provisions, gradually in the operation strategy and the daily operation activities of various management systems and departments, for the company to promote sustainable development for the long term. It is also a specific practice of commitment to society.				
VII. Other important information to facilitate a better understanding of the Company's corporate social responsibility practices: (I) Employee rights and interests, employee care: The Company provides employee feedback channels, and holds meetings such as labor resource meetings and				

Evaluation Items	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
employee talks from time to time, so that employees at all levels and departments fully articulate their opinions. Please refer to the Employee Zone of the Company's official website at: https://www.airmate-china.com/ygzq/index_192.aspx. (II) Rights of stakeholders: The Company and its subsidiaries, employees, consumers and suppliers maintain open communication channels and respect and maintain their legitimate rights and interests. In addition, the Company has a spokesman and acting spokesman system as well as litigation and non-litigation agents, and discloses information of the Company honestly according to law, aiming to provide highly transparent financial business information to stakeholders. In addition, the Company has established the “Affiliate Transaction Management Measures” and the “Operating Procedures for the Supervision and Management of Subsidiaries”, which are applicable to all transactions with affiliated enterprises. (III) Consumer rights and interests: Understand customer satisfaction while ensuring that existing customers and acquiring prospective customers are well received, so as to improve the company's competitiveness through positive, prompt and effective service quality. (IV) Public Association Organizations: The Company actively participates in public association organizations and symposiums, and through its own experience sharing and exchange with outstanding industry peers in the industry, it is expected to jointly improve the competitiveness of the industry and contribute to the society.				

Table 1: Promoting Sustainable Development Risk Assessment

Major Agenda Items	Risk assessment	Risk management strategies and measures
Environment	Environmental Protection contra Climate change	Airmate focuses on the environmental protection agenda to reduce environmental shocks by changing internal value chain processes. In addition to meeting the requirements of world design and manufacturing trends, customer HSF and the Company's HSF to ensure that the Company's products comply with international laws and regulations and customer requirements, the Company also complies with the Waste Removal Law, the Water Pollution Control Law, the Air Pollution Control Law and other laws and regulations to maintain environmental quality. Define power density targets and greenhouse gas density reduction targets.
Society	Workplace Safety Officer and Talent Development	1. In addition to protecting employees, men and women, regardless of religion or party affiliation, are all equal in employment opportunities, and ensuring that employees are protected from discrimination and harassment and other basic human rights. In addition, abide by the principles of the occupational safety and health management system, abide by the

		occupational safety laws and regulations, reduce the risk of employee accidents, and create an optimal work environment. 2. In order to avoid the loss of talent, we provide employee functional training courses from time to time, encourage the employees to share and exchange knowledge internally and externally, and create a positive working environment.
Corporate Governance	Socioeconomic and Legal Compliance	Ensure that all personnel and operations of the Company comply with the relevant laws and regulations through the implementation of internal control mechanisms.

(VI) Implementation of Ethical Corporate Management and Measures for its Implementation

Evaluation Items	State of operations			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs (I) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy? (II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate	V V V		(I) The Company has formulated the “Ethical Corporate Management Best Practice Principles”. The Company advocates for and encourages honest and ethical conduct during meetings from time to time. In addition, Chapter III of the Employee Code of Conduct clearly states our management mission of "integrity, faithfulness, work-related and diligence." They have been disclosed on staff internal website, annual report and company website. (II) The Company has established the “Operating Procedures for Disposing of Material Internal Information” and the “Employee Manual”, which clearly stipulate that directors, managerial officers and employees who are aware of material internal information of the Company shall not disclose the material internal information they know to others, nor shall they inquire or collect the material internal	There is no inconsistency with the Code of Integrity of Listed Counterparties.

Evaluation Items	State of operations			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
Management Best Practice Principles for TWSE/TPEX Listed Companies? (III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?			information not disclosed by the Company and unrelated to their positions from persons who know the material internal information of the Company, nor shall they disclose the material internal information not disclosed by the Company that is not known by them in the course of performance. Bribery and receipt of bribes, illegal political contributions, improper charitable donations or patronage, improper gifts, entertainment or other improper benefits are prohibited in the conduct of business. The Company also does inform all employees, managerial officers and directors of the “Operating Procedures for Disposing of Material Internal Information” and the “Employee Manual” to prevent dishonest conduct. (III)The Company has formulated the “Operation Procedures and Guidelines for Ethical Corporate Management”, which specifically regulates the matters that the Company’s personnel should pay attention to when performing business, including internal and external personnel reporting dishonest behaviors or improper behavior handling systems, and promises to protect the whistleblowers from being improperly handled due to the report, and has a dedicated complaint channel on the official website.	

Evaluation Items	State of operations			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
II. Fulfillment of ethical corporate management (I) Does the company evaluate the integrity record of the parties and specify the terms of integrity in its contract with the parties of the transaction? (II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? (III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly? (IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits? (V) Does the company regularly hold education and training inside and outside of integrity management?	V V V V V	V	(I) The Company may terminate or rescind the terms of the covenant at any time if it enters into a covenant with others, the contents of which shall include compliance with the good faith operation policy, and if the counterparty to the transaction is involved in bad faith. (II) The Company has not set up a professional unit to promote corporate integrity, but the Audit Office conducts regular and irregular audits every year and reports the results to the Audit Committee and the Board of Directors for appropriate corrective measures. (III) The Company has established an employee whistleblower and grievance mailbox. When an employee finds any violation of the laws or the Ethical Code of Conduct, any person may report about the incident to the employee grievance mailbox and a designated person will report and handle the matter accordingly. (IV) The company has an accounting system designed for accounting personnel to follow while operating. In addition to the integrity of the management and staff conduct, the company also implements internal control system for related party transactions and insider transactions, and requires manufacturers to sign a “Code of Conduct Commitment” and “Business Prevention” “Bribery	Except for (a)(iii) (d) (e) and the “Code of Business Integrity of Listed Companies”, (b) will be set up in the future depending on the operational needs

Evaluation Items	State of operations			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
			Pledge”, In addition to the implementation of internal control mechanisms based on laws and ordinances and the actual situation of the company, report the report to the Audit Committee and Board members immediately, and review the system at any time to ensure the continuous design and implementation of the system. (V) The Company regularly holds internal and external integrity management education and training courses, the topics of which include industrial ethics norms, patent search, information security risks and practices, etc. The total number of courses in 2020 and 2021 is 24 hours. The number of trainees is 21,336 and 18,927, respectively. The Company will continue to conduct integrity management theme education and training to enhance the employees' integrity and business awareness.	
III. Operation of the whistle-blowing system (I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up? (II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (III) Does the Company provide proper whistleblower protection?	V V V		(I) The Company has an employee complaint mailbox, and the whistleblowing methods are published in the Employee Manual and the Company's website. In case of complaint, the Audit Office will verify and investigate the case, and report the results to the Company, which will punish the case according to the seriousness. Integrity management policy has been combined with employee performance appraisal and human resource policy, and a clear and effective reward and punishment system has been set up.	No deviation is found between the Company's measures and Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	State of operations			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
			(II) The Company has stipulated the disposal procedures for any breach of integrity in Article 21 of the “Operation Procedures and Guidelines for Ethical Corporate Management”. For the cases reported by employees, the Company or the Group will arrange special personnel to conduct confidential investigation and set up a Report Review Committee if necessary. In order to ensure the safety of the reporting staff, the person shall not disclose the identity information of the reportant. If there is any leakage, the receptionist leaked the company's major confidentiality. (III) The Company stipulates in Article 21 of the “Operation Procedures and Guidelines for Ethical Corporate Management” that the relevant personnel dealing with whistleblowers shall declare in writing that the whistleblowers' identity and the whistleblowing contents will be kept confidential and the Company shall undertake to protect the whistleblowers from improper treatment due to the whistle-blowers' complaints.	
IV. Strengthening information disclosure (I) Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)?	V		The Company has a special page on its corporate governance website to reveal the violation of the Ethical Corporate Management Best Practice Principles, and update and disclose relevant financial business and corporate governance information at any time.	No deviation is found between the Company's measures and Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed

Evaluation Items	State of operations			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
				Companies.
V. Where the Company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the Company: Although the Company does not have a dedicated unit for the promotion of corporate integrity under the Board of Directors, but in essence it has operated and standardized various operation activities based on the Ethical Corporate Management Best Practice Principles, and has four independent directors, internal auditors, and the Audit Committee. There is no significant abnormalities of violating the Ethical Corporate Management Best Practice Principles. In the future, the Company will consider present situation and the laws, modify relevant management measures, and set up a dedicated unit subordinated to the board of directors to promote the ethical corporate management of the Company.				
VI. Other important information that facilitate the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): - The Company advocates our determination toward ethical business management and relevant policies to transacting counterparties, and invites them to participate in the Company's educational training: - The Company occasionally invites suppliers to participate in meetings convened by the Company, which, in addition to examining quality issues, also promote the Company's business philosophy. - The Company conducts an on-site and written review of the newly added suppliers based on the items contained in the Supplier Evaluation Form, which includes the inspection of processes, shipments, social responsibilities and other items, and also conducts interviews with the responsible persons of the supplier companies to understand the Company's operating philosophy and whether the Company operates in good faith. - The Company requires the vendors to sign the “Letter of Commitment on the Code of Conduct” and the “Letter of Commitment on the Prevention of Commercial Bribery”. - Reviewing and amending the Company's Ethical Corporate Management Best Practice Principles: Chapter III of the Company's Employee Code of Conduct clearly states our management mission of "integrity, faithfulness, work-related and diligence." The Company has always viewed this mission statement as the highest guiding principle of Company operations and management since inception. Based on such business philosophy, the Company has further formulated the Ethical Corporate Management Best Practice Principles to more clearly guide the conduct of the Company's directors and managerial officers in accordance with ethical standards, and to make the Company's customers, suppliers, and other external stakeholders better understand the Company's ethical standards.				

(VII) Method of inquiring about the Company's corporate governance policy and relevant regulations:

<https://www.airmate-china.com/> Please refer to the relevant rules of corporate governance disclosed in the Public Information Observatory and on the Company's website <https://www.airmate-china.com/> Corporate Governance.

(VIII) Other material information that can enhance the understanding of corporate governance within the Company:

1. Directors' training records:

Job Title	Name of Director	Date of Appointment	Date of Training or Continuing Studies	Organizer	Name of course	Length of course (in hours)
Chairman	Shih, Jui-Bin	2021.08.05	2022.01.14	Accounting Research and Development Foundation	Analysis of financial statements fraud and looking for key information in financial statements	3
			2022.01.24	Accounting Research and Development Foundation	The legal responsibility and case analysis of the company's "operating rights competition"	3
Director	Cheng, Li-Ping	2021.08.05	2022.11.22	Taiwan Corporate Governance Association	From CSR to ESG	3
			2022.11.24	Taiwan Corporate Governance Association	Securities Law Cases and Directors' Responsibilities	3
Director	Tsai, Cheng-Fu	2021.08.05	2022.11.22	Taiwan Corporate Governance Association	From CSR to ESG	3
			2022.11.24	Taiwan Corporate Governance Association	Securities Law Cases and Directors' Responsibilities	3
Director	Pearl Place Holdings Limited Representative: Shih, Jui-Lin	2022.06.20	2022.11.22	Taiwan Corporate Governance Association	From CSR to ESG	3
			2022.11.24	Taiwan Corporate Governance Association	Securities Law Cases and Directors' Responsibilities	3

Director	Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd.: Huang, Ching-Shu	2021.08.05	2022.11.22	Taiwan Corporate Governance Association	From CSR to ESG	3
			2022.11.24	Taiwan Corporate Governance Association	Securities Law Cases and Directors' Responsibilities	3
Director	Chen, Yan-Fu	2021.08.05	2022.11.22	Taiwan Corporate Governance Association	From CSR to ESG	3
			2022.11.24	Taiwan Corporate Governance Association	Securities Law Cases and Directors' Responsibilities	3
Independent Director	Chen, Ming-Zhang	2021.08.05	2022.11.11	Taiwan Corporate Governance Association	How the Board of Directors regulates ESG risk to build sustainable competitiveness	3
			2022.11.11	Taiwan Corporate Governance Association	How to Respond to Profits and Individuals in the CFC Storm	3
Independent Director	Chi, Lai-Ping	2021.08.05	2022.04.22	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero Achievements Sustainability 2030	3
			2022.05.04	Taiwan Stock Exchange Corporation	International Twin Summit Online Forum	2
			2022.09.01	Corporate Operating and Sustainable Development Association	The Latest Developments and Practices in Money Laundering Prevention and anti-terrorism financing	3
			2022.11.29	Insurance Business Development Center as consortium legal person	Financial Consumer Protection and Fair Hospitality	3

Independent Director	Lin, Zhi-Long	2021.08.05	2022.05.20	Securities & Futures Institute	2022 annual insider trading prevention promotion meeting	3
			2022.07.27	Taiwan Stock Exchange Corporation	Sustainability Roadmap Industry Theme Promotion Meeting	2
			2022.10.07	Taiwan Institute of Directors	ESG in Tax Governance and Risk Management	3
			2022.10.12	Securities & Futures Institute	2022 Insider Equity Transactions Legal Compliance Advocacy Meeting	3
			2022.11.11	Taiwan Institute of Directors	ESG Governance and Circular New Economy	3

2. Managers' training record

Job Title	Name of Director	Date of Appointment	Date of Training or Continuing Studies	Organizer	Name of course	Length of course (in hours)
Accounting Manager and Head of Corporate Governance	Ho, Mei-Hsiu	2014.01.01	2022.02.22	Accounting Research and Development Foundation	How to Resolve Key Financial Information to Strengthen Crisis Warning Capability	6
			2022.02.23	Accounting Research and Development Foundation	Latest analysis of corporate governance policy and set up "Corporate Governance Personnel" audit law compliance practice	6
Audit Manager	Chen, Pei-Wen	2022.02.07	2022.01.25	The Institute of Internal Auditors - Chinese Taiwan	Board of Directors and Functional Committees (Audit, Remuneration) Regulatory Analysis and Audit Focus	6
			2022.01.26	The Institute of Internal Auditors - Chinese Taiwan	The Way to Legal Protection - How to Confront the Investigation and Trial Process	6
Accounting Supervisor	Lin, Huang-Ming	2019.01.10	2022.11.22	Taiwan Corporate Governance Association	From CSR to ESG	3
			2022.11.24	Taiwan Corporate Governance Association	Securities Law Cases and Directors' Responsibilities	3

3. Other material information: To facilitate investors to understand relevant information, all Company information is announced on the Market Observation Post System (MOPS).

(IX) Implementation of Internal Control System

1. Statement of Internal Control System

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

Statement of Internal Control System

Date: March 15, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each constituent component includes a number of categories. See "Processing Criteria" for the previous project.
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2018, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This statement has been approved by the Board of Directors of the Company on March 15, 2023. Among the 9 Directors present, 0 of them disagreed. The rest all agreed to the contents of this statement.

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

Chairman: Signature

General Manager: Signature

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(X) If the Company and its internal personnel is punished, or the Company imposes punishment upon its internal personnel for violation of internal control system in the most recent year and up to the date of the publication of the annual report, and the penalty result may have a significant impact on shareholders' equity or securities price, the content of punishment, major deficiency and improvement shall be specified: none.

(XI) Significant resolutions made in/by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the date of publication of this Annual Report:

1. 2022 and as of the date of publication of the Annual Report, the contents of the Significant Resolutions of the Board of Shareholders:

Date Of Meeting	Proposal	Result Of Resolution	Status Of Implementation
2022.06.10	a. Adoption of the Company's Business Report and Consolidated Financial Statements for the year 2021.	The voting result of this proposal - the number of voting rights of shareholders present at the time of voting is 85,237,036, and the number of voting rights is 81,333,405, accounting for 9542% of the total number of voting rights; this proposal was voted to pass as the original proposal.	Complete
	b. Adoption of the Company's 2021 Earnings Distribution Acknowledgment Proposal.	The voting result of this proposal - the number of voting rights of shareholders present at the time of voting is 85,237,036 and the number of voting rights is 81,182,843, accounting for 95.24% of the total number of voting rights; this proposal was voted to pass as the original proposal.	Complete
	c. Through the comprehensive re-election of the directors of the Company (including 3 independent directors).	The voting result of this proposal - the number of voting rights of shareholders present at the time of voting is 85,237,036 and the number of voting rights is 81,415,861, accounting for 95.51% of the total number of voting rights; this proposal was voted to pass as the original proposal.	Complete
	d. Issuance of new shares through transfer of earnings to increase in capital.	The voting result of this proposal - the number of voting rights of shareholders present at the time of voting is 85,237,036, and the number of voting rights is 81,160,104, accounting for 95.21% of the total number of voting rights; this proposal was voted to pass as the original proposal.	Complete
	e. Adoption of a proposal to lift the prohibition on competition for new directors.	The voting result of this proposal - the number of voting rights of shareholders present at the time of voting is 85,237,036, and the number of voting rights is 81,159,831, accounting for 95.21% of the total number of voting rights; this proposal was voted to pass as the original proposal.	Complete

3. Significant resolutions of the Board of Directors in 2021 and as of the publication date of the annual report:

Date of meeting	Proposal
2022.03.21	1. Passed the appointment and exemption of the audit director. 2. Passed the Company's "Statement on Internal Control System" for 2021. 3. Approved the amendments to the Company's Articles of Association. 4. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 5. Passed the Company's business report and consolidated financial statements for 2021. 6. Approved the Company's 2021 deficit offset 7. Passed the proposal on the endorsement/guarantee for subsidiaries Waon Development Limited, Airmate Electrical (Shenzhen) Co., Ltd. and Airmate Electrical (Jiujiang) Co., Ltd. 8. Passed the proposal on amending the "Corporate Governance Best Practice Principles" of the Company. 9. Approved the Company's proposal to amend the Regulations Governing the Acquisition and Disposal of Assets. 10. Approved the amendments to the "Rules of Procedure for Shareholders Meeting." 11. Passed the Company's proposed amendment to the "Audit Committee Organizational Rules". 12. Passed the independence and performance evaluation results of the CPAs for 2021. 13. Passed the proposal on changing CPAs and the independence evaluation of CPAs of the Company. 14. Passed the proposal on holding the regular meeting of shareholders of the Company in 2022.
2022.05.11	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Passed the Company's consolidated financial statements for the first quarter of 2022. 3. Approved the endorsement and guarantee of the subsidiaries Waon Development Co., Ltd., Airmate Electric (Shenzhen) Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd.
2022.08.10	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Approved the Company's consolidated financial statements for the second quarter of 2022. 3. Approved the proposal for the endorsement/guarantee for subsidiary Waon Development Limited (Hong Kong). 4. Approved the Directors' Compensation Plan for January to June 2021 of the Company. 5. Approved the Company's 2022 Remunerations of Independent Directors. 6. Approved the Company's January-June 2021 Manager's Compensation Plan.
2022.11.09	1. Subject to the provisions in the FAQ under the "Standards for Disposing of Capital Loans and Endorsement of Public Offering Companies" amended by SFB on July 24, 2020, whether accounts receivable that are three months overdue shall be regarded as capital loans. 2. Approved the consolidated financial statements of the Company for the third quarter of 2022. 3. Approved the proposal for the endorsement/guarantee for subsidiary Waon Development Limited (Hong Kong).
2022.12.14	1. Approved the annual audit plan of Airmate (Cayman) International Limited for 2023. 2. Passed the update of the internal control system of Emmitt Group, including the adjustment and revision of the internal audit implementation rules. 3. Approved the Company's renewal of liability insurance for Directors and managers. 4. Approved the endorsement guarantee to the subsidiary Waon Development Co., Ltd. and Airmate Electric (Jiujiang) Co., Ltd. 5. Adoption of the Company's budget for 2023. 6. Passed the Company's proposed amendments to the "Internal Important Information and Prevention of Insider Trading Operations". 7. Passed the proposal on the Company's remuneration for directors in

	January-December, 2022 8. Adoption of the Company's January-December 2022 Manager's Compensation Plan.
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(XII) In the most recent year and as of the publication date of this report, whether there are directors or supervisors having different opinions on the important resolutions passed by the board of directors with records or written announcements: None.

(XIII) In the most recent year and as of the publication date of this report, summary of the resignation and dismissal of the Company's related persons (including the Chairman, General Manager, Accounting Officer, Financial Officer, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development):

V. Certified Accountant Public Expenses Information

Unit: NTD1,000

Accounting Firm	Name of CPA	Auditing period	Audit Fees	Non-Audit Fees	Total	Note
PwC Taiwan	Wang, Guo-Hua	From 2022/1/1 to 2022/12/31	4,940	60	5,000	Non-audit fees are mainly for tax and Certified Accountant Public Expenses, etc.
	Liu, Zi-Meng					

- (i) Non-audit expenses paid to the firm of certified accountants, certified accountants and their affiliates are more than one quarter of the audit expenses: None.
- (ii) Replacement of accounting firm and replacement of the audit expense paid for the year less than the audit expense for the year before the replacement: None.
- (iii) Audit public expense decreased by more than 10% compared to the previous year: None. Audit public fees compared to the previous year decreased NT\$990,000, a decrease of 15.8%, the negotiation results according to regulations.

VI. Information on Replacement of CPA:

The change of accountants from the first quarter of 2022 has been changed from Wang Guohua and Wu Chien-Chih CPA to provide financial report verification services.

VII. The company's chairman, general manager, manager in charge of financial or accounting affairs, who has worked in the firm of the certified public accountant or its affiliates within the last year: None.

VIII. In the most recent year and as of the publication date of the annual report, the equity transfer and equity pledge changes of directors, supervisors, managers and shareholders with a shareholding ratio exceeding 10%:

- (1) Share transfer and changes in equity pledge from Directors, Supervisors, managers, and substantial shareholders holding more than 10% of Company shares

Unit: Shares

Job Title	Name of Director	2022		As of April 12, 2023	
		Changes in shares held	Changes in shares pledged	Changes in shares held	Changes in shares pledged
Chairman and General Manager and CEO	Shih, Jui-Bin	—	—	—	—
Vice Chairman and General Manager of Airmate Electric (Jiujiang) Co., Ltd. Subsidiary	Tsai, Cheng-Fu	—	2,000,000	—	—
Director	Cheng-Li-Ping	—	—	—	—
Director	Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd.: Huang, Ching-Shu	—	—	—	—
Director	Pearl Place Holdings Limited Representative: Shih, Jui-Lin	—	—	—	—
More than 10% of shareholders	Pearl Place Holdings Limited	—	—	—	—
Director	Chen, Yen-Fu	—	—	—	—
Independent Director	Chen, Ming-Chang	—	—	—	—

Job Title	Name of Director	2022		As of April 12, 2023	
		Changes in shares held	Changes in shares pledged	Changes in shares held	Changes in shares pledged
Independent Director	Chi, Lai-Ping	—	—	—	—
Independent Director	Lin, Chih-Lung	—	—	—	—
Chief Operating Officer (COO)	Tseng, Chao-Ting	—	—	—	—
Head of China Market Department	Lei, Yen	—	—	—	—
Assistant Vice President	Pu, Yuan-Che	—	—	—	—
Accounting Manager and Head of Corporate Governance	Ho, Mei-Hsiu	—	—	—	—
Financial Managr	Lin, Huang-Ming	—	—	—	—
Audit Supervisor	Chen, Pei-Wen	—	—	—	—

(2) Information on equity transfer from related parties: None.

(3) Information on equity pledge from related parties: None.

IX. Information about the relation between/among the top 10 shareholders

April 21, 2023; Unit: share; %

Name	Shares held in person		Shares held by spouse and minor children		Shares held in others' names		Names and relationships of top ten substantial shareholders who are spouses or second-degree relatives of each other		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or Name)	Relation	
Pearl Place Holdings Limited	27,145,738	18.65	—	—	—	—	—	—	
Representitive: Shih, Jui-Bin	1,049,751	0.72	811,221	0.56	—	—	—	—	
Superb Rhyme Limited	6,925,353	4.76	—	—	—	—	—	—	
Representative: Tseng, Wan-Lin	1,304,903	0.90	82,733	0.06	—	—	—	—	
Strong Fit Holdings Limited	4,907,577	3.37	—	—	—	—	—	—	
Representative: Lin, Mei-Hsiang	51,178	0.04	3,283,041	2.26	—	—	Cheng-Li-Ping	Spouse	
Tsai, Cheng-Fu	4,169,751	2.86	—	—	—	—	Robust View Ltd. Representative: Liu, Tsui-Hui	Spouse	
Cheng-Li-Ping	3,283,041	2.26	51,178	0.04	—	—	Strong Fit Holdings Limited Representative: Lin, Mei-Hsiang	Spouse	
Robust View Limited	3,203,161	2.20	—	—	—	—	—	—	
Representative: Liu, Tsui-Hui	—	—	4,169,751	2.86	—	—	Tsai, Cheng-Fu	Spouse	
Investment account of Shixun Limited Company (entrusted to the custody of CTBC Bank)	2,926,736	2.01	—	—	—	—	—	—	
Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd.	2,439,589	1.68	—	—	—	—	—	—	
Representative: Huang Qing-shu	1,814,447	1.25	2,121	0.00	—	—	—	—	
Luo Hui-min	2,350,408	1.61	—	—	—	—	—	—	
Shi-LI, Chueh-Chu	2,173,087	1.49	—	—	—	—	Pearl Place Holdings Limited Representative: Shih, Jui-Bin	Mother and son	

X. Consolidated Number of Shares owned by Company, Directors, Supervisors, Management Team and Businesses Controlled Directly or Indirectly by the Company

April 21, 2023 Unit: NTD ,000; Thousand Shares; %

Reinvestment business	Investments of the Company		Investments of Directors, Supervisors, Managers and directly or indirectly controlled businesses		Total Ownership	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Airmate International Holding Limited	63,974	100.00	—	—	63,974	100.00
Aimeite Electric Appliance (China) Limited	69,761	100.00	—	—	69,761	100.00
Wacon Development Limited	(Note 1)	100.00	—	—	—	100.00
AirmateElectric(Shenzhen)Co., Ltd.	(Note 1)	100.00	—	—	—	100.00
Zhejiang Airmate Electrical Sales Limited	(Note 1)	40.00	—	—	—	40.00
AirmateElectric(Jiujiang)Co., Ltd.	(Note 1)	100.00	—	—	—	100.00
Airmate Technology (Shenzhen) Co. Limited	(Note 1)	100.00	—	—	—	100.00
Airmate e-commerce (Shenzhen) Co., Ltd.	(Note 1)	100.00	—	—	—	100.00

Note 1: This is a related company and hence does not issue shares.

Chapter IX.Capital Overview

I. Capital and Shares

(I) Sources of capital:

1. The process of capital formation

21/04/2023 Unit:000/thousand shares

Month/Year	Issue Price (\$)	Authorized Capital		Paid-in Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of Share Capital	Capital Increased by Assets Other than Cash	Others
2004.04	HKD 0.1	5,000,000	HKD 500,000	160,000	HKD 16,000	Capital stock at establishment	—	
2008.07	HKD 0.1	5,000,000	HKD 500,000	160,400	HKD 16,040	Capital increase in cashHKD 40 ,000	—	
2009.12	HKD 0.1	5,000,000	HKD 500,000	176,100	HKD 17,610	Capital increase of HK\$1,570,000 thousand from employee bonus	—	
2009.03	HKD 0.1	5,000,000	HKD 500,000	186,600	HKD 18,660	Capital increase in cash:HKD1,050 ,000	—	
2009.12	HKD 0.1	5,000,000	HKD 500,000	219,100	HKD 21,910	Surplus transferred toHKD 3,250 ,000	—	
2010.07	HKD 0.1	5,000,000	HKD 500,000	225,900	HKD 22,590	Capital increase of HK\$ 680,000 thousand by employee bonus	—	
2012.02	HKD 1	500,000	HKD 500,000	225,900	HKD 225,900	Capital increase of HK\$203,310,000 thousand from capital reserve	—	
2012.05	HKD 1	500,000	HKD 500,000	254,900	HKD 254,900	Capital increase in cashHKD 29,000	—	
2012.08	NTD 10	216,250	NTD 2,162,500	110,244	NTD 1,102,443	Conversion of denomination from Hong Kong Dollar to NT Dollar	—	Note 1
2013.03	NTD 10	216,250	NTD 2,162,500	122,494	NTD 1,224,942	Capital Increase by Cash		Note 2
2014.09	NTD 10	216,250	NTD 2,162,500	122,885	NTD 1,228,846	convertible bonds of NTD 3,904,000 thousand	—	Note 3
2016.11	NTD 10	216,250	NTD 2,162,500	122,844	NTD 1,228,436	Write-off of treasury stock of NTD 41,000 thousand for the reduction in capital	—	Note 4
2019.12	NTD 10	216,250	NTD 2,162,500	136,851	NTD 1,368,506	Capital increase of NTD120,000 thousand and convertible bonds of NTD20,070 thousand	—	Note 5
2020.12	NTD 10	216,250	NTD 2,162,500	139,588	NTD 1,395,876	Capital increase of NT\$27,370,000 by earnings	—	

2021.04	NTD 10	216,250	NTD 2,162,500	140,732	NTD 1,407,321	Capital increase of HK\$11,445,000 thousand by convertible bonds	—	Note 6
2021.07	NTD 10	216,250	NTD 2,162,500	140,958	NTD 1,409,580	Convertible corporate bonds convertible NTD2,259,000 thousand	—	Note 6
2021.08	NTD 10	216,250	NTD 2,162,500	139,961	NTD 1,399,610	Cancellation of treasury shares NTD 9,970,000	—	Note 7
2021.10	NTD 10	216,250	NTD 2,162,500	145,545	NTD 1,455,445	Capital increase of NT\$55,835,000 by earnings	—	

Note 1: On July 26, 2012, the shareholders' meeting approved a resolution to change the company's stock denomination currency from Hong Kong dollar to New Taiwan dollar.

Note 2: The official document No. 1010012865 issued by the FSC on January 3, 2013.

Note 3: September 2014, the date on which the bondholders of convertible corporate bonds exercised of their conversion rights.

Note 4: November 17, 2016, is the record date for the reduction of capital of treasury stock

Note 5: J.G.Z.F.Z. No. 10803334691 issued by the FSC on October 25, 2019.

Note 6: J.G.Z.F.Z. No. 1090358770 issued by the FSC on September 29, 2020.

Note 7: August 19, 2021 is the base date for capital reduction and cancellation of treasury shares

2. Types of shares issued

April 21, 2023; Unit: shares

Type of Shares	Authorized Capital			Note
	Outstanding Shares	Unissued shares	Total	
Registered ordinary shares	145,544,496	70,705,504	216,250,000	Listed Company Stock

1. Information for Shelf Registration: Not applicable

(II) Shareholder Structure

April 12, 2023; Unit: Shares

Shareholder Structure	Government agencies	Financial institutions	Other Legal Persons	Individual	Foreign institutions and foreigners	Treasury shares	Total
Number of Shares							
Number of shareholders	—	1	22	5,487	80	—	5,590
Shareholding (Shares)	—	1,060	4,255,044	77,633,929	63,654,463	—	145,544,496
Shareholding ratio(%)	—	0.00	2.92	53.34	43.74	—	100.00

Land shareholding ratio: 2.58%

(III) Shareholding Distribution Status

1. Capital stock

April 21 2023; Unit: shares

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Shareholding ratio(%)
1 to 999	2,799	505,619	0.35
1,000 to 5,000	1,841	3,478,579	2.39
5,001 to 10,000	301	2,085,070	1.43
10,001 to 15,000	160	1,896,243	1.30
15,001 to 20,000	80	1,439,292	0.99
20,001 to 30,000	81	1,938,765	1.33
30,001 to 40,000	46	1,589,148	1.09
40,001 to 50,000	25	1,118,157	0.77
50,001 to 100,000	99	7063,722	4.85
100,001 to 200,000	57	7,753,965	5.33
200,001 to 400,000	40	11,472,252	7.88
400,001 to 600,000	19	9,309,958	6.40
600,001 to 800,000	11	7,404,062	5.09
800,001 to 1,000,000	6	5,392,854	3.71
1,000,001 and above	25	83,096,810	57.09
Total	5,590	145,544,496	100.00

2. Preferred stock: Not applicable.

(IV) List of Major Shareholders

The names, amount and proportion of shareholders holding in the top10shareholders with more than5%shareholdings are as follows:

April 21, 2023; Unit: shares

share(s)	Shareholding (Shares)	Shareholding ratio(%)
Name of Major Shareholders		
Pearl Place Holdings Limited	27,145,738	18.65
Superb Rhyme Limited	6,925,353	4.76
Strong Fit Holdings Limited	4,907,577	3.37
Tsai, Cheng-Fu	4,169,751	2.86
Cheng-Li-Ping	3,283,041	2.26
Robust View Limited	3,203,161	2.20
Investment account of Shixun Limited Company (entrusted to the custody of CTBC Bank)	2,926,736	2.01
Entrusted Custody for Special Investment Account Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd.	2,439,589	1.68
Luo Hui-min	2,350,408	1.61
Shi-LI, Chueh-Chu	2,173,087	1.49

(V) Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share for the Past Two Fiscal Years

Unit: Thousand shares; NTD

Year Item			2021	2022	As of March 31, 2023
Market price per share	High		29.40	23.6	20.15
	Low		19.00	15.5	16.35
	Average		24.01	18.66	18.37
Net value per share	Before distribution		18.92	22.08	22.12
	After distribution		18.92	Not yet distributed	Not yet distributed
Earnings per share	Weighted Average Shares		145,743	145,545	145,545
	Earnings per share	Before retrospective adjustment	(2.11)	3.25	(0.22)
		After retrospective adjustment	(2.11)	Not yet distributed	Not yet distributed
Dividends per share	Cash Dividends		-	Not yet distributed	Not yet distributed
	Stock dividends	Dividends from retained earnings	-	Not yet distributed	Not yet distributed
		Dividend for paid-in capital	-	Not yet distributed	Not yet distributed
	Accumulated Undistributed Dividends		-	Not yet distributed	Not yet distributed
Return on Investments	Beneficiary Ratio(Note 1)		(11.38)	5.74	(83.5)
	Benebe(Note2)		-	Not yet distributed	Not yet distributed
	Cash dividend yield% (Note3)		-	Not yet distributed	Not yet distributed

Note 1: Price/Earnings Ratio = Average closing share price of the period/Earnings per share.

Note 2: Price/Dividend Ratio = Average closing share price of the period/Cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/average closing share price of the year.

(VI) The Company's dividend policy, implementation status, and expected significant changes

1. Dividend Policies under the Articles of Association

The Board of Directors will issue dividends to shareholders on the proportion of shareholders' shareholdings after the enactment of ordinary resolution or under section 12.3 (a) of the Prospectus and subject to the provisions of Article 12.3 (a) of the Prospectus and shall be made in cash, shares, or as required by Article 14.2 of the Prospectus. The Dividend or part is issued in various assets. No unpaid dividend shall

bear interest as against the Company. Without contravention of Article 14.1, the Board may determine whether the dividends are distributed in whole or in part on specific assets (may be shares or securities of his company) and deal with the issues arising from the distribution; provided that the Board shall obtain a shareholder of a particular asset before the Board decides the value of such particular assets agree to the ROC accountants for visa verification on the value of the particular asset. The board of directors may issue cash to some shareholders according to the value of such assets in order to adjust the rights and interests of shareholders. Without limiting the generality of the above provisions, the board of directors may deliver such specific assets to the trustee on such conditions as it deems appropriate and issue fractional shares. In the absence of any violation of the Cayman Company Law, the company shall not issue dividends or distribute other dividends except for the realized profits of the Company, the premium account for the issuance of shares or the dividends paid or distributed by the reserve or other funds allowed by the Cayman Company Law. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividends accordingly.

Except as otherwise stipulated in the Cayman Company Law, the Articles of Incorporation or the rights attached to shares, the Company may distribute profits in accordance with a proposal for profit distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings.

When investing in shares registered in emerging stocks or during the listing of the SEHK, the Board should include: (i) the provision for the payment of the relevant fiscal year tax; (ii) the amount to make up the past losses; (iii) 10% (10%) the amount of earnings in the distribution proposal of the Board (s) in each fiscal year's earnings; "Fixed surplus" (unless the statutory surplus reserve has reached the Company's paid-up capital); and (iv) Special surplus accumulation required by the securities authorities in accordance with the rules of the public company. If there is still a surplus, upon the approval of the shareholders' meeting it may be distributed in the following order:

- a. Five percent (5%) to ten percent (10%) as a bonus to employees, including employees of the Company's subsidiaries;
- b. No more than three percent (3%) as remuneration for the Directors (excluding independent directors);
- c. If there is any surplus, all or part of the undistributed surpluses accumulated in previous years may be distributed to shareholders in proportion to the shareholding ratio; and
- d. Dividends distributed to shareholders are in the forms of share dividends and cash dividends, and the cash dividends shall not be less than fifty percent (50%)

shareholders dividends distributed according to the above. Unless otherwise resolved by the Board of Directors and the Shareholders' Meeting, any remaining profit, which shall not be less than twenty-five percent (25%) of the after-tax earnings of the year, is distributed as shareholders dividends in accordance with Cayman Company Law and rules and regulations of companies with public issuance after considering factors of finance, business and operation.

2. Proposed dividend distribution:

The Company's 2022 Earning Distribution Plan has been approved by the board meeting on March 15, 2023, with a cash dividend of NT \$72,772,246 and a stock dividend of NT \$72,772,250 distributed to shareholders. This case shall be subject to the relevant provisions upon the adoption of the resolution at the shareholders' meeting on June 19, 2023.

(VII)Impact of Stock Dividends Issuance by the resolution of the shareholders on the Company's business performance and earnings per share :

The Company did not publish its financial forecast for 2022 and therefore is not required to disclose its estimated operating results, earnings per share and pro forma information for 2022.

(VIII)Employees' Compensation and Remuneration of Directors and Supervisors (the Company did not set up Supervisors)

1. Proponents or scope of emoluments of employees, directors and supervisors as set out in the Articles of Association:

When the Board propose a earnings distribution proposal during the listing of shares on the SEHK or during the listing of shares on the SEHK, the provision for(i)the provision for the payment of the relevant fiscal year tax;(ii)the amount to cover past losses;(iii)a surplus of ten percent(10%); and (iv)Securities authorities by public offering companies Special surplus area required by the rules. If there is still a surplus, upon the approval of the shareholders' meeting it may be distributed in the following order:

- (1) Five percent (5%) to ten percent (10%) as a bonus to employees, including employees of the Company's subsidiaries;
- (2) No more than three percent (3%) as remuneration for the Directors (excluding independent directors);
- (3) Subject to the provisions of the Cayman Company Law and by Article 14.5, the remuneration of employees and directors and the amount of dividends determined by the Board of Directors to conform with the dividend policy stipulated in the preceding paragraph. If there is any surplus, all or part of the undistributed surpluses accumulated in previous years may be distributed to shareholders in proportion to the shareholding ratio.
- (4) Dividends distributed to shareholders are in the forms of share dividends and cash dividends, and the cash dividends shall not be less than fifty percent (50%)

shareholders dividends distributed according to the above. Unless otherwise resolved by the Board of Directors and the Shareholders' Meeting, any remaining profit, which shall not be less than twenty-five percent (25%) of the after-tax earnings of the year, is distributed as shareholders dividends in accordance with Cayman Company Law and rules and regulations of companies with public issuance after considering factors of finance, business and operation.

2. Accounting treatment for the basis of estimating the amount of the employees' compensation, directors' and supervisors' remuneration for this fiscal period, the basis of calculating the number of shares to be distributed as employees' compensation, and for any discrepancy between the actual amount distributed and the estimated figures.

The bonus to employees and directors' remuneration of the company are determined in accordance with the Articles of Incorporation of the Company and are assessed in each year in accordance with this basis. However, if the accrued amounts are different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences are recorded as a change in accounting estimate, after the annual adjustment of the shareholders' meeting resolutions, recognized as gain or loss of the shareholders' meeting year.

3. Distribution of Compensation of Employees, Directors, and Supervisors Approved in the Board of Directors Meeting

- (1) The amount of any employee compensation distributed in cash or stock and compensation for directors and supervisors. If there is any discrepancy between the abovementioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:

Proposed to allocate staff remuneration of \$28,807,834 and director's remuneration of \$8,642,349. There has been no discrepancy from the amount in estimated annual recognized expenses.

- (2) The amount of any employees' compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: not applicable.
- (3) Estimated earnings per share after proposed allotment of employees' compensation and remuneration of Directors and Supervisors:

Since 2008, the implementation of employee dividends and director's compensation expenses has been accounted for estimates of employee bonus expenses and director and supervisors remuneration fee, so the calculated EPS is the same as the consolidated financial report.

4. Actual distribution of remunerations for employees, directors, and supervisors (including the number, sum, and price of shares distributed), and where there were discrepancies with the recognized compensations for employees, directors, and supervisors, the difference, cause, and treatment of the discrepancy be described:

On June 10, 2022, the company passed the company's 2021 loss compensation plan after the shareholders' meeting, so no employee remuneration and director's supervision remuneration were issued. No difference with the actual distribution of employee remuneration and director's remuneration for the year.

(IX) Repurchase of Shares by the Company

(1) Repurchase of shares of the Company (completed)

April 21, 2023

Repurchase (Period)	First time (term)	Second(Period)	Third(period)	Fourth (term)
Objective of repurchase	To maintain company credit and shareholders' equity	Transfer ownership of shares to employees	Transfer ownership of shares to employees	Transfer ownership of shares to employees
Scheduled buy-back period	September 5, 2016 ~ 5 October 2016	7 November 2016 ~ 15 December 2016	6 March 2017 ~ May 5, 2017	January 3, 2018 ~ February 12, 2018
Repurchase price range	NT\$25.75-27	NT\$25-25.59	NT\$18.35-39	NT\$16.75-38
Type and number of repurchased shares	Ordinary Shares 41 Thousand Shares	Common Shares 442 Thousand Shares	Ordinary Shares 316,000 Shares	Common Shares 500 Thousand Shares
Ratio of repurchased quantity to planned repurchase quantity (%)	4.10	44.20	52.67	100.00
Amount of repurchased shares	NT\$1,088,000	NT\$11,225,000	NT\$9,352,000	NT\$12,474,000
Number of shares eliminated and transferred	41,000 shares (Note 1)	442,000 shares (Note 2)	316,000 Share (Note2)	500,000 shares (Note2)
The accumulated holding of the Company's shares	-	-	-	-
Ratio of the accumulated holding of the Company's shares to total shares issued (%)	-	-	-	-

Repurchase (Period)	Fifth (Term)
Objective of repurchase	Transfer ownership of shares to employees
Scheduled buy-back period	16 March 2021 ~ May 15, 2021
Repurchase price range	NTD 25.00-28.85
Type and number of repurchased shares	Common shares 977 thousand shares
Ratio of repurchased quantity to planned repurchase quantity (%)	97.70
Amount of repurchased shares	NTD 27,262 thousand
Number of shares eliminated and transferred	977 thousand shares (Note 3)
The accumulated holding of the Company's shares	-
The ratio of the cumulative number of shares held of in Company to the total number of shares issued (%)	-

Note 1: Share cancellation had been completed on November 09, 2016.

Note 2: All the shares repurchased have been transferred to the employees on November 18, 2019.

Note 3: The share write-off was completed on 25 August 2021.

(2) Repurchase of Shares by the Company (Ongoing)

II. Issuance of Corporate Bonds

(I) Overseas corporate bonds: Not applicable.

(II) Domestic corporate bonds:

Type of Corporate Bond	Second (term) Secured Convertible Corporate Bonds	Third (term) Secured Convertible Corporate Bonds	Fourth (term) Unsecured Convertible Corporate Bonds
Issue date	September 30, 2017	December 04, 2019	December 10, 2020
Par Value	NT\$100,000	NT\$100,000	NT\$100,000
Issue Price	NT\$100,000	NT\$100,000	NT\$100,000
Total	NT\$500,000thousand	NT\$300,000thousand	NT\$400,000thousand
Interest rate	0%	0%	0%
Duration	Three-year term September 30, 2020	Three-year term December 4, 2022	Three-year term December 10, 2023
Guarantee Agency	Taishin International Bank, CTBC Bank, Taiwan Shin Kong Commercial Bank, Ltd. and Far Eastern International Bank	CTBC Bank, Taiwan Shin Kong Commercial Bank, Ltd. and Far Eastern International Bank	None

Trustee	Bank of SinoPac	Bank of SinoPac	Bank of SinoPac
Underwriter	Taishin Securities Co., Ltd.	KGI Securities Co., Ltd.	KGI Securities Co., Ltd.
Certifying Attorney	Yu-Liang, Chen, Chih Ting International Law Firm	Yu-Liang, Chen, Chih Ting International Law Firm	Yu-Liang, Chen, Chih Ting International Law Firm
Certifying CPA	CPAs Ethan Chuang and Astor Kou, KPMG Taiwan	CPAs Isabel Lee and Anna Lu, KPMG Taiwan	CPAs Derek Hsu and Anna Lu, KPMG Taiwan
Redemption method	Except for the bondholders to convert the bonds into ordinary shares of the Company by Article 11 of the Method, or to exercise the put right by Article 22 of the Method, or the Company shall redeem the bonds in advance according to Article 21 of the Method. Or the Company will buy back the bonds and cancel from securities firm's business office. At maturity, it will be repaid in cash based on the par value.	Except for the conversion of the holders of the convertible corporate bonds (hereinafter referred to as the "bondholders") into ordinary shares of the Company in accordance with Article 11 of these Procedures or the early redemption of the Company in accordance with Article 21 of these Procedures or the cancellation of the repurchase by the securities dealer's place of business, the Company shall repay the convertible corporate bonds in cash in the amount of 101.51% (0.5% annual yield upon maturity) of the face value of the bonds upon maturity.	Except for convertible corporate bondholders (hereafter referred to as "bondholders") to convert the bonds into ordinary shares of the Company by Article 11 of the Method, or the Company shall redeem the bonds in advance according to Article 21 of the Method, or the Company will buy back the bonds and cancel from securities firm's business office. At maturity, it will be repaid in cash based on 100.75% par value (annual yield of 0.25%).
Outstanding Principal Balance	NT\$0	NT\$0	NT\$ 358,100,000
Redemption or Early Repayment Clause	(I) In case of the closing price of the Company's common shares is	(I) In case of the closing price of the Company's common shares is	(I) In case of the closing price of the Company's common shares

	above the then conversion price by 30% (inclusive) for 30 consecutive trading days during the period from the next day (January 1, 2018) after 3 months of the bonds issued to 40 days (August 21, 2020) before the maturity date, within the next 30 business days, the Company may send a 30-day-expired Bond Redemption Notice (the aforementioned period shall commence from the date of the issuance of the letter by the Company, and the expiration date of the period shall be the redemption recorded date, and the aforementioned period shall not fall within the period of stop accepting	above the then conversion price by 30% (inclusive) for 30 consecutive trading days during the period from the next day (March 11, 2021) after 3 months of the bonds issued to 40 days (October 31, 2023) before the maturity date, within the next 30 business days, the Company may send a 30-day-expired Bond Redemption Notice (the aforementioned period shall commence from the date of the issuance of the letter by the Company, and the expiration date of the period shall be the redemption recorded date, and the aforementioned period shall not fall within the period of stop accepting conversion as stated in Article	is above the then conversion price by 30% (inclusive) for 30 consecutive trading days during the period from the next day (March 11, 2021) after 3 months of the bonds issued to 40 days (October 31, 2023) before the maturity date, within the next 30 business days, the Company may send a 30-day-expired Bond Redemption Notice (the aforementioned period shall commence from the date of the issuance of the letter by the Company, and the expiration date of the period shall be the redemption recorded date, and the aforementioned period shall not fall within the period of stop accepting
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	conversion as stated in Article 9) to the bondholder (the recipient of the Notice shall be the one listed in the bondholders register on the fifth business day prior to the date of issuance, and the bondholder who subsequently acquires the convertible bonds for sale or other reasons shall be notified by public announcement) by registered mail to repurchase all the bonds outstanding in cash at the bonds' face value. The Company will also send a letter to the OTC for an announcement purpose. If the Company executes redeem request, the convertible corporate bonds shall be redeemed from holders with cash according to face	9) to the bondholder (the recipient of the Notice shall be the one listed in the bondholders register on the fifth business day prior to the date of issuance, and the bondholder who subsequently acquires the convertible bonds for sale or other reasons shall be notified by public announcement) by registered mail to repurchase all the bonds outstanding in cash at the bonds' face value. The Company will also send a letter to the OTC for an announcement purpose. If the Company executes redeem request, the convertible corporate bonds shall be redeemed from holders with cash according to face amount within 5 operation days after the bonds	conversion as stated in Article 9) to the bondholder (the recipient of the Notice shall be the one listed in the bondholders register on the fifth business day prior to the date of issuance, and the bondholder who subsequently acquires the convertible bonds for sale or other reasons shall be notified by public announcement) by registered mail to repurchase all the bonds outstanding in cash at the bonds' face value. The Company will also send a letter to the OTC for an announcement purpose. If the Company executes redeem request, the convertible corporate bonds shall be redeemed from holders with cash
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	amount within 5 operation days after the bonds redeem base date. (II) In case the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the next date (September 16, 2014) after one month of the bonds issue to 40 days(July 6, 2019) before the maturity date. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time by sending a 30-day-expired "Bond Redemption Notice" (the aforementioned period shall commence from the date of the issuance of the letter by the Company, and the expiration date of the period	redeem base date. (II) In case the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the next date (March 5, 2020) after 3 months of the bonds issue to 40 days (October 25, 2022) before the maturity date. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time by sending a 30-day-expired Bond Redemption Notice (the aforementioned period shall commence from the date of the issuance of the letter by the Company, and the expiration date of the period shall be the redemption recorded date, and the aforementioned period shall not fall within the	according to face amount within 5 operation days after the bonds redeem base date. (II) In case the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the next date (March 11, 2021) after 3 months of the bonds issue to 40 days (October 31, 2023) before the maturity date. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time by sending a 30-day-expired Bond Redemption Notice (the aforementioned period shall commence from the date of the issuance of the letter by the Company, and the expiration date of the period shall be the
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	shall be the redemption recorded date, and the aforementioned period shall not fall within the period of stop accepting conversion as stated in article 9) to the bondholder (the recipient of the Notice shall be the one listed in the bondholders register on the fifth business day prior to the date of issuance, and the bondholder who subsequently acquires the convertible bonds for sale or other reasons shall be notified by public announcement) by registered mail to repurchase all the bonds outstanding in cash at the bonds' face value. The Company will also send a letter to the OTC for an announcement purpose. If the	period of stop accepting conversion as stated in Article 9) to the bondholder (the recipient of the Notice shall be the one listed in the bondholders register on the fifth business day prior to the date of issuance, and the bondholder who subsequently acquires the convertible bonds for sale or other reasons shall be notified by public announcement) by registered mail to repurchase all the bonds outstanding in cash at the bonds' face value. The Company will also send a letter to the OTC for an announcement purpose. If the	redemption recorded date, and the aforementioned period shall not fall within the period of stop accepting conversion as stated in Article 9) to the bondholder (the recipient of the Notice shall be the one listed in the bondholders register on the fifth business day prior to the date of issuance, and the bondholder who subsequently acquires the convertible bonds for sale or other reasons shall be notified by public announcement) by registered mail to repurchase all the bonds outstanding in cash at the bonds' face value. The Company will also send a letter to the OTC for an announcement purpose. If the
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	Company executes redeem request, the convertible corporate bonds shall be redeemed from holders with cash according to face amount within 5 operation days after the bonds redeem base date. (III) If the creditor fails to reply in writing to the Company's stock agency (effective upon delivery and based on the postmark date) before the date of the redemption recorded date set out in the Bond Redemption Notice, the Company will redeem the convertible corporate bonds held by the creditor in cash within 5 business days after the date of the redemption recorded date.	face amount within 5 operation days after the bonds redeem base date. (III) If the creditor fails to reply in writing to the Company's stock agency (effective upon delivery and based on the postmark date) before the date of the redemption recorded date set out in the Bond Redemption Notice, the Company will redeem the convertible corporate bonds held by the creditor in cash within 5 business days after the date of the redemption recorded date.	Company executes redeem request, the convertible corporate bonds shall be redeemed from holders with cash according to face amount within 5 operation days after the bonds redeem base date. (III) If the creditor fails to reply in writing to the Company's stock agency (effective upon delivery and based on the postmark date) before the date of the redemption recorded date set out in the Bond Redemption Notice, the Company will redeem the convertible corporate bonds held by the creditor in cash within 5 business days after the date of the redemption recorded date.
Redemption and repurchase	The second secured convertible corporate bonds were due on	The second secured convertible corporate bonds were due on	As of March 31, 2021, 49 corporate bonds were redeemed at a

	September 30, 2020, and 4,432 corporate bonds were redeemed for a consideration of NTD 443,200 thousand. The subsequent decrease in capital reserve was NTD 10,959 thousand, and the resulting redemption benefit was NTD 10,959 thousand.	September 30, 2020, and 4,432 corporate bonds were redeemed for a consideration of NTD 443,200 thousand. The subsequent decrease in capital reserve was NTD 10,959 thousand, and the resulting redemption benefit was NTD 10,959 thousand.	redemption price of \$4,567,000, resulting in a decrease in the capital surplus of \$152,000, resulting in a redemption gain of \$297. No redemption and buy-back conditions in 2022.
Restriction	None	None	None
e of credit rating institution, rating date, and corporate bond rating results	None	None	None

Other rights	Amount of converted(exchange/warrants)ordinary shares, ODEs or other securities as at the date of publication of the Annual Report	From the date of conversion of corporate bonds to September 30, 2020, the bondholders have applied for the conversion of 2,007 thousand common shares of the Company at the denomination of NTD 56,800 thousand, resulting in a decrease in the relevant share option capital reserve of NTD 1,405 thousand, and the premium capital reserve arising from the bond conversion and issuance of new shares in 2019 was NTD 37,389 thousand. The share capital arising from the bond conversion was NTD 20,070 thousand. Please refer to Note 6 (19) of the 2020 consolidated financial report.	No conversion applied	Convertible corporate bonds The holders of the bonds from the date of issue to December 31, 2021 have applied for the conversion of 1,370,000 ordinary shares of the Company with a nominal value of \$37,000,000. The resulting reduction in the capital surplus of the relevant options is \$1,143,000, and the capital surplus of the premium arising from the conversion of bonds into new shares is \$23,165,000. The conversion generated a share capital of \$13,704 thousand; no conversion for 2022.
	Rules governing issuance or conversion (Exchanged or subscription)	In accordance with the Company's provisions on the issuance and conversion of secured convertible corporate bonds	In accordance with the Company's provisions on the issuance and conversion of secured convertible corporate bonds	In accordance with the Company's provisions on the issuance and conversion of unsecured convertible corporate bonds
Potential Dilutive Effects on other Shares and Impact on the Rights of Existing Shareholders due to Regulations of Issuance and Conversion/Exchange/Subscription or Terms of Issue		The second secured convertible corporate bonds had been overdue and redeemed on September 30,	The second secured convertible corporate bonds had been overdue and redeemed on September 30,	If all converted into ordinary shares at the tentative conversion price after issuance, the maximum dilution

	2020, and there has been no impact as described in the left column.	2020, and there has been no impact as described in the left column.	ratio of 8.76% of the original shareholders' equity will be the fourth unsecured conversion corporate bonds issued in the ROC. Moreover, since the conversion price is issued at the excess of par, if the original shareholders wish to maintain the original share ratio, they can obtain the required shares from the trading market at a relatively low price, without actually losing their rights and interests.
Name of the commissioned custodian of exchangeable underlyings	None	None	None

1. Information on conversion of corporate bonds

Exercising of employee stock options		Second (Term) Secured Convertible Corporate Bonds	Third (Term) Secured Convertible Corporate Bonds	Fourth (Term) Unsecured convertible Corporate bonds	
Item	Year	2020	2022	2022	Current Year as of March 31, 2023
	Convertible Bonds				
	Swap City Public Price Division				
	Highest	110.50	110.95	101.00	99.00
	Low	99.70	101.00	93.50	95.95
	Average	102.11	104.31	95.20	97.75
Conversion Price		NTD 28~28.3	NTD 28.4~32	No conversion applied	NTD 27
Issue (processing) date and conversion price at issuance.		2017.09.30 NTD 28.3	2019.12.04 NTD 32	2020.12.10 NTD 27	2020.12.10 NTD 27
Methods of fulfilling conversion obligations		Issuance of new shares	Issuance of new shares	Issuance of new shares	Issuance of new shares

(II) Overseas corporate bonds: None.

(III) Information on exchange of corporate bonds: Not applicable

(IV) Information for shelf registration: Not applicable.

(V) Information on corporate bonds with stop options: Not applicable.

III. Preferred Stocks: None.

IV. Overseas Depositary Receipt: None.

V. Employee Stock Warrant: Not issued.

VI. New Shares to Employees with Restricted Rights: None.

VII. Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies: None.

VIII. Financing Plans and Implementation: Not applicable.

Chapter V. Overview of Business Operations

I. Description of the Business

(I) Scope of Business

(1) Major lines of business

As a player in the home appliance industry, the Company mainly engages in the production of electric fans, electric heaters, and other small home appliances, as well as related components and molds, and is committed to the research and development, production, and sale of various types of quality small home appliances.

(2) Weight of major lines of business

Unit: NTD 1,000

Product	2021		2022	
	Amount	Weight (%)	Amount	Weight (%)
Electric fans	6,712,792	66.09	5,878,253	63.75
Electric heaters	1,790,037	17.62	1,831,760	19.87
Small home appliances	838,961	8.26	750,639	8.14
Electrical products	474,260	4.67	519,259	5.63
Others	340,541	3.36	240,952	2.61
Total	10,156,591	100.00	9,220,863	100.00

Note: Others include components and molds.

(3) Current products (services)

A. Electric fans - mainly standing fans and ice-cooled fans, the represented models are as follows:

a. Table fan series; b. Standing fan series; c. Box Fan Series; d. Wall fan series; e. Fan family; f. ice-cooled fan; g. clamp fan series; h. ceiling fan Industrial sector series; k. recycling sector

B. Electric heaters - mainly convection and quartz tubes, representing the following types of equipment:

a. Strip heaters, b. convection heaters, c. PTC heaters, d. quartz glass tube heaters, e. ceramic radar heaters, f. fin heaters, g. motherboard heaters, h. fast heaters, i. halogen heaters, j. washer dryers, k. electric stove heaters, and l. Japanese kotatsu heaters.

C. Small home appliances contain a total of 8 series, including high-speed juicers, induction stoves, humidifiers/dehumidifiers, electric cookers, and air purifiers. The representative models are as follows

a. Induction cooker series; b. Humidifier series; c. Electric pressure cooker series; d. Electric cooker series; e. Air purifier series; f. Juice machine series; g. Cooking machine series; h. Infrared stove series; i. Dehumidifier series; j. Vacuum cleaner series;

k. Germicidal lamp series

D. Electrical products mainly contain integrated ceiling systems and hand dryers. The representative models are as follows:

a. Integrated ceiling; b. Control box series; c. Bathroom lighting series; d. Window clip group series; e. Hand dryer series f. Fresh air series

(4) New products (services) planned for development

Type of Product	Future Development
Electric thermal storage heaters	In response to the Chinese government's "coal-to-electricity" policy, we will study more efficient heat storage materials and promote new heat sources such as graphene and superconducting applications on heaters, replace traditional water heating systems in the north, strive for market share, increase revenue, and consolidate the leading position of electric heaters in the industry.
Series of Cooling Products	In view of the improvement of living standards, the trend of personal economy, the company continued to expand compressors and cold chip application products, as well as products such as frequency conversion air conditioners, small refrigerators, personal air conditioners, fans and pet air conditioners.
Fresh air fans, air purifiers	The Company will continue to improve the efficiency of motors and increase market share of brushless DC BMC motors. The Company will continue to optimize 6-pole motors. The Company will develop brushless DC BMC motors to improve the core competitiveness of air purifiers and fresh air systems. The function of combining cyclic fans in the post-pandemic era develops empty net cyclic fans, and utilizes multifunctional products to attract consumers.
Health, Cleaning Home Appliance Series	Health and cleaning products are the growth point of the current market, especially after the pandemic, the general health awareness has risen, and there is a great demand. Continued investment in the research and development of these products can compete for a place in the production of small home appliances other than bi-seasonal products.

(II) Overview of the Industry

(1) Current status and development of the industry

A. Overall economy

The Company's main products include electric fans, electric heaters, electrical products (ventilating fans, hand dryers, and bathroom lighting) and other small home appliances (such as juicers, induction stoves, humidifiers/dehumidifiers, electric cookers, and air purifiers); in particular, the sales of electric fans, electric heaters, and other small home appliances account the most. The main function of small home appliances is to bring convenience to people and improve people's quality of life with higher elasticity of demand. Demand for small home appliances is extremely sensitive to the economic cycle and easy to change with the consumption power. The economic environment will lead to an increase or decrease of consumers' demand for small home appliances. Therefore, the overall economy has a significant impact on the small home appliance industry.

In terms of the overall global economic outlook, the global economic growth slowed sharply in2022, mainly three factors: one, the global economic recovery in 2021, the cardinality has increased significantly; second, the global inflation is high, the Fed's continued rate hike and contraction, the national monetary policy has shifted; three, Russia-Ukraine conflict and seization-related issues in various regions of China occur frequently. The coronavirus problem continues to weaken and the global economic activity has resumed, but there are still three major crises that continue to slow the global economic growth, including the supply chain crisis to increase traffic and transportation costs, the cost of transportation and gasoline, thus the soaring energy prices, and the Russian-Russian war caused by energy and food crises. Looking ahead into 2023, in the absence of a fundamental improvement in global trade frictions, with sluggish international direct investment, and limited room for global policy adjustments, the global economy is still at risk of continued decline.

Over the past three years, the negative impact of COVID-19 on the global economy is inevitable. Many countries have adopted methods including the control of immigration personnel, suspension of work and schools to keep people away from the virus. This has had a certain impact on the economies of various countries and the global economy with short-term trade and a decrease in consumption. People's diversified consumption is temporarily transformed into purchases needed for daily life. The economic data such as short-term CPI, CDP is not applicable during this special period. The medium-term impact is uncertain. Substantial results have been achieved in the prevention and control of the global epidemic. After all industries in the world are fully resumed, the negative marginal effect will gradually decrease to zero, and there will be slightly faster economic growth. The economic downturn cannot be stopped immediately because the impact of the partial rupture in the global industrial chain will be continued due to the butterfly effect until the companies find the alternatives to reopen the upstream and downstream industrial chain. After these large-scale epidemics are controlled, the long-term impact will be small and the global economy will be back on track. It is believed that many governments will strengthen the development of the medical and healthcare industry after the epidemic ends, thus will increase the reserves of medical and related emergency resources, encourage the establishment of relevant medical institutions, train more medical personnel. These measures will promote the development of the medical industry for a period of time. Meanwhile, development of other industries will not change significantly because of the epidemics and will continue to move forward in accordance with the recent popular industries 4.0, which digital economy will continue to dominate.

Currently, the global trade, consumption and economic situation has experienced the biggest recession in a century, but the global economic situation in 2023 is still fraught with serious challenges in a dramatic environment.

With the rapid improvement of national consumption power and the large population base in Asian countries, Asia economies, including China, will continue to increase their demand for home appliances that improve their basic quality of life. Obviously, Asia is a consumer market with high development potential.

B. Consumer trends in the small home appliance industry globally and in China

The small home appliance industry in China has significant global share of sales or production. China has the following conditions for the rapid popularization of small appliances: (1) the government's "Home Appliances to the Countryside" policy (which ended in May 2013), (2) rapid increase in consumer spending, and (3) strong capacity for small home appliances production. According to the Profile of Home Appliances Manufacturers and the Dynamics of Home Appliances Manufacturers published by the Taiwan Industry Economics Services, China is both the main sales market and the major manufacturing country for global home appliances. As a result, the development of China's home appliance industry has a significant impact on the development of the global home appliance industry.

According to the data in the "National Electrical Market Report 2022" of the Development Department of the China Electronic Information Industry Development Research Institute, Under the continued impact of the epidemic, China's home appliance market total retail sales reached RMB8,35.2 billion in 2022, down 5.2% year-on-year, but online e-commerce sales channels and China's third-tier cities and below cities have stabilized the market. In 2022, home appliances were further upgraded to high-end, intelligent and green, consumer appliances steadily towards the "digital" era.

In the past two years, the small home appliance market has achieved a burgeoning redness. With the help of the "Home economy" and "lazy person economy", small home appliance has catered to consumers' high-quality healthy living needs through various subcategories. Especially in the context of the COVID-19 pandemic, the increase in the number of home scenes brings opportunities for small appliances to grow. In addition, 12 departments such as the Ministry of Commerce have issued articles to promote the release of

rural consumption potential and promote the policy guidance of household appliances and furniture consumption. In the future, the household appliance market will usher in a definite positive development.

C. Export of China's small home appliance industry

China is currently the major production site and a big exporter of home appliances globally. At present, there are thousands of small home appliance manufacturers in China. According to the statistics of Tiantu Info Consulting, China's export of small home appliances accounts for 40% of the global export market. It is difficult for overseas brands to find appropriate alternatives in short-term and it is less likely that orders will be transferred to other countries or regions. Therefore, China has a significant impact on the global market. However, in recent years due to Sino-US trade frictions, the growth of export of China's small home appliance has slowed down.

According to the 2020-year data, China's small home appliance exports decreased by 13% year-on-year due to the weakening of the home economy dividends in Europe and the United States due to the weakening of the new coronavirus relegation policy, global high inflation and US-US inventory backlog.

It is expected that the small home appliances such as air humidifiers and robotic vacuum cleaners, which have grown rapidly in the past two years, will have a significant impact. The scale of exports has clearly declined. In contrast, the air/water purifiers have a high consumption potential.

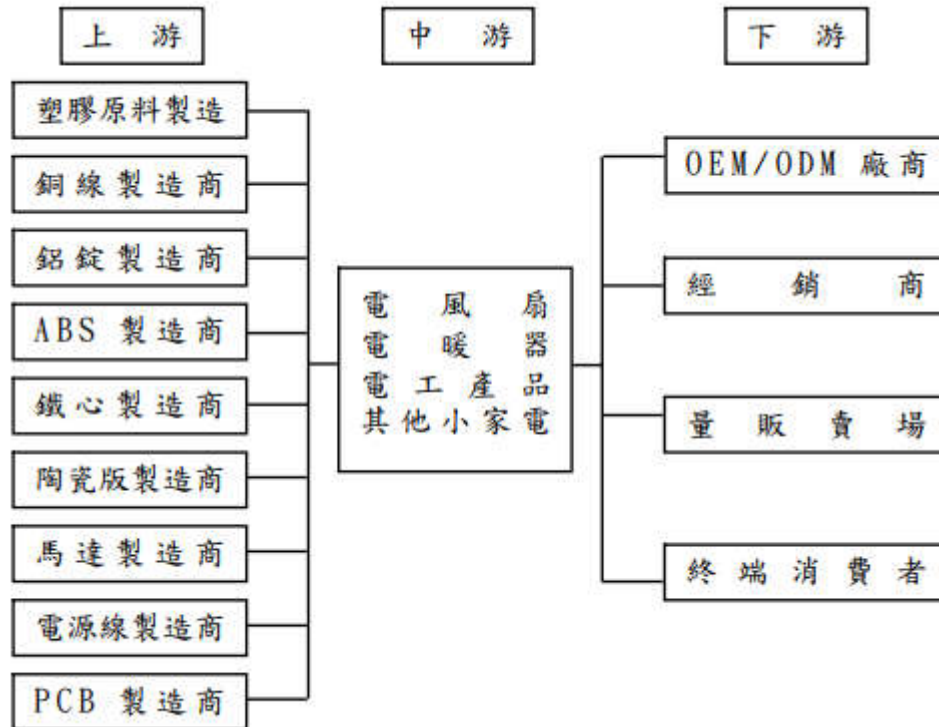
D. Economic cycle

Today, small home appliances are staples in developed countries; they are essential for maintaining a good living environment. With higher levels of income in developed countries, demand for novel, well-designed, lightweight or energy-saving products is high. Since the main potential market of small home appliances is currently concentrated in emerging economies and developing countries, consumption capacities and prices of the small home appliances will affect the demand for small home appliances in these countries.

From the channel level, the arrival of the COVID-19 pandemic has led to the rapid development of online channels, and the live broadcasting of goods has matured into a well-deserved main sales channel for small home appliances. From the perspective of category, with the continuous escalation of consumption and the continuous subdivision of population, demands have shown a diversified trend. Many emerging small home appliance categories become popular after the epidemic, injecting new opportunities into the small home appliance market. From the brand perspective, traditional brands continue to increase their youthful transformation, emerging brands enter the market segments rapidly. Major kitchen appliance brands also enter the market one after another, showing a keenly competitive market. From the product level, it is developing towards polarization, that is, functional integration and product segmentation. In addition, good-looking and small size are still the mainstream trends in the context of the increasing single people living alone. With the rapid development of Internet of Things technology, big data, cloud computing and artificial intelligence, smart home appliances have become an inevitable trend.

In summary, although small home appliances may be affected by the economic cycle, the effect is relatively small as they are mostly daily necessities in major markets, such as emerging economies and developing countries. The sales volume of small home appliances changes with seasons, depending on their functions and nature. The costs of raw materials and labor have gradually increased in recent years, which has a greater impact on the small home appliance industry. In the long run, however, there is no obvious economic cycle of the small home appliance industry.

(2) Links between the upstream, midstream, and downstream segments of the industry



A. Links between the upstream and downstream segments

The Company belongs to the home appliance industry. The upstream segment of the industry includes plastics and copper wire manufacturers; the midstream segment includes the Company, Midea, Singfun, Lianchuang, Haier, Joyoung, and Gree; the downstream segment includes retailers.

The Company mainly engages in the research and development, design, manufacture, and sale of small home appliances and has its own brands. Therefore, the Company falls into to the midstream and downstream segments of the industry. The business model of the Company contains OEM/ODM for export and domestic sales of brand products. As an OEM/ODM for export, the Company designs and manufactures products based on the customers' requirements and sells products to foreign customers through Waon Development Limited (Hong Kong), Taiwan Branch; in terms of domestic sales, as an OBM, the Company sells AIRMATE products directly to distributors in Taiwan.

B. Downstream segment and sales channels

Demand for small home appliances in the downstream market will directly affect the sales volume of the industry. Potential customers include distributors, agents, wholesalers, and consumer electronics retailers. Since customers are dispersed and can easily obtain the same specifications in the market, it is difficult to control them; in addition, the quality and after-sales service and maintenance of small home appliances require additional attention.

The Company has been actively developing the small home appliance markets at home and abroad as both an OEM/ODM and an OBM. The exports and domestic sales have helped expand the production line and scale of business. The Company's main sales method is through Distributor sales, which refers to the transfer of ownership of finished products to Distributors for retail sale by Distributors. At present, there are approximately 200 regular cooperating Distributors, about 20% of whom are core members. The Company has a long partnership relationship with Distributors for more than 10 years. Many Distributors have a profitable sales of the Company's home appliances, so they can maintain a long-term relationship with Distributors.

(3) Development trends of products

A. Room for growth remains big in the small home appliance market

With the continuous improvement of end consumers' requirements for quality of life, small home appliances that improve the quality of life have been recognized by the market; the growth space is far greater than that of large appliances. Clean appliances and high-end kitchen appliances will become the future consumption hotspots, cleaning appliances including vacuum cleaners, steam mops, mite removal devices, and sweeping robots will be the next "outlet". However, judging from the number of small appliances owned by each household, the number of home appliances in China is still lower than that in the European and American markets. According to the data, an average household in developed countries has nearly 40 kinds of small household appliances, while the average number of household appliances in major cities in China is less than 10, indicating that the market is far from being saturated, and China's small home appliance market has huge development potential. The development of science and technology, the universalization of AI wisdom and the diversification of products, in conjunction with the "13th Five-Year Plan" launched by the Chinese government, will also lead small home appliance industry to the fields of energy conservation, environmental protection and intelligence, and updating from the entire industrial chain covering raw materials, core components, manufacturing, and service.

B. Brand value positioning is the future development goal

Due to the low barriers to entry, numerous small home appliance manufacturers have emerged in China. How to obtain the recognition from consumers, clearly position the brands, and create market segmentation with other competitors is the focus of the small home appliance industry in the future. In addition to product launches, the Company aims to improve the quality of products and adopt a clear pricing strategy, so as to clearly position AIRMATE.

C. Energy-saving and eco-friendly small home appliances will become the mainstream

As the world's population continues to increase, environmental pollution and damage become more serious, and global warming issues have gradually become a topic of concern. The 2009 United Nations Climate Change Conference held in Copenhagen also discussed how to reduce greenhouse gas emissions. Energy conservation and carbon reduction have become the common goals globally. Energy conservation and environmental protection have become an important indicator for manufacturers and consumers. As electricity prices continue to rise, consumers are heading toward home appliances that have a high rate of electricity conservation. Under the consumers' needs and national policy, eco-friendly small home appliances will become a trend. The government of China has also ordered that home appliances marked "energy-efficient" for identification. In the future, it is inevitable that energy conservation and environmental protection will become the mainstream in the small home appliance market.

D. Product intelligence and functional diversification will become prominent

Electric heaters and humidifiers are popular in winter. Electric heaters are favored by the general public because of the heating effect, and humidifiers are indispensable for dry climate. In recent years, one of the most important features of new products has been the combination of electric heaters and humidifiers; multiple functions of other small home appliances, such as juicers and soybean milk machines, have also become prevalent. Soybean milk machines can be used to make fruit and vegetable drinks, and juicers can be used to make soybean milk. The operations of small home appliances have also become smarter and easier, from touch to control, which brings convenience to a fast paced life. As small home appliances evolve with multi-functionality and intelligence, product features gradually disappear. How to ensure the intelligent and multi-functional development of small home appliances and the distinctive product features at the same time has also become the focus of small home appliance manufacturers.

E. The rapid development of online shopping of small household appliances

has benefited from the popularization of the Internet, and the development of Online Shopping has gradually become a trend. In the current era of Internet popularization and development, online e-commerce will be the focus of business marketing. 60% of the total purchase and sales of household electrical appliances are mainly due to the small and

beautiful characteristics of small household appliances, small size and low difficulty in getting started, which makes online sales more feasible, and the installation and transportation are relatively simple, affected by the new crown epidemic. , household food, cleaning and sterilization and other surrounding small household electrical appliances have increased in response to the increase in demand for the epidemic. With the current popular live broadcast marketing and social media e-commerce marketing models, they can not only sell products, but also display promotional information, and use the Internet to increase corporate reputation. Home appliance manufacturers also provide operating modes such as direct supply and underwriting by manufacturers to increase sales momentum.

(4) Competition

Due to the low barriers to entry, there are many small home appliance manufacturers. Although the government's "Home Appliances to the Countryside" policy has increased the requirements for product specifications, competition is becoming more intense in China as major home appliance manufacturers are eager to enter the highly profitable small home appliance market. To secure the brand value in the industry, small home appliance manufacturers must continuously improve niches and develop products of originality and diversity.

In the future, the Company will develop small home appliances that are compact, energy-efficient, silent, and well-designed and equipped with original features to increase the differentiation and brand value; in addition, the Company will develop new technologies in collaboration with technology associations to launch new products ahead of competitors, improve the brand image, and secure leadership.

(III) Overview of Technologies and Research and Development Works

(1) Technology and research and development of products

A. Ultra-quiet, energy-efficient motors

The Company has engaged in the manufacture of small home appliances for nearly 25 years with mature technical capabilities. In the early years, the Company provided motors for Sanyo and honed manufacturing skills, from the selection of materials, motor winding, and mechanical transmission to component manufacturing and motor manufacturing, up to the standards in the Japan market. Motors manufactured by the Company were eco-friendly, silent, and energy-efficient and highly recognized in the market. In recent years, we have been introducing new products, improving quality and reducing costs, with superb technical capabilities.

B. Smart home appliance control systems

The Company's home appliances are human-oriented and bring comfort and health to consumers. Built on these advantages, the Company has developed China's first smart control fans; multi-speed fans, original plateau/sleep/natural air supply controls, and human-oriented controls, such as temperature sensing, timing, power management setup, have also been developed; in addition to infrared control, high-tech controls, such as Bluetooth control and fuzzy control, are also in place. In 2011, the Company successfully developed automotive motor brakes. At present, the Company is developing automatic face control, motion image control, and other high-tech controls. The Company's R&D Department has a team specific to electronic control systems. With many years of experience in smart home appliance control systems, the team has an outstanding capability of integrating state-of-the-art technologies in the industry or related industries and can master the future development trend of home appliances.

C. Research and applications of aerodynamics

The Company is one of the largest ventilator manufacturers in China. Because of the strong correlation between products and aerodynamics, the Company has developed a series of electric fans that generate wind by air movement, a series of ventilating fans that

exchange air by air pressure, a series of fan heaters that heat the air, and a series of air purifiers that filter and purify air. The application of aerodynamics is a long-term research topic of the Company's R&D Department. With years of experience in the design of air passage and air supply parameters with core technologies, the Company has offered ultra silent, high ventilation, and high-speed fans built on the results of research on aerodynamics.

D. Thermal materials for home appliances

Market share of the Company's electric heaters ranks among the top three in China. The core of electric heaters is the development and application of thermal materials. Since the launching of the first electric heater in 1993, the R&D Department of the Company has developed thousands of electric heater products. It is one of the richest brands in the world in heat source materials. Superconducting iron wire heat generating materials, quartz tubes, far-infrared heat generating tubes, near-infrared heat generating tubes, stainless steel heat generating tubes, carbon material heat generating tubes, lanthanum heat generating tubes, semiconductor thermoelectric films, chip-type thermoelectric films, far-infrared ceramic heat storing plates, negative temperature coefficients PTC heat generators, graphene materials and other thermal materials are fully applied in the Company's electric heater series products. The use of different thermal materials meets the demands of different consumer groups and can be used in different places.

The company has also established R&D and technology alliances with the well-known academic institutions such as National Cheng Kung University, National Kaohsiung University of Applied Sciences, Fuzhou Institute of Technology, Jiujiang University, etc. to provide more supporting for R&D work. The Company develops about 200 new products each year, applies for about 50 patents, has an average new product development cycle of about 120 days (one new product is introduced every 2 days), and has a complete product testing center in the industry to ensure product quality.

(2) Research and development personnel and their education

Unit: Person

Education \ Year	2021	2022	Year 2023 Till March 31
Ph.D.	—	—	—
Master's degree	1	1	—
Bachelor's degree	95	90	89
Junior college or below	11	11	11
Total	107	102	100

18. R&D expenses invested each year for the last five years

Unit: NTD thousand

Education \ Year	2018	2019	2020	2021	2022
Research and development expenditures	160,820	146,226	107,717	119,531	109,238
Net operating revenue	10,614,940	10,142,781	9,207,346	10,156,591	9,220,863
Ratio of research and development expenditures to net operating revenue (%)	1.52	1.44	1.17	1.18	1.18

19. Successfully developed technologies or products (in recent five years)

Year	Major Results of Research and Development
2018	1. New mist fans were developed. 2. Silent blades were developed. 3. Silent tower cooling/heating fans were developed. 4. Double-sided reflector heaters were developed. 5. Humidifiers and air purifiers were developed. 6. Box fans were developed. 7. Quilt dryers were developed. 8. Brushless DC BMC motors were developed. 9. Standard, modular PCBs were developed. 10. Air purifying fans were developed. 11. Humidifying fans were developed. 12. Tower PTC heaters were developed. 13. High humidification vaporizer humidifiers were developed. 14. High humidification PTC vaporizer humidifiers were developed. 15. Tower strip heaters were developed. 16. Cabinet strip heaters were developed. 17. Roller-type natural vaporizing humidifiers were developed. 18. The 50-degree upward oscillating structure was developed.
2019	1. Research and development of clinic table 2. Research and development of 5-in-1 bathroom master and bluetooth remote control 3. Research and development of window air conditioner of the compressor application expansion series 4. Development of one-piece style fan with the integration of main control PCV and motor 5. Development of head operation and 433 wireless remote control 6. Development of quilt dryer 7. Development of evaporative humidifier with large capacity humidification plate 8. Application of electrolysis water sterilization technology in humidifier 9. Development of one-piece style skirting radiator 10. Research and development of tower strip heater 11. Development of graphene skirting radiator 12. Development of outer rotor DC motor
2020	1. Development of shoe cabinet sterilization lamp 2. Development of large air volume PTC electric heater 3. Design and development of water-cooled fan with refrigeration chip element (instead of ice crystal) 4. Design and development of the bladeless fan with three air ducts which can automatically swing to adjust the air outlet area 5. Design and development of inverter air conditioning for window 6. Development of pet air conditioner 7. Application of electrolysis water sterilization technology 8. Application of hydrophilic humidification tray natural humidification technology 9. Integrated electric heater for cloth drying and heating 10. Superconducting cooling and heating circulation fan 11. Study on sterilization function of fresh air products 12. Study on antibacterial function of bath bully products 13. Light sensation 14. Development of inner wound motor
2021	(1) Development of shoe cabinet sterilization lamp

Year	Major Results of Research and Development
	(3) Development of PTC Electric Heater with Large Air Volume (4) Design and development of water-cooled fan with refrigeration chip element (instead of ice crystal) (5) Design and development of a bladeless fan with three air channels that can automatically swing to adjust the air outlet area (6) Design and development of inverter window air conditioner (7) Pet air conditioner development (8) Application of electrolyzed water sterilization technology (9) Application of hydrophilic humidification tray natural humidification technology (10) Clothes drying and heating integrated electric heater (11) Superconducting cooling and heating loop fan (12) Research on the Sterilization Function of Fresh Air Products (13) Research on the Sterilization Function of Yuba Products (14) Light Touch (15) Inner Winding Motor Development (16) Development of flame skirting board series electric heater
2022	(1) Development of PTC Electric Heater with Large Air Volume (2) Design and Development of Water-cooled Fans with Cooling Chip Components (instead of ice crystals) (3) Design and development of inverter window air conditioner (4) Application of electrolyzed water sterilization technology (5) Application of Natural Humidification Technology of Hydrophilic Humidification Pan (6) Clothes drying and heating integrated electric heater (7) Superconducting cooling and heating loop fan (8) Research on the Sterilization Function of Fresh Air Products (9) Research on the Sterilization Function of Yuba Products (10) Light Touch (11) Inner Winding Motor Development (12) Development of flame skirting board series electric heater (13) Development of flame (colorful) humidifier (14) Heating Gasification Humidifier Development (15) Heating type cooking machine development (16) Development of Small Mobile Air Conditioner (Compressor) (17) Development of Small Split Mobile Air Conditioner (Compressor) (18) Development of refrigeration chip beer machine (19) Warm board product development (20) Intelligent sugar cup development (21) Product development with smart camera

(IV) Long-term and short-term business development plans

1. Short-term business development plans

- A. Development and research of wireless steam cleaning cleaners, floor washers, personal health and care products, and series of products for pets.
- B. Research on the application of semiconductor refrigerator, radar, battery and refrigerated chip small refrigerator are continuously increased.
- C. Design and development of humidifier with large humidification capacity (2.5 L/h).
- D. Research and development of new electric heater (firework hill, foot line with closeable air outlet; and graphene heating element).
- E. Continuously increase the development and application research of pin structure and high-power inner-wound motor.
- F. Continuously introduce and apply speech recognition (offline + online), motion monitoring, gesture recognition and other new technologies to various products.
- G. Develop hydroxide ion air purification ceiling fan.
- H. with compressor product development.

- (2) Long-term business development plans
 - A. Development of Personal health, care and cleaning appliances (disinfection, sterilization) series appliances.
 - B. Development of medical product series.
 - C. The Company plans to research on the application of smart home appliance sensors and human-computer interaction (voice control).
 - D. Study on various complex air processors (refrigeration, heating and humidification).
 - E. Development of DIY fresh air products.
 - F. Development and application research of external rotor DC motor with high cost performance.
 - G. Pet Product Development and Application Research.
 - H. with compressor product development.

II. Overview of the Industry

(I) Market Analysis

(1) Geographic areas of main products

Unit: NTD thousand

Geographic Area	2021		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
China	5,295,449	52.14	5,153,850	55.89
Northeast Asia	3,050,885	30.04	2,731,228	29.62
Others	1,810,257	17.82	1,335,785	14.49
Total	10,156,591	100.00	9,220,863	100.00

Note: Northeast Asia refers to Japan and South Korean.

(2) Market share

According to the data of the National Electrical Industry Annual Report of the PRC for 2021, the retail sales of national electric appliances in the PRC in 2022 amounted to RMB835.2 billion, of which small appliances covered all categories of ordinary life. The retail sales of small appliances in the PRC in 2022 amounted to RMB227.9 billion, mainly covering small household appliances for home care, small household appliances for personal care, small household appliances for kitchen care and small household appliances for health care. Based on this data, the net sales of the Company in 2022 were estimated to be NT \$9.22 billion, accounting for about 1.0% of the total small household appliance market in the PRC.

(3) Future demand and supply conditions and growth potential

According to the joint efforts of the whole industry chain, China research network has endured multiple challenges such as complex and harsh international environment, to structural upgrade, trend consumption, service upgrade, etc., has come up with a new path of stable, high-quality development, to meet people's longing for a better life, contributed to the home appliances industry Energy.

Consumption is an important part of the national economy, and home appliances, as a consumer product, have always been the vane of consumption. With the opening of 2023, the trend of economic recovery and consumer confidence to pick up is now. It is expected that although there will be no major growth in the appliance market this year, some categories and structural consumption will present a new momentum. The prospect and trend of China's home appliance market are as follows:

One is the favorable support of national policies. The home appliance industry is an important pillar industry of China's national economy, and the industry has received all-round support from national policies in the course of its development. The policy states that it is necessary to encourage the development and production of home appliances that falls under national level 1 or level 2 energy efficiency. In recent years, China has vigorously promoted green, energy-saving and environmentally friendly home appliances, promoted the industrial transformation and product upgrade of the home appliance industry, and put forward higher requirements on home appliance accessories, which is conducive to promoting the healthy

development of the solenoid valve and other home appliance accessories.

Moreover, in the context of "double-loop" and driven by the internal economic cycle, the home appliance industry may face a dual-cycle drive of consumption stratification and consumption upgrades. The development of traditional home appliances is expected to be more stable; air-conditioning and kitchen appliances still have room for large-scale growth; emerging home appliances are expected to penetrate rapidly; and there may be blue ocean growth opportunities for segmented small home appliances. In addition, due to the rapid growth in the process of transforming the basic life needs of home appliances to the needs of quality life, the prospects for high-end home appliances are promising.

The second is that product upgrades have spawned new market demands. For durable consumer goods such as home appliances, most consumers maintain the concept of "not to buy a new one as long as it can last". Generally speaking, home appliances have a certain safe service life. Over-age use will not only degrade the performance of home appliances, but will also increase safety hazards. Regulating household appliances such as washing machines from the time limit will help to reduce the over-age use of household appliances, so as to promote the replacement of household appliances. In addition, the frequent repeated operations of home appliance products, the endless emergence of high-end and smart products, and the promulgation of new subsidy policies will shorten the time for consumers to upgrade their home appliances, generate new consumer demand for home appliances, and further promote the development of the home appliance industry.

The third is the diversification of small home appliances. The improvement of residents' spending power and the change of consumer groups have promoted the consumption upgrading of small home appliances, and people's demand for new small home appliances has also increased day by day. On the one hand, the public now has a demand for replacement of existing small home appliances, and their willingness to buy is gradually tilted towards high price and high quality. On the other hand, small home appliances with innovative functions emerge in endlessly, such as electric stew pots, electric egg beaters, electric lunch boxes, toasters, yogurt machines and humidifiers. Affected by the pandemic, consumers are increasingly accepting and forced to adapt to the "Residence culture". It is expected that after 2021, such multifunctional small home appliances will satisfy people's pursuit of quality of life and become a new competitive field for small home appliance enterprises.

The fourth is the global procurement in the home appliance industry. In order to make full use of resources from all parts of the world, large home appliance companies are gradually implementing global procurement model and looking for high-quality and moderate-priced parts to reduce overall costs and enhance core competitiveness. Global procurement has broken regional restrictions, giving companies the opportunity to enter the international market through a global procurement platform and obtain more business opportunities. The trend of global procurement has created good development opportunities for home appliance companies and urges them to continuously improve themselves, which is conducive to the development and growth of enterprises in the industry.

(4) Competitive niches

A. Balanced development of export and domestic sales

Over the past three years, the Company's exports and domestic sales have been maintained at a rate of approximately 50%. In the face of an ever-changing economic environment, the Company is able to adapt better; in addition, resources for exports and domestic sales are shared to reduce the research and development expenses and costs of production.

B. Long-term cooperation with customers for export business

The Company's customers for export business are brands or distributors with enormous potentiality in developed countries. In addition to providing products with excellent quality, stable delivery, and high additional value, the Company develops new products for export and domestic sales through tailor-made industrial designs and provides flexible scheduling and distribution services for different types of containers to minimize the overall operating costs of customers and improve their competitiveness. Although the Company's export

quotations are higher than other manufacturers', the comprehensive costs of customers are lower, coupled with the stable and timely supply of products. Therefore, the customers for export business have maintained long-term cooperation with the Company.

C. Robust growth of AIRMATE products in China

- a. The Company's main products sold in China include quality electric fans and electric heaters. At present, new categories of products, including air improvement products (humidifiers, air purifiers, and dehumidifiers), kitchen appliances (high-speed food processors, induction cookers, electric pressure cookers, and electric cookers), and ventilation products (ventilating fans and integrated ceiling systems) have been developed. In the future, the Company will develop household appliances.
- b. The Airmate brand is positioned in China's mid-to-high-end market, and continuously launches a variety of innovative, fashionable, and energy-saving new products.
- c. Since the establishment of the own brand in 1997, it has had stable cooperation with high-quality dealers (more than 50% of the dealers have cooperated with Airmate for more than five years, sufficient maintenance channels and strongholds, and products have entered more than 12,000 terminal shopping malls, And maintain a good relationship with offline retail systems such as Suning and Gome and online e-commerce platforms such as Taobao Tmall, JD.com, Suning.com, etc. In addition to online platforms, it also actively operates special channels, such as: TV shopping, gift group purchases , OEM and engineering and other diversified channels, in order to expand brand visibility and market share.
- d. Through long-term media publicity, promotion activities and word-of-mouth communication, the Company has established the brand images of “fashion, eco-friendliness, energy conservation, innovation, high quality, and integrity” in the minds of consumers, the media, and the industry.

In summary, the Company's good brand image, channel relationship and distribution team have created a highway for Airmate to gallop in Chinese market. The increase in China's consumption power in the next ten years will also penetrate the Airmate brand and products to a wider county and township level. In addition, the rich experience in operating in Chinese market will also bring more opportunities for Airmate to cooperate with foreign brands.

D. Balanced and flexible production

The Company's main products are electric fans and electric heaters sold in China, Japan, South Korea, Europe, and the U.S. Other products for all seasons include induction cookers, electric cookers, electric pressure cookers, high-speed juicers, and air purifiers. The Company adopts the balanced production of electric fans and electric heaters to cut down overtime and management overheads, maintain the consistent quality of products, and reduce time spent in training for new employees and possible reworking.

In addition, the Company has versatile production equipment and labor that are not limited to the production of specific products and can adapt to different specifications and products at any time. The Company is able to manufacture electric fans, electric heaters or other products based on the market needs, weather, and customers' needs to maximize the production efficiency.

E. Excellent capacity for research and development

The Company's Research and Development Department is capable of developing 200 kinds of products every year with a new product launched every two years on average. New products have been widely recognized, showing that the Company dominates the high-end small home appliance market in terms of technology or quality. As to hardware, the Company has invested in the establishment of a testing laboratory and passed the certification of advanced technology enterprises and their technology centers in Shenzhen.

The Company's customers for export business and domestic sales provide the latest information on the markets and technologies, while the Industrial Design Department and

the Research and Development Department develop new products that drive market demand. The Company and customers share the expenses and results of research and development. The Company is keen to develop new products with higher risk. The Company can either develop and sell products in China first to strengthen confidence of customers for export business or develop products with customers for export business to reduce the costs of development. Advanced technology, craft, and design overseas can also be sold to China through the development of customers for export business to keep AIRMATE products well-designed and technology-leading.

F. Combination of OBM, ODM, and OEM

The Company has worked with international major brands (Sanyo, Hitachi, Sharp, Toshiba, TOTO, Samsung, and SEB) as an OEM/ODM for many years and honed the quality of AIRMATE products at the same time. The Company has also sold AIRMATE products in the domestic market. In response to the exports and domestic sales, the Company has expanded the production line and scale of business and cut down the costs of production at the same time, allowing the Company to offer quality products at affordable prices and secure its position in the small home appliance market in China.

a. OBM

The Company has developed AIRMATE products for nearly 20 years. In the top 500 Chinese brands published on the website of 2009 World Brand Summit, the Company has an estimated brand value of RMB1.31 billion; in addition, the domestic sales volume of AIRMATE products grows year by year, showing that AIRMATE has been widely recognized.

b. ODM/OEM

The Company's niches are products with high unit prices and high quality. Operating revenue in Japan and South Korea account for nearly 60% of the Company's total export revenue. As an ODM/OEM, the Company has been improving the quality of products and operations, and only trades with customers having their own brands and sales channels; in addition, the Company provides highly efficient in-depth services for customers, resulting in the repair rate of less than 0.5%. The Company also strives to fully control the timeliness of product launches for customers to stay preemptive, with the entire process, from industrial design, R&D, and molding to trial production, mass production, and delivery, taking only 4~6 months to complete.

G. Energy conservation and carbon reduction

The Company has launched a series of low-carbon electric fans and ultra energy-saving fans with brushless DC motors. The Company's energy conservation performance far exceeds the national level 1 energy efficiency standards. The Company is China's first electric heater manufacturer to develop various high-tech heaters, including European fast heaters, electric film heaters, and multi-functional fast heaters. Compared with traditional electric heaters, these high-tech heaters prevail with fast heating, long constant temperature, energy conservation, and safety.

H. Upstream and downstream integration

The Company adopts the SRM system to deal with suppliers, 210 of which provide JIT to significantly reduce the Company's inventory; the CRM system is adopted for domestic sales. The Company adopts the SRM and CRM systems to maintain the close cooperation with suppliers and customers so that inventories and payments can be managed more efficiently.

(5) Positive and negative factors for future development and response measures

A. Positive factors

a. The spending power improves as the economy in China grows rapidly

Since 1995, the income level of urban households in China has gradually increased. The average disposable income of urban households increased from RMB 11,795 in 2006 to RMB 36,883 in 2022, indicating that the Chinese government has actively made the domestic demand industry continue to grow. As the consumption capacity of the people increases, the market for small appliances and other basic necessities of people's lives will expand, so there is still a lot of room for growth in the small appliance industry market.

b. The industry meets the trend of environmental protection and government policies

With an increasing awareness of environmental protection and hike in energy prices, energy conservation and carbon reduction is currently a global issue of concern. To improve the utilization of resources and protect the environment, the government of China has successively promulgated environmental laws and regulations. The government made an green declaration in the 2010 China Small Home Appliances Fair to propose manufacturing, distributing, and purchasing low-carbon products. Over the past years, the Company took the initiative to add green materials to the design, production, logistics, and sale of small home appliances to reduce carbon emissions; in addition, the Company has developed products with longer service life to extend the replacement of out-of-date and damaged products and reduce electronic wastage. The Company has also reduced manufacturing processes and set up energy-saving equipment and recycling equipment. With years of experience in green manufacturing, the Company is poised for the green requirements in the small home appliance market.

c. Home appliances of fine quality is a trend

Small home appliances have become intelligent and quality-oriented, showing that manufacturers have transformed themselves into high-end small home appliance manufacturers while seeking high profitability. High-end products mainly feature smart and human-oriented functions and artistic design. With high additional value, high-end products mainly attract the young generation and white-collar households. At present, the gross margin of traditional home appliances is about 10%~25%, the gross margin of small home appliances is about 30%~60%, and the gross margin of high-end small home appliances is even higher. Although the expenses of research and development are relatively high, they can be apportioned by the production volume, so the gross margin is high.

As mentioned above, the small home appliance market is gradually moving towards the home appliances of fine quality, which is same as the Company's position. Boasting the well-established capacity for research and development, the Company has developed quality small home appliances highly recognized by customers, regardless of higher prices. The future trend of high-end small home appliances can rule out low-end small manufacturers and create the barriers to entry; it can also benefit the sales of the Company's quality home appliances. Although China's major home appliance manufacturers have begun to tap into the small home appliance market, they are relatively weak in this field. It will take some time for them to seize the high-end small home appliance market. Therefore, the future trend of small home appliances remains conducive to the Company.

B. Negative factors and response measures

a. Wages change

At present, the processing and assembly of small home appliances still depend on human resources. After the implementation of the Labor Contract Law of the People's Republic of China, labor costs in China rise year by year, resulting in an increase in the Company's production costs.

Response measures:

The Company has invested in Jiangxi Jiujiang Plant, which was put into mass production in October 2014. In addition to the low labor cost, the Company has strived to

improve the manufacturing process and automated manufacturing rate, so as to increase the productivity and reduce dependence on labor. The Company has also enhanced the utilization of employees by improving their capacity for research and development and production design and providing continuing education and training in order to reduce the need of labor in the manufacturing process and increase the added value of products.

b. Prices of raw materials rise

In recent years, raw materials required for the production of home appliances, such as steel, aluminum, and copper, have increased year by year, and it is estimated that the same trend will continue in the future with relative large fluctuations in prices. As international oil prices have increased in recent years, the cost of plastics required by the Company has also increased year by year. If suppliers choose to default when the prices of raw materials rise, the liquidated damages generated are also lower than the rise; therefore, the chance that suppliers choose to default and stop delivering increases.

Response measures:

To prevent suppliers from defaulting in response to the increasing prices of raw materials and to reduce the cost of inventory in case of emergencies, the Company has actively sought cooperation with larger international raw material suppliers because of their stable supply and credibility. In addition, the Company makes price forecasts in response to customers' needs and supply of raw materials. When the raw material market price is about to rise, the Company will reserve the supply in advance to reduce the impact of price fluctuations; the Company also sources from different suppliers and prepares materials in advance to ensure the orders and shipments regardless of the availability of raw materials. The Company has continuously required suppliers to improve the quality of raw materials and develop alternative materials, so as to reduce the risk of hikes in raw material prices and increase the additional value of products.

c. Exchange rates fluctuate significantly

As China's economy has grown stably in recent years, RMB is subject to depreciation. With abundant foreign exchange savings, the government of China can control the RMB exchange rates, but it still cannot compete with the market mechanism. It is estimated that RMB will continue to depreciate slowly, but it will have a limited contribution to the exchange gains on exports of Chinese manufacturers.

Response measures:

The Company has been committed to the development of the domestic market in China for many years and has achieved remarkable results. As domestic demand in China continues to increase, the Company will continue to expand the sales channels in China in the future to reduce the risk of exchange rate fluctuations. In addition to trading in the same currency to reduce exchange losses, the Company has also urged the financial and accounting personnel to strengthen their understanding of hedging and pay attention to the news and reports on real-time exchange rates online and from investment banks. When signing sales contracts with customers, the Company should also pay attention to possible exchange gains or losses at any time to adjust the transaction prices.

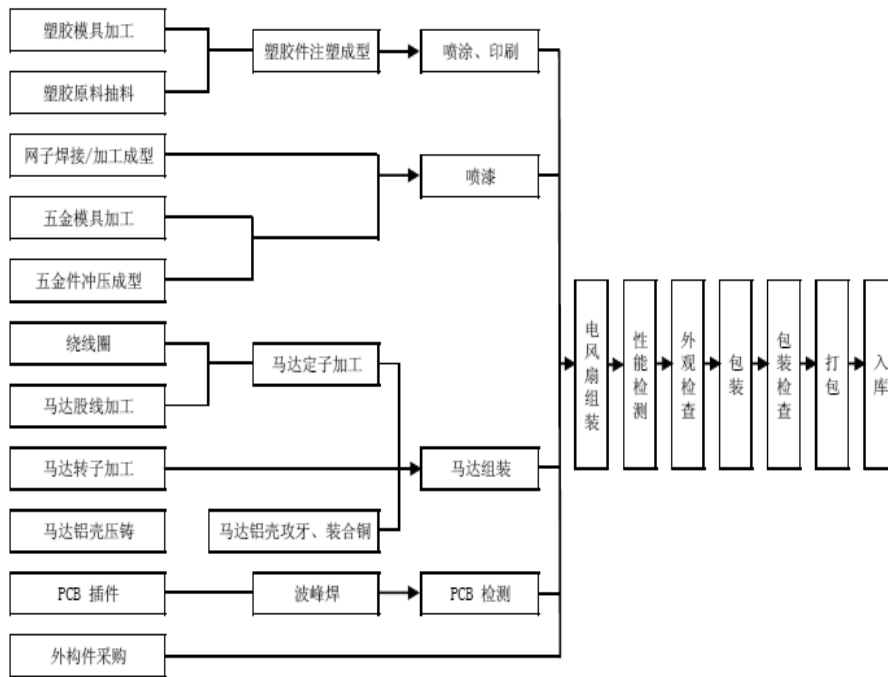
(II) Usage and Manufacturing Processes of Main Products

(1) Usage of main products

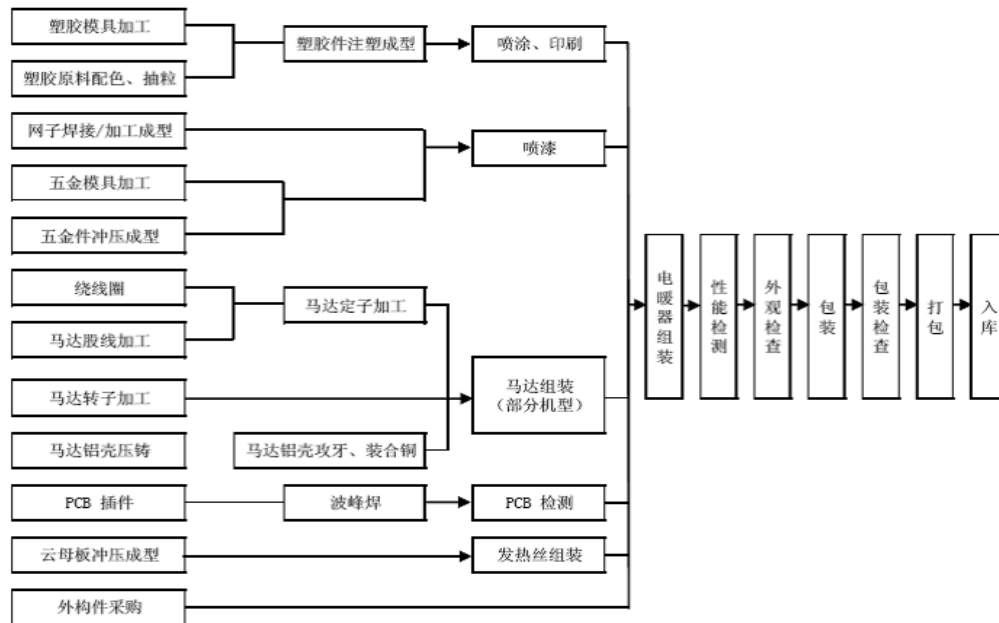
Main Product	Usage
Electric fans	Cooling, ventilation, humidification, reduction in electricity used in air conditioners, and energy conservation and carbon reduction.
Electric heaters	Fast warming and physiotherapy.

(2) Manufacturing processes of main products

A. Electric fans



B. Electric heaters



(III) Supply Situation of Major Raw Materials

Major Raw Material	Major Suppliers	Supply Situation
Plastics	LG, CNOOC and Shell Petrochemicals Company Limited, LCY Chemical Corporation, Chi Mei Corporation, and SINOPEC Fuel Oil Sales Corporation Limited East China Branch	Good
Copper wires	Dongguan Xinlong Enamelled Wire Co., Ltd., Yulong (hk) Electric Material Co., Limited, Feng Ching Metal Corporation, Zhejiang Hongbo Technology Co., Ltd.	Good
Silicon steel plates	Dynamic Steel Industrial Co., Ltd., Leicong Industrial Co., Ltd, Shenzhen Hongyuan Metal Industry Co., Ltd., and Shenzhen Chun Yuan Steel Industry Co., Ltd.	Good
Power cable	Shenzhen Yuxin Wire & Cable Co., Ltd., Ming Tak Electrical Wiring Co., Ltd., and Shenzhen Baoyuanda Electronics Co., Ltd.	Good

(4) The names of customers who have accounted for more than 10% of the total purchases (sale) in any one of the last two years, and their purchases (sale) amounts and proportions, and explain the reasons for their increase or decrease. Codes may be used for parties that may not be disclosed pursuant to a contract term or that are a non-related party individual.

1. The Company has thousands of raw materials. To maintain the stability and quality of supply, the Company sources from more than two suppliers. In the most recent two years, there has been no supplier accounting for more than 10% of the Company's total procurement amount.
2. The Company has been expanding the domestic market in China, and customers are dispersed. In the most recent two years, there has been no customer accounting for more than 10% of the Company's total sales amount.

(V) Production Volume and Value for the Most Recent Two Years

3. Unit: Thousand units; thousand NTD

Year	2021			2022		
	Production Capacity	Quantity	Production Value	Capacity	Quantity	Production Value
Main Product						
Electric Fans	1,449	539	5,663,167	973	339	3,924,937
Electric Heaters	376	134	1,312,527	379	103	1,025,812
Electrical Products	101	55	266,052	128	43	216,968
Small Home Appliances	101	44	598,821	63	23	407,938
Total	2,026	772	7,840,567	1,543	508	5,575,655

Change analysis:

In 2022, production capacity, output and output value all decreased compared with the same period last year. The main reason is that China has been repeatedly affected by the coronavirus epidemic at home and abroad. The containment policies in different parts of China are not consistent until the end of the year, when the policy is gradually loosened, it is reasonable to reduce the labor cost, the decrease of order demand and the unsmooth transportation and logistics of raw materials.

(VI) Sales Volume and Value for the Most Recent Two Years

Unit: Thousand units/pieces; thousand NTD

Year	2021				2022			
	Domestic		Overseas		Domestic		Overseas	
Production Amount	Volume	Value	Quantity	Value	Quantity	Value	Quantity	Value
Major Products								
Electric Fans	5,560	3,389,221	4,188	3,323,571	4,682	3,127,539	2,973	2,750,714
Electric Heaters	1,495	1,104,415	981	685,622	1,253	1,121,868	928	709,892
Small Home Appliances	700	325,385	428	513,576	1,014	370,242	254	380,397
Electrical Products	897	378,280	259	95,980	959	419,015	242	100,244
Others (Note)	-	98,148	-	242,393	-	115,186	-	125,766
Total	8,651	5,295,449	5,856	4,861,142	7,908	5,153,850	4,397	4,067,013

Note: Including materials, spare parts, molds, etc.

Change analysis:

In 2022, the company's overall domestic and foreign sales turnover and sales volume are declining, mainly due to the repeated impact of the coronavirus epidemic at home and abroad, China's epidemic control policies are different, until the end of the policy was gradually loosened, affect labor costs, order demand drop and raw materials transportation logistics is not smooth. Domestic and foreign sales of electric fans and export small home appliances fell sharply due to

the weather and climate factors affecting dealers and export customers due to adequate pre-inventory. In addition, in the post-epidemic era, health-related and disinfection and sterilization-related cleaning commodities have become a necessity, domestic market and e-commerce“Home economy” so that home and kitchen appliances and disinfection, sterilization and other cleaning products are expected to show a growth trend.

III. Employee Information in the Last Two Years Up to the Printing of the Report

Unit: Person

Year		2021	2022	March 31, 2023
Number of Employees	Full Time	2,519	2,337	2,313
	Part Time	812	412	1,224
	Total	3,331	2,749	3,537
Average age		33.89	40.44	40.73
Average year of service		7.51	8.68	8.06
Educational Distribution Ratio (%)	Ph.D.	—	—	—
	Master's Degree	0.21	0.22	0.14
	Bachelor's Degree	16.75	19.17	14.84
	Senior High School	15.49	13.64	24.60
	Below Senior High School	67.55	66.97	60.42

IV. Information on Environmental Protection Expenditure

The losses suffered due to environmental pollution in the most recent fiscal year up to the publication date of this annual report (including compensation and environmental protection inspection results in violation of the environmental protection laws and regulations, and the punishment date, punishment name, violated provision of laws and regulations, content of violated laws and regulations, and punishment content shall be specified), and the estimated amount for current and possible future occurrences and response measures are disclosed. If the amount cannot be reasonably estimated, the reason should be clarified. None.

V. Labor Relations

- (1) The company's welfare measures, further training, retirement system and its implementation, as well as the agreement between the funds

The situation of each employee's rights and interests maintenance measures:

1. Employee benefit measures and implementation situation talent is the company's most cherished important asset, we carefully cultivate, cherish and care for every employee, so that employees

Balanced development in work, life and leisure. The company also upholds profit sharing and sound performance

The assessment system develops remuneration policies to provide a complete benefit system, principles and examples are as follows: (Note: according to each according to the needs of local staff).

A. Comply with the labor insurance system of the local government.

B. Provide employees with social insurance, housing provident fund, work injury insurance, pension insurance, medical insurance, unemployment insurance, Maternity insurance, etc.

C. Paid annual leave in accordance with relevant laws and regulations.

D. Various subsidies for weddings, funerals, and celebrations, and regular tours for employees to promote emotional exchanges among employees.

- E. The company provides dormitories for employees, and implements hierarchical management; provides clean and hygienic meals, and local employees organize labor unions to supervise and review employee meal matters
 - F. Various subsidies for weddings, funerals, and celebrations, and regular tours for employees to promote emotional exchanges among employees.
 - G. Obtain ISO45001: 2018 Occupational Safety and Health Management System.
2. Employee cultivation and training: Talent is the source of the company's most valued and competitive position. The company uses continuous education and training to stimulate the personal potential of employees, Improve employee knowledge to effectively improve cohesion and professionalism, and thus improve the overall operating performance of the company. Operational objectives of the company. The measures to implement the staff training policy are as follows:
- A. Staff training and development: In 2021, the total number of education and training hours of the Group will reach 72,114 hours, with an average of 18.35 hours per person. Business marketing, financial management and other functional professional and general management training content.
 - B. Training for new recruits: After the new recruits come to the company to report to the company, they will be guided and led by the human resources commissioner. In addition to familiarizing the new recruits with the working environment, they will also strengthen their identification and understanding of the company. Besides than, each department also plans basic training courses for new recruits to help new recruits learn work-related knowledge. It includes company introduction, company organizational structure, employee handbook, environmental protection knowledge, quality/environmental policies and company rules and regulations, compensation and benefits, education and training, performance appraisal, production safety and hygiene, 6S, quality assurance and other related systems. training.
 - C. On-the-job training (OJT): The Human Resources Department formulates a training course plan for the next year at the end of each year, which includes internal training courses and external training courses of the company; internal training courses can be taught by internal lecturers or hired by external experts, such as professional training courses. Skills, knowledge and methods, machine operation, etc. For the part of external training, professional organizations will assist in training according to the needs.
 - D. Management training: The company arranges various management trainings for supervisors at all levels according to their characteristics, and establishes a common vision and business consensus of the team.
 - E. Online training: The company's WeChat office platform has set up an online training system. All employees of the company can learn online after registration. According to the needs of the position, there are various types of courses, which are divided into management, technology, finance, information and quality control, etc.
 - F. Reserve cadre training: In order to meet the company's demand for talents and continuously improve the overall quality of personnel, in order to create business pioneers that meet the company's needs and professionals who agree with the company's culture, industry-university-education cooperation is also a future for the company's sustainable development. Adequate talent reserve pipeline.
3. Retirement system and its implementation
- (1) After the promulgation of the Labor Pension Regulations on July 4, 2007, the Company offered the ption of continuing to apply the Labor Standards Law pension or applying the Labor Pension Regulations to the incumbent employees who had already applied the Labor Standards Law at that time, and nobody choose to continue to follow the pension provisions of the Labor Standards Act, people chose to adopt the pension provisions of the Labor Standards Act before 2007 and adopted the Labour Pension Regulations after 2007.

- (2) For the aforementioned pension provisions applicable to the Labor Standards Act, in compliance with Article 53 of the Labor Standards Act: "1.

Those who have worked for more than 15 years and have reached the age of 55; 2. have worked for more than 25 years; 3. Worked for more than 10 years and reached the age of 60", voluntarily retire, or meet the requirements of Article 54 of the Labor Standards Act: "1. At least 65 years old; 2.

Deprived of mental or physical disability and unable to perform the job", and forced to retire At that time, according to the standard of Article 55 of the Labor Standards Act:

1. Two bases will be given for every full year, and one base will be given for every full year of working experience exceeding fifteen years, and the maximum total is limited to 45 bases. Those who have been employed for less than half a year will be counted as half a year; those who have been employed for more than half a year will be counted as one year.
2. In accordance with the provisions of the second paragraph of the first paragraph of Article 54, a mandatory retirement worker whose mental loss or physical disability is caused by the performance of his duties shall be paid a pension of twenty percent in accordance with the provisions of the preceding paragraph.

- (3) In order to pay for the pension under the Labor Standards Act, the company has allocated the amount to the special account for labor retirement reserves designated by the Ministry of Labor in accordance with the provisions of Article 56 of the Labor Standards Act, and the special funds are used exclusively.

- (4) For employees who joined the company after July 4, 2007, the company will deposit 6% of the employee's salary to each employee's special pension account in accordance with the provisions of Article 14 of the Labor Pension Regulations. When the voluntary retirement or forced retirement stipulated by the Labor Standards Act is met, the pension that has been withdrawn can be withdrawn from the special account once or on a monthly basis. "

4. Labor agreements and measures to protect the rights and interests of employees

A. Establishment of labor union: The company follows the regulations of the country where it operates. After the union is established, it will hold regular meetings according to law and invite management to participate in order to promote labor-management relations. Management representatives listen to and respond to employees' opinions and requirements, care about employees' lives, Help employees solve difficulties and let employees participate in the formulation of welfare policies and rules and regulations. So far, the union members are willing to devote themselves wholeheartedly, give full play to their functions, and create a win-win situation for both employees and the company.

B. Suggestion box: there is a dedicated person for the management of the employee appeal and complaint channel. Encourage employees to express their opinions as a reference for the continuous improvement of the company's policies.

5. Employee Code of Conduct and Ethics

The company has formulated an employee handbook as a basis for employees to comply with their daily work and ethical behavior.

- (II) The losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report are listed (including labor inspection results in violation of the Labor Standards Act, punishment date, punishment name, violated provision of laws and regulations, content of violated laws and regulations, and punishment content), and the estimated amount for current and possible future occurrences and response measures are disclosed. If the amount cannot be reasonably estimated, the reason should be clarified. Our Labor relations have always been harmonious. In the last two years and up to the date of publication of the prospectus, we have suffered no loss due to Labor disputes.

VI. Information and Communication Security Management

- (I) Through security management strategy and structure, information security policy, specific management plan, investment resources

of investment and communication security management:

1. Information Security Management Strategy and Structure: The company has a “Computer Information Department” to coordinate the formulation and implementation of the company-wide information security and protection related policies, and report the effectiveness of information security management, related issues and policy direction at regular supervisors meetings. “Computer Information Department” is directly the General Manager, “Computer Information Department” It is divided into the “System Operation and Operation Development Division”, “SOP Promotion Team” and “Information Security Committee” to implement information security management controls for different data and systems to ensure the security of information and communication.

2. Information and Communication Security Policy

In order to effectively implement information security management, formulate information security management related policies, from equipment management, privilege control, system protection, network segmentation, complete backup, etc., to reduce the threat of information security risks, and to ensure public information confidentiality and version control. Key confidential asset information is not leaked, continuous introduction of various security defense technologies, and regularly supervised and audited by the Information Security Committee to strengthen inspection of information related equipment usage in each office premises, and inform the company employees according to information security cases to ensure that security risks are minimized in all aspects.

3. Risk and Management Measures for Information Technology Security

The company has fully established security measures related to network and computer use, but cannot guarantee and avoid the ever-changing information security threats. In addition to the advent of security risks and attack environments, in addition to front-end early warning protection system, data backup system, and important data. Offsite backup protection for all kinds of disaster recovery needs. We continuously review information security related systems and company-wide computer usage through a dedicated person to ensure its suitability and effectiveness. In terms of data loss protection, a “bastion host” is introduced as a checkpoint to the intranet to prevent any type of unauthorized access and attempts to steal company confidential data. All employees are under confidentiality terms and strict account access controls to ensure access to critical data.

PC privileged account restrictions use, software, systems are obtained using genuine and official channels, and are used by information room audit and installation, in order to reduce unknown software, websites and other possible malicious harm.

- (II) The most recent year and up to the date of publication of the annual report, the loss, possible impact (e.g. operation or goodwill impact) and countermeasures, if not reasonably estimated, should state the fact that it cannot be reasonably estimated: Nil.

(III) Important Contracts

Contracting Party, Major Content, Restrictive Clause, and Commencement Date and Expiration Date of Supply/Distribution Contracts, Technical Cooperation Contracts, Engineering/Construction Contracts, Long-term Loan Contracts, and Other Contracts that Would Affect Shareholders' Equity, where the Contracts Were either Effective as of the Date of Publication of the Annual Report or Expired in the Most Recent Year

Important Contract

Nature of Contract	The Party	Commencement Date and Expiration Date	Major Content	Restriction
Distribution Contract	Shanghai Winhome E-commerce Limited	2022.12.01~ 2023.09.30	Sale of AIRMATE electric fans	None
Distribution Contract	Shanghai Winhome E-commerce Limited	2022.08.01~ 2023.3.31	Sale of AIRMATE electric heaters	None
Distribution Contract	Beijing Xinzhongding Network Technology Limited	2022.12.01~ 2023.09.30	Sale of AIRMATE electric fans	None
Distribution Contract	Beijing Xinzhongding Network Technology Limited	2022.08.01~ 2023.3.31	Sale of AIRMATE electric heaters	None
Distribution Contract	Wenzhou Huaan Economic and Trade Limited	2022.12.01~ 2023.09.30	Sale of AIRMATE electric fans	None
Distribution Contract	Wenzhou Huaan Economic and Trade Limited	2022.08.01~ 2023.3.31	Sale of AIRMATE electric heaters	None
Loan Contract	Bank of China, Longhua Sub-branch	2022.09.15~ 2023.09.04	Airmate Electric (Shenzhen) Co., Ltd. applied to the bank for a total credit line of RMB 360 million, including RMB99 million in short-term loans and liquid funds, RMB 260 million in bank acceptance bills, and RMB1 million in counterparty credit risk. Airmate Shenzhen provided buildings and accessories as guarantee. Airmate Electric (Jiujiang) Co., Ltd. also provided joint guarantee responsibility.	None
Loan Contract	Shenzhen Rural Commercial Bank Shiyan Sub-branch	2022.08.18~ 2024.02.18	AirmateElectrical(Shenzhen)Co., Ltd. applied to the bank with a credit limit of RMB60 million, which can be used for (1) loans (2) bank exchange bills and (3) other trade finance purposes, and the building is secured by Emit Shenzhen Airmate (Jiujiang) Co., Ltd. also provided by Airmate Electric (Jiujiang) Co., Ltd. LIABILITY FOR CONSECULAR WARRANTIES.	None

Chapter VI. Financial Overview

I. Condensed Balance Sheet, Statement of Comprehensive Income and Independent Auditors' Opinions of the Most Recent Five Years

(I) Condensed Financial Statements

(1) Condensed balance sheet

Unit: NTD thousand

Item	Year	Financial Information in the Most Recent Five Years					Current year as of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current Assets		4,979,684	5,067,249	5,465,514	6,476,330	5,549,162	5,825,997
Property, plant and equipment		2,206,928	1,886,835	3,135,215	2,901,797	2,787,713	2,744,700
Intangible Assets		20,033	11,697	7,749	5,556	4,195	3,808
Other Assets		1,159,507	1,935,235	644,864	566,037	483,785	561,290
Total Assets		8,366,152	8,901,016	9,253,342	9,949,720	8,824,855	9,135,795
Current liabilities	Before distribution	5,068,804	4,858,844	4,622,017	6,028,926	5,369,449	5,664,575
	After distribution	5,068,804	4,968,324	4,705,770	6,028,926	Not Yet Distributed	Not Yet Distributed
Non-Current Liabilities		824,315	1,033,079	1,492,409	1,163,870	240,501	252,247
Total Liabilities	Before distribution	5,893,119	5,891,923	6,114,426	7,192,796	5,609,950	5,916,822
	After distribution	5,893,119	6,001,403	6,198,179	7,192,796	Not Yet Distributed	Not Yet Distributed
Equity attributable to owners of parent company		2,462,371	2,993,805	3,138,916	2,756,924	3,214,905	3,218,973
Common stocks		1,228,436	1,368,506	1,395,876	1,455,445	1,455,445	1,455,445
Capital Surplus		979,283	1,223,135	1,224,541	1,231,625	1,228,726	1,228,726
Retained Earnings	Before distribution	501,835	765,987	779,988	331,035	809,051	777,449
	After distribution	501,835	656,507	696,235	331,035	Not Yet Distributed	Not Yet Distributed
Other Equity		(214,132)	(363,823)	(261,489)	(261,181)	(278,317)	(242,647)
Treasury shares		(33,051)	—	—	—	—	—
non-controlling interests		10,662	15,288	—	—	—	—
Total Equity	Before distribution	2,473,033	3,009,093	3,138,916	2,756,924	3,214,905	3,218,973
	After distribution	2,473,033	2,899,613	3,055,163	2,756,924	Not Yet Distributed	Not Yet Distributed

Note 1: Financial reports for the first quarter of 2023 were reviewed by accountants.

(2) Condensed statement of comprehensive income

Unit: NTD thousands (except for earnings per share)

Item	Year	Financial Information in the Most Recent Five Years					Current year as of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Operating Revenue		10,614,940	10,142,781	9,207,346	10,156,591	9,220,863	1,845,865
Gross Profit		1,809,931	1,972,712	1,570,488	1,117,042	1,443,249	323,479
Operating Income (Loss)		68,437	289,876	220,906	(365,514)	(242,971)	(17,025)
Non-Operating Income And Expenses		3,830	32,948	2,973	12,685	781,677	(17,744)
Profit (Loss) Before Tax		72,267	322,824	223,879	(352,829)	538,706	(34,769)
Net Income From Continued Operations		(18,083)	257,159	156,239	(307,227)	473,197	(31,602)
Loss From Discontinued Operations		—	—	—	—	—	—
Net Income (Loss) Of The Period		(18,083)	257,159	156,239	(307,227)	473,197	(31,602)
Other Comprehensive Income Of The Period (Net Of Tax)		(81,393)	(138,072)	100,606	676	(12,317)	35,670
Total Comprehensive Income		(99,476)	119,087	256,845	(306,551)	460,880	4,068
Net Income Attributable To Owners Of Parent		(14,599)	251,919	156,239	(307,227)	473,197	(31,602)
Net Income Attributable To Non-Controlling Interests		(3,484)	5,240	—	—	—	—
Total Comprehensive Income Attributable To Owners Of Parent		(95,743)	114,461	256,845	(306,551)	460,880	4,068
Total Comprehensive Income Attributable To Non-Controlling Interests		(3,733)	4,626	—	—	—	—
Earnings Per Share	Before Distribution	(0.12)	2.05	1.08	(2.11)	3.25	(0.22)
	After Distribution	(0.12)	2.01	1.07	(2.11)	Not Yet Distributed	Not Yet Distributed

Note 1: Financial reports for the first quarter of 2023 were reviewed by accountants.

(II) Names of CPAs and audit opinions

1. Names and audit opinions of CPAs for the most recent five years

Year	Name of Accounting Firm	Name of CPA	Audit opinion
2018	KPMG Taiwan	Isabel Lee, Anna Lu	Unqualified Opinion
2019	KPMG Taiwan	Derek Hsu, Anna Lu,	Unqualified Opinion
2020	KPMG Taiwan	Ethan Chuang, Kuan-Wen Lu	Standard Unqualified Opinion
2021	PwC Taiwan	Wang Guo-Hua, Liu Zi-meng	Unqualified Opinion
2022	PwC Taiwan	Wang Guo-Hua, Wu, Chien-Chih	Unqualified Opinion

2. If there has been a change of accountant in the last five years, the reasons for the change of the company's former and successor accountants shall be listed: the company's operational planning and development considerations.

II. Financial Analysis of the Most Recent Five Years

1. Financial analysis

Item		Financial Information in the Most Recent Five Years (Note 1)					Current year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt ratio	70.44	66.19	66.08	72.29	63.57	64.77
	Long-term fund to property, plant and equipment ratio	148.93	213.42	147.72	135.12	123.95	126.47
Debt Paying Ability (%)	Current ratio	98.28	104.29	118.25	107.42	103.35	102.85
	Quick ratio	55.45	61.01	71.41	61.98	61.88	57.10
	Times interest earned	1.66	4.67	6.24	-11.05	19.02	-2.55
Operation Ability	Average collection turnover (times)	6.73	5.78	4.68	4.35	4.34	3.91
	Days'sales In Receivables	54	63	78.04	83.95	84.1	93.33
	Inventory turnover (times)	3.82	3.88	3.64	3.74	3.19	2.58
	Average payment turnover (times)	4.22	3.38	2.66	2.56	2.16	1.86
	Average inventory turnover days	95	94	100.35	97.55	114.42	141.42
	Property, Plant and Equipment Turnover (Times)	4.81	5.38	2.94	3.50	3.31	2.69
	Total assets turnover (times)	1.27	1.14	1.00	1.02	1.04	0.81
Monetization Ability	Return on assets (%)	0.97	3.78	2.12	-2.94	5.31	-0.26
	Return on equity (%)	-0.58	9.23	5.10	-10.42	15.85	-0.98
	Net income before income tax to paid-in capital ratio (%)	5.88	23.59	16.04	-24.24	37.01	-2.39
	Net margin (%)	-0.14	2.48	1.70	-3.02	5.13	-1.71
	Earnings per share (NT\$) (Note 1)	-0.12	2.05	1.08	-2.11	3.25	-0.22
Flow Amount	Cash flow ratio (%)	13.26	29.97	8.47	0.67	17.64	-6.75
	Cash flow adequacy ratio (%)	100.97	236.35	251.40	48.75	177.92	125.13
	Cash flow reinvestment ratio (%)	20.01	36.03	6.09	-1.11	27.41	-11.26
Financial Leverage	Degree of operating leverage (DOL)	16.85	4.56	4.62	-0.64	-1.71	-6.60
	Financial leverage	-1.64	1.14	1.24	0.93	0.89	0.63

Reasons for changes in financial ratios in the most recent two years (Analysis is not required if the change is within 20%).

1. The interest protection multiplier increased from the previous period, mainly due to the completion of the renovation of the Emmitt Shenzhen factory and obtained a certificate of real estate rights, and the related compensation income was transferred, so the current period was due to profit before tax.
2. Return on assets, return on shareholders' equity, pre-tax equity to equity ratio, net yield and earnings per share increased from the previous period, mainly due to the completion of the renovation of Airmate Shenzhen factory and obtained the real estate certificate, the relevant compensation income was transferred to income, so the current period was caused by profit before tax.
3. The decrease in the cash flow ratio compared with the previous period is mainly due to the significant decrease in cash inflows from operating activities in 2022.
4. The decrease in the cash flow allowance ratio compared with the previous period was mainly due to the significant decrease in cash inflows from operating activities in 2022.
5. The decrease in the cash reinvestment ratio compared with the previous period was mainly due to the significant decrease in cash inflows from operating activities in 2022.
6. The lower operating leverage over the previous period was mainly due to the decrease in revenue costs in 2022.

Note 1: Consolidated Financial Report for the years 2018 to 2022 verified by accountants.

Note 2: The Financial Report for the first quarter of 2023 was reviewed by the accountants.

Note 3: The following lists the formulas used for performing the financial analysis:

1. Financial structure

(1) Debt ratio = Total liabilities / total assets.

(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities)/Net Property, Plant and Equipment.

2. Liquidity analysis

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.

(3) Times interest earned = Earnings before interests and taxes / Interest expenses over this period.

3. Operating performance

(1) Average collection turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales / Average receivable of the period (including accounts receivable and notes receivable resulting from business operations).

(2) Days sales outstanding = 365 / Average collection turnover.

(3) Inventory turnover = Cost of sales / Average inventories.

(4) Average payment turnover (including accounts payable and notes payable resulting from business operations) = Cost of sales / Average payable of the period (including accounts payable and notes payable resulting from business operations).

(5) Average inventory turnover days = 365 / Inventory turnover.

(6) Property, plant and equipment turnover = Net sale / Net property, factory and equipment.

(7) Total assets turnover = Net sales / Total assets.

4. Profitability

(1) Return on assets = (Net income (loss) + Interest expenses * (1 - Tax rate)) / Average total assets.

(2) Return on equity = Net income (loss) / Average total equity.

(3) Net margin = Net income (loss) / Net sales.

(4) Earnings per share = (Net income - Preferred stock dividend) / Weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = Net cash generated by operating activities / Current liabilities.

(2) Cash flow adequacy ratio = Net cash generated by operating activities in the most recent five years / (Capital expenditure + Inventory increase + Cash dividends) in the most recent five years.

(3) Cash flow reinvestment ratio = (Net cash generated by operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other assets + Working capital).

6. Leverage

(1) Operation leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.

(2) Financial leverage = Operating income / (Operating income - Interest expenses).

Note 5: Special attention shall be paid to the following matters when using the formula of earnings per share above:

1. It shall be based on the weighted average number of common stocks rather than the number of outstanding shares at the end of the year.
2. Where there is capital increase by cash or treasury share transaction, the circulation period shall be considered when calculating the weighted average number of shares.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share in previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 6: Special attention shall be paid to the following matters for cash flow analysis:

1. Net cash generated by operating activities is the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventories is included only when the ending balance is greater than the beginning balance. If the year-end inventory balance decreases, it is counted as zero.
4. Cash dividends include the cash dividends of common and preferred stocks.
5. Gross property, plant and equipment shall refer to the balance of property, plant and equipment before deducting accumulated depreciation.

Note 7: The issuer should classify each operating cost and operating expense as fixed and variable according to the nature. If there is any estimation or subjective judgment involved, it should be noted that it is rational and consistent.

III. Supervisors or Audit Committee's review reports of the most recent annual financial statements

審計委員會查核報告書

本審計委員會同意並經董事會決議本集團西元二〇二二年度合併財務報告，嗣經董事會委任資誠聯合會計師事務所查核完竣，並出具無保留結論之查核報告。

本審計委員會負有監督本集團財務報導流程之責任。

簽證會計師簽證本集團西元二〇二二年度合併財務報告，與本審計委員會溝通下列事項：

- 1、簽證會計師所規劃之查核範圍及時間，尚無重大查核發現。
- 2、簽證會計師向本審計委員會提供該等會計師所隸屬事務所受獨立性規範之人員已遵循會計師職業道德規範中有關獨立性之聲明，尚未發現其他有可能被認為會影響會計師獨立性之關係及其他事項。
- 3、簽證會計師已就查核報告中所列關鍵查核事項與本審計委員會溝通。

本審計委員會同意並經董事會決議之本集團西元二〇二二年度合併財務報告，均符合相關法令規定，爰依證交法第14-5條之規定報告如上。

審計委員會召集人：齊 策 平



西元二〇二三年三月十五日

- IV. The most recent Annual Financial Report, including the accountant's audit report, two-year balance sheet, Consolidated Income Statement, Statement of Changes in equity, Cash Flow Statement and notes or schedules: please refer to pages 134 to 211 of this annual report.**
- V. The Individual Financial Report of the Company for the most recent year, verified by the accountant. But does not include a breakdown of significant accounting entries: not applicable.**
- VI. As of the date of publication of the latest and latest annual reports of the Company and its affiliated enterprises, in the event of financial turnover difficulties, the impact on the financial position of the Company shall be shown as follows: None.**

Chapter VII. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Unit: NTD thousand

Item	Year	2022	2021	Difference	
				Amount	Amount
Current Assets		5,549,162	6,476,330	-927,168	-14%
Property, plant and equipment		2,787,713	2,901,797	-114,084	-4%
Intangible Assets		4,195	5,556	-1,361	-24%
Other Assets		483,785	566,037	-82,252	-15%
Total Assets		8,824,855	9,949,720	-1,124,865	-11%
Current liabilities		5,369,449	6,028,926	-659,477	-11%
Non-current liabilities		240,501	1,163,870	-923,369	-79%
Total Liabilities		5,609,950	7,192,796	-1,582,846	-22%
Common stocks		1,455,445	1,455,445	0	0%
Capital Surplus		1,228,726	1,231,625	-2,899	0%
Retained earnings		809,051	331,035	478,016	144%
Other Equity		-278,317	(261,181)	-17,136	7%
Treasury shares		—	—	—	—
non-controlling interests		—	—	—	—
Total Shareholders' Equity		3,214,905	2,756,924	457,981	17%
Explanation of the difference between the changes in assets, liabilities and shareholders' equity of more than 20% and the amount of NT \$99 million in the last two years (about 1% of the total assets):					
1. Non-current Liabilities and Total Liabilities: The fourth unguaranteed convertible corporate debt was issued in 2020 due to the transition from non-current liabilities to corporate debt due within one year.					
2. Retained surplus: mainly due to the completion of the renovation of Emmitage Shenzhen old factory and obtained real estate certificate in 2022, the relevant compensation income is transferred to income, so the current period is due to profit before tax.					

II. Financial Performance

Material changes over the most recent 2 fiscal years in operating revenue, operating income, and income before tax; forecast the company's expected sales volume and provide the basis for the forecast; and describe the possible impact of such changes upon the company's financial and business affairs, and how the company plans to respond

- (I) Reasons for any material changes over the most recent 2 fiscal years in operating revenue, operating income, and income before tax

1. Comparison Table for Operating Results

Unit: NTD thousand

Item	Year	2022	2021	Difference	
				Amount	Amount
Net Operating Revenue		9,220,863	10,156,591	-935,728	-9.21%
Operating cost		7,777,614	9,039,549	-1,261,935	-13.96%
Gross profit		1,444,720	1,122,400	322,320	28.72%
Operating Expenses		1,687,691	1,487,914	199,777	13.43%
Operating Profit		(242,971)	(365,514)	122,543	33.53%
Non-Operating Income and Expenses		781,677	12,685	768,992	6062.22%
Net Profit Before Tax		538,706	(352,829)	891,535	252.68%
Income tax expense		(65,509)	(45,602)	-111,111	-243.65%
Net income		473,197	(307,227)	780,424	254.02%
Other Comprehensive Net Income After Tax		(12,317)	676	-12,993	-1922.04%
Total Comprehensive Income		460,880	(306,551)	767,431	250.34%
Net profit attributable to owners of the parent		473,197	(307,227)	780,424	254.02%
Total comprehensive income attributable to owners of the parent		460,880	(306,551)	767,431	250.34%

Changes in the ratio of increase or decrease exceeding 20% and amounting to NT \$99 million (about 1% of total assets), the analysis explanation is as follows:

1. Operating gross profit, increased operating profit from last year: mainly in 2022, the decrease in operating income was 9.2%, the cost of goods sold was greater than the decline in revenue, thus increased gross profit; business profit still showed a loss, the main operating expenses increased, the mid-term sales expenses due to the domestic owner-brand investment promotion Not due to a decline in sales, and the increase in transportation costs due to increased operating models.
2. Pre-tax net income, current net profit and total consolidated profit and loss increased compared to last year: 2022 due to completion of the renovation of Emmitt Shenzhen factory and obtained a real estate certificate, the relevant compensation income was transferred to the income.
3. Total other comprehensive income for the current period and total comprehensive income for the current period decreased as compared with the previous year: mainly due to the decrease in exchange differences in the translation of the financial statements of foreign operating institutions in 2022.
4. Net income attributable to owner of the parent company decreased compared with last year: please refer to the description in item 2.
5. Consolidated profit and Loss attributable to owners of the parent company increased over the previous year: please refer to the explanation in item 2.

2. Forecast of the expected sales volume and the basis for the forecast

The recurring shock affected by the pandemic slowed slightly in the opening year of 2023. However, the domestic demand market and the main outbound customer market in the Mainland China gradually recovered, and the Company expects the number of unexpected annual sales to increase compared to last year.

3. Possible impact of such changes upon the company's financial and business affairs, and how the company plans to respond

In 2023, the global and mainland Chinese domestic and international economic challenges still have many trials. In the face of the quality, quantitative changes in the rapid consumption market and the fierce competition in the small appliance industry, the Company will continue to steadily expand the Group's operating scale, and strengthen the operation management, cost rational control and overall synergy end effect of each company. The Company will actively explore the blue sea market and deepen the whole-process service of customers, closely cooperate with key customers and grow to build an enterprise with competitiveness and core values and sustainable development.

III. Cash Flow

(I) Liquidity Analysis for the Most Recent Two Years

1. Cash Flow Analysis for the Current Year

Unit: NTD thousand

Item	Year	2022	2021	Difference	
				Increases (decreases)	Increases (decreases)
Net cash flow from operating activities:		946,982	40,181	906,801	2257%
Net cash flow from investment:		90,328	(305,805)	396,133	130%
Net cash flow from financing activities		(571,988)	342,468	-914,456	-267%
Analysis of financial ratio change:					
1. Operating cash flow: mainly due to a significant increase in profit and loss before tax in 2022, improved operating indicators and improved efficiency in inventory and receivables management.					
2. Cash flow from investment activities: mainly due to the maturity of CB3, a decrease in corporate debt deposit margin and a decrease in investment expenditure on fixed assets from the previous year.					
3. Fundraising activities cash flow: mainly due to the firm's better capital flow, increased repayment of bank borrowings, and redemption of maturity corporate bonds CB3.					

1. Improvement Plan for Insufficient Liquidity: The Company does not suffer from insufficient liquidity.

2. Liquidity Analysis for the Coming Year:

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)		Cash Surplus (Deficit) (1) + (2) - (3)	Remedy for Cash Inadequacy	
		Investment activities	Financing activities:		Investment activities	Financing activity
898,784	195,828	(255,369)	(200,608)	638,635	None	None
1. Cash Flow Analysis for the Coming Year:						
(1) Operating activities: Mainly refer to the net cash inflow from the Company's operations.						
(2) Investment activities: mainly related to the expected net cash outflow from the purchase of equipment and molds for operation.						

(3) Financing activities: mainly related to the repayment of the third corporate bond due and the net cash outflow arising from the repayment of bank loans.

Remedy for Cash Deficit and Liquidity Analysis: Not applicable.

IV. Impact of Major Capital Expenditures on Corporate Finances and Business for the Most Recent Year

The net amount of fixed assets acquired by the Company from 2018 to 2022 was NT \$401,667 thousand, NT \$247,465 thousand, NT \$166,584 thousand, NT \$180,826 thousand, and NT \$128,978 thousand, respectively, due to the continuous expansion and replacement of old and new production capacity equipment by the Company in response to market demand. Comparative statement of the turnover of fixed assets and total assets of the Company from 2018 to 2022 is as follows, showing that the Company did not have any effect on the financial business condition of the Company due to the increase in capital expenditure.

Turnover	2018	2019	2020	2021	2022
Property, Plant and Equipment Turnover (Times)	4.81	5.38	2.94	3.50	3.31
Total assets turnover (times)	1.27	1.14	1.00	1.02	1.04

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

1. Investment Policy in the Last Year

Besides complying with the investment cycle regulations from the internal control systems, the Company's investment management follows the Guidelines for Business and Financial Operations for the Group, Specific Companies and Related Parties, Operational Procedures for the Supervision of Subsidiaries" and the Operational Procedures for the Management of Subsidiaries' Operations while taking into account the local laws and regulations of each invested company and the actual operating conditions and assisting each invested company in establishing an appropriate internal control system. In terms of organizational structure, the directors of the invested companies shall be elected in accordance with local laws and regulations. and appointed by the parent company. In addition, regarding the management of each invested company (with more than 50% of the shareholding), the Presidents shall be appointed by the parent company, and the invested companies shall be authorized to appoint or recruit other managers. For the financial manager however, it does not have to be reported to the parent company for approval or appointment. In addition, the Company regularly obtains financial statements, operational reports and financial statements audited by CPAs from the invested companies for the analysis of the operations and profitability. The Company's internal auditing unit shall also conduct regular audits of the subsidiaries, as well as formulating relevant auditing plans and submitting audit reports to track the flaws and improvement of the internal control systems.

2. Main Causes for the Profits or Losses from Investment in the Most Recent Year

Investment	Profits or Losses from Investment in the Most Recent Year	Description
Airmate International Holding Limited	539,862	Recognition of the investment profits of Airmate China International Limited (BVI) and Waon Development Limited (Hong Kong).
Aimeite Electric Appliance (China) Limited	540,084	Mainly recognized the investment income of Wion Development Limited.
Waon Development Limited	466,974	Mainly due to the recognition of investment losses and operating losses of Airmate Electric (Jiujiang) Co., Ltd. and Airmate Electric (Shenzhen) Co., Ltd.
Airmate Electric Appliances (Shenzhen) Co Limited	643,107	Master 2022 year due to the renovation of Emmitt old factory in Shenzhen has been completed and obtained real estate certificate, the relevant compensation income to be transferred to the industry income caused.
Zhejiang Airmate Electrical	146	Mainly due to the market environment, but the cost decrease was greater

Sales Limited		than sales, so the gross profit was higher than the same period and slightly profit in the current period.
AirmateElectric(Jiujiang)Co., Ltd.	(91,669)	Due to the decline in orders affected by the market environment, brand promotion fees were not reduced due to the decline in sales revenue, so the current period was an operating loss.
Airmate Technology (Shenzhen) Co. Limited	12,840	The main reason is that the market demand for small household appliances has increased and sales have increased, so it has achieved profitability
Airmate e-commerce (Shenzhen) Co., Ltd.	10,969	The main business network platform sells Emmitt products, high gross profit, so there is a profit.
WeiWu Technology (Foshan City City) Co., Ltd.	(2,150)	Mainly operating online platform to sell Emmitt products, initial operational investment is high, so it is unprofitable.

3. Investment Plans for the Coming Year: None.

VI. Analysis of Risk Management for the Most Recent Year up to the Printing Date of the Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest Rate

The Company's net interest expense for 2022 and 2021 was NTD 29,890 thousand and NTD 29,285 thousand, respectively, which accounted for 0.02% and 0.29% of the net operating income, respectively, which was insignificant. Therefore, the effect of the change on the Company was not significant. Although the interest rate at the currency market has been slowly climbing in recent years, it is still on the low end, so there has been no material change in the Company's loan interest rate. If the interest rate trend sees material fluctuations in the future and the Company has continuous needs for loans, apart from adopting other capital market financing tools to raise funds, the Company will also observe the interest rate trend and choose to borrow at a fixed rate or a floating rate to avoid the risk of interest rate fluctuations.

2. Exchange Rate

Since 56% of the company's sales areas in recent years have come from China and are denominated in RMB, and about 44% are mainly from Europe, America, Japan and South Korea, which are mainly denominated in US dollars and Japanese currencies; and the purchased part is mainly denominated in RMB, so in addition to the natural hedging of RMB due to the offset of purchases and sales, the exchange rate changes of different currencies still have an offsetting effect. In addition to using natural hedging, the company also uses forward foreign exchange transactions to avoid hedging. The exchange gain (losses) of the Company in 2022 and 2021 were 39,039 thousand yuan and (32,953) thousand yuan respectively, which accounted for 0.342% and 0.32% of the net operating income in the current period. The impact ratio was extremely low, and there was no significant exchange risk overall. However, with future growth of operations, the holding position of foreign currencies by the Company will continue to increase. Moreover, both the domestic financing and future distribution of dividends to domestic investors will also need to be converted in USD. Therefore, exchange rate risks of USD to NTD will arise. The Company will strengthen control over foreign exchange position, and the possible measures are as follows:

- A. Continue to strengthen the concept of exchange hedging among the financial staff, make judgement regarding the exchange rate trend through online real-time system over exchange rates and close contact with financial institutions as the basis for reference.
- B. Use the sales revenue in the same currency as much as possible to support the expenditures for procurement and so on to achieve natural hedging.
- C. Decide whether to adopt derivatives for hedging to avoid exchange rate risks according to the Company's operational status.

3. Inflation/Deflation

With the 2008 financial crisis and the recent European debt crisis, the global economic activities have been slowing down. However, the pressure of inflation has been eased with the governments maintaining order of the financial market order and price stability. The Company

will continue to maintain close interactions with its suppliers and customers in order to make timely adjustments of the procurement and sales strategies, as well as staying abreast of market price fluctuations and upstream material prices to mitigate the impact of inflation on the Company's profit and loss. There has been no significant change in the financial market and prices in the most recent year up to the publication date of this annual report, nor has there been any significant impact on the Company's profit and loss.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company has always focused on growing the business without engaging in high-risk and high-leveraged investments and transactions. The priority of the financial policy is staying prudent. Therefore, relevant risks are limited. The Company's policies and procedures for handling loans to other parties, endorsements and guarantees and derivative transactions are conducted in accordance with the Company's Operational Procedures for Acquisition or Disposal of Assets, Operational Procedures for Loaning Funds and Making Endorsements and Guarantees for Others and Operational Procedures for the Supervision of Subsidiaries.

As of the date of printing, all endorsements, guarantees and loans have stayed between the Company and its subsidiaries or among subsidiaries. The above-mentioned endorsements and guarantees and capital loans are handled in accordance with the relevant operational procedures. In general, they have no significant impact on the consolidated profit and loss. Moreover, the Company has always focused on growing the business without engaging in high-risk and high-leveraged investments and transactions. The priority of the financial policy is staying prudent. Therefore, relevant risks are limited.

(III) Future R&D plans and estimated R&D expenses

The future R&D plans are focused on continuous innovation of the technologies related to small household appliances. The Company actively works towards developing energy-saving and smart home appliances, as well as becoming the world's top enterprise for green solutions that provides customers with diverse product design, applications and technologies. With rapid response to the market trend, we will strive to improve the production process capability, strengthen product functionality and reduce costs, as well as jointly developing products that meet the market demand and achieve mature production technologies.

The research and development expenses of the Company in 2022 and 2021 were NTD 109,238 thousand and NTD 119,531 thousand respectively, which accounted for 1.18% and 1.17% of the total revenue, respectively. In the future, the Company will continue to invest R&D resources depending on the product development plan, and it is estimated that the total R&D expenditure will be NTD 162 million. In addition to developing new products and core technologies, the Company will continue to make improvement and advancement as well as developing new products in accordance with the customer and market demands to become a supplier with sustainable operations.

(IV) Impact of important domestic and foreign policies and legal changes on the Company's financial business and response measures

The Company is registered in the Cayman Islands with the main operations in China and Hong Kong. The Cayman Islands' principal economic activity is financial service, and China is one of the world's major economies. The Company's business activities are conducted in accordance with the important domestic and foreign policies, laws and regulations. The Company shall always pay attention to the development trends and changes in domestic and foreign policies, laws and regulations. In case of changes, the Company's lawyers and accounts will be consulted or engaged in the evaluation and planning of measures to make appropriate responses in a timely manner. In the most recent year up to the publication date of this annual report, the Company has not experienced any significant impact on its financial operations due to changes in major local

policies and laws in the Cayman Islands, China or Hong Kong.

- (5) Technology and industry changes that has an impact on this company's finances and response measures.

With the continuous improvement in the technology, appearance and build of small household appliances as well as the carbon reduction attempt all over the world, the Company has stayed updated with market trends and evaluated the impact on the Company's operations. The Company has had a close cooperation with many export customers who are leaders in small electronics products all over the world, and the Company is also a well-known brand in China. In the most recent year up to the publication date of this annual report, the Company has not experienced any significant adverse impact on its financial operations due to changes in technology or the industry.

- (VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company has always been committed to the business philosophy of honesty, integrity, fairness and diligence since its establishment, the Company has continued to actively strengthen its internal management and quality management capabilities to build the company's brand image in order to further increase the customer trust. Therefore, there has been no impact of changes in corporate image.

- (VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

There has been no plan for merger and acquisition in the most recent year and up to the publication date of the prospectus.

- (VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

There has been no factory expansion plans in the most recent year and up to the publication date of the prospectus.

- (IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

1. Purchases

The Company has thousands of raw materials. The main procurement items include plastic materials, copper wires, power cords, silicon sheets, printed circuit boards (PCB), paint, weight plates and carton packaging materials. For the procurement of major raw materials, the principle is purchasing from multiple suppliers to disperse the risks and ensure sufficient supply for production. Price inquiries and negotiations are conducted according to procurement and payment procedures. For the most recent year up to the publication date of the annual report, there has been no single supplier accounting for more than 10% of the total purchase amount; therefore. Therefore, there is no risk of excessive concentration of purchases as a whole.

2. Sales

The Company employs internal/external merchandising sales strategies, with its own branded products focused on the domestic market, while external sales are dominated by ODM/OEM. Currently, there are more than 10,000 domestic sales networks in the whole China, spread over 31 provinces, autonomous regions and municipalities. There are 200 existing distributors, and foreign customers in 89 countries around the world. There are nearly 200 international customers and most of them are well-known factories. Recently, as of the date of publication of the annual report, there are no cases where the total sales volume of a single customer exceeds 15%. There is no risk of sales customer concentration. However, the Company will continue to pay attention to and assess the credit risk of customers and the time response.

- (X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

In the most recent year up to the publication date of this annual report, the Company has not experienced any m

(XI) Impact of changes in operating rights on the company, risks and response measures

In the most recent year up to the date of publication of this annual report, the Company has not changed its management rights. However, in order to enhance corporate governance, the Company has introduced the systems of independent directors and the Audit Committee to protect the shareholders' interests. On the other hand, with the exception of independent directors, the Company's current directors and employees are mostly long-term partners that agree with the Company's development and directions. Therefore, the Company has maintained good operating performance in recent years. In the future, the Company will adhere to its business philosophy and good management ethics to create growth in the Company's operations and profits, in order to win the approval of all shareholders of the management team. In short, the Company's operations are stable and well-approved, so there is no risk of changes in management rights.

(XII) In the case of litigation or non-litigation events, the company and its directors, supervisors, general manager, substantive responsible person, shareholders holding more than 10% of the shares and affiliated companies who have been adjudicated or are currently in a major litigation, non-litigation or political litigation event, the result of which may have a significant impact on the shareholders' equity or the price of the securities of the company, shall disclose the disputed facts, the targeted amount, the date of commencement of the litigation, the main parties involved in the litigation and the disposition as of the date of publication of the annual report: None

(XIII) Other material risks and responding measures:

Information Security Risk

The Company has established an internal control system for information management operations and personal data protection management operations to control network and information security, but it still cannot guarantee that the network and computer systems can completely avoid attacks from third parties. For the Company's internal information security, the Company has set up a full-time information section to check the safety of information system operations, control the usage, set daily backups of important data, and promote relevant information security concepts and correct operation methods.

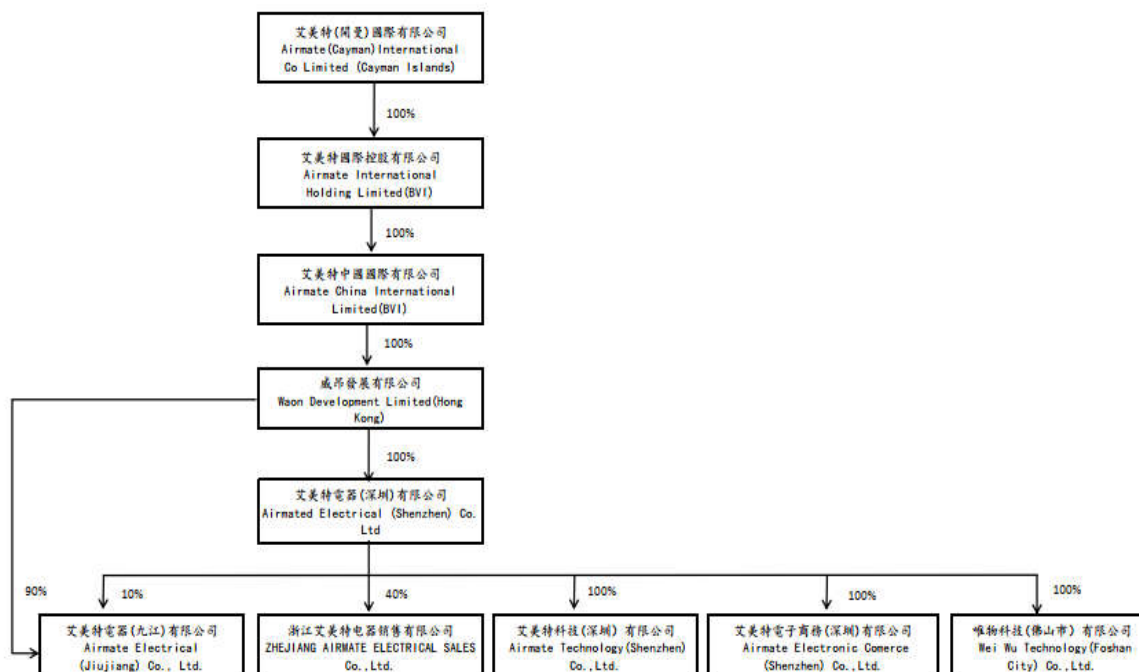
VII. Other Important Matters: None.

Chapter VIII.Special Disclosures

I. Affiliated Companies:

(1) Consolidated Business Report of Affiliated Enterprises for the Most Recent Year

1. Organization chart of associates



2. Basic information of affiliates

As of December 31, 2022; Unit: NTD (foreign currency) thousand

Name	Date of Incorporation	Address	Actual paid-in capital		Main Operations
			Currency	Amount	
Airmate (Cayman) International Co Limited	2004.3	Cayman	NTD	1,455,445	Controlling company
Airmate (Cayman) International Co Limited, Taiwan Branch	2017.10	Taiwan	—	—	Trading company
Airmate International Holding Limited	1998.12	B.V.I	USD	63,974	Controlling company
Aimeite Electric Appliance (China) Limited	1997.10	B.V.I	USD	69,761	Controlling company
Woon Development Limited	1990.10	H. K.	HKD	820,298	Trading company
Woon Development Limited (Hong Kong), Taiwan Branch	1998.8	Taiwan	—	—	Trading company
Airmate Electric Appliances (Shenzhen) Co Limited	1991.5	China	USD	32,000	Household appliances production and sales
Airmate Electric Appliances (Jiujiang) Co Limited	2014.1	China	USD	72,800	Household appliances production and sales
Airmate Technology (Shenzhen) Co. Limited	2015.12	China	RMB	10,000	Research and development and sales of kitchen appliances
Emmett e-commerce (Shenzhen) Co.,	2020.6	China	RMB	10,000	Sales of home appliances

Ltd.					
WeiWu Technology (Foshan City) Co., Ltd.	2022.6	China	RMB	500	Sales of home appliances

3. For companies defined as holding company and its subordinate, relevant Information on shareholders shall be listed: None.

4. Operational Highlight of Affiliated Companies

Unit: NTD thousand

Name	Capital (Note 1)	Total Assets (Note 1)	Total Liabilities (Note 1)	Net Worth (Note 1)	Operating Revenue (Note 2)	Operating Profit (Note 2)	Current Profit and Loss (Note 2)	Earnings Per Share (NT\$)
Airmate (Cayman) International Co Limited	1,455,445	8,824,855	5,609,950	3,214,905	9,220,863	(242,971)	473,197	3.25
Airmate (Cayman) International Co Limited, Taiwan Branch	—	141	3	138	—	—	(8)	—
Airmate International Holding Limited	1,180,144	4,356,388	656	4,355,732	—	(177)	539,862	—
Aimeite Electric Appliance (China) Limited	2,506,536	4,356,963	627	4,356,336	—	(177)	540,084	—
Wacon Development Limited	3,135,129	9,567,600	5,867,670	3,699,930	9,220,863	(184,406)	466,974	—
Wacon Development Limited (Hong Kong), Taiwan Branch	—	1,006	2,950	(1,944)	7,675	(1,446)	(1,444)	—
Airmate Electric Appliances (Shenzhen) Co Limited	982,720	5,005,581	2,201,610	2,803,971	3,078,759	(403,614)	643,107	—
Airmate Electric Appliances (Jiujiang) Co Limited	2,236,588	6,935,008	5,015,390	1,919,618	6,143,237	(159,110)	(91,669)	—
Airmate Technology (Shenzhen) Co. Limited	44,082	139,273	84,856	54,417	251,458	12,516	12,840	—
Airmate E-Commerce (Shenzhen) Co., Ltd.	44,082	99,491	40,827	58,664	208,841	11,462	10,969	—
WeiWu Technology (Foshan City) Co., Ltd.	2,204	20,427	20,362	65	10,213	(2,151)	(2,150)	—

Note 1: If the affiliate company is a foreign company, the liabilities in foreign currency shall be converted into NTD at the exchange rate at the reporting date. (CNY:HKD=1.1194 ; HKD:NTD=3.9380)

Note 2: Associated enterprises are foreign companies, and their external gains and losses are translated into NTD using the average exchange rate in 2021. (CNY:HKD=1.1639 ; HKD:NTD=3.8055)

5. Overall business scope of affiliated businesses

The business operations of the Company and its affiliates focus on the manufacturing and sales of household appliances. A small number of affiliated companies are engaged in investment. Overall, the division of labor between the companies is based on mutual support of technology, production capacity, marketing and services to create maximum synergy.

6. Directors, Supervisors and Presidents of Affiliated Companies

Unit: Thousand Shares; %

Name	Title	Name or Representative	Shareholding/Investment	
			Number of shares	Number of shares
Airmate (Cayman) International Co Limited	Chairman	Shih, Jui-Bin	1,050	0.72
	Director	Tsai, Cheng-Fu	4,170	2.86
	Director	Cheng-Li-Ping	3,283	2.26
	Director	Pearl Place Holdings Limited, Representative: Shih, Jui-Lin	27,146	18.65
	Director	Entrusted Custody for Special Investment Account	2,440	1.68
	Director	Representative of Chinatrust Commercial Bank of Tuck Giant Enterprise Ltd.: Huang, Ching-Shu	17	0.01
	Independent Director	Chen, Yen-Fu	—	—
	Independent Director	Chen, Ming-Chang	—	—
	Independent Director	Chi, Lai-Ping	—	—
	Independent Director	Lin, Chih-Lung	—	—
Airmate (Cayman) International Co Limited, Taiwan Branch	Director	Shih, Jui-Bin (Representative of Airmate (Cayman) International Co Limited)	US\$63,974,000	100
Airmate International Holding Limited	Director	Shih, Jui-Bin (Representative of Airmate International Holding Limited)	US\$69,761,000	100
Aimeite Electric Appliance (China) Limited	Chairman	Shih, Jui-Bin (Representative of Airmate China International Limited)	HK\$820,298,000	100
	Director	Cheng-Li-Ping (Representative of Airmate China International Limited)	HK\$820,298,000	100
	Director	Tsai, Cheng-Fu (Representative of Airmate China International Limited)	HK\$820,298,000	100
	Director	Shi-LI, Chueh-Chu (Representative of Airmate China International Limited)	HK\$820,298,000	100
	Director	—	—	—
Waon Development Limited	—	—	—	—
Waon Development Limited (Hong Kong), Taiwan Branch	Chairman	Shih, Jui-Bin (Representative of Waon Development Limited)	US\$32,000,000	100
	Director	Tsai, Cheng-Fu (Representative of Waon Development Limited)	US\$32,000,000	100
	Director	Ho, Mei-Hsiu (Representative of Waon Development Limited)	US\$32,000,000	100
	Director	Shih, Jui-Lin (Representative of Waon Development Limited)	US\$32,000,000	100
	Director	Tseng, Chao-Ting (Representative of Waon Development Limited)	US\$32,000,000	100
	Director	—	—	—
Airmate Electric Appliances (Shenzhen) Co Limited	Chairman	Tsai, Cheng-Fu (Representative of Waon Development Limited (Hong Kong))	US\$72,800,000	100
	Director	Shih, Jui-Bin (Representative of Waon Development Limited (Hong Kong))	US\$72,800,000	100
	Director	Shih, Jui-Lin (Representative of Waon Development Limited (Hong Kong))	US\$72,800,000	100
	Director	Tseng, Chao-Ting (Representative of Waon Development Limited (Hong Kong))	US\$72,800,000	100
	Director	Huang, Ching-Tien (Representative of Waon Development Limited (Hong Kong))	US\$72,800,000	100
	Director	Ho, Mei-Hsiu (Representative of Airmate Electrical (Shenzhen) Limited)	US\$72,800,000	100
	Supervisor	—	—	—
Airmate Electric Appliances (Jiujiang) Co Limited	Executive Directors	Tsai, Cheng-Fu (Representative of Airmate Electrical (Shenzhen) Limited)	RMB10,000,000	100
	Supervisor	Ho, Mei-Hsiu (Representative of Airmate Electrical (Shenzhen) Limited)	RMB10,000,000	100
Airmate Technology (Shenzhen) Co. Limited	Executive Directors	Shih, Jui-Bin (Representative of Airmate Electrical (Shenzhen) Limited)	RMB10,000,000	100
	Supervisor	Ho, Mei-Hsiu (Representative of Airmate Electrical (Shenzhen) Limited)	RMB10,000,000	100
WeiWu Technology (Foshan City) Co., Ltd.	Executive Directors	Lei, Chao (Representative of Airmate Electrical (Shenzhen) Limited)	RMB500,000人	100
	Supervisor	Lei, Yen (Representative of Airmate Electrical (Shenzhen) Limited)	RMB500,000人	100

(2) Consolidated Financial Statements of Associated Enterprises: Please refer to pages 134 to 211 for details.

(3) Consolidated Statements of Affiliated Companies:

(IV) Affiliation Report: Not applicable.

II. As of the date of publication of the latest annual and annual reports, the status of the handling of private placement securities: None.

III. As of the printing date of the latest annual and annual reports, the subsidiary held or disposed of the company's shares: None.

IV. Other necessary additional clarifications: None.

V. As of the date of publication of the most recent annual report and as of the end of the previous year, matters as prescribed in Article 36 (2) (2) of the Securities and Exchange Act that have a material impact on shareholders' equity or the price of securities: None.

VI. Significant differences from our shareholders' equity protection regulations:

In accordance with the proposal of the Board of Directors of the Company at its meeting of March 21, 2022, without amending the Articles of Association, and without violating the provisions of Cayman law, the Company has stipulated in the Articles of Association the specific contents for safeguarding the exercise of the rights and interests of the shareholders in accordance with the shareholder's rights and interests protection checklist prescribed by the Taiwan Stock Exchange (hereinafter referred to as the "Shareholder's Rights Protection Matters").

The matters concerning the protection of shareholders' equities regarding the Supervisor's relevant powers and obligations are not applicable to the supervisor because the Company already has independent directors. In addition, because the following matters are inconsistent with the laws of Cayman, they cannot be established according to important matters for the protection of shareholders' equities:

Important Matters Related to Protection of Shareholders' Equity	Companies Laws of the Cayman Islands and description thereof	The Provisions Contained in the Articles of Association and Differences
For the following motions that relate to key rights of the shareholders, the motion may be adopted by a majority vote at a shareholders' meeting, wherein the meeting is attended by shareholders representing two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting of the Company is less than the percentage of the total shareholdings required in the preceding paragraph, the resolution may be adopted by at least two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company. 1. To form, change or terminate contracts related to leasing of the entire operation, commissioning others to manage, or forming of a	Under Article 60 of the Cayman Companies Law, a resolution is a "Special Resolution" when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that any such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. According to Article 10 and Article 24 of the Cayman Companies Law, amendments to the Company's Articles of Association and Memorandum of	In principle, the Cayman Companies Law voting rights requirements for "special resolutions" are not lower than the requirements stipulated in Company Law of the Republic of China and Shareholders' Equities Protection Important Matters. Therefore, the Company's Articles of Association should have no adverse effect on shareholders' equities.

long term joint management with others; Transfer the whole or principal part of the business or property; To accept the whole business or property given by others, which causing a significant influence over the operations of the Company 2. Changes to Articles 3. Where amendments to the Articles of Association will damage the rights of shareholders holding preferred shares, a resolution of the preferred shareholders' meeting must be convened 4. New shares issuance shall be used to allocate the whole or part of share dividends or bonuses 5. Resolutions for corporate dissolution, merger, or demerger	Association must be passed by a "Special Resolution"; According to Article 90 of the Cayman Companies Law, dissolution of a company must be passed by a "Special Resolution. Matters subject to a special resolution under the Cayman Companies Act must be made by shareholders under the Articles of "Special Resolution", and any resolution on such matters at a lower voting threshold than the "Special Resolution" under the Cayman Companies Act shall be void under the Cayman Companies Act.	
To transfer shares to employees at less than the average actual share repurchase price, a company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares, and must have listed the following matters in the notice of reasons for that shareholders meeting; it may not raise the matter by means of an extraordinary motion: 1. The exercise price, the valuation percentage, the bases of calculations, and the reasonableness thereof. 2. The number of shares to be transferred, the purpose, and the reasonableness thereof. 3. Qualification requirements for warrant subscribers, and the number of shares they are allowed to subscribe for. Effect on shareholders' equity: the amount of possible expenses and dilution to the company's earnings per share; explain the financial burden caused by the transfer to employees below the average price of the actual shares bought back to employees. For all successive instances where share transfers to employees as provided for in the preceding paragraph have been approved by shareholders' meetings and the shares have been transferred, the cumulative number of shares thus transferred may not exceed 5% of the total issued shares of the company, and the	According to Article 37 of Cayman Companies Law amended on April 27, 2011, Cayman companies can authorize the Board of Directors of its Company's Articles of Association to make a decision to buy back or redeem the issued shares of its company. It shall be regarded as treasury shares before the sale or redemption of the issued shares.	The Cayman Islands has not made detailed regulations on the Company's purchase of treasury stock and its transfer to employees. The detailed provisions regarding the transfer of repurchased treasury shares to the Company's employees shall be stipulated in the Company's Articles of Association and shall have no adverse effect on shareholders' equities.

cumulative number of shares thus subscribed by any single employee may not exceed 0.5% of the total issued shares of the Company. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. For the resolutions at the shareholders' meeting, the number of shares of shareholders with no voting power shall not be included into the total number of issued shares.		
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Appendix

To Airmate (Cayman) International Co Limited:

Opinion

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

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

Basis of Audit Opinion

The Certified Public Accountant has carried out the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. Our firm is independent of the Airmate (Cayman) International Co Limited and Subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. The Certified Public Accountant believes that sufficient and appropriate evidences for the audit have been obtained as the basis for expressing opinion.

Key Audit Matters

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

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

Impairment assessment of accounts receivable

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

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

2. Understanding internal control relevant to the audit in order to design audit procedures that are appropriate in that particular circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Airmate Group.
3. Evaluating the appropriateness of the accounting policy adopted by the Management and the reasonableness of the accounting estimates and related disclosures made accordingly.
4. Concluding on the appropriateness of the Management's use of going concern basis of accounting, and determining whether there existed events or circumstances that might cast significant uncertainty over Airmate Group's ability to continue operation as a going concern based on the audit evidence obtained. If the Certified Public Accountant is of the opinion that a material uncertainty exists, the users of the Consolidated Financial Statements should be reminded to pay attention to the relevant disclosures in the Consolidated Financial Statements, or modify the audit opinion when the disclosures are inappropriate. The Certified Public Accountant's conclusions are based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Airmate Group to no longer have the capacity to operate as a going concern.
5. Assessing the overall presentation, structure and content of the Consolidated Financial Statements (including the related Notes) and whether the Consolidated Financial Statements appropriately represented the related transactions and events.
6. Obtaining adequate and appropriate audit evidence of the financial information of the Group's constituent entities so as to express an opinion on the Consolidated Financial Statements. The Certified Public Accountant is responsible for the guidance, supervision, and execution of the audit on the Airmate Group and is responsible for forming audit opinions on the Airmate Group.

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

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

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

PricewaterhouseCoopers Taiwan

CPA: Guo-hua, Wang
Wu Jian zhi

Former Ministry of Finance: (87) Taiwan Finance Certificate
Securities and Futures (VI) No. 68790
Management Committee

Approval number:

Financial Supervisory Commission Financial Supervisory
Approval number Commission (FSC) No.
1030027246

March 15, 2023

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

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

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

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

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

Chairman: Shih, Jui Pin

Manager: Shih, Jui Pin

Accounting Supervisor: Ho, Mei Hsiu

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

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

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

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

Chairman: Shih, Jui Pin

Manager: Shih, Jui Pin

Accounting Supervisor: Ho, Mei Hsiu

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

Unit: NT\$ Thousands

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

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

Chairman: Shih, Jui Pin

Manager: Shih, Jui Pin

Accounting Supervisor: Ho, Mei Hsiu

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

Unit: NT\$ Thousands

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

(Continued on next page)

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

Chairman: Shih, Jui Pin

Manager: Shih, Jui Pin

Accounting Supervisor: Ho, Mei Hsiu

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

Unit: NT\$ Thousands

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

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

Chairman: Shih, Jui Pin

Manager: Shih, Jui Pin

Accounting Supervisor: Ho, Mei Hsiu

Airmate (Cayman) International Co Limited and Subsidiaries
Notes to Consolidated Financial Statements
2022 and 2022

Unit: NT\$ Thousands
(Unless otherwise specified)

I. Overview

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

II. Date and Procedures for the Approval of Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

<u>New, Revised and Amended Standards or Interpretations</u>	<u>International Accounting Standards Board</u>
<u>Amendments to IFRS 10 and IAS 28</u>	<u>Effective date of issue</u>
"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the International Accounting Standards Board
Amendments to IFRS 16 "Lease liabilities in after-sales leaseback"	January 1, 2024
IFRS 17 (Insurance Contracts)	January 1, 2023
Amendments to IFRS 17 (Insurance Contracts)	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS No. 17 and IFRS 9 — Comparative Information "	January 1, 2023
Amendment to IAS 1 (Classification of Liabilities as Current or Non-Current)	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

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

IV. Summary Description of Material Accounting Policies

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

(I) Compliance Declaration

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

approved by Financial Supervisory Commission.

(II) Basis of Preparation

1. Except for the following important items, this consolidated financial report is prepared at historical cost:
 - (1) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss at fair value.
 - (2) Financial assets measured at fair value through other comprehensive profit or loss measured at fair value.
 - (3) Defined benefit liabilities recognized on the basis of net present value of retirement fund assets less defined benefit obligations.
2. The preparation of financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (hereinafter referred to as "IFRSs"), as approved by FSC requires the use of a number of significant accounting estimates and the Management's judgement in the application of the Group's accounting policies, and involve a high degree of judgement or complex items, or items involving material assumptions and estimates in the Consolidated Financial Statements, as detailed in Note 5.

(III) Basis of Consolidation

1. Preparation Principle of Consolidated Financial Reports

- (1) The Group includes all its subsidiaries in the consolidated financial reports. Subsidiary means an entity controlled by the Group. When the Group is exposed to the variable returns from the participation of the entity or has a right on such variable returns, and has the ability to influence such returns through its power over such entity, the Group is controlling that entity. Subsidiaries are included in the Consolidated Financial Report from the date when the Group acquires control and cease from consolidation from the date when control is lost.
- (2) Intercompany transactions, balances and unrealized gains and losses have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to conform to those adopted by the Group.
- (3) The components of profit or loss and other comprehensive income are attributable to the owners of the Parent Company and non-controlling interests; the total comprehensive profit or loss is also attributable to the owners of the Parent Company and non-controlling interests, even if this results in deficit balance in the non-controlling interests.
- (4) Changes in shares held by subsidiaries that do not result in loss of control (transactions with non-controlling interests) are treated as equity transactions, that is, transactions with owners. The difference between the adjusted amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.

2. Subsidiaries included in the consolidated financial report:

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Nature of Business</u>	<u>Percentage of shareholding</u>		<u>Explanation</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
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	Wacon Development Limited (abbreviated as Wacon Company)	Trade business	100%	100%	
Wacon Company	Airmate Electric (Shenzhen) Co., Ltd. (abbreviated as Shenzhen Airmate)	Production and sale of household appliances and precision mold processing	100%	100%	
Wacon Company/Shenzhen Airmate	Airmate Electrical Appliances (Jiujiang) Co., Limited (abbreviated as "JiujiangAirmate")	Production and sale of household appliances and precision mold processing	100%	100%	Note 1
Shenzhen Airmate	Airmate Technology (Shenzhen) Co., Limited (abbreviated as "Airmate Technology")	Sales, research and development of household appliances	100%	100%	
Shenzhen Airmate	Airmate e-Commerce (Shenzhen) Co., Ltd. (abbreviated as "Airmatee-Commerce")	Sales of household appliances	100%	100%	
Shenzhen Airmate	WeiWu Technology (Foshan City) Co., Ltd. (hereinafter referred to as Material Technology)	Sales of household appliances	100%	-	Note 2

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

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

3. Subsidiaries not included in the Consolidated Financial Report: Nil.
4. Different accounting adjustment and treatment modes by subsidiaries during the accounting period: Nil.
5. Material limitation: Nil.
6. Non-controlling interests in subsidiaries that are material to the Group: Nil.

(IV) Foreign Currency Translation

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

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are converted into functional currencies using exchange rates on the date of the transaction or valuation. The conversion differences resulting from the conversion of such transactions are recognized in profit or loss for the current period.
- (2) The balance of foreign currency monetary assets and liabilities is adjusted based on the currency exchange rate on the balance sheet date. The conversion difference resulting from the adjustment is recognized in profit or loss for the current period.
- (3) For the balance of foreign currency non-monetary assets and liabilities, if the balance is measured at fair value through profit or loss, it is adjusted based on the exchange rate on the balance sheet date and the conversion differences arising from the adjustment are recognized in the profit or loss for the current period; if the balance is measured at fair value through other comprehensive income, it is adjusted based on the exchange rate on the balance sheet date and the conversion differences arising from the adjustment are recognized in other comprehensive income or loss. For those not measured at fair value, the balances are measured at the historical exchange rate on the initial trading date.
- (4) All exchange gains and losses are reported in the “Other Gains and Losses” section of the profit and loss statement.

2. Conversion of foreign operation

- (1) For group entities, associates and joint ventures whose functional currencies differ from the presentation currency, the operating performance and financial position are converted into the presentation currency in the following manner:
 - A. The assets and liabilities presented in each Balance Sheet are converted at the closing exchange rate on the balance sheet date;
 - B. The gains and losses presented in each Statement of Comprehensive Income are converted at the prevailing average exchange rate; and
 - C. All exchange differences arising from conversion are recognized as other comprehensive profit or loss.

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

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

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

- (1) The asset is expected to be realized within the normal operating cycle or intended to be sold or consumed.
- (2) Holders primarily for trading purposes.
- (3) Expected to be realized within twelve months after the balance sheet date.
- (4) Cash or cash equivalents, but excluding those restricted for exchange or settlement of liabilities at least twelve months after the balance sheet date.

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

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

- (1) Expected to be liquidated in the normal operating cycle.
- (2) Holders primarily for trading purposes.
- (3) Expected to mature within twelve months after the balance sheet date.
- (4) Unable to unconditionally postpone the repayment period to at least twelve months after the balance sheet date. Where the terms of a liability include an option granted to the counterparty to liquidate by issuing equity instrument, its classification shall not be affected.

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

(VI) Cash equivalents

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

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

1. Refers to financial assets that are not measured at cost after amortization or at fair value through other comprehensive profit or loss.
2. The Group adopts the trading day accounting for financial assets measured at fair value through profit or loss in accordance with the regular way purchase or sale.
3. The initial recognition of the Group is measured at fair value and the related transaction

cost is recognized in profit or loss, and subsequently measured at fair value, and its gains or losses are recognized in profit or loss.

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

1. Investments in debt instruments that meet all of the following conditions:
 - (1) The financial assets are held under a business model with the purpose of collecting contractual cash flows and disposals.
 - (2) The contractual terms of the financial asset generate cash flows at a specified date, which are exclusively for the payment of principal and interest on the outstanding principal amount.
2. The Group adopts the trading day accounting for financial assets measured at fair value through other comprehensive profit or loss in accordance with trading practices.
3. The initial recognition of the Group is measured at fair value plus transaction costs and subsequently at fair value. Changes in fair value of debt instruments are recognized in other comprehensive profit or loss. The impairment losses, interest income and gains and losses on foreign currency exchange are recognized in profit or loss before the derecognition. At the time of the derecognition, the cumulative gains or losses previously recognized in other comprehensive profit or loss will be reclassified from equity to profit or loss.

(IX) Financial Assets at Amortized Cost

1. It means that the following conditions are met at the same time:
 - (1) The financial asset is held under the business model for the purpose of collecting contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specified date, which are exclusively for the payment of principal and interest on the outstanding principal amount.
2. The Group adopts the trading day accounting for financial assets measured at amortized cost in accordance with trading practices.
3. The initial recognition of the Group is measured at fair value plus transaction costs and subsequently the interest income and impairment losses during the circulation period are recognized by using the effective interest method in accordance with the amortization procedures. At the time of the derecognition, the gains or losses are recognized in profit or loss.
4. Where the Group holds time deposits that do not meet the requirements for cash equivalents, due to the short holding period, the impact of discounting is immaterial and therefore is measured by the amount of investment.

(X) Accounts and Notes Receivable

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

2. For short-term accounts and notes receivable with unpaid interest, due to the impact of discounting is not significant, the Group thereby is measured by the original invoice amount.
3. Where the business model of the Group anticipates the sale of accounts receivable for the purpose of collecting contractual cash flows and sale, it shall be subsequently measured at fair value and the changes are recognized in other comprehensive profit or loss.

(XI) Impairment of Financial Assets

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

(XII) Derecognition of Financial Assets

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

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

(XIII) Lessor's lease transaction - operating lease

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

(XIV) Inventories

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

(XV) Investments using the Equity Method — Associates

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

(XVI) Property, Plant and Equipment

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

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

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

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

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

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

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

conditions of the lease.

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

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

(XVIII) Investment properties

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

(XIX) Intangible Assets

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

(XX) Impairment of Non-financial Assets

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

(XXI) Loans

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

(XXII) Accounts and Notes Payable

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

(XXIII) Convertible Corporate Bonds Payable

Convertible corporate bonds payable issued by the Group are embedded with conversion rights (i.e. the right of the holder to elect to convert to ordinary shares of the Group where

a fixed amount will be converted into a fixed amount of shares), put-back and buy-back rights. At the time of the initial issue, the issue price is divided into financial assets, financial liabilities or equity according to the terms of issue, which are treated as follows:

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

(XXIV) Derecognition of Financial Liabilities

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

(XXV) Offsetting Financial Assets and Liabilities

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

(XXVI) Non-hedging Derivatives and Embedded Derivatives

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

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

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

(XXVII)Provision

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

(XXVIII)Employee benefits

1. Short-term Employee Benefits

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

2. Pensions

(1)Defined contribution plan

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

(2)Defined benefit plan

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

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

3. Termination benefits

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

4. Employee' remuneration and directors' remuneration

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

(XXIX) Income Tax

1. Income tax expense includes current and deferred income tax. Except for income tax related to items included in other comprehensive income or directly included in equity, which shall be recorded under other comprehensive income or directly in equity, income tax is recognized in profit or loss.
2. The Group calculates its income tax for the current period based on the tax rates enacted under the legislation or substantive legislation of the countries in which it operates and generates taxable income as at the balance sheet date. The Management periodically assesses the status of income tax returns filing in relation to applicable income tax regulations and, where applicable, estimates income tax liabilities based on the taxes expected to be paid to tax authorities.
3. Deferred income tax adopts the balance sheet method, and is recognized based on the tax base of assets and liabilities and the temporary differences arising from their carrying amount in the Consolidated Balance Sheet. In the case of temporary differences arising from Investment Subsidiaries and Associates, the Group may control the point in time at which the temporary differences reversal occurs, and the temporary differences will not be recognized if it is probable that it will not reverse in the foreseeable future. Deferred income tax adopts the tax rates (and tax laws) that have been legislated or substantively legislated at the balance sheet date and are expected to apply when the relevant deferred income tax assets are realised or the deferred income tax liabilities are settled.
4. Deferred tax assets are recognized to the extent that temporary differences are likely to be used to offset future taxable income, and are revalued at each balance sheet date for unrecognized and recognized deferred tax assets.

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

(XXX) Share Capital

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

(XXXI) Dividend distribution

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

(XXXII) Government subsidy

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

(XXXIII) Recognition of income - sale of products

1. The Group manufactures and sells household appliances and mold-related products. Sales revenue is recognized when control of the products is transferred to the customer, that is, when the product is delivered to the customer in accordance with the agreed conditions, the customer has discretion over the use of the product, and the Group has no outstanding performance obligations. Delivery of products occurs when the product is shipped to the specified location, the risk of obsolescence and loss is transferred to the customer, and the customer accepts the products based on the sales contract, or there is objective evidence that all terms of acceptance have been complied with.
2. Revenue from the sale of products is recognized at the contract price, net of estimated sales returns and discounts.2. Revenue from the sale of products is recognized at the contract price, net of estimated sales returns and discounts. The Group recognizes the

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

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

(XXXIV) Operations Department

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

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

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

(I) Significant judgments on the adoption of accounting policies

Nil.

(II) Significant accounting estimates and assumptions

1. Provision for loss on accounts receivable

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

the relevant assumptions and input.

2. Inventory valuation

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

VI. Description of Important Accounting Items

(I) Cash and Cash Equivalents

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

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

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

fer to Note 6 (27) Other gains and losses for the amount of financial assets at fair value through profit or loss recognized in profit or loss.

2. The transactions and contractual information of derivative financial assets not subject to hedge accounting undertaken by the Group are as follows:

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

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

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

(III) Financial Assets at Amortized Cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Reimbursement accounts and pledged time deposits	<u>\$ 263,019</u>	<u>\$ 440,290</u>

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

(IV)Notes receivable and accounts receivable

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

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

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

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

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

- The balances of accounts and notes receivable as of December 31, 2022 and 2021 were generated from customer contracts, and the balance of accounts receivable under customer contracts as of January 1, 2021 was NTD 2,215,382.
- The bills receivable transferred by the Group are all bank acceptance bills given by the

customer. According to a FAQ issued by Securities and Futures Bureau on December 26, 2018, "Whether the transfer of notes receivable in Mainland China can be derecognized?", assess the credit rating of the accepting bank that received the banker's acceptance. Banker's acceptances with a higher credit rating of the accepting bank usually have less credit risk and late payment risk. The main risk associated with a banker's acceptance is interest rate risk, and interest rate risk has been transferred with an endorsement of notes. It is able to judge that almost all risks and rewards of ownership of banker's acceptances have been transferred. Therefore, the endorsement of the banker's acceptance transferred to the supplier is eligible for derecognition. The discounted and transferred notes are reported as a deduction for notes receivable.

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

(V) Transfer of financial assets

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

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

<u>December 31, 2021</u>				
<u>Amount of accounts receivable sold</u>	<u>Underwriting limit</u>	<u>Derecognized amount</u>	<u>Advanced amount</u>	<u>Interest Rate Range</u>
US\$190,578	US\$1,000,000	\$ 5,249	\$ -	-
(US\$190,578 元)				

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

(VI) Other Receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Claims receivable sold	\$ 6,625	\$ 5,249
Subsidy receivable (Note)	120,776	-
Other receivables - collections	117,704	86,741
Other receivables - others	<u>10,174</u>	<u>23,806</u>
	255,279	115,796
Less: Provision	<u>(117,704)</u>	<u>(86,741)</u>
	<u>\$ 137,575</u>	<u>\$ 29,055</u>

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

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

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

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

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

2. Recovery of the net realisable value of inventories due to de-stocking of inventories originally provided as inventory valuation loss is recognized as decrease in costs of goods sold.
3. The Group does not provide inventory as pledge guarantee.

(VIII) Advance Payment

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

(IX) Investments Accounted for Using the Equity Method

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

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

	<u>In 2022</u>	<u>In 2021</u>
Share attributable to the Consolidated Company:		
Total comprehensive revenue amount of continuous operation units	<u>\$ 146</u>	<u>(\$ 1,128)</u>
1. The Group holds 40% of the shares of Zhejiang AirmateElectric Sales Co., Ltd. (hereinafter referred to as Zhejiang AirmateCompany). Because other single major shareholders (not related parties) hold 60% of the shares, it shows that the Group has no actual ability to lead related activities, so it is judged that it has no control over the company and only has a significant impact.		
2. The realized (unrealized) gross profit from the sidestream transactions of the Group in 2022 and 2021 arising from the sales to the associates company Zhejiang Airmate Company are as follows:		

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

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

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(X) Property, Plant and Equipment

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

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

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

(XI) Lease Transaction - Lessee

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

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

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

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

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

(XII) Investment properties

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

Note: The development of the Group's old plant has been completed, and a real estate ownership certificate is obtained in January 2022, and part of the converted real

estate is used for sales. Please refer to Note 12 (4) for details.

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

(XIII) Intangible Assets

	<u>2022</u>		
	<u>Computer Software and Network Engineering</u>	<u>Golf license</u>	<u>Total</u>
1 January			
Cost	\$ 127,825	\$ 18,599	\$ 146,424
Accumulated amortization and impairment	(122,559)	(18,309)	(140,868)
	<u>\$ 5,266</u>	<u>\$ 290</u>	<u>\$ 5,556</u>
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	<u>\$ 4,121</u>	<u>\$ 74</u>	<u>\$ 4,195</u>
December 31			
Cost	\$ 131,096	\$ 18,889	\$ 149,985
Accumulated amortization and impairment	(126,975)	(18,815)	(145,790)
	<u>\$ 4,121</u>	<u>\$ 74</u>	<u>\$ 4,195</u>

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

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

	<u>In 2022</u>	<u>In 2021</u>
Operating Cost	\$ 821	\$ 1,539
Operating cost-various amortization	1,924	3,454
	<u>\$ 2,745</u>	<u>\$ 4,993</u>

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

(XIV) Other non-current assets

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

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

(XV) Short-term loans

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

1. Interest expense recognized in profit or loss in 2022 and 2021 was NTD 22,686 and

NTD22,037, respectively.

2. Please refer to Note 8 for details of collateral for bank loans.

(XVI) Notes Payable

1. As at December 31, 2022 and 2021, the Group's notes payable with guarantees or commitments from financial institutions were NTD 1,432,389 and NTD 1,788,547, respectively.

2. Please refer to Note 8 for details of collateral for notes payable.

(XVII) Other Payables

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

(XVIII) Provision - Current (Warranty liabilities)

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

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

(XIX) Long-term Loans

<u>Nature of loan</u>	<u>Loan period and repayment method</u>	<u>Interest range</u>	<u>December 31, 2021</u>
Long-term bank loans			
Secured loans	From September 2021 to September 2023, the interest shall be paid monthly, the principal shall be repaid monthly at a fixed rate of 0.5%, and the balance shall be settled upon maturity.	4.30%~4.35%	\$ 8,551
Less: Long-term loans due within one year or one operating cycle			<u>(521)</u>
			<u>\$ 8,030</u>

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

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

(XX) Corporate Bonds Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured convertible bonds	\$ -	\$ 300,000
Unsecured convertible bonds	358,100	358,100
Less: Discount on corporate bonds payable	(4,534)	(11,405)
	353,566	646,695
Less: Corporate bonds due within one year or one operating cycle	(353,566)	(297,881)
	\$ -	<u>\$ 348,814</u>
Embedded derivatives - redemption rights (recognized under "Financial assets measured at fair value through profit or loss")	<u>\$ -</u>	<u>(\$ 36)</u>
Equity component - conversion rights (recognized under capital surplus - stock options)	<u>\$ 11,070</u>	<u>\$ 13,969</u>
	<u>In 2022</u>	<u>In 2021</u>
Embedded derivatives - gain (loss) on valuation of redemption rights (recognized under net (loss) gain (loss) on financial assets measured at fair value through profit or loss)	<u>(\$ 36)</u>	<u>\$ 105</u>
Interest Expense	<u>\$ 6,871</u>	<u>\$ 7,147</u>

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

- (1) Issue period: 3 years, from December 4, 2019 to December 4, 2022.
- (2) The total amount of the issuance is NT\$ 300,000, with a nominal value of NT\$100 each, issued in nominal value. A total of 3,000 copies were issued.
- (3) The coupon rate is 0%, and the effective interest rate is 0.0639%.
- (4) Conversion period:

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

- (5) Redemption method:

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

- (6) Reverse repurchase method: Nil.
- (7) Conversion price and adjustment:
 - ① The conversion price at the time of issue is NT \$32.
 - ② If the number of issued common stock increases after issuance of convertible bonds, the Company has to adjust the conversion price according to the formula listed in the prospectus. The Convertible Bonds has matured on December 4, 2022. The conversion price upon expiration of the conversion is NTD 28.4.
- (8) Conversion status:

There were no conversions as of the maturity date and December 31, 2021.
- (9) Redemption and repurchase:

The third secured convertible corporate bonds were due to redeem 3,000 corporate bonds on December 4, 2022. The redemption price was NT\$ 304,530, resulting a capital surplus reduction of NT\$ 2,899. The redemption gain arising from the foregoing is NT\$ 1,631, which is listed under "Other gains and losses".
2. The following is the Company's issuance conditions for the third secured convertible bonds issued domestically in the Republic of China:
 - (1) Issue period: 3 years, from December 10, 2020 to December 10, 2023.
 - (2) The total amount of the issuance is NT\$400,000, with a nominal value of NT\$100 each, issued in nominal value. A total of 4,000 copies were issued.
 - (3) The coupon rate is 0%, and the effective interest rate is 0.1128%.
 - (4) Conversion period:

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

From the next day following three months after issuance of convertible corporate bonds (March 11, 2021) to forty days before the expiry of the issuance period (October 31, 2023), if the closing price of common stock of the Company at the Taipei Exchange goes over 30% (included) over the conversion price of convertible corporate bonds at the time for 30 business days continuously, or the outstanding balance of convertible corporate bonds is lower than 10% of the total amount of issuance, redemption right will be exercised according to the provisions of the conversion method. If the Company executes the redemption request, the convertible corporate bonds shall be redeemed from the bondholders with cash according to face value within five business days after the bond's redemption record date.
 - (6) Reverse repurchase method: Nil.
 - (7) Conversion price and adjustment:
 - ① The conversion price at the time of issue is NT \$27.
 - ② If the number of issued common stock increases after issuance of convertible bonds, the Company has to adjust the conversion price according to the formula listed in the prospectus. As of December 31, 2022, the conversion price was NT \$25.3.

(8) Conversion status:

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

(9) Redemption and repurchase:

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

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

(XXI)Pensions

1. Defined benefit plan

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

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

Net liabilities of defined benefit	<u>\$</u>	<u>36,727</u>	<u>\$</u>	<u>34,716</u>
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(3) Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>In 2022 Fair value of plan assets</u>	<u>Net liabilities of defined benefit</u>
1 January	\$ 36,330	(\$ 1,614)	\$ 34,716
Current service cost	3,177	-	3,177
Interest (income) expenses	193	(8)	185
	<u>39,700</u>	<u>(1,622)</u>	<u>38,078</u>
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)	
	<u>(4,693)</u>	<u>(126)</u>	<u>(4,819)</u>
Contribution to retirement fund	-	(40)	(40)
Exchange differences	3,508	-	3,508
December 31	<u>\$ 38,515</u>	<u>(\$ 1,788)</u>	<u>\$ 36,727</u>

	<u>Present value of defined benefit obligations</u>	<u>In 2021 Fair value of plan assets</u>	<u>Net liabilities of defined benefit</u>
1 January	\$ 34,171	(\$ 1,546)	\$ 32,625
Current service cost	3,406	-	3,406
Interest (income) expenses	168	(7)	161
	<u>37,745</u>	<u>(1,553)</u>	<u>36,192</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	(21)	(21)
Effect of changes in demographic assumptions	1,131	-	1,131
Experience adjustment	(1,478)	-	(1,478)
	<u>(347)</u>	<u>(21)</u>	<u>(368)</u>
Contribution to retirement fund	-	(40)	(40)
Exchange differences	(1,068)	-	(1,068)

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

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

	<u>In 2022</u>	<u>In 2021</u>
Discount Rate	1.375%~1.50%	0.50%
Future salary increase rate	2.00%	2.00%
Future mortality assumptions for 2022 and 2021 are estimated based on the Sixth Experience Life Table of Taiwan Life Insurance.		

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

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

Waon Company Taiwan Branch

	<u>Discount Rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Impact on the present value of defined benefit obligations				
December 31, 2022	(\$ 76)	\$ 79	\$ 77	(\$ 75)
December 31, 2021				
	(\$ 92)	\$ 95	\$ 92	(\$ 90)

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

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

- (6) The Group's anticipated contribution for retirement plans within the next one year is NTD 40.
- (7) As of December 31, 2022, the weighted average duration of the pension plan is 8 ~ 14 years.

2. Defined contribution plan

- (1) The Waon Company allocates pensions to designated account of the provident fund in accordance with the Mandatory Provident Fund Schemes Ordinance of Hong Kong.
- (2) The Taiwan Branch of Waon Company contributes 6% of the salary sum to the designated account for Labor Retirement Fund of the Bureau of Labour Insurance in accordance with the Labour Pension Act. The payment of the employee's retirement pension is based on the individual employee's retirement pension account and the amount of accumulated income by monthly payment or in a lump sum.
- (3) Airmate Shenzhen, AirmateJiujiang and Airmate Technology shall allocate pension insurance premiums in accordance with the pension insurance system stipulated by the Government of the People's Republic of China at a fixed rate based on the total salary of local employees every month. Retirement benefits for each employee are managed and arranged by the Government, and the Group has no further obligations other than the monthly contribution.
- (4) In 2022 and 2021, the Group recognized pension costs of NT\$48,582 and NT\$41,286 under the above pension scheme, respectively.

(XXII) Other Non-current Liabilities

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

1. Long-term deferred income is mainly incentives for the purchase of housing tax

provided by the Jiujiang Economic and Technological Development Zone Management Committee, which is amortized as other income for the period of 5 to 50 years. The changes in the current period are as follows:

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

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

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

(XXIII) Share Capital

1. As of December 31, 2022, the Company had an authorized capital of NTD 2,162,500 divided into 216,250,000 shares. The paid-up capital is NTD 1,455,445 with a nominal value of NTD 10 per share. The issued shares capital of the Company have been received.
2. The adjustment of the number of the Company ordinary shares in circulation at the beginning and end of the period are as follows: Unit: Thousand shares

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

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

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

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

been resolved by the shareholders' meeting.

4. Treasury shares

- (1) In order to protect the Company's credit and shareholders' interests, the Company repurchased 997,000 shares of the Company between March 16 to May 15, 2021, with a total acquisition cost of NTD 27,262. On August 18, 2021, the Board of Directors resolved to cancel 997,000 shares of treasury shares, with a capital reduction amount of NTD 9,970. On August 25, 2021, with the consent of Taiwan Stock Exchange Co., Ltd., the cancellation was completed on August 30, 2021.
- (2) The Securities and Exchange Act provides that the number of shares bought back by the Company may not exceed ten percent of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital reserve.
- (3) In accordance with the Securities and Exchange Act, the treasury shares held by the Company may not be pledged or enjoy the rights of shareholders prior to being transferred.
- (4) Pursuant to the Securities and Exchange Act, the shares repurchased to protect the credit and shareholders' interests of the Company shall be registered for cancellation within six months from the date of repurchase.

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

(XXIV)Capital Surplus

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

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

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

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

(XXV) Retained Earnings

1. In accordance with the Articles of Incorporation of the Company, during the period when the Company's shares are listed for sale on a trading platform or are listed on the Stock Exchange, the Board of Directors shall, when proposing the distribution of surplus earnings, make provision for the following from the surplus earnings of each fiscal year:
 - (a) Provision for the payment of the relevant tax for the fiscal year;
 - (b) Amount to offset past losses;
 - (c) 10% surplus reserve (also referred to as “statutory surplus reserve”, unless the statutory surplus reserve has reached the paid-in capital of the Company); and
 - (d) Special Reserve as required by the securities supervisory authority in accordance with the rules on company with public issuance.

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

2. Legal Reserve

In accordance with provisions of the Company Act, the Company shall contribute 10% of the net profit after tax as a legal reserve until the amount of the reserve is equivalent with the total amount of capital. When there is no loss in the Company, the legal reserve will be used to issue new shares or cash upon resolution at the Shareholders' Meeting, but shall be limited to the part of the reserve that has exceeded 25% of the

paid-up capital.

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

3. Special Reserve

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

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

4. Earnings distribution

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

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

- (2) On June 10, 2022, by the resolution of the Board of Directors, dividends will not be distributed due to the operation is at loss in year 2021.
- (3) On March 15, 2023, the profit distribution plan for year 2020 is resolved by the Shareholders' Meeting, but yet to be reported at the Shareholders' Meeting. The details of the dividends distributed to owners of ordinary shares are as follows:

<u>In 2022</u>			
	<u>Shares allotment rate</u>		<u>Amount</u>
		<u>(NTD)</u>	
Cash	\$	0.50	\$ 72,772
Stock Dividend		0.50	72,772
			<u>\$ 145,544</u>

(XXVI) Operating Income

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

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

2. Contract Liabilities

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1, 2021</u>
Contract Liabilities	\$ 365,995	\$ 252,743	\$ 309,422

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

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

3. Refund liabilities

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

(XXVII) Other Incomes

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

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

(XXVIII) Other Gains and Losses

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

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

(XXIX) Finance Costs

	<u>In 2022</u>	<u>In 2021</u>
Interest Expense		
Bank loans	\$ 23,019	\$ 22,138
Convertible Corporate Bonds	<u>6,871</u>	<u>7,147</u>
	<u>\$ 29,890</u>	<u>\$ 29,285</u>

(XXX) Additional Information on the Nature of the Expense

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

(XXXI)Employee Benefits Expenses

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

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

1. In accordance with the provisions of the Articles of Incorporation of the Company, unless otherwise provided by the Cayman Company Law, the Rules on Public Offering Company or the Articles of Incorporation, if the Company is profitable at a particular fiscal year, the remuneration of employees and directors shall be allocated as follows:
 - (1) Five percent to Ten percent for the remuneration of employees, including employees of affiliated companies; and
 - (2) Not more than three percent for the remuneration of directors (not including independent directors).

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

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

The expenses of estimated employee compensation and director compensation in 2022 are estimated based on a certain proportion of the amount of accumulated losses retained to make up for the profit situation in the current period. The employees' and

directors' compensation for year 2022, as resolved by the Board of Directors, were NTD 28,808 and NTD 8,642, respectively, which is not different from the amount recognized in employee compensation and director compensation of the 2022 Annual Financial Report.

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

(XXXII) Income Tax

1. Income tax expense (profit)

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

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

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

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

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

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

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

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

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

<u>December 31, 2022</u>				
<u>Region</u>	<u>Year of occurrence</u>	<u>Amount yet to be offset</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Last Year of Deduction</u>
China	2021	\$ 285,377	\$ 2,739	2026
China	2022	88,050	-	2027
Hong Kong	2022	105,155	-	Indefinite duration
		<u>\$ 478,582</u>	<u>\$ 2,739</u>	

December 31, 2021

<u>Region</u>	<u>Year of occurrence</u>	<u>Amount yet to be offset</u>	<u>Amount of unrecognized deferred income tax assets</u>	<u>Last Year of Deduction</u>
China	2021	\$ 338,855	\$ 80,157	2026

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

- (1) For the Waon Company, in accordance with Hong Kong tax law, the income tax rates of 16.5% shall apply if the income is derived domestically in Hong Kong.
- (2) In accordance with the tax laws of the Republic of China, the income tax rate of the profit-making business of the Waon Company Taiwan Branch is 20%.
- (3) In accordance with the tax laws of Mainland China, the income tax rate applicable to Shenzhen Airmate, Airmate Technology, Airmate Electronic Commerce and Material Technology is 25% if the tax preference is not applied.

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

5. Income Tax Audit

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

(XXXIII) Earnings (loss) per share

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

	<u>In 2021</u>		
	<u>After-tax amount</u>	<u>Weighted average number of foreign shares in thousand</u>	<u>Loss per share (NTD)</u>
<u>Basic and diluted loss per share</u>			
Net loss in the current period attributable to ordinary shareholders of the parent company	<u>(\$ 307,227)</u>	<u>145,743</u>	<u>(\$ 2.11)</u>
The inclusion of the dilutive employee remuneration and convertible corporate bonds in year 2021 resulted in anti-dilution effect, hence it is therefore not included in the calculation of diluted losses per share.			

(XXXIV) Supplementary Information on Cash Flow

1. Investment activities with only partial cash payment:

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

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

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

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

(XXXV) Changes in Liabilities due to Financing Activities

	<u>January 1, 2022</u>	<u>Cash Flow</u>	<u>Non-cash changes/exchange rate changes</u>	<u>December 31, 2022</u>
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	<u>661,440</u>	<u>(1,852)</u>	<u>(585,628)</u>	<u>73,960</u>
Total liabilities from financing activities	<u><u>\$ 2,186,948</u></u>	<u><u>(\$ 571,988)</u></u>	<u><u>(\$ 525,454)</u></u>	<u><u>\$ 1,089,506</u></u>

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

(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

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

(II) Significant Transactions with Related Parties

1. Operating Income

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

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

2. Purchase

	<u>In 2022</u>	<u>In 2021</u>
Product Purchase:		
Other related party	<u>\$ -</u>	<u>\$ 783</u>

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

3. Receivables from related parties

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

4. Expenses paid to related parties

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

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

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

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

5. Endorsement and Guarantee Provided by Related Parties

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

(III) Information on Remuneration of Key Management

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

VIII. Pledged Assets

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

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

IX. Significant Commitments and Contingencies: Nil.

X. Material Disaster Losses: Nil.

XI. Subsequent Events

- (I) For the distribution of earnings in 2022 resolved by the Board of Directors on March 15, 2023, please refer to Note 6 (25).
- (II) For issuance of new shares through transfer of earnings to increase in capital resolved by the Board of Directors on March 15, 2023, please refer to Note 6 (23).

XII. Others

(I) Capital Management

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

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

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

(II) Financial Instruments

1. Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>at amortized cost</u>		
Financial Assets at Fair Value through Profit or Loss		
Financial assets mandatorily measured at fair value through profit or loss		
Wealth management products	\$ 43,956	\$ -
Derivatives — forward foreign exchange contracts	-	4,477
Convertible bonds — redemption rights	-	36
	<u>\$ 43,956</u>	<u>\$ 4,513</u>
Financial Assets at Fair Value through Other Comprehensive Income		
Accounts receivable expected to be sold	<u>\$ 2,272</u>	<u>\$ 18,410</u>
Financial Assets at Amortized Cost		
Cash and Cash Equivalents	\$ 898,784	\$ 449,654
Financial Assets at Amortized Cost	263,019	440,290
Notes Receivable	842,396	1,322,860
Accounts Receivable	917,504	1,147,259
Other Receivables	137,575	29,055
Refundable Deposits	20,258	63,969
	<u>\$ 3,079,536</u>	<u>\$ 3,453,087</u>
Financial liabilities through amortized cost	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Short-term loans	\$ 556,523	\$ 759,392
Notes Payable	1,433,202	1,795,376
Accounts Payable	1,739,558	2,247,637
Other Payables	814,340	548,801
Corporate bonds payable (including long-term liabilities due within one year)	353,566	646,695
Long-term loans (including long-term liabilities due within one year)	-	8,551
Security Deposits Received	105,457	110,870
	<u>\$ 5,002,646</u>	<u>\$ 6,117,322</u>

2. Risk Management Policy

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

3. Nature and extent of material financial risk

(1) Market risk

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

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

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

- (a) Continuously strengthen the concept of foreign exchange hedging among finance personnel, and determine the trend of exchange rate fluctuations using methods such as the real-time online exchange rate system and the strengthening contacts with financial institutions as the basis for reference.
 - (b) To the extent possible, make payment for the purchase and related expenses by sales revenue in the same currency to achieve the natural hedging effect.
 - (c) Decide whether to adopt derivatives for hedging to avoid exchange rate risks according to the Company's operational status.
- B. The Group's financial assets and liabilities which are exposed to significant foreign currency exchange rate risk (including monetary items in non-functional currency denominations that have been eliminated in the Consolidated Financial Statements) are as follows:

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

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

- C. The Group's exchange rate risk arises primarily from cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables, etc. denominated in foreign currencies, which results in foreign currency exchange gains and losses in translation. In 2022 and 2021, when the value of NTD depreciates or appreciates by 5% against USD, HKD and JPY, the net profit before tax for 2021 and 2020 would increase or decrease by NTD 25,804 and NTD 5,310, respectively, using the same basis for both periods of analysis and all other factors remained unchanged.
- D. The Group's exchange losses recognized in respect of monetary items in 2022 and 2021 due to exchange rate fluctuations (both realised and unrealised) totalled at NTD 39,039 and NTD \$32,953, respectively.

Interest rate risk

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

(2) Credit risk

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

Investment

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

Notes receivable, accounts receivable and other receivables

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

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

- C. The Group has allocated an impairment loss allowance account to reflect the estimated loss on accounts receivable and other receivables. The main components of allowance account include specific loss components related to individual material risk exposure and portfolio loss components for losses already incurred yet unidentified within similar asset group. The portfolio loss allowance account is determined by historical payment statistical data of similar financial assets.
- D. In accordance with the credit risk management procedures of the Group, a breach of contract is deemed to have occurred when the counterparty fails to honour the agreement between the parties without consulting the Company.
- E. The Group applies a simplified approach to the estimation of expected credit losses for all notes receivable and accounts receivable, which are measured using the duration of the expected credit losses. For measurement purposes, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics of the ability to pay all amounts due on behalf of the customer in accordance with the terms of the contract, and have been included in the forward-looking information such as historical credit loss experience and reasonable expectations of future economic conditions.

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

December 31, 2022

Group A

Number of days overdue

	<u>Not Overdue</u>	<u>Within 30 days</u>	<u>31~60 days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>181~270 days</u>	<u>271~365 days</u>	<u>More than 366 days</u>	<u>Total</u>
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)
	<u><u>\$ 1,397,130</u></u>	<u><u>\$ 96,496</u></u>	<u><u>\$ 16,926</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,526</u></u>	<u><u>\$ 5,381</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,542,459</u></u>
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

	<u>Not Overdue</u>	<u>Within 30 days</u>	<u>31~60 days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>181~270 days</u>	<u>271~365 days</u>	<u>More than 366 days</u>	<u>Total</u>
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)
	<u><u>\$ 174,367</u></u>	<u><u>\$ 45,346</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 219,713</u></u>
Expected Loss Rate	0%	0%	0%	0%	25%~100%	50%	75%~100%	100%	

December 31, 2021

Group A

Number of days overdue

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

Group B

Number of days overdue

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

Group A: General Distributors and Foreign Sales Customers.

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

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

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

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

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

(3) Liquidity risk

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

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

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

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

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

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

(III) Information on Fair Value

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

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

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

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

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

3. Financial instruments not measured at fair value

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

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

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

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

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

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

- A. When evaluating non-standard and less complex financial instruments, such as debt instruments with no active market, the Group employs valuation techniques widely used by market participants. The parameters used in the evaluation model of such financial instruments are generally market-observable information.
- B. The evaluation of wealth management products is to use the net value of the market price as the input value of the fair value (that is, the first level).
- C. The valuation of derivative financial instruments is based on valuation models that are widely accepted by market users, such as the discounting method and the option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward foreign exchange rate.
- D. The Group incorporates credit risk valuation adjustments into the fair value calculation of financial and non-financial instruments to reflect the credit risk of counterparties and the Group's credit quality respectively.

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

(IV) Old Plant Land Development Plan

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

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

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

2. In accordance with the IFRS Question and Answer Collection "Accounting Treatment of Joint Construction and Allocation of Housing Units" issued by the Accounting Research and Development Foundation on July 25, 2019, the landlord shall, upon completion of the construction, account for the allocation of the transferred houses and the exchanged land interests in accordance with the agreed proportions, and shall be the self-user according to the intended use, when the construction is completed and exchanged, In exchange for housing and land ownership transactions, the part of land exchanged for housing has commercial real disposal gains and losses; because the land development case of the old factory has been completed and a real estate title certificate has been obtained in January 2022, the Group has, in accordance with the above provisions, converted the use of the house for its own use, and its cost is measured at the fair value of the house. Asset gain of RMB22,695 thousand (converted into NT\$100,524).
3. In accordance with the IFRS Question and Answer Collection "Accounting Treatment of Joint Construction and Allocation of Housing Units" issued by the Accounting Research and Development Foundation on July 25, 2019, the landlord is the seller according to the expected use for the accounting treatment of the houses transferred and the land shares exchanged after the completion of the joint construction according to the agreed proportion. Since the landlord's exchange of the land into the house and the land ownership transaction is an exchange for the sale of future premises, the real estate exchange should be considered in conjunction with the subsequent sale of the premises; since the land development case of the old factory has been completed and a real estate title certificate has been obtained in January 2022, the Group will exchange the purpose of the house for the proposed seller in accordance with the above provisions. In the future, it will be sold to a third party, and the relevant disposal interests will be recognized.

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

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

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

XIII. Note Disclosure

(I) Information on Significant Transactions

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

paid-up capital: None

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

(II) Information on Investees

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

(III) Information on Investments in Mainland China

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

(IV) Information of Major Shareholders

Information on Major Shareholders: Please refer to Schedule X.

XIV. Segment Information

(I) General Information

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

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

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

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

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

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

(III) Information by Product or Service Segment

Please refer to Note 6 (26).

(IV) Information by Geographical Segment

The Group's breakdown by geographical locations for 2022 and 2021 are as follows:

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

(V) Information of Major Customers

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

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

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

Unit: NT\$ Thousands

Schedule 1

(Unless otherwise specified)

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

Note 1: The explanation for this column is as follows:

- (1) Fill 0 for the issuer.
- (2) The investee company is numbered sequentially starting with Arabic numeral 1 for each entity.

Note 2: Capital loans and its nature code:

- (1) Companies with business transactions
- (2) Company which requires short-term financing.

The operating procedures for fund lending to others are as follows:

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

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

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

Schedule 2

Unit: NT\$ Thousands
(Unless otherwise specified)

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

Note 1: The explanation for this column is as follows:

- (1) Fill 0 for the issuer.
- (2) The investee company is numbered sequentially starting with Arabic numeral 1 for each entity.

Note 2: There are 7 types of relationship between the endorsement guarantor and the endorsee as follows, please specify the type:

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

Note 3: The Company's endorsement and guarantee procedures are as follows:

- (1) For companies with business transaction, the total amount of endorsement guarantee shall not exceed 40% of the net value of the company, and individual objects shall not exceed the amount of business transactions.
- (2) The total amount of the endorsement guarantee of the company exceeding 50% of the shares directly and indirectly held by the company shall not exceed 40% of the net value of the company, and the individual counterparty shall not exceed the amount of their investment.
- (3) The total amount of the Company's overall external endorsement guarantee is limited to not more than 40 percent of the net value of the latest financial statements; and the limit for a single enterprise is limited to 40 percent of its net value.

For subsidiaries which the Company holds 100% voting shares and between subsidiaries, the endorsement guarantee shall not exceed 500% of the net value based on the latest financial report. For each individual counterparty, the amount of endorsement guarantee shall not exceed 200% of the net value based on the latest financial report. And the project shall be reported to the board of directors for review.

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

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

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

Airmate (Cayman) International Co Limited and Subsidiaries

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

January 1 to December 31, 2022

Schedule 3

Unit: NT\$ Thousands

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

Airmate (Cayman) International Co Limited and Subsidiaries

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

January 1 to December 31, 2022

Schedule 4

Unit: NT\$ Thousands

(Unless otherwise specified)

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

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

Airmate (Cayman) International Co Limited and Subsidiaries

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

December 31, 2022

Schedule 5

Unit: NT\$ Thousands

(Unless otherwise specified)

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

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

Airmate (Cayman) International Co Limited and Subsidiaries
Significant transactions and amounts of business relationships between the Parent Company and the Subsidiaries and between Subsidiaries
January 1 to December 31, 2022

Schedule 6

Where the amount of 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.

Unit: NT\$ Thousands

(Unless otherwise specified)

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

Note 1: Fill in the numbers as follows:

- (1) 0 stands for parent company.
- (2) Subsidiaries are numbered sequentially starting with Arabic numeral 1 by company.

Note 2: The transaction was carried out in accordance with the agreement between the two parties and was not materially different from the ordinary transaction.

- (1) Parent to Subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to Subsidiary.

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

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

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

Airmate (Cayman) International Co Limited and Subsidiaries

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

January 1 to December 31, 2022

Schedule 7

Unit: NT\$ Thousands

(Unless otherwise specified)

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

Note 1:Converted using the exchange rate of USD: NTD: 1: 30.7100, RMB: HKD: 1: 1.1194, HKD: NTD: 1: 3.9380 at the date of the financial report.

Note 2:The above transactions had been written off in preparing the consolidated financial report.

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

Schedule 8

Unit: NT\$ Thousands
(Unless otherwise specified)

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

Note 1:The investment methods are divided into the following three types. Please indicate the type as follows:

- (1) Direct investment in mainland China.
- (2) Reinvestment in Mainland China through a third region (Waan Development Co Limited).
- (3) Other method, reinvestment through Airmate Electric Appliances (Shenzhen) Co Limited

Note 2:The Company is an overseas company, so it is not bound by the limitations of "Review Principles on Investment or Technological Cooperation in Mainland China".

Note 3:The financial reports audited by CPAs of the invested company during the same period will be recognized.

Note 4:Converted using the exchange rate of USD: NTD: 1: 30.7100, RMB: HKD: 1: 1.1194, HKD: NTD: 1: 3.9380 at the date of the financial report.

Note 4:Except for Zhejiang Airmate Electrical Appliance Sales Co., Ltd., the above transactions have been written off during the preparation of the Consolidated Financial Report. It was newly established in July 2022 and is still in operation.

Airmate (Cayman) International Co Limited and Subsidiaries

Information of Major Shareholders

December 31, 2022

Schedule 9

Unit: shares

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

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

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

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

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

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