

AV TECH CORPORATION , LTD.
Parent Company Only Financial Statements
And Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No. 193-2, Zhongxing N. St., Sanchong Dist.,
New Taipei City
Tel:(02)26553866

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders AV TECH CORPORATION, LTD.

Audit Opinions

We have audited the accompanying financial statements of AV TECH CORPORATION, LTD. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2023 is described as follows:

Authenticity of specific sales revenue from investment subsidiaries using the equity method

The Company holds subsidiaries invested using the equity method for the year ended December 31, 2023 operating income, the sales income from specific customers of electronic materials is significant to the overall operating income. Therefore, the authenticity of the sales income from these specific customers is listed as a key verification matter.

For explanations of accounting policies related to sales revenue, please refer to Note 4 to the consolidated financial statements.

The main verification procedures performed by our accountants on the authenticity of the specific sales revenue mentioned above are as follows:

1. The design and implementation effectiveness of key internal control systems to understand and test the authenticity of specific sales revenue.
2. Check the transaction documents of specific sales revenue, including shipping documents and payment documents, etc., to confirm that the significant risks and rewards of product ownership have been transferred to the buyer.
3. Check the specific sales revenue and payment collection after the sales period to confirm the rationality of the sales revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA- Youling Cai CPA- Jianliang Liu

March 18, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

AV TECH CORPORATION, LTD.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code	ASSETS	2023		2022	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	\$ 200,857	9	\$ 520,081	23
1110	Financial assets at fair value through profit or loss (Notes 8 and 28)	3,718	-	3,362	-
1136	Financial assets at amortized cost (Notes 9 and 28)	699,481	31	490,769	22
1150	Notes receivable (Notes 11 and 21)	304	-	-	-
1170	Trade receivables (Notes 11,21 and 29)	538	-	1,303	-
1200	Other receivables (Note 29)	647	-	716	-
1220	Current tax assets (Note 23)	950	-	572	-
130X	Inventories (Note 12)	-	-	2,439	-
1479	Other current assets	10	-	11	-
11XX	Total current assets	<u>906,505</u>	<u>40</u>	<u>1,019,253</u>	<u>45</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 28)	50,000	2	-	-
1535	Financial assets at amortized cost - non-current (Notes 9,10 and 28)	60,230	3	-	-
1550	Investments accounted for using the equity method (Note 13)	467,929	20	480,457	21
1600	Property, plant and equipment (Note 14)	678,901	30	682,022	30
1760	Investment properties (Note 16)	65,277	3	65,916	3
1840	Deferred tax assets (Note 23)	19,418	1	20,196	1
1975	Net defined benefit assets (Note 19)	18,994	1	16,182	-
1990	Other non-current assets (Note 17)	219	-	2,719	-
15XX	Total non-current assets	<u>1,360,968</u>	<u>60</u>	<u>1,267,492</u>	<u>55</u>
1XXX	TOTAL	<u>\$ 2,267,473</u>	<u>100</u>	<u>\$ 2,286,745</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2130	Contract liabilities (Note 21)	\$ 614	-	\$ 915	-
2219	Other payables (Note 18)	12,684	1	15,119	1
2220	Other payables to related parties (Note 29)	176	-	272	-
2399	Other current liabilities	384	-	94	-
21XX	Total current liabilities	<u>13,858</u>	<u>1</u>	<u>16,400</u>	<u>1</u>
	NON-CURRENT LIABILITIES				
2570	Deferred tax liabilities (Note 23)	6,751	-	6,133	-
2645	Deposits received	3,734	-	3,710	-
25XX	Total non-current liabilities	<u>10,485</u>	<u>-</u>	<u>9,843</u>	<u>-</u>
2XXX	Total liabilities	<u>24,343</u>	<u>1</u>	<u>26,243</u>	<u>1</u>
	EQUITY (Note 20)				
3110	Ordinary shares	800,000	35	800,000	35
3271	Capital surplus	17,722	1	17,722	1
	Retained earnings				
3310	Legal reserve	1,068,453	47	1,058,800	46
3320	Special reserve	9,015	-	8,806	-
3350	Undistributed earnings	352,102	16	384,189	17
3300	Total retained earnings	<u>1,429,570</u>	<u>63</u>	<u>1,451,795</u>	<u>63</u>
	Other equity				
3410	Exchange differences in the translation of financial statements of foreign operating institutions	(883)	-	1,815	-
3420	Unrealized financial assets measured at fair value through other comprehensive profit or loss	(3,279)	-	(10,830)	-
3400	Total other equity	<u>(4,162)</u>	<u>-</u>	<u>(9,015)</u>	<u>-</u>
3XXX	Total equity	<u>2,243,130</u>	<u>99</u>	<u>2,260,502</u>	<u>99</u>
	TOTAL	<u>\$ 2,267,473</u>	<u>100</u>	<u>\$ 2,286,745</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

AV TECH CORPORATION, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4111	Operating revenue (Notes 21 and 29)	\$ 4,599	100	\$ 6,266	100
5000	Operating costs (Notes 12 and 29)	<u>4,036</u>	<u>88</u>	<u>6,754</u>	<u>108</u>
5900	Gross profit (loss)	<u>563</u>	<u>12</u>	(<u>488</u>)	(<u>8</u>)
	OPERATING EXPENSES (Notes 19,22 and 29)				
6200	Management expenses	53,600	1,165	51,996	830
6450	Expected credit impairment loss (reversal benefits) (Note 11)	(<u>241</u>)	(<u>5</u>)	<u>4,530</u>	<u>72</u>
6000	Total operating expenses	<u>53,359</u>	<u>1,160</u>	<u>56,526</u>	<u>902</u>
6900	OPERATING INCOME	(<u>52,796</u>)	(<u>1,148</u>)	(<u>57,014</u>)	(<u>910</u>)
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Note 29)	16,858	367	9,093	145
7010	Other income (Notes 22 and 29)	54,007	1,174	51,874	828
7020	Other gains and losses (Note 22)	1,909	41	32,492	518
7070	Subsidiary profits using the equity method profit share	<u>40,619</u>	<u>883</u>	<u>63,849</u>	<u>1,019</u>
7000	Total non-operating income and expenses	<u>113,393</u>	<u>2,465</u>	<u>157,308</u>	<u>2,510</u>
7900	PROFIT BEFORE TAX	60,597	1,317	100,294	1,600
7950	INCOME TAX EXPENSE (Note 23)	<u>1,994</u>	<u>43</u>	<u>5,723</u>	<u>91</u>
8200	NET PROFIT FOR THE YEAR	<u>58,603</u>	<u>1,274</u>	<u>94,571</u>	<u>1,509</u>

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME(LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans(Note 19)				
		(\$ 1,036)	(23)	\$ 2,566	41
8320	Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	7,551	164	(1,360)	(22)
8349	Income tax related to items not be reclassified (Note 23)	<u>208</u>	<u>5</u>	(<u>513</u>)	(<u>8</u>)
		<u>6,723</u>	<u>146</u>	<u>693</u>	<u>11</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations(Note 20)	(<u>2,698</u>)	(<u>58</u>)	<u>1,056</u>	<u>17</u>
8300	Other comprehensive (loss)income for the year, net of income tax	<u>4,025</u>	<u>88</u>	<u>1,749</u>	<u>28</u>
8500	TOTAL COMPREHENSIVE (LOSS)INCOME FOR THE YEAR	<u>\$ 62,628</u>	<u>1,362</u>	<u>\$ 96,320</u>	<u>1,537</u>
	EARNINGS PER SHARE (Note 24)				
9750	Basic	<u>\$ 0.73</u>		<u>\$ 1.18</u>	
9850	Diluted	<u>\$ 0.73</u>		<u>\$ 1.18</u>	

(Concluded)

The accompanying notes are an integral part of the financial statements

AV TECH CORPORATION, LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code		Share Capital		Capital Surplus	Retained Earnings				Other Equity		Total	Total Equity
		Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income		
A1	BALANCE AT JANUARY 1, 2022	80,000	\$ 800,000	\$ 17,444	\$ 1,055,882	\$ 5,982	\$ 321,402	\$ 1,383,266	\$ 759	(\$ 9,565)	(\$ 8,806)	\$ 2,191,904
	Appropriation of 2021 earnings											
B1	Legal reserve	-	-	-	2,918	-	(2,918)	-	-	-	-	-
B3	Special reserve	-	-	-	-	2,824	(2,824)	-	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	(28,000)	(28,000)	-	-	-	(28,000)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	94,571	94,571	-	-	-	94,571
D3	Other comprehensive income(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,053	2,053	1,056	(1,360)	(304)	1,749
D5	Total comprehensive income(loss) for the year ended December 31, 2022	-	-	-	-	-	96,624	96,624	1,056	(1,360)	(304)	96,320
M3	Disposal of subsidiaries	-	-	-	-	-	(95)	(95)	-	95	95	-
M5	Equity price and book value of disposal subsidiaries difference	-	-	40	-	-	-	-	-	-	-	40
M7	Changes in percentage of ownership interests in subsidiaries	-	-	238	-	-	-	-	-	-	-	238
Z1	BALANCE AT DECEMBER 31, 2022	80,000	800,000	17,722	1,058,800	8,806	384,189	1,451,795	1,815	(10,830)	(9,015)	2,260,502
	Appropriation of 2022 earnings											
B1	Legal reserve	-	-	-	9,653	-	(9,653)	-	-	-	-	-
B3	Special reserve	-	-	-	-	209	(209)	-	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	(80,000)	(80,000)	-	-	-	(80,000)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	58,603	58,603	-	-	-	58,603
D3	Other comprehensive income(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(828)	(828)	(2,698)	7,551	4,853	4,025
D5	Total comprehensive income(loss) for the year ended December 31, 2023	-	-	-	-	-	57,775	57,775	(2,698)	7,551	4,853	62,628
Z1	BALANCE AT DECEMBER 31, 2023	<u>\$ 80,000</u>	<u>\$ 800,000</u>	<u>\$ 17,722</u>	<u>\$ 1,068,453</u>	<u>\$ 9,015</u>	<u>\$ 352,102</u>	<u>\$ 1,429,570</u>	<u>(\$ 883)</u>	<u>(\$ 3,279)</u>	<u>(\$ 4,162)</u>	<u>\$ 2,243,130</u>

The accompanying notes are an integral part of the financial statements.

AV TECH CORPORATION, LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 60,597	\$ 100,294
A20010	Adjustments for		
A20100	Depreciation expense(including investment real estate)	7,093	7,116
A20300	Expected credit impairment (profit) losses	(241)	4,530
A20400	Net loss(gain) on fair value changes of financial assets at fair value through profit or loss	(1,954)	399
A21200	Interest income	(16,858)	(9,093)
A21300	Dividend income	(116)	(129)
A22400	Interest shares of subsidiaries using the equity method	(40,619)	(63,849)
A22500	Gain on disposal of property, plant and equipment	-	(29)
A23700	Inventory valuation loss (gain on reversal)	(1,041)	449
A24100	Net unrealized foreign currency exchange losses (gains)	(276)	(30,768)
A29900	Write-off of accounts payable two years overdue	-	(840)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(304)	-
A31150	Trade receivables	1,001	(293)
A31180	Other receivables	69	1,347
A31200	Inventories	3,480	3,078
A31230	Net defined benefit assets	(3,848)	(738)
A31240	Other current assets	1	(6)
A32125	Contract liabilities	(301)	92
A32150	Accounts payable	-	(106)
A32180	Other payables	(2,697)	3,614
A32230	Other current liabilities	<u>290</u>	<u>(358)</u>
A33000	Cash generated from operations	4,276	14,710
A33500	Income tax paid	<u>(768)</u>	<u>(154)</u>
AAAA	Net cash generated from operating activities	<u>3,508</u>	<u>14,556</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income	(50,000)	-
B00040	Purchase of financial assets at amortized cost	(723,789)	(638,906)
B00050	Proceeds from disposal of financial assets at amortized cost	468,927	596,582

(Continued)

Code		2023	2022
B00200	Proceeds from disposal of financial asset at fair value through profit or loss	\$ 1,598	\$ 1,229
B02800	Proceeds from disposal of property, plant and equipment	-	29
B07100	Prepayments for equipment	(667)	-
B07500	Interest received	16,858	9,093
B07600	Receive cash dividends from subsidiaries	58,000	1,082
B09900	Receive other cash dividends	<u>116</u>	<u>129</u>
BBBB	Net cash outflow from investing activities	(<u>228,957</u>)	(<u>30,762</u>)
CASH FLOWS FROM INVESTING ACTIVITIES			
C03000	Increase in guarantee deposits received	24	146
C04500	Cash dividends paid	(80,000)	(28,000)
C05500	Price for disposal of part of the subsidiary's equity	<u>-</u>	<u>2,000</u>
CCCC	Net cash used in from financing activities	(<u>79,976</u>)	(<u>25,854</u>)
DDDD	The impact of exchange rate changes on cash and cash equivalents	(<u>13,799</u>)	<u>22,894</u>
EEEE	Net decrease in cash and cash equivalents	(319,224)	(19,166)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>520,081</u>	<u>539,247</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 200,857</u>	<u>\$ 520,081</u>
			(Concluded)

The accompanying notes are an integral part of the financial statements.

AV TECH CORPORATION, LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

AV TECH CORPORATION, LTD. (the “Company”) was incorporated in June 1996. The company's shares are from November 2003. It will be traded over the counter at the Securities Counter Trading Center of the Republic of China, a legal person, starting from March. In addition, it has been approved by the Taiwan Stock Exchange since August 2005. The stocks will be listed and traded starting from this month. The main business operations include the following:

- a. Manufacturing of surveillance and anti-theft systems (cameras, quarter-division, image transmission equipment and peripheral control equipment and accessories), home anti-theft systems and automatic dialers, access control systems (card swiping systems, TV intercoms, fingerprint recognition systems, lane control systems), Installation, sales and import and export trade business.
- b. General import and export trade business.
- c. The agency sales and bidding business of products of domestic and foreign manufacturers in the preceding paragraph.
- d. Electronic components manufacturing industry.
- e. Optical instrument manufacturing industry.
- f. Power generation, transmission and distribution manufacturing industry.
- g. Electronic materials wholesale industry.
- h. Precision instrument wholesale industry.
- i. Telecommunications controls radio frequency equipment manufacturing and input industries.
- j. General investment industry.

This individual financial report is expressed in the Company's functional currency, the New Taiwan Dollar.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 13, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Applicable to the Financial Regulatory Commission and promulgated into effective IFRSs Accounting standards will not cause significant changes in the company's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The first time this amendment applies; certain disclosure requirements are waived.

As of the date of issuance of this individual financial report, the Company assesses that any amendments to the above standards and interpretations will not have a significant impact on the financial position and financial performance.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "lack of convertibility"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date of issuance of this individual financial report, the Company continues to evaluate the impact of the amendments to the above standards and interpretations on the financial position and financial performance. The relevant impact will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3: Inputs are unobservable inputs for an asset or liability.

When preparing individual financial reports, the Company adopts the equity method for investment in subsidiaries. In order to make the profit and loss, other comprehensive profit and loss and equity for the current period in this individual financial report the same as the current year's profit and loss, other comprehensive profit and loss and equity attributable to the owners of the company in the company's individual financial report, certain accounting treatment differences between the individual basis and the consolidated basis are due to Adjust "investments using the equity method", "share of profits and losses of subsidiaries using the equity method", "share of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company is not able to defer the repayment deadline to more than 12 months after the balance sheet date unconditionally.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the delivery or conversion of monetary items are recognized in profit or loss in the current period.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

The inventory system includes raw materials, finished products and work in progress. Inventories are measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for inventories of the same category, they are based on individual items. Net realizable value refers to the balance of the estimated selling price under normal circumstances less the estimated costs required to complete the project and the estimated costs required to complete the sale. Inventory costs are calculated using the weighted average method.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation for investment properties is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

- i. Impairment of property, plant and equipment, right-of-use assets, investment properties and assets related to contract assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

- j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially recognized, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability measured at fair value through profit or loss are recognized immediately in profit or loss.

- 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

The types of financial assets held by the Company are financial assets measured at fair value through profit and loss and financial assets measured at amortized cost.

i. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include mandatory financial assets measured at fair value through profit or loss. Mandatory financial assets measured at fair value through profit or loss include unspecified equity instrument investments measured at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value, and any dividends in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, Time deposits with original maturity exceeding 3 months, Accounts receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is

calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income. Designation as at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

Accounts receivable are recognized for a loss allowance based on lifetime expected credit losses. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of

reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors
- ii. When a financial asset is more than 180 days past due, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

Impairment losses on all financial assets are reduced through the allowance account to reduce their carrying amounts.

c) Derecognition of financial assets

The Company will only delist financial assets when the contractual rights to cash flows from financial assets expire, or when the financial assets have been transferred and almost all risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is deducted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an equity instrument investment measured at fair value is eliminated as a whole through other comprehensive gains and losses, the accumulated gains and losses are directly transferred to retained earnings and are not reclassified as profit or loss.

2) Equity instruments

The equity instruments issued by the Company are classified as equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When a financial liability is excluded, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

k. Revenue recognition

After the company identifies performance obligations in the customer contract, it allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is met.

Revenue from the sale of goods

Income from product sales comes from the sale of security monitoring systems. Since the aforementioned products are shipped, the customer has the right to set a price and use the goods and has the main responsibility for resale. assumes responsibility and bears the risk of obsolescence of goods. The company recognizes revenue and accounts receivable at that point in time. Advance payments are recognized as contract liabilities before the products are shipped.

When removing materials for processing, the control of ownership of the processed products has not been transferred, so no income is recognized when removing materials.

l. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

When the terms of the lease transfer substantially all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Under an operating lease, the lease payment system, minus the lease incentives, is recognized as income on a straight-line basis during the relevant lease period. The original direct costs incurred in obtaining the operating lease are added to the carrying amount of the underlying assets and recognized as expenses during the lease period on a straight-line basis.

2) The Company as lessee

Except for low-value underlying asset leases and short-term leases where the recognition exemption is applicable, the lease payments are recognized as expenses on a straight-line basis during the lease period. For other leases, the right-of-use assets and lease liabilities are recognized on the inception date of the lease.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Determining the provision of pensions in the retirement plan is based on the period during which employees provide services, and the amount of pensions that should be provided is recognized as an expense.

The defined benefit costs of defined benefit retirement plans (including service costs, net interest and remeasurement amounts) are actuarially calculated using the estimated unit benefit method. Service costs (including current service costs) and net interest on net certain welfare assets are recognized as employee welfare expenses when incurred. The remeasured amount (including actuarial gains and losses and return on planned assets after deducting interest) is at When incurred, they are recognized in other comprehensive profits and losses and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

Net defined benefit assets represent the remainder of provisions from defined benefit retirement plans. The net defined benefit assets shall not exceed the present value of the refund of withdrawals from the plan or the reduction in future withdrawals.

n. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

The undistributed surplus calculated in accordance with the provisions of the Income Tax Law of the Republic of China plus income tax shall be recognized in the year of resolution of the shareholders' meeting.

Adjustments to the income tax payable in previous years shall be included in the current income tax.

2) Deferred income tax

Deferred income tax is calculated based on the temporary differences arising from the carrying amount of assets and liabilities recorded in the accounts and the taxable basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, whereas deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which the temporary differences and loss deductions can be utilized.

Taxable temporary differences related to investment subsidiaries, related enterprises and joint agreements are recognized as deferred income tax liabilities. However, if the company can control the timing of the reversal of the temporary differences, and the temporary differences are likely to be recognized in the foreseeable future, Exceptions are made where there is no foreseeable future change. Deductible temporary differences related to such investments will be recognized as deferred income tax only to the extent that it is probable that sufficient taxable income will be available to realize the temporary differences and that they are expected to reverse in the foreseeable future. assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to recover all or part of the assets. Those that were not originally recognized as deferred income tax assets will also be re-examined at each balance sheet date and will likely be re-examined in the future.

If taxable income is generated for the purpose of recovering all or part of the assets, the book amount shall be adjusted and increased. Deferred income tax assets and liabilities are measured by the tax rate for the current period when the liability is expected to be settled or the asset is realized. The tax rate is based on the tax rate that has been enacted or substantively enacted on the balance sheet date. It is based on tax rates and tax laws. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3) Current and deferred income tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

5. THE MAIN SOURCE OF UNCERTAINTY IN MAJOR ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When the company adopts accounting policies, management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for which relevant information is not easily obtained from other sources. Actual results may differ from estimates.

When the company develops significant accounting estimates, it will include possible impacts into the consideration of cash flow estimates, growth rates, discount rates, profitability and other related major estimates. The management will continue to review estimates and basic assumptions.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 243	\$ 237
Bank checks and demand deposits	65,614	73,785
cash equivalents		
The original expiration date		
is in 3 Within a month		
bank time deposit	<u>135,000</u>	<u>446,059</u>
	<u>\$ 200,857</u>	<u>\$ 520,081</u>

The market interest rate range for bank time deposits on the balance sheet date is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank time deposit	1.16%	0.91% ~ 4.85%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets mandatorily</u> <u>classified as at Fair value through</u> <u>profit or loss Non-derivative</u> <u>financial assets</u>		
— Domestic publicly traded shares	<u>\$ 3,718</u>	<u>\$ 3,362</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME INVESTMENTS IN EQUITY INSTRUMENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u> Domestic investment		
Unlisted shares	<u>\$ 50,000</u>	<u>\$ -</u>

The Company invests based on medium- and long-term strategic objectives and expects to make profits through long-term investment. The Company's management believes that including the short-term fair value fluctuations of these investments in profit and loss is inconsistent with the aforementioned long-term investment plan, and therefore chooses to designate these investments as measured at fair value through other comprehensive gains and losses.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u> Domestic investments		
The original expiration date is in 3 Within a month bank time deposit	<u>\$ 699,481</u>	<u>\$ 490,769</u>
<u>Non-current</u> Foreign investment		
TSMC Arizona corporate bonds (2)	<u>\$ 24,260</u>	<u>\$ -</u>
APPLE corporate bonds (3)	<u>35,970</u>	<u>-</u>
	<u>\$ 60,230</u>	<u>\$ -</u>

- (1) As of December 31, 2023 and 2022, the original expiry date exceeds 3 The interest rate range of time deposits per month is the annual interest rate respectively. 1.34% ~ 5.25% and 0.90% ~ 4.95%.
- (2) The company is in February to March 2023 purchase TSMC Arizona Issued by the company 2029 year to 2032 Overseas corporate bonds due in 2020, totaling US\$789 Thousand (equivalent to New Taiwan dollars 23,800 Thousand), the coupon rate is 4.13% ~ 4.25%, the effective interest rate is 4.30% ~ 4.67%.
- (3) The company is in February to May 2023 purchase APPLE issued by the company 2045 ~ 2047 Overseas corporate bonds due in 2020, totaling US\$1,171 Thousand (equivalent to New Taiwan Dollar 35,656 Thousand), the coupon interest rate is 4.25% ~ 4.65%, the effective interest rate is 4.49% ~ 4.93%.
- (4) For information on credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 10.

10. DEBT CREDIT RISK MANAGEMENT OF FINANCIAL INSTRUMENT INVESTMENT

The credit rating of the overseas corporate bonds invested by the Company is investment grade or above (inclusive) and is a debt instrument with low credit risk in terms of impairment assessment. The credit rating information is provided by an independent rating agency.

The Company continues to track external rating information to monitor changes in the credit risk of the debt instruments it invests, and also reviews other information such as bond yield curves and material information from the debtor to assess whether the credit risk of debt instrument investments has increased significantly since the original recognition.

The Company considers the historical default probability and default loss rate of each grade provided by external rating agencies, the current financial situation of the debtor and the prospects of the industry in which it operates, to measure the investment in debt instruments.12 Monthly expected credit losses or lifetime expected credit losses.

As of December 31, 2023 , the Company has assessed that the expected credit loss rate of the overseas corporate bonds held is 0% °

11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ <u>304</u>	\$ <u>-</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 8,351	\$ 9,357
Less: allowance for loss	(<u>7,813</u>)	(<u>8,054</u>)
	\$ <u>538</u>	\$ <u>1,303</u>

Accounts receivable

For the company's product sales, except for the advance payment transaction, the average credit period is 30 to 90 days, no interest will be accrued on accounts receivable.

Before accepting a new customer, the Company evaluates the potential customer's credit quality through an internal credit rating review form and sets the customer's credit limit. The credit limit and rating of customers are reviewed once a year. Accounts receivable that are neither overdue nor impaired are rated as having the best credit rating based on the internal credit rating review table used by the company.

The Company recognizes provision losses on accounts receivable based on expected credit losses during the duration. The expected credit losses during the existence period are calculated using a provision matrix, which considers the customer's past default record and the current financial status, industry economic situation, and also considers the industry outlook. Because the company's historical experience with credit losses shows that there is no significant difference in the loss patterns of different customer groups, the preparation matrix does not further differentiate customer groups and only sets the expected credit loss rate based on the number of days that accounts receivable are overdue.

If there is evidence that the counterparty is facing serious financial difficulties and the company cannot reasonably predict the recoverable amount, the company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities, and the amount recovered due to recovery will be recognized in profit and loss.

The Company measures the provision losses on notes receivable and accounts receivable based on the provision matrix as follows:

December 31, 2023

	Not Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Total carrying amount	\$ 306	\$ 536	\$ -	\$ 7,813	\$ 8,655
Allowance for losses (expected during lifetime credit loss)	-	-	-	(7,813)	(7,813)
amortized cost	<u>\$ 306</u>	<u>\$ 536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 842</u>

December 31, 2022

	Not Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Total carrying amount	\$ 1,303	\$ -	\$ -	\$ 8,054	\$ 9,357
Allowance for losses (expected during lifetime credit loss)	-	-	-	(8,054)	(8,054)
amortized cost	<u>\$ 1,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,303</u>

Information on changes in allowance for losses on accounts receivable is as follows:

	2023	2022
Balance at January 1	\$ 8,054	\$ 3,524
Add: Provision for impairment losses in the current year	-	4,530
Less: Reversal of impairment losses for the year	(241)	(-)
Balance at December 31	<u>\$ 7,813</u>	<u>\$ 8,054</u>

12. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	\$ -	\$ 509
Work in process	-	40
Raw materials	-	1,890
	<u>\$ -</u>	<u>\$ 2,439</u>

In 2023 and 2022 The cost of goods sold for the year includes inventory depreciation and sluggish (recovery profits) losses, respectively. NT\$ 1,041 Thousand and NT\$ (449) Thousand, the net realizable value of inventory in the current period increased due to the sale of inventory with a longer inventory age.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investments in subsidiaries</u>		
Unlisted (counter) company		
CHIEFTRON		
INTERNATIONAL		
CORPORATION		
(CHIEFTRON		
INTERNATIONAL)	\$ 347,268	\$ 363,546
Shengtike Investment Co.,		
Ltd. (Shengtike		
Investment)	55,509	46,558
AVTECH Security		
Corporation		
(AVTECH Security		
Corporation)	48,351	47,418
Q.S.C. Industry Co., Ltd.		
(Q.S.C. Industry)	16,801	22,935
	<u>\$ 467,929</u>	<u>\$ 480,457</u>

The Company is in July 2022 The sale of part of the equity of AVTECH Security in the subsidiary company resulted in the shareholding ratio falling to 96%, please refer to Note 26.

The Company's ownership interests and voting rights percentages in subsidiaries on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CHIEFTRON INTERNATIONAL	84.11%	84.11%
Shengtike Investment	100.00%	100.00%
AVTECH Security	96.00%	96.00%
Q.S.C. Industry	100.00%	100.00%

14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets used by the Company	\$ 677,203	\$ 680,276
Operating lease	<u>1,698</u>	<u>1,746</u>
	<u>\$ 678,901</u>	<u>\$ 682,022</u>

a) Assets used by the Company

	<u>Self-owned land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>							
Balance on January 1, 2023	\$ 476,559	\$ 284,941	\$ 20,133	\$ -	\$ 5,711	\$ 54,503	\$ 841,847
Reclassification	-	3,333	-	-	-	-	3,333
Balance on December 31, 2023	<u>\$ 476,559</u>	<u>\$ 288,274</u>	<u>\$ 20,133</u>	<u>\$ -</u>	<u>\$ 5,711</u>	<u>\$ 54,503</u>	<u>\$ 845,180</u>
<u>Accumulated Depreciation</u>							
Balance on January 1, 2023	\$ -	\$ 81,233	\$ 20,124	\$ -	\$ 5,711	\$ 54,503	\$ 161,571
Depreciation Expenses	-	6,397	9	-	-	-	6,406
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 87,630</u>	<u>\$ 20,133</u>	<u>\$ -</u>	<u>\$ 5,711</u>	<u>\$ 54,503</u>	<u>\$ 167,977</u>
Net amount on December 31, 2023	<u>\$ 476,559</u>	<u>\$ 200,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677,203</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 476,559	\$ 284,941	\$ 21,333	\$ -	\$ 5,711	\$ 54,503	\$ 843,047
Disposal	-	-	(1,200)	-	-	-	(1,200)
Balance on December 31, 2022	<u>\$ 476,559</u>	<u>\$ 284,941</u>	<u>\$ 20,133</u>	<u>\$ -</u>	<u>\$ 5,711</u>	<u>\$ 54,503</u>	<u>\$ 841,847</u>
<u>Accumulated Depreciation</u>							
Balance on January 1, 2022	\$ -	\$ 74,852	\$ 21,266	\$ -	\$ 5,711	\$ 54,503	\$ 156,332
Disposal	-	-	(1,200)	-	-	-	(1,200)
Depreciation Expenses	-	6,381	58	-	-	-	6,439
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 81,233</u>	<u>\$ 20,124</u>	<u>\$ -</u>	<u>\$ 5,711</u>	<u>\$ 54,503</u>	<u>\$ 161,571</u>
Net amount on December 31, 2022	<u>\$ 476,559</u>	<u>\$ 203,708</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,276</u>

b) Business leasing

	<u>Buildings</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2023	<u>\$ 2,435</u>
<u>Accumulated Depreciation</u>	
Balance on January 1, 2023	\$ 689
Depreciation Expenses	48
Balance on December 31, 2023	<u>\$ 737</u>
Net amount on December 31, 2023	<u>\$ 1,698</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2022	<u>\$ 2,435</u>

(Continued)

	<u>Buildings</u>
<u>Accumulated Depreciation</u>	
Balance on January 1, 2022	\$ 653
Depreciation Expenses	<u>36</u>
Balance on December 31, 2022	<u>\$ 689</u>
Net amount on December 31, 2022	<u>\$ 1,746</u>

Depreciation expenses are calculated on a straight-line basis based on the following useful years:

	<u>Assets used by the company</u>	<u>Business leasing</u>
Buildings	5 to 50 years	50 to 53 years
Machinery and equipment	5 to 6 years	-
Office equipment	3 to 6 years	-
Other equipment	3 to 4 years	-

15. RENTAL AGREEMENT

Please refer to Note 14 and Note 16 respectively for the agreement on the Company's business leasing of its own real estate, plants and equipment and investment real estate.

	<u>2023</u>	<u>2022</u>
Short term rental fees	<u>\$ -</u>	<u>\$ 37</u>
Total cash outflow from leases	<u>\$ -</u>	<u>(\$ 37)</u>

The Company chooses to apply the recognition exemption to office equipment leases that qualify as short-term leases, and does not recognize relevant right-of-use assets and lease liabilities for such leases.

16. INVESTMENT PROPERTIES

	<u>Investment Properties</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2023	<u>\$ 80,651</u>
<u>Accumulated Depreciation</u>	
Balance at January 1, 2023	\$ 14,735
Depreciation expense	<u>639</u>
Balance at December 31, 2023	<u>\$ 15,374</u>
Net amount on December 31, 2023	<u>\$ 65,277</u>

	<u>Investment Properties</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2022	<u>\$ 80,651</u>
<u>Accumulated Depreciation</u>	
Balance at January 1, 2022	\$ 14,094
Depreciation expense	<u>641</u>
Balance at December 31, 2022	<u>\$ 14,735</u>
Net amount on December 31, 2022	<u>\$ 65,916</u>

The investment properties were leased out for 1 year, when the lessee exercised its right to renew the lease, it agreed to adjust the rent based on the market rent. The lessee does not have the preferential right to purchase investment real estate at the end of the lease period.

The company's investment real estate assets are calculated on a straight-line basis 52.5 to 55 years Depreciation is calculated over the useful life of the year.

The fair value of investment real estate has not been evaluated by independent evaluators. It is only evaluated by the company's management with reference to market evidence of similar real estate transaction prices. The fair value is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment properties	<u>\$ 106,095</u>	<u>\$ 117,782</u>

17. OTHER NON-CURRENT ASSETS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepaid equipment payment	\$ -	\$ 2,500
Refundable deposits	<u>219</u>	<u>219</u>
	<u>\$ 219</u>	<u>\$ 2,719</u>

18. OTHER PAYABLES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 623	\$ 645
Employee compensation and directors' compensation payable	5,770	8,628
Payable to pensions, labor health insurance, labor fees and		
Other expenses, etc	<u>6,291</u>	<u>5,846</u>
	<u>\$ 12,684</u>	<u>\$ 15,119</u>

19. BENEFITS AFTER RETIREMENT PLAN

a) Confirm allocation plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b) Defined benefit plans

The pension system conducted by the Company of the Company under the "Labor Standards Act" of our country is a defined benefit retirement plan administered by the government. The payment of the employee's pension is based on the length of service and the average salary of six months before the approved retirement date. Those companies contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The exclusive account is administered by the Bureau of Labor Funds of the Ministry of Labor, and the Company retains no rights that may influence its investment and administration strategies. However, because the company has made sufficient provision, the competent authority has agreed to suspend the provision of labor retirement reserves in 2023 and 2022.

The amount of the welfare plan included in the individual balance sheet is listed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 3,893	\$ 8,524
Fair value of plan assets	(<u>22,887</u>)	(<u>24,706</u>)
Net defined benefit assets	(<u>\$ 18,994</u>)	(<u>\$ 16,182</u>)

The changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance at January 1, 2022	<u>\$ 9,901</u>	<u>(\$ 22,779)</u>	<u>(\$ 12,878)</u>
Interest expenses (income)	<u>69</u>	<u>(159)</u>	<u>(90)</u>
Recognized in profit or loss	<u>69</u>	<u>(159)</u>	<u>(90)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,768)	(1,768)
Actuarial gain—Changes in financial assumptions	(806)	-	(806)
Actuarial loss—Experience adjustments	<u>8</u>	<u>-</u>	<u>8</u>
Recognized in other comprehensive income	(\$ 798)	(\$ 1,768)	(\$ 2,566)
Benefits paid	(648)	-	(648)
Balance at December 31, 2022	8,524	(24,706)	(16,182)
Interest expenses (income)	119	(345)	(226)
Recognized in profit or loss	119	(345)	(226)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(166)	(166)
Actuarial loss—Changes in financial assumptions	46	-	46
Actuarial loss—Experience adjustments	1,156	-	1,156
Recognized in other comprehensive income	1,202	(166)	1,036
Contributions from the employer	(3,622)	-	(3,622)
Benefits paid	(2,330)	2,330	(-)
Balance at December 31, 2023	<u>\$ 3,893</u>	<u>(\$ 22,887)</u>	<u>(\$ 18,994)</u>

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	2023	2022
Management expenses	<u>(\$ 226)</u>	<u>(\$ 90)</u>

Due to the pension plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rates	1.3%	1.4%
Expected rates of salary increase	2.0%	2.0%

If there are reasonable and possible changes in material actuarial assumptions while all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.1% increase	(\$ <u>46</u>)	(\$ <u>108</u>)
0.1% decrease	<u>\$ 46</u>	<u>\$ 110</u>
Expected rates of salary increase		
0.1% increase	<u>\$ 42</u>	<u>\$ 101</u>
0.1% decrease	(<u>\$ 42</u>)	(<u>\$ 100</u>)

Since actuarial assumptions may be related to each other and it is unlikely that a single assumption will change, the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected amount of contribution within 1 year	\$ <u>-</u>	\$ <u>-</u>
The average maturity period of defined benefit obligations	11.8 years	12.8 years

20. EQUITY

a. Ordinary share capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Nominal shares (in thousand shares)	<u>120,000</u>	<u>120,000</u>
Nominal share capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and payments received in full (in thousand shares)	<u>80,000</u>	<u>80,000</u>
Share capital issued	<u>\$ 800,000</u>	<u>\$ 800,000</u>

The share issued had a par value of NT\$10. Each share entitles the rights to dividends and to vote.

b. Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Used to offset deficit, distribute cash, or replenish share capital</u>		
Employee share options	\$ 15,325	\$ 15,325
Actual acquisition or disposal of subsidiary company equity		
The difference between price and book value	40	40
<u>May only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries	<u>2,357</u>	<u>2,357</u>
	<u>\$ 17,722</u>	<u>\$ 17,722</u>

c. Retained earnings and dividends policy

According to the surplus distribution policy stipulated in the company's articles of association, if the company has a surplus in its annual final accounts, it shall first withdraw taxes and make up for the accumulated losses over the years, and then withdraw the profits later. 10% It is the statutory surplus reserve, and the special surplus reserve shall be appropriated or transferred in accordance with laws or regulations of the competent authority. If there is still a surplus, the remaining balance shall be added to the accumulated undistributed surplus in previous years. The board of directors shall prepare a specific surplus distribution proposal:

- 1) When the issuance of new shares is adopted, the shares shall be distributed after a resolution of the shareholders' meeting;
- 2) In accordance with the provisions of Article 240, Item 5 of the Company Law, the Board of Directors is authorized to 3 divided 2 The attendance of the above directors, and the resolution of more than half of the directors present, will allocate all or part of the dividends and bonuses or the statutory surplus and capital reserve prescribed in Paragraph 1 of Article 241 of the Company Law to the payment of cash. method and report to the shareholders' meeting.

For the employee and director remuneration distribution policy stipulated in the company's articles of association, please refer to Note 22 (6) Employee remuneration and director remuneration.

The company will consider the company's environment and growth stage, respond to future capital needs and long-term financial planning, and meet shareholders' needs for cash inflows, and make provisions from the net profit after tax for the current year. 50% The above dividends are distributed to shareholders, of which cash dividends shall not be less than the total amount 10%.

The statutory surplus reserve shall be appropriated until the balance reaches the total paid-in share capital of the company. The statutory surplus reserve may be used to make up for losses. When the company has no losses, the statutory surplus reserve exceeds the actual Total amount of capital received 25% In addition to being allocated to recharge share capital, the remaining part can also be distributed in cash.

The company 2022 and 2021 surplus distribution plan is as follows:

	Earnings distribution plan		Dividends per share (NT\$)	
	2022	2021	2022	2021
Cash dividends	\$ 80,000	\$ 28,000	\$ 1.00	\$ 0.35
Legal reserve	9,653	2,918		
Special reserve	209	2,824		

The above cash dividends have been separated from March 29, 2023 and March 16, 2022 the board of directors decided to distribute, the remaining surplus distribution items were also divided into June 21, 2023 and June 22, 2022 Resolution of the regular shareholders' meeting on the same day.

The appropriation of earnings for 2023 which was proposed by the Company's board of directors on March 13, 2024 were as follows:

	2023
Legal reserve	\$ 5,777
Special reserve	(\$ 4,853)
Cash dividends	\$ 60,000
Cash dividends per share(NT\$)	\$ 0.75

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on June 19, 2024.

21. OPERATING REVENUE

	2023	2022
Revenue from customer contracts		
Sales revenue	\$ 4,599	\$ 6,266

a. Explanation of customer contracts

Revenue from merchandise sales comes from the sale of security monitoring systems. When the performance obligations are met, the customer has the right to set a price and use the aforementioned products and bears the main responsibility for resale, and bears the risk of obsolescence of the goods. This is because the company recognizes revenue when the performance obligations are met. Advances from customers are recognized as contract liabilities before the products are shipped.

b. Balance of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and net accounts receivable e (Note 11)	<u>\$ 842</u>	<u>\$ 1,303</u>	<u>\$ 4,745</u>
Contract liabilities	<u>\$ 614</u>	<u>\$ 915</u>	<u>\$ 823</u>

Contract liabilities arise from sales of goods.

22. NET PROFIT FOR THE YEAR

The net profit for the year includes the following items:

1. Other income

	2023	2022
Rental income	<u>\$ 36,715</u>	<u>\$ 36,626</u>
Dividend income	116	129
Other	<u>17,176</u>	<u>15,119</u>
	<u>\$ 54,007</u>	<u>\$ 51,874</u>

2. Other profits and losses

	2023	2022
Net foreign currency exchange benefit	<u>\$ 594</u>	<u>\$ 33,503</u>
Gain on disposal of property, plant and equipment	-	29
Money measured at fair value through profit or loss		
Net profit (loss) on financial assets	<u>1,954</u>	<u>(399)</u>
Miscellaneous expenses	<u>(639)</u>	<u>(641)</u>
	<u>\$ 1,909</u>	<u>\$ 32,492</u>

3. Depreciation

	2023	2022
Property, Plant and Equipment	<u>\$ 6,454</u>	<u>\$ 6,475</u>
Investment property	<u>639</u>	<u>641</u>
	<u>\$ 7,093</u>	<u>\$ 7,116</u>
Depreciation expenses summarized by function category		
Operating expenses	<u>\$ 6,454</u>	<u>\$ 6,475</u>
Miscellaneous expenses	<u>639</u>	<u>641</u>
	<u>\$ 7,093</u>	<u>\$ 7,116</u>

4. Direct operating expenses of investment real estate

	2023	2022
Generate rental income	\$ 639	\$ 916

5. Employee benefits expenses

	2023	2022
Short term employee benefits		
Payroll expense	\$ 14,188	\$ 16,698
Labor health insurance expenses	1,066	898
	<u>15,254</u>	<u>17,596</u>
Post-employment benefits		
Defined contribution plans	365	334
Defined benefit plans (Note 19)	(226)	(90)
	<u>139</u>	<u>244</u>
Other employee benefits	<u>357</u>	<u>323</u>
Total employee benefit expenses	<u>\$ 15,750</u>	<u>\$ 18,163</u>
Summary by function category		
Operating expenses	<u>\$ 15,750</u>	<u>\$ 18,163</u>

6. Employee remuneration and director remuneration

In accordance with the provisions of the Articles of Association, the company distributes the benefits of employees and directors before deducting remuneration based on the net profit before tax for the current year. After making up for the losses of previous years, if there is any remaining balance, it shall not be less than 6% and not higher than 3% Provision of employee remuneration and director remuneration. 2023 and 2022 estimated employees and directors' remuneration respectively March 13, 2024 and March 29, 2023 The resolution of the Nikkei Board of Directors is as follows:

Estimation ratio

	2023	2022
Employee compensation	6.6%	6%
Remuneration of directors	2.1%	1.9%

Amount

	<u>2023</u>	<u>2022</u>
Employee compensation	<u>\$ 4,370</u>	<u>\$ 6,535</u>
Remuneration of directors	<u>\$ 1,400</u>	<u>\$ 2,093</u>

If the amount still changes after the annual individual financial report is released, it will be treated as a change in accounting estimates and will be adjusted and recorded in the next year.

There is no difference between the actual amount of employee compensation and director's compensation for 2022 and 2021 and the amount recognized in the individual financial reports for 2022 and 2021.

For information on employee remuneration and director remuneration decided by the company's board of directors, please go to the "Public Information Observation Station" of the Taiwan Stock Exchange.

23. INCOME TAX

a. The main components of income tax expense recognized in profit and loss

	<u>2023</u>	<u>2022</u>
Current income tax		
Undistributed earnings		
levy	\$ 390	\$ -
Deferred income tax		
Generated in the year	<u>1,604</u>	<u>5,723</u>
Income tax expense recognized in profit or loss	<u>\$ 1,994</u>	<u>\$ 5,723</u>

The reconciliation between accounting income and income tax expenses is as follows:

	<u>2023</u>	<u>2022</u>
Net profit before tax	<u>\$ 60,597</u>	<u>\$ 100,294</u>
Net loss before tax is calculated based on the statutory tax rate income tax	\$ 12,119	\$ 20,058
Adjustments should be made when determining taxable income Items to reduce	(8,359)	(12,776)
Non-deductible expenses and losses from tax	539	314
Tax-free income	(23)	(26)
Undistributed Earnings Levy	390	-
Unrecognized temporary differences	902	26
Deduction of unrecognized losses	(<u>3,574</u>)	(<u>1,873</u>)
Income tax expense recognized in profit or loss	<u>\$ 1,994</u>	<u>\$ 5,723</u>

b. Income tax recognized in other comprehensive profits and losses

	<u>2023</u>	<u>2022</u>
<u>Deferred income tax</u>		
Generated in the year:		
—Determination of remeasurement numbers for benefit plans	(\$ <u>208</u>)	\$ <u>513</u>

c. Income tax assets and liabilities for the current period

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets		
Tax refund receivable	\$ <u>950</u>	\$ <u>572</u>

d. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in Other Compre-hen sive profit and loss</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Allowance for doubtful debt losses	\$ 1,593	(\$ 47)	\$ -	\$ 1,546
Allowance for inventory depreciation losses	<u>18,603</u>	(\$ <u>731</u>)	<u>-</u>	<u>17,872</u>
	<u>\$ 20,196</u>	(\$ <u>778</u>)	<u>\$ -</u>	<u>\$ 19,418</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Defined benefit plan	\$ 3,236	\$ 771	(\$ 208)	\$ 3,799
Unrealized exchange gains	<u>2,897</u>	<u>55</u>	<u>-</u>	<u>2,952</u>
	<u>\$ 6,133</u>	<u>\$ 826</u>	(\$ <u>208</u>)	<u>\$ 6,751</u>

2022

	Beginning balance	Recognized in profit or loss	Recognized in Other Compre-hen sive profit and loss	Ending balance
Deferred income tax assets				
Temporary difference				
Allowance for doubtful debt losses	\$ 694	\$ 899	\$ -	\$ 1,593
Unrealized loss on exchange	3,643	(3,643)	-	-
Allowance for inventory depreciation losses	<u>18,514</u>	<u>89</u>	<u>-</u>	<u>18,603</u>
	<u>\$ 22,851</u>	<u>(\$ 2,655)</u>	<u>\$ -</u>	<u>\$ 20,196</u>
Deferred income tax liabilities				
Temporary difference				
Defined benefit plan	\$ 2,552	\$ 171	\$ 513	\$ 3,236
Unrealized exchange gains	<u>-</u>	<u>2,897</u>	<u>-</u>	<u>2,897</u>
	<u>\$ 2,552</u>	<u>\$ 3,068</u>	<u>\$ 513</u>	<u>\$ 6,133</u>

- e. The unused loss deduction amount of deferred income tax assets is not recognized in the individual balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss deduction		
2028 due	\$ -	\$ 14,116
2029 due	<u>22,774</u>	<u>26,529</u>
	<u>\$ 22,774</u>	<u>\$ 40,645</u>

- f. Income tax assessment situation

The company's profit-making enterprise income tax declaration shall be approved by the tax collection authority 2021.

24. EARNINGS PER SHARE

Unit: NT\$ per share

	2023	2022
Basic earnings per share	<u>\$ 0.73</u>	<u>\$ 1.18</u>
Diluted earnings per share	<u>\$ 0.73</u>	<u>\$ 1.18</u>

The net profit and weighted average number of common shares used to calculate earnings per share are as follows:

<u>Net income for the year</u>	Unit: NT\$ per share	
	<u>2023</u>	<u>2022</u>
Used to calculate basic and diluted earnings per share	<u>\$ 58,603</u>	<u>\$ 94,571</u>
<u>Number of Shares</u>	Unit: Thousand shares	
	<u>2023</u>	<u>2022</u>
Weighted average of ordinary shares used for calculating basic earnings per share	80,000	80,000
Impacts of potential ordinary shares with dilution effect		
Employee compensation	<u>217</u>	<u>277</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>80,217</u>	<u>80,277</u>

If the company has the option to pay employee compensation in stocks or cash, then when calculating diluted earnings per share, it is assumed that the employee compensation will be in the form of stock issuance, and the weighted average number of outstanding shares will be included when the potential ordinary shares have a dilutive effect, so as to Calculate diluted earnings per share. in the following year when calculating diluted earnings per share before deciding on the number of shares to be issued for employee compensation, the dilutive effect of these potential common shares will also continue to be considered.

25. BRANCH INVESTMENT SUBSIDIARY – LOSS OF CONTROL

The company's subsidiary was upgraded to Tyco Investment in January 2022 At the beginning of the month, the subsidiary was sold to upgrade the equity of ITsESG Data Corporation, resulting in the shareholding ratio being 70% reduced to 40%, and lost

control of the subsidiary. Please refer to the company for related transactions 2023 Consolidated Financial Report Note 28.

Anhong Electronic Technology (Shenzhen) Co., Ltd. In October 2023 The monthly board of directors approved the capital increase of RMB 14,142 Thousand, cash The basis for capital increase is as of November 10, 2023 On this day, the company November 8, 2023 The board of directors of decided to give up this participation in the cash capital increase, which will make CHIEFTRON International and Elcom Technology International Its comprehensive shareholding ratio is given by 65% reduced to 36.42%, and lost control over the loss of the subsidiary. Please refer to the company for related transactions 2023 Consolidated Financial Report Note 28.

The Company's subsidiary CHIEFTRON International November 14, 2023 Passed by the board of directors on Elcom Technology International Dissolution and liquidation case, since the company was transferred to CHIEFTRON International 100% The only assets held and on the books are cash and equity investments, which will be acquired by CHIEFTRON International after dissolution and liquidation. assets, and has not lost control over these assets. For related transactions, please refer to the Company 2023 Merger Financial Report Appendix Note 28.

The company's subsidiary was upgraded to Tyco Investment in December 11, 2023 sold the equity of AVCLOUD Technology Co., Ltd., causing the shareholding ratio to be 50% reduced to 22%, and lost control of the subsidiary. For relevant transactions, please refer to the Company 2023 Note 28 of the Annual Merger Financial Report.

26. PARTIAL ACQUISITION OR DISPOSAL OF INVESTMENT SUBSIDIARIES - DOES NOT AFFECT CONTROL

The company's subsidiary YesGo Tech Corporation, January 20, 2022 On the same day, it was absorbed and merged into a joint-stock company, resulting in the shareholding ratio of 87% rise to 91%.

The company's subsidiary Shengtike invested in May 24, 2022 On that date, the equity of YesGo Tech Corporation, cash capital increase was subscribed according to the shareholding ratio, resulting in the shareholding ratio being 91% decrease to 56.70%.

The company's subsidiary Shengtike invested in June 14, 2022 On the day, the equity of Info-Tech Corp., cash capital increase was not subscribed according to the shareholding ratio, resulting in the shareholding ratio being 100% decrease to 51.67%.

The company is in July 31, 2022 On the same day, it sold part of its equity in the subsidiary AVTECH Security Corporation, resulting in the shareholding ratio of AVTECH Security Corporation Control being determined by 100% decrease to 96%.

Since the above-mentioned transactions do not change the Company's control over these subsidiaries, the Company treats them as equity transactions. For instructions on partial acquisition or disposal of subsidiaries, please refer to Note 13 and the Company 2023 Merger Financial Report Appendix Note 29.

27. CAPITAL MANAGEMENT

The company's capital structure management strategy is based on the industry scale, future growth and product development blueprint of the company's business, and defines the corresponding capital expenditures for required plant and equipment; and then calculates the required working capital and cash to support the company in the long term make a comprehensive asset scale plan based on the various scales required for development; finally, determine the company's appropriate capital structure based on the relationship between the operating cycle of the company's products and cash flow.

28. FINANCIAL INSTRUMENTS

a. Fair value information - financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value, except for the following table, are considered to be close to the fair value by the management of the Company.

b. Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Equity Instrument Investment				
— Domestic publicly traded shares	<u>\$ 3,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,718</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Equity Instrument Investment				
— Domestic publicly traded shares	<u>\$ 3,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,362</u>

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2023 and 2022.

2) Reconciliation of financial instruments at Level 3 fair value measurement

January 1 to December 31, 2023

	<u>Measured at fair value through other comprehensive profit or loss</u>
<u>Financial assets</u>	<u>Equity instruments</u>
Beginning balance	\$ -
Recognized in other comprehensive income	
-Not implemented	-
Purchases	<u>50,000</u>
Ending balance	<u>\$ 50,000</u>

3) Valuation techniques and inputs applied to Level 3 fair value measurement
Financial Instruments

Domestic and foreign unlisted equity investment in December 31, 2023 uses the asset method to measure its fair value. The asset method estimates fair value based on the net asset value provided by the invested company.

c. Classification of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily at fair value through profit or loss	\$ 3,718	\$ 3,362
Financial assets at amortized cost (Note 1)	962,276	1,013,088
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	50,000	-
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	16,594	19,101

Note 1: The balance includes cash and equivalent cash, debt instrument investments, notes receivable, accounts receivable, other receivables and deposits and deposits, etc. Financial assets measured at amortized cost.

Note 2: The balance includes other payables and deposits and other financial liabilities measured at amortized cost.

d. Objectives and policy of financial risk management

The Company's main financial instruments include equity and debt instrument investments, accounts receivable and accounts payable. The Company's financial management department provides services to all business units, coordinates operations in domestic and international financial markets, and supervises and manages financial risks related to the Company's operations. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see "a. foreign currency risk" below) and interest rates (see "b. interest rate risk" below).

There is no change in the Company's exposure to market risks of financial instruments and how such exposure is managed and measured.

a. Foreign currency risk

The Company engages in sales and purchase transactions denominated in foreign currencies, which exposes the Company to risks arising from exchange rate fluctuations.

The Company's non-functional monetary assets on the balance sheet date are denominated in currency for the carrying amount of assets and monetary liabilities, please refer to Note 30.

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rate of the US dollar.

The table below details the exchange rate of the New Taiwan Dollar (functional currency) to the United States Dollar.

Increase and decrease 1% At this time, the Company's sensitivity analysis was conducted. 1% It is the sensitivity ratio used internally by the Company when reporting exchange rate risks to key management. It also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation and converts them at the end of the year to changes in exchange rates. 1% be adjusted. The positive number system in the following table represents When the Taiwan dollar depreciates relative to the U.S. dollar 1% When, the amount by which the net profit before tax will be increased; when the New Taiwan dollar appreciates relative to the relevant foreign currencies 1% At this time, its impact on net profit before tax will be a negative number of the same amount.

	USD Impact (Note)	
	2023	2022
Profit or loss	\$ 2,476	\$ 2,788

Note : Mainly derived from the company's US dollar-denominated cash and cash equivalents that are still outstanding on the balance sheet date and have not carried out cash flow hedging, financial assets and receivables measured at amortized cost.

Management believes that sensitivity analysis cannot represent the inherent risk of exchange rates because foreign currency risk exposure on the balance sheet date cannot reflect the mid-year risk situation.

b. Interest rate risk

The Company holds both fixed and floating interest rate bank deposits, thus generating interest rate exposure risk. The Company always pays attention to changes in market risk interest rates and adjusts interest rate policies to manage interest rate risks.

The carrying amounts of the Company's financial assets and financial liabilities subject to interest rate exposure on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With interest rate risk of fair value		
— Financial assets	\$ 477,711	\$ 385,528
Interest rate risk with cash flows		
— Financial assets	482,595	625,085

Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. For floating interest rate assets, the analysis method assumes that the amount of assets outstanding on the balance sheet date is all outstanding during the reporting period. The rate of change used by the Company when reporting interest rates internally to key management is Interest rate increases or decreases 100 Basis point, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase/decrease 100 basis point, with all other variables held constant, the years ended December 31, 2023 and 2022 net profit before tax will increase/decrease respectively by NT\$4,826 thousand and by NT\$6,251 thousand, mainly due to changes in the company's profits.

Interest rates on bank deposits and changes in interest rates are caused by financial assets measured at amortized cost.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which may cause a financial loss to the Company due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to maintain the quality of accounts receivable, the Company has established operations-related credit risk management procedures. The risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, the company's internal credit rating, historical transaction records and current economic conditions. The company continues to monitor credit risk and the credit rating of the counterparty, and distributes the total transaction amount to customers with qualified credit ratings, and controls credit risk through the credit limit of the counterparty that is reviewed and approved by relevant departments every year.

In order to mitigate credit risks, the company's management has assigned a dedicated department to be responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to recover overdue accounts receivable. The Company also uses certain credit enhancement tools such as Receive payment in advance to reduce credit risk. In addition, the Company will review the recoverable amount of receivables one by one on the balance sheet date to ensure that appropriate impairment losses have been set aside for irrecoverable receivables. Based on this, the company's management believes that the company's credit risk has been significantly reduced.

The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. Concentration of credit risk to any other counterparty did not exceed 1% of the gross monetary assets at any time during 2023 and 2022.

3) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The company's management supervises the use of the bank's comprehensive financing lines and ensures compliance with the terms of the credit line contract.

As of December 31, 2023 and 2022, the Company has no unused financing quota.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following liquidity and interest rate risk table details the remaining contract maturity analysis of the company's non-derivative financial liabilities with agreed repayment periods. It is based on the earliest date when the company may be required to repay, and is based on the undiscounted cash flow of financial liabilities. Prepared, which includes cash flows from interest and principal.

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-2 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 7,022	\$ -	\$ 5,838	\$ -

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-2 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 6,656	\$ -	\$ 8,735	\$ -

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related parties and their relationship with the Company:

<u>Related Party</u>	<u>Relationship with the Company</u>
CPCAM FRANCE SARL (CPCAM)	Subsidiary of a significant investor
CHIEFTRON INTERNATIONAL CORPORATION (CHIEFTRON INTERNATIONAL CORPORATION)	Subsidiary
Shengtike Investment Co., Ltd. (Shengtike Investment)	Subsidiary
AVTECH Security Corporation (AVTECH Security Corporation)	Subsidiary
Q.S.C. Industry Co., Ltd. (Q.S.C. Industry)	Subsidiary
YesGo Tech Corporation (YesGo Tech Corporation)	Subsidiary

<u>Related Party</u>	<u>Relationship with the Company</u>
AirTag Technology Co., Ltd. (AirTag)	Associate
ITsESG Data Corporation (ITsESG Data)	Associate (Note1)
Anhong Electronic Technology (Shenzhen) Co., Ltd. (Anhong Electronic Technology)	Associate (Note 2)
AVCLOUD TECHNOLOGY CORPORATION Co., Ltd. (AVCLOUD TECHNOLOGY)	Associate (Note 3)
Rong Jin Technology Co., Ltd (Rong Jin)	Substantial related party
AVisionary INC (AVisionary)	Substantial related party
Shenghua Technology Co., Ltd. (Shenghua)	Substantial related party
GIGA ELECTRONICS CORP. (GIGA)	Substantial related party

Note 1: The company's son company was promoted to invest in Shengtike Investment January 2022 due to the sale of the equity of its subsidiary ITsESG Data, the company lost its control over the company and was reclassified as an investment-related enterprise.

Note 2 : Anhong Electronics in October 2023 The board of directors approved the capital increase of RMB 14,142 Thousand, cash The basis for capital increase is as of November 10, 2023, the company November 8, 2023 On the day the board of directors decided to give up its participation in the cash capital increase, the shareholding ratio of the company's subsidiaries will be determined by 65%reduced to 36.42%, due to the loss of control over Anhong Electronics, Anhong Electronics will no longer be included in the consolidated financial statements and will be transferred to an investment-related enterprise.

Note 3: The company's son company was promoted to invest in Shengtike Investment December 2023, due to the sale of part of the equity of the subsidiary AVCLOUD TECHNOLOGY, the company lost its control over the company and was classified as an investment-related enterprise.

b. Operating Revenue

Item	Related Party Category/Name	2023	2022
Sales revenue	Subsidiary		
	AVTECH	\$ 4,599	\$ 6,262
	Security		
	Other	-	4
		<u>\$ 4,599</u>	<u>\$ 6,264</u>

Sales to related parties will be handled in accordance with normal transaction conditions.

c. Purchase

Related Party Category/Name	2023	2022
Subsidiary		
AVTECH Security	<u>\$ 1,765</u>	<u>\$ 1,867</u>

Purchases from related parties will be handled according to normal transaction conditions.

d. Receivables from related parties (excluding loans to related parties)

Item	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary		
	AVTECH	\$ 144	\$ 1,303
	Security		
	Substantial related party		
	Shenghua	392	-
Allowance for losses	Investors with significant influence		
	Other	139	146
	Other	(139)	(146)
		<u>\$ 536</u>	<u>\$ 1,303</u>
Other receivables subsidiaries	Subsidiary		
	Q.S.C. Industry	\$ -	\$ 652
	Substantial related party		
	Other	-	62
		<u>\$ -</u>	<u>\$ 714</u>

Amounts receivable from related parties that are in circulation have not been guaranteed.

e. Payables to related parties (excluding borrowings from related parties)

Item	Related Party Category/Name	December 31, 2023	December 31, 2022
Other payables	Subsidiary		
	Q.S.C. Industry	\$ 141	\$ 268
	Other	-	4
	Substantial related party		
	Other	35	-
		<u>\$ 176</u>	<u>\$ 272</u>

No guarantee has been provided for the balance of outstanding amounts payable to related parties.

f. Lending money to related parties

Interest income

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
CHIEFTRON		
INTERNATIONAL	\$ <u>-</u>	\$ <u>441</u>

The Company provides short-term unsecured loans to subsidiaries at interest rates close to market interest rates. Such loans have been made to September 2022 withdrawn.

g. Operating rental income

<u>Item</u>	<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Other income	Subsidiary		
	Q.S.C. Industry	\$ 5,588	\$ 5,923
	AVTECH	2,889	2,722
	Security		
	INTERNATIONAL	1,385	1,385
	Substantial related party		
	Shenghua	3,937	3,609
	Rong Jin	-	229
	Other	150	1,348
	Investors with significant influence	<u>36</u>	<u>36</u>
		\$ <u>13,985</u>	\$ <u>15,252</u>

The company rents out the premises to related parties for office use, and charges are paid on a monthly or annual basis at a price agreed upon by both parties.

h. service income

Item	Related Party Category/Name	2023	2022
Other income	Subsidiary		
	AVTECH	\$ 1,517	\$ 1,484
	Security		
	Q.S.C. Industry	1,528	1,349
	Substantial related party		
	Shenghua	4,887	4,201
	Rong Jin	-	455
	Other	212	372
		<u>\$ 8,144</u>	<u>\$ 7,861</u>

i. Other expense

Item	Related Party Category/Name	2023	2022
Management expenses	Subsidiary		
	Q.S.C. Industry	\$ 1,253	\$ 1,497
	Other	567	113
		<u>\$ 1,820</u>	<u>\$ 1,610</u>

j. Rewards for key management levels

The total remuneration of directors and other key management personnel is as follows:

	2023	2022
Short term employee benefits	<u>\$ 6,613</u>	<u>\$ 5,453</u>

The remuneration of directors and other key management members is determined by the remuneration committee based on individual performance and market trends.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is summarized and expressed in foreign currencies other than the Company's functional currency. The exchange rates disclosed refer to the exchange rates at which such foreign currencies are converted into functional currencies. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 8,063	30.705	\$ 247,574

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 9,078	30.710	\$ 278,785

Unrealized foreign currency exchange gains and losses with significant impact are as follows:

	<u>2023</u>		<u>2022</u>	
Foreign Currency	<u>Exchange Rate</u>	<u>Net gain (loss) on exchange</u>	<u>Exchange Rate</u>	<u>Net gain (loss) on exchange</u>
USD	30.705 (USD:NTD)	(\$ 446)	30.710 (USD:NTD)	\$ 32,256

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on reinvestment busines

1) Loans of funds to others: Table 1.

2) Endorsement guarantee for others: Table 2.

3) Situation of securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts): Table 3.

4) The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital: None.

5) The amount of real estate acquired reaches NT\$300 million or paid-in capital amount 20% Above: None.

6) The amount of real estate disposed of amounted to NT\$300 million or paid-in capital amount 20% Above: None.

7) The amount of imports and sales with related persons amounted to NT\$100 million or paid-in capital 20% Above: None.

8) Amounts receivable from related parties amount to NT\$100 million or paid-in capital 20% Above: None.

9) Engaged in derivatives trading: None.

10) Invested company information: Table 4.

c. Information on investments in mainland China

1) The name of the mainland invested company, main business items, paid-in capital, investment method, capital remittances and inflows, shareholding ratio, current year's profits and losses and recognized investment profits and losses, year-end investment book amount, repatriated investment profits and losses and investment profits and losses to the mainland Regional investment limits: Table 5

2) The following major transaction matters that occurred directly or indirectly through the third region with mainland invested companies, as well as their prices, payment terms, and unrealized profits and losses:

a) Purchase amount and percentage and closing balance and percentage of related payables: None.

b) Amount and percentage of sales and closing balance and percentage of related accounts receivable: None.

c) The amount of property transactions and the amount of profits and losses generated therefrom: None.

d) Ending balance of bills endorsed for guarantee or collateral provided and its purpose: Table 2.

e) The maximum balance, ending balance, interest rate range and total interest for the year of financial facilities: Table 1.

f) Other transactions that have a significant impact on the current year's profits and losses or financial status, such as the provision or receipt of services, etc.: None.

d. Information on major shareholders: Table 6.

AV TECH CORPORATION, LTD.
LOANS OF FUNDS TO OTHERS
FROM JANUARY 1 TO DECEMBER 31, 2023
(In thousands of NT\$ and foreign currency, unless otherwise specified)

Table 1

No. (Note 1)	Financing Company	Counterparty	Transaction Item (Note 2)	Related Party or Not	Maximum Balance for the Period (Notes 3 and 9)	Ending Balance (Notes 8 and 9)	Amount Actually Drawn (Note 9)	Interest Rate	Interest Rate (Note 4)	Business Interaction Amounts (Note 5)	Reason for Financing (Note 6)	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limit (Note 7)	Note
													Name	Value			
0	AV TECH CORPORATION	CHIEFTRON INTERNATIONAL	Other receivable	Y	\$ 80,000	\$ -	\$ -	2.30%	(2)	\$ -	Operating capital	\$ -	-	\$ -	\$ 224,313	\$ 224,313	
1	CHIEFTRON INTERNATIONAL	Anhong Electronic Technology	Other receivable	Y	61,410 (USD2,000,000)	- (USD -)	(USD -)	3.50%	(2)	-	Operating capital	-	-	-	82,578	165,156	

Note 1 : The description of the number column is as follows:

(1) Issuer fill in 0.

(2) Invested companies are identified by Arabic numerals1 Start numbering in sequence.

Note 2 : Amounts receivable from related enterprises, accounts receivable from related parties, transactions with shareholders, advances, and temporary payments listed in the accounts...If the project is of a capital loan nature, this field must be filled in.

Note 3 : The highest balance of funds loaned to others in the current year.

Note 4 : Fund loan and nature should be filled in (1) Be a business associate or (2) There is a need for short-term financing.

Note 5 : If the capital loan is a business transaction in nature, the business transaction amount should be filled in. The amount of business transactions refers to the amount of business transactions between the company lending funds and the loan recipient in the most recent year.

Note 6 : If the nature of the fund loan is such that short-term financing is necessary, the reasons for the necessary loan and funds and the purpose of the funds to be loaned should be specified, such as: repayment of loans, purchase of equipment, business turnover.

Note 7 : The total amount of AV TECH CORPORATION capital loans and others shall not exceed the net value of AV TECH CORPORATION, which has been verified and approved by an accountant recently or the financial statements have been reviewed 10%.

The individual loan and amount of funds of AV TECH CORPORATION shall not exceed the net value of AV TECH CORPORATION as recently verified and certified by an accountant or the financial statements have been reviewed 10%.

The total amount of funds loaned by CHIEFTRON INTERNATIONAL CORPORATION to other parties shall not exceed the net value of CHIEFTRON INTERNATIONAL CORPORATION, which has been recently verified by an accountant or whose financial statements have been reviewed 40%.

If CHIEFTRON INTERNATIONAL CORPORATION has funds to lend to other companies or banks due to business relationships, the individual loan amount shall not exceed the net worth of CHIEFTRON INTERNATIONAL CORPORATION 20% is limited to.

Note 8 : If a publicly issued company relies on the handling of fund loans and endorsement guarantees of publicly issued companies, No. 14 Article 1 If the funds are loaned to the board of directors for resolution one by one, although no funds have been allocated, the amount of the board resolution should still be included in the announced balance to disclose the risks; however, if the funds are subsequently repaid, the balance after repayment should be disclosed to reflect the risk adjustment. If a publicly issued company is subject to processing standards No.14 Article 2 If the board of director's resolution authorizes the chairman to allocate loans in installments or use them on a recurring basis within a certain amount and within a one-year period, the loan amount approved by the board of directors should still be used as the balance reported in the announcement. Although the funds will be repaid later, it is still possible to consider the possibility of loaning again, therefore the fund loan limit approved by the board of directors should still be used as the balance reported in the announcement.

Note 9 : Foreign currency amount is in December 31, 2023 exchange rate USD\$1 = NT\$30.705 is the New Taiwan Dollar.

AV TECH CORPORATION, LTD.
ENDORSEMENT GUARANTEE FOR OTHERS
FROM JANUARY 1 TO DECEMBER 31, 2023
(In thousands of NT\$ and foreign currency)

Table 2

No. (Note 1)	Name of the endorser's company	Endorsement object		Limit of endorsement for single enterprise	Maximum endorsement balance for the current period	Ending endorsement balance	Amount Actually Drawn	Amount of endorsement secured by property	Ratio of accumulated endorsement amount to net value of latest financial statement (%)	Maximum limit Of endorsement	Endorse ment of the parent company to the subsidiary company	Endorse ment of the Subsidiary company to the parent company	Endorse ment to Mainland China	Note
		Name of Company	Relationship (Note 2)											
0	AV TECH CORPORATION	CHIEFTRON INTERNATIONAL	2	\$ 80,000	\$ 45,000	\$ 45,000	\$ -	\$ -	2.01	\$ 80,000	Y	-	-	-
				(Note 3)						(Note 3)				
1	CHIEFTRON INTERNATIONAL	Anhong Electronic Technology	1	103,223	21,635	-	-	-	-	412,891	-	-	Y	-
				(Note 4)	(RMB5,000)	(RMB -)	(RMB -)			(Note 4)				

Note 1 : Fill in by the issuer 0, Invested companies by company type by Arabic numerals 1 Start numbering in sequence.

Note 2 : The relationship between the endorser and the person being endorsed and guaranteed is as follows: 7 species, just mark the species:

- (1) A company with business dealings.
- (2) The company directly and indirectly holds shares with voting rights exceeding 50% The company.
- (3) Shares that directly and indirectly hold voting rights in the company exceed 50% The company.
- (4) The company directly and indirectly holds voting rights of up to 90% The above company space.

(5) Based on the needs of contracting projects, peers in the same industry or jointly establish a company that provides mutual insurance in accordance with the provisions of the contract.

(6) Based on the needs of contracting projects, peers in the same industry or jointly establish a company that provides mutual insurance in accordance with the provisions of the contract.

(7) Among peers, the performance guarantee for pre-sale housing sales contracts is jointly and severally guaranteed in accordance with consumer protection laws and regulations.

Note 3 : The total amount of endorsement guarantee shall not exceed the actual paid-in capital of the endorsement guarantee company 10%.

Note 4 : The total amount of endorsement guarantee shall not exceed the company's net worth 100%, the accumulated amount of endorsement guarantee for a single enterprise shall not exceed the company's net worth 25%.

The total amount of external endorsements and guarantees by CHIEFTRON INTERNATIONAL CORPORATION and its subsidiaries as a whole shall not exceed the net worth of CHIEFTRON INTERNATIONAL CORPORATION 100%, the cumulative amount of the overall endorsement guarantee for a single enterprise shall not exceed the international net worth of CHIEFTRON INTERNATIONAL CORPORATION 25%.

Note 5 : Foreign currency amount is based on December 31, 2023 exchange rate RMB\$1 = NT\$4.327 for the New Taiwan Dollar.

AV TECH CORPORATION, LTD.
SITUATION OF SECURITIES HELD AT THE END OF THE PERIOD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 3

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Note
				Number of Shares (in thousands)	Carrying amount	Percentage of Ownership	Fair Value	
AV TECH CORPORATION, LTD.	<u>Domestic publicly traded shares</u>							
	Crystalvue Medical Corporation	—	Financial assets at fair value through profit or loss	10	\$ 861	-	\$ 861	—
	TTY BIOPHARM COMPANY LIMITED	—	"	10	804	-	804	—
	ABILITY ENTERPRISE CO., LTD.	—	"	10	255	-	255	—
	AlgoITek, Inc.	—	"	20	1,798	-	1,798	—
	<u>Domestic Non-publicly traded shares</u>							
	WK Technology Fund IX II Ltd.	—	Financial assets at fair value through other comprehensive income	5,000	50,000	-	50,000	—
	<u>Corporate bond</u>							
	APPLE Inc. Overseas corporate bond due in 2045	—	Financial assets measured at amortized cost	500	14,960	-	14,659	—
	APPLE Inc. Overseas corporate bond due in 2046	—	"	400	12,148	-	12,123	—
	APPLE Inc. Overseas corporate bond due in 2047	—	"	300	8,862	-	8,719	—
Shengtike Investmen	TSMC Arizona Overseas corporate bond due in 2029	—	"	200	6,091	-	6,051	—
	TSMC Arizona Overseas corporate bond due in 2032	—	"	600	18,169	-	18,185	—
YesGo Tech	<u>Domestic Non-publicly traded shares</u>							
	CHECKINPASS CO., LTD.	—	Financial assets at fair value through other comprehensive income	150	-	11.11%	-	—
YesGo Tech	Rong Jin Technology Co., Ltd	—	"	300	-	10.00%	-	—
								—

Note: For information related to investment-related enterprises and subsidiaries, please refer to Table 4 and Table 5.

AV TECH CORPORATION, LTD.
INVESTED COMPANY INFORMATION
FROM JANUARY 1 TO DECEMBER 31, 2023
(In thousands of NT\$ and foreign currency, unless otherwise specified)

Table 4

Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				End of the Current Note Period	Year-end of the last year	Number of Shares	Ratio%	Carrying amount			
AV TECH CORPORATION, LTD.	CHIEFTRON INTERNATIONAL	Taiwan	Semiconductor component agent	\$ 190,079	\$ 190,079	15,240,000	84.11	\$ 347,268	\$ 52,807	\$ 44,420	Note 1
	Shengtike Investment	Taiwan	General investment industry	80,000	80,000	8,000,000	100.00	55,509	1,400	1,400	Note 1
	AVTECH Security	Taiwan	Production and sales monitoring anti-theft system	96,000	96,000	9,600,000	96.00	48,351	971	933	Note 1
	Q.S.C. Industry	Taiwan	Electrical and audio-visual electronic product manufacturing	30,000	30,000	3,000,000	100.00	16,801	(6,134)	(6,134)	Note 1
CHIEFTRON INTERNATIONAL	Elcom	British virgin islands	Investment and holding	-	12,125	-	-	-	13,035		Notes 1 and 4
CHIEFTRON INTERNATIONAL	Anhong Electronic	Mainland China	Conductor components agent	12,125	12,125	-	36.42	51,780	6,726		Notes 2 and 3
Shengtike Investment	GIGA	Taiwan	Consumer electronics product development and sales	8,000	8,000	800,000	25.00	6,970	2,537		Note 2
	AirTag	Taiwan	Business management consultant	3,000	3,000	300,000	50.00	-	(528)		Note 2
	ITsESG Data	Taiwan	Software development and sales	5,742	5,742	200,000	40.00	3,029	2,614		Note 2
	YesGo Tech	Taiwan	Closed-circuit surveillance system development	12,700	12,700	432,572	56.70	993	(1,429)		Note 1
	AVCLOUD TECHNOLOGY	Taiwan	Sales and installation of surveillance and security products	1,760	4,000	176,000	22.00	2,287	2,392		Notes 2 and 5
	Info-Tech Corp.	Taiwan	Software development and sales	2,000	2,000	62,000	51.67	695	137		Note 1

Note 1 : It has been written off when preparing the consolidated financial statements.

Note 2 : Associate.

Note 3 : CHIEFTRON INTERNATIONAL in November 2023 gave up the capital increase of Anhong Electronics, making CHIEFTRON INTERNATIONAL and ElcomIts comprehensive shareholding ratio is given by 65%decrease to 36.42%, due to the loss of control over Anhong Electronic Technology, it was converted to an investment-related enterprise, please refer to the company 2023 Note 28 to the annual consolidated financial report.

Note 4 : ElcomAt November 2023 Liquidation will be carried out on month, because the CHIEFTRON INTERNATIONAL holds the company 100% Therefore, CHIEFTRON INTERNATIONAL obtained the company's equity interest in Anhong.

Note 5 : Shengtike Investment in December 2023 Sold per month AVCLOUD TECHNOLOGY 28% Due to the loss of control over AVCLOUD TECHNOLOGY, AVCLOUD TECHNOLOGY will no longer be included in this consolidated financial statement and will be transferred to an investment-related enterprise.

Note 6 : Please refer to Table 5 for relevant information on mainland China's invested companies.

AV TECH CORPORATION, LTD.
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FROM JANUARY 1 TO DECEMBER 31, 2023
(In thousands of NT\$ and foreign currency)

Table 5

Investee Company In Mainland China	Main Business Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	The company's direct or indirect investment shareholding ratio	Investment Profit (Loss) Recognized in Current Period (Note 2)	Carrying amount of the investment at the end of the period	Repatriated as of this year investment income
					Remitted	Repatriated						
Anhong Electronic Technology	Production and sales closed-circuit monitoring system and related spare parts	\$ 137,250 (RMB 31,074)	(1)	\$ 21,466 (USD 699)	\$ -	\$ -	\$ 21,466 (USD 699)	\$ 6,726	30.63%	\$ 3,442	\$ 51,780	\$ -

The accumulated investment amount remitted from Taiwan to the mainland at the end of this period	The investment review committee of the Ministry of Economic Affairs approved the investment amount	According to the investment review committee regulations of the Ministry of Economic Affairs, there are investment quotas in mainland China.
\$ 21,466 (USD 699)	\$ 21,466 (USD 699)	\$ 1,345,878 (Note 3)

Note 1 : Investment methods are divided into the following three types, just indicate the type:

- (1) Go directly to the mainland to engage in investment.
- (2) Reinvest in mainland China through third-region companies.
- (3) Other methods.

Note 2 : Investment profits and losses are calculated based on the financial statements of the invested company for the current year that have been reviewed by the parent company's accountant.

Note 3 : According to the Investment Review Commission's "Principles for Review of Investment or Technical Cooperation in the Mainland Area", the limit for investment in the Mainland is 1% of the net value60%。

Note 4 : The relevant amount is based on December 31, 2022 exchange rate RMB\$1 = NT\$4.327 and USD\$1 = NT\$30.705 for New Taiwan Dollars.

AV TECH CORPORATION, LTD.
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Table 6

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Junyi Investment Co., Ltd.	22,215,044	27.76%
Huang Junru	8,842,984	11.05%
Chen Yilin	7,385,781	9.23%

Note: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of the current quarter. The total number of ordinary shares and special shares held by the company that has been completed and delivered without entity registration (including treasury shares) reached by shareholders is up to 5% The above information. The share capital recorded in the company's financial report and the actual number of shares delivered without entity registration may be different or different due to different preparation and calculation basis.

AV TECH CORPORATION, LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 1

Item	Summary	Amount
Cash on hand		\$ 243
Bank checks and demand deposits		
Checks and demand deposits		48,764
Foreign currency demand deposits	Mainly 402 Thousand Euros and 86 Thousand US dollars, the exchange rates are 33.98 and 30.71	16,850
equivalent to cash		
The original expiration date is in 3 within months bank time deposit		<u>135,000</u>
		<u>\$ 200,857</u>

AV TECH CORPORATION, LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Statement 2

Customer's name	Amount
Non-related party	
Company A	\$ 3,015
Company B	2,352
Company C	1,544
Company D	763
Other	<u>2</u>
	7,676
Less: allowance for loss	<u>7,674</u>
	<u>2</u>
Related party	
Shenghua	392
AVTECH Security Corporation	144
CB(FR)	<u>139</u>
	675
Less: allowance for loss	<u>139</u>
	<u>536</u>
Total	<u>\$ 538</u>

AV TECH CORPORATION, LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Statement 3

Item	Cost	Market value
Finished good	\$ 29,352	\$ -
Raw Materials	<u>60,010</u>	<u>-</u>
	89,362	<u>\$ -</u>
Less: Allowance for inventory valuation and obsolescence losses	<u>89,362</u>	
	<u>\$ -</u>	

Note: The market price is calculated based on the net realizable value.

AV TECH CORPORATION, LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH
OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Statement 4

Item	Amount
Beginning balance	\$ -
Purchase	<u>50,000</u>
Ending balance	<u>\$ 50,000</u>

AV TECH CORPORATION, LTD.
Detailed list of investment changes using the equity method
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of NT\$ and foreign currency, unless otherwise specified)

Statement 5

Investee company name	Beginning balance		Increase during the year		Decrease during the year		investment income	Other	Ending balance			Net equity		Provide guarantee or pledge situation	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	Shareholding,	Amount	Unit price (NT\$)	Amount		
CHIEFTRON INTERNATIONAL CORPORATION	15,240,000	\$ 363,546	-	\$ -	-	\$ 58,000	\$ 44,420	(\$ 2,698)	15,240,000	84.11%	\$ 347,268	22.79	\$ 347,268	None	Note
Shengtike Investment Co., Ltd.	8,000,000	46,558	-	-	-	-	1,400	7,551	8,000,000	100.00%	55,509	6.94	55,509	None	Note
AVTECH Security Corporation	9,600,000	47,418	-	-	-	-	933	-	9,600,000	96.00%	48,351	5.04	48,351	None	
Q.S.C. Industry Co., Ltd.	3,000,000	<u>22,935</u>	-	<u>-</u>	-	<u>-</u>	(<u>6,134</u>)	<u>-</u>	3,000,000	100.00%	<u>16,801</u>	5.60	<u>16,801</u>	None	
		<u>\$ 480,457</u>		<u>\$ -</u>		<u>\$ 58,000</u>	<u>\$ 40,619</u>	<u>\$ 4,853</u>			<u>\$ 467,929</u>		<u>\$ 467,929</u>		

Note: Other systems recognize subsidiaries' interests in financial assets measured at fair value through other comprehensive gains and losses. NT\$ 7,551 Thousand and recognition of accumulated exchange losses to subsidiaries NT\$ 2,698 Thousand.

AV TECH CORPORATION, LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Statement 6

Item	Amount
Customer contract revenue	
Sales revenue	<u>\$ 4,599</u>

AV TECH CORPORATION, LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Statement 7

Item	Amount
Direct raw material consumption :	
Direct raw materials at the beginning of the year	\$ 65,001
Add: Materials purchased this year	1,688
Less: Direct raw materials at the end of the year	(60,010)
Raw materials for sale	(3,396)
Other	(<u>2,870</u>)
	413
manufacturing expenses	(<u>6</u>)
manufacturing cost	407
Work in process inventory at the beginning of the year	40
Less: Year-end work in progress inventory	<u>-</u>
Finished goods cost	447
Add: finished goods at the beginning of the year	30,415
Materials purchased this year	475
Other	3
Less: Year-end finished goods	(29,352)
Other	(<u>308</u>)
Production and sales costs	1,680
Raw materials for sale	3,396
Add: Inventory loss	3
Add: Benefits from falling inventory prices and sluggish recovery	(1,041)
Less: Income from sale of scraps and scraps	(<u>2</u>)
	<u>\$ 4,036</u>

AV TECH CORPORATION, LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Statement 8

Item	Selling expenses	Management costs	Research and development expenses	Total
Payroll expense	\$ -	\$ 12,228	\$ -	\$ 12,228
Water and electricity bills	-	15,993	-	15,993
Depreciation expense	-	6,454	-	6,454
Tax	-	2,950	-	2,950
Property expenses	-	3,562	-	3,562
Other expenses (Note)	-	12,413	-	12,413
	<u>\$ -</u>	<u>\$ 53,600</u>	<u>\$ -</u>	<u>\$ 53,600</u>

Note: Each amount does not exceed the balance of this account 5% .

AV TECH CORPORATION, LTD.

**Summary table of functional categories of employee benefits, depreciation
and amortization expenses incurred during the year**

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Statement 9

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense (Note)						
Payroll expense	\$ -	\$ 12,228	\$ 12,228	\$ -	\$ 14,045	\$ 14,045
Labor health insurance expenses	-	1,066	1,066	-	898	898
Pension expenses	-	139	139	-	244	244
Remuneration of directors	-	1,960	1,960	-	2,653	2,653
Other employee benefits expenses	-	357	357	-	323	323
	<u>\$ -</u>	<u>\$ 15,750</u>	<u>\$ 15,750</u>	<u>\$ -</u>	<u>\$ 18,163</u>	<u>\$ 18,163</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 6,454</u>	<u>\$ 6,454</u>	<u>\$ -</u>	<u>\$ 6,475</u>	<u>\$ 6,475</u>

Note 1 : 2023 and 2022 The company's average number of employees in the year is 19 people, among whom the number of directors who are not part-time employees is 6 person, and its calculation basis is consistent with employee benefit expenses.

Note 2 : 2023 and 2022 The average annual employee benefit expenses are NT\$ 1,061 Thousand and NT\$ 1,193 Thousand; the average employee salary and expenses are respectively NT\$ 941 Thousand and NT\$ 1,080 Thousand; the average salary cost adjustment range is 13%.

Note 3 : The company has established an audit committee to replace the supervisor in accordance with the provisions of the Securities and Exchange Act.

Note 4 : The company's remuneration policy is based on the position's contribution to the company's operating goals. The procedure for setting remuneration, in addition to setting the total amount to be paid based on the profit level of the year, is also based on the company's target management performance appraisal system, and then taking into account the contribution of the position to the company's operating performance to determine the amount of payment for the position.