

Stock Code: 8072

# **AV TECH CORPORATION**

## **Handbook for the 2024 Annual Meeting of Shareholders**

MEETING TIME: June 19, 2024

PLACE: 4F, E Building, No. 19-11, San Chung Rd.

NanKang Dist., Taipei City, Taiwan

(Nangang Soft Sports Center Conference Room)

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## AV TECH CORPORATION

### Procedure for the 2024 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Management Presentation
4. Proposals
5. Election Matters
6. Other Matters
7. Questions and Motions
8. Adjournment

**AV TECH CORPORATION**  
**Year 2024**  
**Agenda of Annual Meeting of Shareholders**

Time: 9:00 AM on June 19 (Wednesday), 2024

Place: 4F, E Building, No. 19-11, San Chung Rd. Nangang Dist., Taipei City, Taiwan  
(Nangang Soft Sports Center Conference Room)

The way the meeting is held: Physical shareholders' meeting

**1. Call the Meeting to Order**

**2. Chairperson Remarks**

**3. Management Presentations**

- (1) 2023 Business Report.
- (2) Audit Committees Review Report on the 2023 Financial Statement .
- (3) 2023 Cash Dividend Distribution Report.
- (4) Report On Employee Remuneration And Director Remuneration.

**4. Proposals**

- (1) Adoption of the 2023 Business Report and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2023 Profits.

**5. Election Matters**

Reelection of the company's directors (including independent directors)

**6. Other Matters**

Proposal to lift the non-compete restrictions for directors (including independent directors).

**7. Questions and Motions**

**8. Adjournment**

## Management Presentations

### 2023 Business Report

Proposed by the Board

#### Dear Shareholders:

#### 一、2023 Consolidated Statements

##### 1. Consolidated operating results

In 2023, the consolidated net operating revenue amounted to NT\$1,159,521 thousand, marking a 6% decline compared to the same period last year. The consolidated gross profit margin stood at 18%. Consolidated operating net profit reached NT\$11,969 thousand, with non-operating net income totaling NT\$77,370 thousand. The net profit attributable to owners of the company for the period was NT\$58,603 thousand, resulting in basic earnings per share of NT\$0.73.

##### 2. Consolidated financial revenue and expenditure and profitability analysis

Project		2022	2023
Finance structure	Liabilities to Assets Ratio(%)	7	7
	Ratio of long-term funds to fixed assets(%)	319	330
Debt repayment ability	Current ratio(%)	1,246	1,045
	Speed ratio(%)	1,074	966
	Return on assets(%)	3.7	2.74
Profitability	ROE(%)	4.2	2.94
	Profit rate(%)	9	5.94
	Earnings per share(Yuan)	1.18	0.73

#### Debt Repayment Capability Explanation:

The bank deposits previously classified as current assets were reclassified as non-current assets due to strategic investments in Pu-Xun Jiu-Chuang Venture Capital Company and the purchase of overseas corporate bonds in fiscal year 2023. This reduction in the amount of current assets resulted in a decline in both the current ratio and quick ratio for fiscal year 2023 compared to 2022.

#### Profitability Explanation:

In fiscal year 2023, the net profit declined by NT\$50,320 thousand compared to fiscal year 2022 due to the appreciation of the New Taiwan Dollar against the US Dollar, resulting in reduced exchange gains. Consequently, the return on assets and profitability decreased in fiscal year 2023 compared to fiscal year 2022 due to the decline in net profit.

## 二、Operational Department Outlook and Research & Development Strategy

### 1. Semiconductor Agency Sales

#### (1) Industry Applications

In 2023, semiconductor component demand experienced a slight decline due to excess inventory in PC, laptop, machine tool, and NAS terminal channels, leading to overall performance deterioration. However, demand in communication, industrial control, and automotive markets, unaffected by terminal channel inventory clearance issues, remains strong. These markets will be prioritized for catalyzing growth in 2024.

#### (2) Agency Lines

The application proxy line products continue to deepen their presence in the communication and industrial control fields. DDR5 DRAM modules have been certified by multiple clients, with significant revenue growth expected in 2024.

#### (3) Customer Relationships

Precisely understanding customer needs, grasping customer production plans, providing original factory information as communication reference, and maintaining customer-supplier relationships. Strengthening cooperation with important product lines and key customers, conducting organizational adjustments, and targeting key customers.

#### (4) Business Model

Diversified product lines provide customers with comprehensive semiconductor component options to meet their one-stop purchasing needs.

### 2. Security Monitoring and Related Products

#### (1) Research and Development Direction:

Research and development resources focus on the backend storage product line (DVR, NVR) and delve into AI intelligent monitoring solutions. Integrating internal software with external hardware to develop front-end network cameras and expanding product lines to meet market demands.

#### (2) Product Competition:

DVR and NVR are the mainstay products of security monitoring, with additional application functions such as POS NVR and RAID NVR introduced to maintain market competitiveness.

#### (3) Sales Expansion:

Prioritize regions with demand for non-mainland manufactured products (such as the US, UK, and Taiwanese markets, etc.) and expand the distribution channels in those areas. Stabilize sales volume of standardized products, pursue opportunities for product customization OEM cooperation, and increase sales revenue.

Above report

Chen Shizhong

Audit Committee's Review Report on the 2023 Financial Statement

Proposed by the Board

AV TECH CORPORATION  
Audit Committee Audit Report

The Board of Directors hereby submits the operating report, financial statements, and proposal for profit distribution of our company for the fiscal year 2023. The financial statements have been audited by Deloitte & Touche, Certified Public Accountants, and an audit report has been issued. The aforementioned operating report, financial statements, and profit distribution proposal have been reviewed by our Audit Committee, which found no discrepancies. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we respectfully submit this report for your review and approval.

AV TECH CORPORATION

Chairman of the Audit Committee: Wang Zhiming

Member of Audit Committee: Cai Yizhen

Member of Audit Committee: Lai Jiawei

Member of Audit Committee: Zhong Jinling

March 13, 2024

## 2023 Cash Dividend Distribution Report

Proposed by the Board

### Explanation:

- (1) In accordance with company law and the company's articles of association, if dividends are to be distributed in cash, the decision to distribute all or part of the dividends in cash shall be made by a resolution of the Board of Directors with the presence of two-thirds or more of the directors and the affirmative vote of more than half of the directors present. This decision shall be reported to the shareholders' meeting.
- (2) The company plans to distribute a cash dividend of NT\$0.75 per share for the fiscal year 2023. Matters related to the cash dividend distribution base date, suspension of transfer date, payment date, etc., have been authorized by the Board of Directors to be handled with full authority by the Chairman.
- (3) In the event of changes in laws or regulations, adjustments by regulatory authorities, or factors such as the company's repurchase of its own shares affecting the number of outstanding shares, necessitating adjustments to the distribution ratio, the Board of Directors shall authorize the Chairman to adjust the dividend distribution ratio.
- (4) The cash dividend for this distribution is calculated to the nearest yuan, with amounts less than one yuan being rounded down and any fractional amounts totaling less than one yuan being included in the company's other income.



## Report On Employee Remuneration and Director Remuneration

Proposed by the Board

### Explanation:

- (1) According to Article 18 of the Company's Articles of Association, the Company shall distribute the remaining profits after deducting employee remuneration and director remuneration from the annual pre-tax net profit to compensate for any losses from previous years. If there is a surplus, it shall be distributed as follows: Employee remuneration shall not be less than six percent, and director remuneration shall not exceed three percent.
- (2) The pre-tax net profit for the year 2023, after deducting employee remuneration and director remuneration, amounted to NT\$4,370,000 for employee remuneration (which represents not less than 6% of the pre-tax net profit) and NT\$1,400,000 for director remuneration (which does not exceed 3% of the pre-tax net profit). Both remunerations were distributed in cash, and the above resolutions are consistent with the expenses recognized for the year 2023.

## Proposals

Proposal 1:

Proposed by the Board

Subject: Adoption of the 2023 Business Report and Financial Statements

Explanation :

- (1) The financial statements of AV TECH CORPORATION for the year 2023, including the Balance Sheet, Income Statement, Statement of Changes in Equity, and Cash Flow Statement, have been audited and completed by Deloitte & Touche, CPAs, Ms. Yuling Cai and Mr. Jianliang Liu.
- (2) The 2023 business report can be found on page 3 of this manual. The auditor's report and the aforementioned financial statements, please refer to Attachments 1 of this manual.

Resolution :

Proposal 2:

Proposed by the Board

Subject: Adoption of the Proposal for Distribution of 2023 Profits.

Explanation: :

- (1) At the beginning of the period, undistributed earnings amounted to NT\$294,328,635. The net profit for the current year was NT\$58,603,601. After deducting the remeasurement of defined benefit plans of NT\$829,298 and adjusting for other items beyond the current year's net profit, the adjusted net profit available for distribution to retained earnings for the year amounted to NT\$57,774,303. A statutory surplus reserve of NT\$5,777,430 and a special surplus reserve to be reversed of NT\$4,853,928 were appropriated, resulting in distributable earnings of NT\$351,179,436.
- (2) We will allocate a total of NT\$60,000,000 to distribute dividends to shareholders, with a cash dividend of NT\$0.75 per share
- (3) The profit distribution table for the year 2023 , please refer to Attachments 2 of this manual.

Resolution :

## Election Matters

Proposed by the Board

Subject: Reelection of the company's directors (including independent directors).

Explanation :

- (1) The 10th Board of Directors consists of 6 seats, including 4 independent directors. The nomination of candidates for all directors is adopted. After the election, the Audit Committee, composed of all independent directors, will exercise the duties of supervisors. The term of office for the 9th Board of Directors extends until the date of the election of new directors at the 2024 Annual General Meeting of Shareholders.
- (2) The term for newly appointed directors (including independent directors) is three years, from the date of their appointment on June 19, 2024, to June 18, 2027.
- (3) The company's directors (including independent directors) are nominated through a candidate nomination system. The list of director (including independent director) candidates was approved by the Board of Directors on May 8, 2024. Please refer to Attachments 3 of this manual.
- (4) Recommended for election.

Election results :

## Other Matters

Proposed by the Board

Subject: Proposal to lift the non-compete restrictions for directors (including independent directors).

Explanation :

(1)The company's directors, acting on behalf of themselves or others in matters within the company's business scope, plan to lift the non-compete restrictions on the newly appointed directors and their representatives in accordance with Article 209 of the Company Act, provided that such actions do not harm the company's interests.

(2)The non-compete activities of the newly appointed directors are as follows:

Director's name	Currently holding positions in companies that fall within the scope of the company's business activities.
Chen Shizhong	Director of AVTECH SECURITY CORPORATION
Su Guanhao	CEO of Fuwei Global Co., Ltd.

Resolution:

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## Questions and Motions

## Adjournment

## **INDEPENDENT AUDITORS' REPORT**

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

AV TECH CORPORATION, LTD.  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	2023		2022	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
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>
	<b>NON-CURRENT ASSETS</b>				
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>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
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>
	<b>NON-CURRENT LIABILITIES</b>				
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>
	<b>EQUITY (Note 20)</b>				
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 appended notes are part of this individual financial report.

AV TECH CORPORATION  
INDIVIDUAL CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR 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>

The appended notes are part of this individual financial report.

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>	

AV TECH CORPORATION  
STATEMENT OF CHANGES IN INDIVIDUAL EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

		In Thousands of New Taiwan Dollars										
		Share Capital		Capital Surplus	Retained Earnings			Total	Other Equity		Total	Total Equity
Code		Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		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 appended notes are part of this individual financial report.

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
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	290	( 358 )
A33000	Cash generated from operations	4,276	14,710
A33500	Income tax paid	( 768 )	( 154 )
AAAA	Net cash generated from operating activities	<u>3,508</u>	<u>14,556</u>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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 )

<u>Code</u>		<u>2023</u>	<u>2022</u>
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>

The appended notes are part of this individual financial report.

## **INDEPENDENT AUDITORS' REPORT**

### **AVTECH CORPORATION**

#### **Audit Opinions**

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

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

#### **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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2023 is described as follows:



### Authenticity of specific sales revenue

The Company and its subsidiaries for the year ended December 31, 2023, the operating revenue from specific customers of electronic materials is significant to the overall operating income. Therefore, the authenticity of the operating revenue from such specific customers is listed as a key verification item.

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

The main verification procedures that this accountant has performed 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.

### **Other Matter**

We have also audited the parent company only financial statements of AV TECH CORPORATION, LTD.as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statement**

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

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

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

statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS.**  
**DECEMBER 31, 2023 AND 2022**

In Thousands of New Taiwan Dollars

Code	ASSETS	2023		2022	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 6)	\$ 371,692	15	\$ 702,996	28
1110	Financial assets at fair value through profit or loss (Notes 7 and 31)	3,718	-	3,362	-
1136	Financial assets at amortized cost (Notes 9,31 and 33)	796,701	32	505,375	20
1150	Notes receivable (Notes 11 and 24)	5,591	-	1,380	-
1170	Trade receivables (Notes 11,24 and 32 )	211,693	8	259,630	10
1200	Other receivables (Note 32 )	647	-	295	-
1221	Current tax assets (Note 26 )	1,269	-	705	-
130X	Inventories (Note 12)	95,781	4	202,519	8
1479	Other current assets	<u>17,995</u>	<u>1</u>	<u>33,431</u>	<u>1</u>
11XX	Total current assets	<u>1,505,087</u>	<u>60</u>	<u>1,709,693</u>	<u>67</u>
	<b>NON-CURRENT ASSETS</b>				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	50,000	2	1,959	-
1535	Financial assets at amortized cost (Notes 9 and 31)	77,830	3	16,100	1
1550	Investments accounted for using the equity method(Note 14)	64,066	3	8,891	-
1600	Property, plant and equipment (Note 15)	708,536	29	713,282	28
1760	Investment properties (Note 17)	36,201	1	36,472	2
1840	Deferred tax assets (Note 26)	27,270	1	27,528	1
1975	Net defined benefit assets (Note 22 )	18,994	1	16,182	1
1990	Other non-current assets (Note 18)	<u>257</u>	<u>-</u>	<u>3,886</u>	<u>-</u>
15XX	Total non-current assets	<u>983,154</u>	<u>40</u>	<u>824,300</u>	<u>33</u>
1XXX	TOTAL	<u>\$ 2,488,241</u>	<u>100</u>	<u>\$ 2,533,993</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2130	Contract liabilities (Note 24)	\$ 16,428	1	\$ 8,618	-
2170	Trade payables (Note 19)	74,329	3	62,760	3
2219	Other payables (Notes 20)	44,809	2	50,509	2
2230	Current tax liabilities (Note 26)	7,715	-	15,016	1
2399	Other current liabilities	<u>671</u>	<u>-</u>	<u>342</u>	<u>-</u>
21XX	Total current liabilities	<u>143,952</u>	<u>6</u>	<u>137,245</u>	<u>6</u>
	<b>NON-CURRENT LIABILITIES</b>				
2550	Provision for liabilities (Note 21)	21,626	1	21,626	1
2570	Deferred tax liabilities (Note 26)	6,751	-	6,213	-
2645	Deposits received	<u>3,734</u>	<u>-</u>	<u>3,710</u>	<u>-</u>
25XX	Total non-current liabilities	<u>32,111</u>	<u>1</u>	<u>31,549</u>	<u>1</u>
2XXX	Total liabilities	<u>176,063</u>	<u>7</u>	<u>168,794</u>	<u>7</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> (Notes 23 and 29)				
3110	Ordinary shares	<u>800,000</u>	<u>32</u>	<u>800,000</u>	<u>31</u>
3271	Capital surplus	<u>17,722</u>	<u>1</u>	<u>17,722</u>	<u>1</u>
	Retained earnings				
3310	Legal reserve	1,068,453	43	1,058,800	42
3320	Special reserve	9,015	-	8,806	-
3350	Undistributed earnings	<u>352,102</u>	<u>14</u>	<u>384,189</u>	<u>15</u>
3300	Total retained earnings	<u>1,429,570</u>	<u>57</u>	<u>1,451,795</u>	<u>57</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	( <u>3,279</u> )	<u>-</u>	( <u>10,830</u> )	<u>-</u>
3400	Total other equity	( <u>4,162</u> )	<u>-</u>	( <u>9,015</u> )	<u>-</u>
31XX	Total equity attributable to owners of the Company	<u>2,243,130</u>	<u>90</u>	<u>2,260,502</u>	<u>89</u>
36XX	NON-CONTROLLING INTERESTSt (Notes 23 and 29)	<u>69,048</u>	<u>3</u>	<u>104,697</u>	<u>4</u>
3XXX	Total equity	<u>2,312,178</u>	<u>93</u>	<u>2,365,199</u>	<u>93</u>
	<b>TOTAL</b>	<u>\$ 2,488,241</u>	<u>100</u>	<u>\$ 2,533,993</u>	<u>100</u>

The appended notes are part of this consolidated financial report.

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**CONSOLIDATED 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	%
4000	Operating revenue(Notes 24 and 32)	\$ 1,159,521	100	\$ 1,231,209	100
5000	Operating costs (Notes 12,25 and 32)	<u>951,991</u>	<u>82</u>	<u>1,007,807</u>	<u>82</u>
5900	Gross profit	<u>207,530</u>	<u>18</u>	<u>223,402</u>	<u>18</u>
	OPERATING EXPENSES (Notes 22,25 and 32)				
6100	Selling expenses	62,353	5	72,321	6
6200	Management expenses	100,594	9	90,368	7
6300	Research and development expenses	28,256	3	29,984	3
6450	Expected credit impairment loss (Note 11)	<u>4,358</u>	<u>-</u>	<u>3,870</u>	<u>-</u>
6000	Total operating expenses	<u>195,561</u>	<u>17</u>	<u>196,543</u>	<u>16</u>
6900	OPERATING INCOME	<u>11,969</u>	<u>1</u>	<u>26,859</u>	<u>2</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	21,713	2	9,573	1
7010	Other income (Notes 25 and 32)	48,523	4	43,582	4
7020	Other gains and losses (Note 25)	4,453	1	50,226	4
7060	Share of profit or loss of from associates account for using the equity method (Note 14)	<u>2,681</u>	<u>-</u>	<u>681</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>77,370</u>	<u>7</u>	<u>104,062</u>	<u>9</u>
7900	PROFIT BEFORE TAX	89,339	8	130,921	11
7950	INCOME TAX EXPENSE (Note 26)	<u>20,469</u>	<u>2</u>	<u>24,916</u>	<u>2</u>
8200	NET PROFIT FOR THE YEAR	<u>68,870</u>	<u>6</u>	<u>106,005</u>	<u>9</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 22)	( \$ 1,036 )	-	\$ 2,566	-
8316	Unrealized loss on financial assets at fair value through other comprehensive income (Note 23	7,295	-	( 1,540 )	-
8349	Income tax related to items not be reclassified (Note 26	<u>208</u>	<u>-</u>	( <u>513</u> )	<u>-</u>
		<u>6,467</u>	<u>-</u>	<u>513</u>	<u>-</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 23)	( <u>2,934</u> )	<u>-</u>	<u>1,685</u>	<u>-</u>
8300	Other comprehensive (loss)income for the year, net of income tax	<u>3,533</u>	<u>-</u>	<u>2,198</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE (LOSS)INCOME FOR THE YEAR	<u>\$ 72,403</u>	<u>6</u>	<u>\$ 108,203</u>	<u>9</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the company	\$ 58,603	5	\$ 94,571	8
8620	Non-controlling interests	<u>10,267</u>	<u>1</u>	<u>11,434</u>	<u>1</u>
8600		<u>\$ 68,870</u>	<u>6</u>	<u>\$ 106,005</u>	<u>9</u>
	TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
8710	Owners of the company	\$ 62,628	5	\$ 96,320	8
8720	Non-controlling interests	<u>9,775</u>	<u>1</u>	<u>11,883</u>	<u>1</u>
8700		<u>\$ 72,403</u>	<u>6</u>	<u>\$ 108,203</u>	<u>9</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>	

The appended notes are part of this consolidated financial report.

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023AND 2022**  
**(In Thousands of New Taiwan Dollars)**  
Equity Attributable to Owners of the Company

		Equity attributable to Owners of the Company							Other Equity			Non-controlling Interests	Total Equity	
		Share Capital		Capital Surplus	Retained Earnings				Exchange Differences On Translation of the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
		Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
Code														
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	\$ 90,743	\$ 2,282,647
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	-	2,918	-	( 2,918 )	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	2,824	( 2,824 )	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	( 28,000 )	( 28,000 )	-	-	-	( 28,000 )	-	( 28,000 )
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 1,835 )	( 1,835 )
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	94,571	94,571	-	-	-	94,571	11,434	106,005
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	449	2,198
D5	Total comprehensive income(loss) for the year ended December 31, 2022	-	-	-	-	-	96,624	96,624	1,056	( 1,360 )	( 304 )	96,320	11,883	108,203
M3	Disposal of subsidiaries	-	-	-	-	-	( 95 )	( 95 )	-	95	95	-	( 1,396 )	( 1,396 )
M5	Equity price and book value of disposal subsidiaries difference(Note 29)	-	-	40	-	-	-	-	-	-	-	40	1,960	2,000
O1	Non-controlling Interests	-	-	238	-	-	-	-	-	-	-	238	3,342	3,580
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	104,697	2,365,199
	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 )	-	( 80,000 )
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 11,424 )	( 11,424 )
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	58,603	58,603	-	-	-	58,603	10,267	68,870
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	( 492 )	3,533
D5	Total comprehensive income(loss) for the year ended December 31, 2023	-	-	-	-	-	57,775	57,775	( 2,698 )	7,551	4,853	62,628	9,775	72,403
M3	Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 5,193 )	( 5,193 )
O1	Non-controlling Interests	-	-	-	-	-	-	-	-	-	-	-	( 28,807 )	( 28,807 )
Z1	BALANCE AT DECEMBER 31, 2023	\$ 80,000	\$ 800,000	\$ 17,722	\$ 1,068,453	\$ 9,015	\$ 352,102	\$ 1,429,570	( \$ 883 )	( \$ 3,279 )	( \$ 4,162 )	\$ 2,243,130	\$ 69,048	\$ 2,312,178

The appended notes are part of this consolidated financial report.

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

Code		2023	2022
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 89,339	\$ 130,921
A20010	Adjustments for:		
A20100	Depreciation expense(including investment real estate)	7,552	7,504
A20300	Expected credit impairment losses	4,358	3,870
A20400	Net loss(gain) on fair value changes of financial assets at fair value	( 1,520)	399
A21200	Interest income	( 21,713)	( 9,573)
A21300	Dividend income	( 116)	( 129)
A22300	Share of loss from associates accounted for using the equity method	( 2,681)	( 681)
A22500	Gain on disposal of property, plant and equipment	-	( 17)
A23100	Gain on disposal of investment	( 779)	-
A23200	Disposal and liquidation of subsidiary interests	( 1,754)	( 96)
A23700	Inventory valuation loss (gain on reversal)	( 1,221)	6,628
A24100	Net unrealized foreign currency exchange losses (gains)	7,278	( 32,317)
A29900	Write-off of accounts payable two years overdue	-	( 1,423)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 5,229)	2,370
A31150	Trade receivables	( 97,071)	9,360
A31180	Other receivables	( 10,414)	2,277
A31200	Inventories	72,403	107,739
A31230	Net defined benefit assets	( 3,848)	( 738)
A31240	Other current assets	1,036	( 3,342)
A32125	Contract liabilities	7,810	( 10,342)
A32150	Accounts payable	74,562	( 124,408)
A32180	Other payables	120,751	( 17,339)
A32230	Other current liabilities	5,796	( 419)
A33000	Cash generated from operations	244,539	70,244
A33500	Income tax paid	( 26,849)	( 14,081)
AAAA	Net cash generated from operating activities	<u>217,690</u>	<u>56,163</u>

(Continued)



Code		2023	2022
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00010	Purchase of financial assets at fair value through other comprehensive income	( \$ 50,000 )	\$ -
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	8,933	-
B00040	Purchase of financial assets at amortized cost	( 1,183,569 )	( 656,812 )
B00050	Proceeds from disposal of financial assets at amortized cost	844,593	634,150
B00100	Purchase of financial assets at fair value through profit or loss	( 111,102 )	-
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	110,629	1,229
B01900	Net cash outflow from disposal of subsidiaries	( 74,777 )	( 2,854 )
B02700	Payments for property, plant and equipment	( 315 )	( 855 )
B02800	Proceeds from disposal of property, plant and equipment	-	57
B03800	Refundable deposit (Increase)decrease	( 8,608 )	334
B07100	Decrease in prepayments for equipment	( 667 )	-
B07500	Interest received	21,713	9,573
B07600	Receive dividends	<u>203</u>	<u>129</u>
BBBB	Net cash outflow from investing activities	( <u>442,967</u> )	( <u>15,049</u> )
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
C03000	Increase in guarantee deposits received	24	146
C04500	Cash Dividends paid to owners of the Company	( 80,000 )	( 28,000 )
C05400	Price for disposal of part of the subsidiary's equity	-	2,000
C05500	Cash capital increase for non-controlling interests	-	3,580
C05800	Cash dividends paid to non-controlling interests	( <u>11,424</u> )	( <u>1,835</u> )
CCCC	Net cash used in from financing activities	( <u>91,400</u> )	( <u>24,109</u> )
DDDD	The impact of exchange rate changes on cash and cash equivalents	( <u>14,627</u> )	<u>21,825</u>
EEEE	<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 331,304 )	38,830
E00100	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>702,996</u>	<u>664,166</u>
E00200	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 371,692</u>	<u>\$ 702,996</u>

The appended notes are part of this consolidated financial report.

**AV TECH CORPORATION**  
**2023 Profit Distribution Statement**

Unit: NTD \$

Beginning undistributed surplus balance		294,328,635
Add: net profit after tax	58,603,601	
Add: Remeasurements of defined benefit plans	(829,298)	
The net profit after tax of the current period is added to the net profit of the current period, and the items other than the net profit after tax of the current period are included in the current year's undistributed surplus.		57,774,303
Less: Provision of statutory surplus reserve		(5,777,430)
加：Special surplus reserve reversal		4,853,928
Distributable net profit		351,179,436
Distributable items：		
Less: Dividend to shareholders with a cash pershare NT\$0.75		(60,000,000)
Unappropriated retained earnings		291,179,436

## AV TECH CORPORATION

### Director (including independent director) candidate list

Item	NAME	Number of shares held	Main education and experience	Whether Served as independent director for three consecutive terms/reasons
Director	Junyi Investment Co., Ltd. Representative: Chen Shizhong	22,215,044	Department of Mechanical Engineering and Institute of Materials Engineering, Datong Institute of Technology Chairman of AV TECH CORPORATION	None
Director	Huang Junru	8,842,984	Department of Chemistry, Bunka University Founder of CHIEFTRON INTERNATIONAL CORPORATION Founder of AV TECH CORPORATION Director of AV TECH CORPORATION	None
independent director	Wang Zhiming	0	Master of Business Administration, Cultural University Vice President of Finance of Breakthrough Communications (listed), entered during the reorganization period Financial associate of Hongda Technology (listed), entered during the reorganization period Financial Assistant of Taiwan High-tech (Xingcai) Independent Director of AV TECH CORPORATION	Yes. Rich experience in finance, legal affairs and industry to assist in company operations.
independent director	Zhong Jinling	0	Chung Yuan University Accounting Institute Vice President of Finance, New Optoelectronics Technology Co., Ltd. Vice President of Human Resources, New Optoelectronics Technology Co., Ltd.	NO
independent director	Chen Yongsheng	0	PhD in Information Engineering from National Taiwan University Provost and Professor of Information Engineering Department, National Yang-Ming Chiao Tung University	NO (New)
independent director	Su Guanhao	0	National Chengchi University EMBA Master of Business Administration Master of Information Engineering, National Taiwan University of Science and Technology Deputy Secretary-General of the Federation of Rental Housing Landlords of the Republic of China Co-founder of Miros Tek (Silicon Valley, USA) CEO of Fuwei Global Co., Ltd.	NO (New)

## **AV TECH CORPORATION**

### **Rules of Procedure for Shareholders' Meetings**

1. The company's shareholders' meeting shall be convened by the board of directors, unless otherwise provided by law.

When a company convenes a video meeting of shareholders, unless otherwise specified in the stock affairs management standards of a company that publicly issues shares, it should be stated in the articles of association and approved by the board of directors, and the video meeting of shareholders should be approved by the board of directors with the attendance and attendance of more than two-thirds of the directors. The resolution is carried out if approved by more than half of the directors.

2. The company shall specify in the meeting notice the time and place for reporting by the shareholders, solicitors, and authorized agents (hereinafter referred to as "shareholders"), and other matters that should be paid attention to.

The time for accepting shareholder registration in the preceding paragraph shall be handled at least 30 minutes before the meeting starts; the registration office shall be clearly marked, and adequate and competent personnel shall be assigned to handle it; the shareholders meeting video meeting shall be held 30 minutes before the meeting starts at the shareholders meeting. The meeting platform accepts registration, and shareholders who complete the registration are deemed to have attended the shareholders' meeting in person.

Shareholders should present their attendance certificates, attendance cards or other attendance certificates to attend the shareholders' meeting. The company shall not arbitrarily add other certificates to the certificates that shareholders rely on for attendance; the solicitor who is a solicitation letter of attorney shall bring his or her identity certificate, for verification.

The shareholder meeting shall set up a signature book for the attendance of shareholders to sign in, or the attendance card shall be submitted by the attending shareholder to sign in. The number of shares attended is calculated based on the signature book or the handed-in attendance card.

The company shall deliver the procedure manual, annual report, attendance certificate, speech slips, votes and other meeting materials to the shareholders attending the shareholders' meeting. Those who elect directors and supervisors shall attach ballots.

When the government or legal person is the shareholder, the representative attending the shareholders meeting is not limited to one person. When a legal person is entrusted to attend a shareholders' meeting, it may only designate one representative to attend.

If the shareholders meeting is convened by videoconference, shareholders who wish to attend by videoconference shall register with the company two days before the shareholders meeting.

If the shareholders' meeting is held by video conference, the company shall upload the procedure manual, annual report and other relevant materials to the shareholders'

meeting video conference platform at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.

3. Attendance and voting at the shareholders' meeting shall be calculated on the basis of shares.

The number of shares attended is calculated based on the number of shares registered on the signature book or attendance card and video conferencing platform, plus the number of shares that exercise voting rights in written or electronic means.

4. The place where the shareholders' meeting is held shall be the location of the company or a place that is convenient for shareholders to attend and suitable for holding the shareholders' meeting. The starting time of the meeting shall not be earlier than 9:00 am or later than 3:00 pm.

When the company holds a video-conference shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.

The chairman and the recorder shall be at the same place in the country, and the chairman shall announce the address of the place when the meeting is held.

#### 4-1

When a company convenes a video meeting of shareholders, the following matters should be stated in the notice of shareholders' meeting:

1. Methods for shareholders to participate in video conferences and exercise their rights.
2. The method for handling obstacles to the video conferencing platform or video participation due to natural disasters, accidents or other force majeure events, including at least the following matters:
  - (1) The time when the meeting needs to be postponed or continued due to the occurrence of previously opened obstacles that cannot be ruled out, and the date of the meeting if it is necessary to postpone or continue the meeting.
  - (2) Shareholders who have not registered to participate in the original shareholders' meeting via video conference are not allowed to participate in the postponed or continued meeting.
  - (3) A video-assisted shareholders' meeting is convened. If the video meeting cannot be continued, after deducting the number of shares attending the shareholders' meeting through video conferencing, the total number of shares present reaches the legal quota for the shareholders' meeting, and the shareholders' meeting should continue to be held and participants can participate via video conferencing. The number of shares attended by a shareholder shall be included in the total number of shares of shareholders present, and all resolutions of the shareholders' meeting shall be deemed to have abstained from voting.
  - (4) How to handle situations where the results of all motions have been announced but no provisional motions have been made.
3. Convene a video conference of shareholders and specify the appropriate alternative measures for shareholders who would have difficulty participating via video

conference. Except for the circumstances stipulated in Paragraph 6 of Article 44-9 of the Standards for Handling Stock Affairs of Companies with Public Issuance of Stocks, shareholders should at least be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the company and other relevant matters should be noted. matter.

4-2

When the company convenes a video conference of shareholders, it should provide appropriate alternative measures for shareholders who would have difficulty attending the meeting via video conference. Except for the circumstances stipulated in Paragraph 6 of Article 44-9 of the Standards for Handling Stock Affairs of Companies with Public Issuance of Stocks, shareholders should at least be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the company and other relevant matters should be noted. matter.

5. If the shareholders meeting is convened by the board of directors, the chairman shall be the chairman. If the chairman asks for leave or is unable to exercise his powers for some reason, the vice chairman shall act as his proxy. When exercising powers, the chairman shall designate a managing director to act as an agent; if there is no managing director, designate a director to act as an agent; if the chairman does not designate an agent, the managing director or the directors shall recommend a person to act as an agent.

Shareholders' meeting should have more than half of the board of directors(contain)At least one representative of directors and members of various functional committees shall attend, and the attendance shall be recorded in the minutes of the shareholders' meeting.

If the shareholders' meeting is convened by a person with the right to convene other than the board of directors, the person with the right to convene shall act as the chairman.

- 5.1 When the company convenes a videoconference of the general meeting of shareholders, the notice of convening the general meeting of shareholders shall specify the following items:

1. The method for shareholders to participate in the videoconference meeting and exercise their rights.
2. How to deal with obstacles caused by natural disasters, accidents or other force majeure events to the video conferencing platform or to participate in video conferences, including at least the following items:
  - (1) The time at which the meeting must be postponed or continued due to the occurrence of previous obstacles that cannot be eliminated, and the date when the meeting must be postponed or continued.
  - (2) Shareholders who have not registered to participate in the original shareholders' meeting via video conference shall not participate in the postponed or continued meeting.

- (3) To convene a video-assisted shareholders' meeting, if the video conference cannot be continued, after deducting the number of shares attending the shareholders' meeting via video conference, the total number of shares attended reaches the statutory quota for the shareholders' meeting, the shareholders' meeting should continue and participate in the video conference. Shareholders, whose number of shares attended shall be included in the total number of shareholders' shares present, shall be deemed to have abstained from voting on all proposals at the shareholders' meeting.
- (4) How to deal with the situation where all the motions have been announced and no provisional motions have been made.
3. To convene a video-conference shareholders meeting, which shall specify appropriate alternative measures for shareholders who have difficulty participating in video-conferencing.
6. Lawyers, accountants or related personnel appointed by the company may attend the shareholders' meeting.
- Personnel handling the shareholders' meeting shall wear identification badges or armbands.
7. The process of the shareholder meeting shall be audio or video recorded throughout, and shall be kept for at least one year.

If the shareholders' meeting is held by video conference, the company shall keep records of shareholders' registration, registration, registration, questions, voting, and company vote counting results, etc., and record and video the video conference continuously and continuously.

The company shall properly keep the materials and audio and video recordings mentioned in the preceding paragraph during the duration of existence, and provide the audio and video recordings to the person entrusted to handle the video conferencing affairs for storage.

8. When the meeting time has expired, the chairman shall immediately announce the opening of the meeting, and at the same time announce relevant information such as the number of non-voting rights and the number of shares attended. The number of delays is limited to two times, and the total delay time shall not exceed one hour. If it is still insufficient after two delays and there are shareholders representing more than one-third of the total issued shares present, a false resolution may be made in accordance with Article 175, Paragraph 1 of the Company Law, and the false resolution shall be notified to all shareholders. Reconvene the shareholders meeting within one month; if the shareholders meeting is held via video conference, shareholders who wish to attend via video conference shall re-register with the company in accordance with Article 2. Postpone twice is not enough. When shareholders representing more than one-third of the total number of issued shares are present, the chairman will announce the adjournment; if the shareholders meeting is held by video conference, the company shall also announce the adjournment on the shareholders meeting video conference platform.

Before the end of the current meeting, if the number of shares represented by the present shareholders reaches more than half of the total number of issued shares, the

chairman may resubmit the false resolution made to the general meeting for voting in accordance with Article 174 of the Company Law.

9. If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors, and the meeting shall be carried out in accordance with the scheduled agenda, which shall not be changed without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by other persons with the right to convene other than the board of directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

Changes to the method of convening the shareholders' meeting of the Company shall be resolved by the board of directors, and shall be made no later than the dispatch of the notice of the shareholders' meeting.

Thirty days before the regular shareholders' meeting or fifteen days before the extraordinary shareholders' meeting, the company shall submit the notice of the shareholders' meeting, the paper of the power of attorney, the relevant proposals for recognition, discussion, election or dismissal of directors, supervisors, and other proposals. The case and explanatory materials are made into electronic files and sent to the Public Information Observatory. And 21 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, the shareholders' meeting manual and meeting supplementary materials, make electronic files and send them to the public information observation station. The amount is more than NT\$10 billion or the shareholding ratio of foreign capital and mainland capital is recorded in the shareholder register of the regular general meeting of shareholders held in the most recent fiscal year. If the total amount reaches more than 30%, the transmission of the pre-opened electronic file shall be completed 30 days before the regular meeting of shareholders. Fifteen days before the shareholders' meeting, prepare the manual of the shareholders' meeting and supplementary materials for the meeting for shareholders to request and read at any time, and display them on the company and the professional stock affairs agency appointed by the company.

The company shall provide shareholders with reference to the agenda manual and meeting supplementary materials mentioned in the preceding paragraph on the day of the shareholders' meeting in the following manner:

1. When the physical shareholder meeting is held, it shall be issued on the spot of the shareholder meeting.
2. When convening a video-assisted shareholders' meeting, it shall be distributed at the site of the shareholders' meeting and sent to the video conference platform as an electronic file.
3. When convening a video conference, the electronic file shall be sent to the video conference platform.

The notification and announcement shall specify the reason for the convening; the notification may be done electronically if the counterparty agrees.



Appointment or dismissal of directors, supervisors, change of articles of association, capital reduction, application for cessation of public offering, directors' non-competition permit, capital increase from surplus, capital increase from public reserve, company dissolution, merger, division or Article 185 of the Company Law Items in each subparagraph, Article 26-1 and Article 43-6 of the Securities and

Exchange Act, and Article 56-1 and Article 60-2 of the Issuer's Handling Guidelines for Offering and Issuing Securities , should list and explain its main content in the reason for the convening, and should not be raised as an interim motion.

The reason for the convening of the shareholders' meeting has stated the overall re-election of directors and supervisors, and the date of inauguration. After the re-election of the shareholders' meeting is completed, the same meeting shall not change the date of inauguration by temporary motion or other means.

Shareholders who hold more than 1% of the total number of issued shares may submit to the company a resolution for the general meeting of shareholders, and no more than one proposal shall be included in the resolution. In addition, if a proposal proposed by a shareholder falls under any of the circumstances in Item 4, Article 172-1 of the Company Law, the board of directors may not include it as a proposal.

Shareholders may submit suggestive proposals to urge the company to promote public interests or fulfill social responsibilities. The procedure shall be limited to one in accordance with the relevant provisions of Article 172-1 of the Company Law. Not included in the motion.

The company shall announce the acceptance of shareholders' proposals, written or electronic acceptance method, acceptance location, and acceptance period before the stockholders' general meeting closes; the acceptance period shall not be less than ten days.

Proposals proposed by shareholders shall be limited to 300 words, and proposals exceeding 300 words shall not be included in the proposals; proposing shareholders shall attend the regular meeting of shareholders in person or entrust others to participate in the discussion of the proposal.

The company shall notify the proposing shareholders of the handling results before the notice date of the shareholders meeting, and list the proposals that meet the provisions of this article in the meeting notice. For shareholder proposals that are not included in the proposal, the board of directors shall explain the reasons for not including them at the shareholders' meeting.

Before the end of the scheduled agenda (including temporary motions), the chairman shall not announce the adjournment of the meeting without a resolution.

After the meeting is adjourned, shareholders are not allowed to elect another chairman to continue the meeting at the original location or to find another place; however, if the chairman violates the rules of procedure and announces the adjournment, the meeting may continue with the election of a chairman with the consent of more than half of the voting rights of the shareholders present.

10. Before shareholders present to speak, they must first fill in a speech note to specify the gist of the speech, shareholder account number (or attendance certificate number) and account name, and the chairman will determine the order of their speeches.

Shareholders attending the meeting who only put forward speech slips but did not make a speech shall be deemed as having not made a speech. If the content of the speech is inconsistent with the record in the speech slip, the content of the speech shall prevail.

When a shareholder present is speaking, other shareholders are not allowed to disturb the speech unless they have obtained the consent of the chairman and the shareholder speaking.

11. Each shareholder shall not speak more than twice on the same proposal without the consent of the chairman, and each time shall not exceed five minutes.

If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the topic, the chairman may stop the shareholder from speaking.

If the shareholders meeting is convened by video conference, shareholders who participate in the video conference may ask questions in text on the shareholders meeting video conference platform after the chairman announces the meeting and before the meeting is closed. The number of questions for each proposal shall not exceed two times. Limit to 200 characters.

12. When a legal person is entrusted to attend the shareholders' meeting, the legal person can only designate one representative to attend.

When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.

13. After the speeches of the attending shareholders, the chairman may reply in person or by designating relevant personnel.

14. When the chairman considers that the discussion of the proposal has reached a level that can be voted on, he may announce the suspension of the discussion and put it to the vote.

The company holds a video meeting of the shareholders meeting. Shareholders who participate in the video conference shall vote on various proposals and election proposals through the video conference platform after the chairman announces the opening of the meeting. deemed a waiver.

If the shareholders' meeting is convened by videoconference, after the chairman announces that the voting is over, the votes shall be counted at one time, and the voting and election results shall be announced.

When the company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting via videoconference and want to attend the physical shareholders' meeting in person should cancel their registration in the same way as the registration two days before the shareholders' meeting; if the cancellation is overdue, only Able to attend shareholder meetings via videoconferencing.

Those who exercise voting rights in writing or electronically without revoking their declaration of intention and participate in the shareholders' meeting via video

conference shall not exercise voting rights on the original proposals, propose amendments to the original proposals, or exercise voting rights on amendments to the original proposals, except for ad hoc motions.

15. The scrutiny and counting personnel for voting on proposals shall be designated by the chairman, but the scrutiny personnel shall have the status of shareholders. The voting results shall be reported on the spot and recorded.
16. During the meeting, the chairman may announce a break at a discretionary time.
17. The voting on the proposal shall be passed with the consent of more than half of the voting rights of the present shareholders, unless otherwise stipulated by the Company Law and the company's articles of association.

When voting, if there is no objection after consultation by the chairman, it is deemed to be passed, and its effect is the same as voting by voting; or, after the chairman or his designated person announces the total number of voting rights of the shareholders present, the shareholders vote on a case-by-case basis, and at the shareholders' meeting. On the day after the meeting, the results of shareholders' approval, objection and abstention will be entered into the Public Information Observatory.

18. When there is an amendment or alternative to the same proposal, the chairman shall determine the order of voting with the original proposal. If one of the proposals has been passed, the other proposals shall be deemed to be rejected and there is no need to vote again.
19. The chairman may direct the pickets (or security personnel) to assist in maintaining order at the venue. Pickets (or security personnel), when assisting in maintaining order at the scene, should wear armbands with the words "Pickets".
20. Minutes of the resolutions of the shareholders' meeting shall be prepared and signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The production and distribution of the meeting minutes may be done electronically.

The distribution of the minutes of the proceedings mentioned in the preceding paragraph may be done by means of an announcement entered by the Public Information Observatory.

The minutes of the meeting shall be accurately recorded according to the year, month, day, place, name of the chairman, resolution method, essentials of the proceedings and voting results (including the weight of statistics) of the meeting. When there is election of directors and supervisors, each candidate shall be disclosed. The number of votes a person has. During the existence of the company, it shall be permanently preserved.

If the shareholders meeting is convened by videoconference, in addition to the matters that shall be recorded in accordance with the provisions of the preceding paragraph, the minutes shall also record the start and end time of the shareholders meeting, the method of convening the meeting, the name of the chairman and the minutes, and records of events caused by natural disasters, accidents or other force majeure. The handling method and handling situation when there is an obstacle to the video conferencing platform or participation in the form of video.

The Company shall hold a video-conference shareholders meeting, in addition to handling it in accordance with the provisions of the preceding paragraph, and shall state in the minutes of the meeting that there are alternative measures provided by shareholders who have difficulties in participating in video-conference.

21. For the number of shares acquired by the solicitor, the number of shares represented by an entrusted agent, and the number of shares attended by shareholders in written or electronic form, the company shall, on the day of the shareholders' meeting, prepare a statistical table in accordance with the prescribed format and present it to the shareholders. Clear disclosure is made at the meeting venue; if the shareholders meeting is held by video conference, the company shall upload the above-mentioned information to the shareholders meeting video conference platform at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting.

When the company holds a video conference of the shareholders meeting and announces the meeting, the total number of shareholders' shares present shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights of shareholders present are counted separately during the meeting.

For the resolutions of the shareholders' meeting, if there is any major information required by the laws and regulations of the Taiwan Stock Exchange Co., Ltd. (Republic of China Securities OTC Exchange), the company shall transmit the content to the public information observation station within the specified time.

22. If the shareholders' meeting is held by video conference, the company shall immediately disclose the voting results and election results of various proposals on the video conference platform of the shareholders' meeting after the voting ends, and shall continue to Uncover for at least fifteen minutes.
23. If the shareholders' meeting is convened by video conference, the chairman shall, when announcing the opening of the meeting, separately announce that there is no need to postpone or continue the meeting except for the matters stipulated in Item 24, Article 44 of the Standards for the Handling of Stock Affairs of Public Offering Companies. , before the chairman announces the adjournment of the meeting, due to natural disasters, accidents or other force majeure, if there is an obstacle to the video conferencing platform or participation in the form of video, which lasts for more than 30 minutes, the date of the meeting shall be postponed or continued within five days, not applicable Article 182 of the Company Law.

In the event of the postponement or continuation of the meeting in the preceding paragraph, shareholders who have not registered to participate in the original shareholders' meeting through video conference shall not participate in the postponement or continuation of the meeting.

Shareholders who have registered to participate in the original shareholders' meeting and completed the report-in process in accordance with the provisions of Paragraph 2, and who have not participated in the postponed or continued meeting, the number of shares attended at the original shareholders' meeting, the voting rights exercised and Voting rights shall be included in the total number of shares, voting rights and voting rights of shareholders present at the adjourned or resumed meeting.

When adjourning or resuming a general meeting of shareholders in accordance with the provisions of Paragraph 2, no re-discussion and resolution is required for proposals that have completed voting and counting, and announced the voting results or the list of elected directors and supervisors.

When the company convenes a video-assisted shareholders' meeting, and the video conference cannot be continued under Paragraph 2, if the total number of shares present after deducting the number of shares attending the shareholders' meeting by video-conference still reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall continue. There is no need to postpone or continue the meeting in accordance with the provisions of the second paragraph.

In the event that the meeting should continue as mentioned in the preceding paragraph, the shareholders who participate in the shareholders' meeting via videoconference shall be included in the total number of shares of the shareholders present, but shall be deemed to have abstained from voting on all the resolutions of the shareholders' meeting.

When the company postpones or continues the meeting in accordance with the provisions of the second paragraph, it shall follow the provisions listed in Article 44-27 of the Standards for the Handling of Share Affairs of Public Offering

Companies, and handle relevant matters in accordance with the original date of the shareholders' meeting and the provisions of each article Preliminary work.

The second paragraph of Article 12 and Item 3 of Article 13 of the Rules for the Use of Power of Attorneys for Attending Shareholders' Meetings by Public Offering Companies, the Second Item of Article 44-5, and Article 44-10 of the Guidelines for the Handling of Stock Affairs of Public Offering Companies 5. During the period specified in Paragraph 1 of Article 44-17, the company shall postpone or continue the date of the shareholder meeting in accordance with the provisions of Paragraph 2.

24. When the company holds a video-conference shareholders meeting, it shall provide appropriate alternative measures for shareholders who have difficulties in attending the shareholders' meeting via video conference.
25. These rules shall come into force after being approved by the shareholders' meeting, and the same shall apply when they are revised.

## Appendix 2

### **AV TECH CORPORATION**

#### **Articles of Incorporation**

#### **Chapter 1 General Provisions**

Article 1 : The company is organized in accordance with the provisions of the Company Law and named as 陞泰科技股份有限公司

Article 1-1: The English name of the company is AV TECH Corporation.

Article 2 : The business of the company is as follows:

1. CC01030 Manufacturing of electrical appliances and audio-visual electronic products.
2. CC01110 Computer and its peripheral equipment manufacturing industry.
3. CC01120 Manufacturing and reproduction of data storage media.
4. F219010 Retailing of electronic materials.
5. F113050 Wholesale of computers and business machinery and equipment.
6. F113070 Wholesale of telecommunication equipment.
7. CC01080 Electronic component manufacturing industry.
8. CE01030 Optical instrument manufacturing industry.
9. CC01010 Power generation, transmission and distribution machinery manufacturing.
10. F119010 Wholesale of electronic materials.
11. F113030 Wholesale of precision instruments.
12. CC01101 Telecommunications control radio frequency equipment manufacturing industry.
13. F401021 Telecommunications regulated radio frequency equipment import industry.
14. ZZ99999 In addition to the licensed business, it may operate business that is not prohibited or restricted by law.

Article 2-1: The company obtains external guarantees for business needs.

Article 2-2: The company may invest abroad, and its total investment may not exceed the restriction of 40% of the paid-in share capital in Article 13 of the Company Law.

Article 3: The company sets up its head office in New Taipei City and may set up branches at home and abroad with the resolution of the board of directors when necessary.

Article 4: The company's announcement method shall be handled in accordance with Article 28 of the Company Law.

## **Chapter 2 Shares**

Article 5: The total capital of the company is NT\$1.2 billion, divided into 120 million shares. The value of each share is NT\$10, and the unissued portion authorizes the board of directors to issue a resolution in tranches. Among them, NT\$100 million, divided into 10 million shares, is reserved for the issuance of employee stock option certificates.

Article 6: The stock certificates of the company shall be in registered form, signed or sealed by the director representing the company, and shall be numbered, and shall be issued after being issued by a bank that is legally authorized to issue certificates.

Shares issued by the company are exempt from printing stock certificates, and should be registered with the centralized securities depository institution.

Article 7: The name change and transfer of shares shall be stopped within 60 days before the regular meeting of shareholders, within 30 days before the extraordinary meeting of shareholders, or within 5 days before the company decides to distribute dividends, bonuses or other benefits.

Article 7-1: The stock affairs of the company shall be handled in accordance with the "Standards for the Handling of Stock Affairs of Publicly Issued Companies" promulgated by the competent authority.

## **Chapter 3 Shareholders' Meeting**

Article 8: There are two types of shareholder meetings: regular meetings and extraordinary meetings. Regular meetings are held once a year, and are convened by the board of directors within six months after the end of each fiscal year. Extraordinary meetings shall be convened according to law when necessary.

When the company's shareholders' meeting is held, it may be held by video conference or other means announced by the central competent authority.

Article 9: When a shareholder is unable to attend the shareholders' meeting for any reason, he or she shall issue a power of attorney issued by the company specifying the scope of authorization, and entrust a proxy to attend.

Article 10: Each shareholder of the company has one voting right, but the shares held by the company according to law do not have voting rights.

Article 11: Unless otherwise stipulated by the Company Law, the resolutions of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of issued shares, and shall be carried out with the consent of more than half of the voting rights of the present shareholders.

## **Chapter 4 Directors and Audit Committee**

Article 12: The company shall have five to seven directors, who shall be elected by the shareholders meeting who have the capacity to act. The term of office is three years, and re-election is possible. Among the number of directors

referred to in the preceding paragraph, the number of independent directors shall be at least three. Directors shall adopt a candidate nomination system, and shall be selected by the shareholders' meeting from the list of director candidates. The professional qualifications of independent directors, restrictions on shareholding and part-time jobs, determination of independence, nomination method, attending proxy, and other matters to be followed shall be handled in accordance with the relevant regulations of the securities regulatory authority.

Article 12-1: All directors shall be notified seven days in advance of the convening of the board of directors of the company, but in case of emergency, the convening may be called at any time. The convening of the board of directors of the company may be done in writing, email or fax.

Article 13: The board of directors is organized by directors, more than two-thirds of the directors are present and more than half of the directors present agree to elect a chairman, who represents the company externally, and can elect one person as the vice chairman in the same way, to assist the chairman. The fourth session of directors and supervisors elected from the post of vice chairman to 1995 will not be elected after the expiration of their terms.

Article 14: When the chairman asks for leave or is unable to exercise his powers for some reason, his agency shall be handled in accordance with the provisions of Article 208 of the Company Law.

Article 15: The remuneration of the directors of the company shall be determined by the board meeting. Pay according to the degree of participation in the company's operations, contribution value, and with reference to the normal level of peers.

Article 15-1: (This article is deleted)

Article 15-2: Directors shall attend the board meeting in person, or conduct a video conference. If the director is unable to attend for some reason, except those who live abroad, he may entrust other shareholders in China to attend the board meeting on a regular basis, and issue a power of attorney. The authorized scope enumerating the reasons for the convening entrusts other directors to act as an agent, and the aforementioned agent is limited to be entrusted by one person.

Article 15-3: The company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Law, and the audit committee shall be composed of all independent directors. And the audit committee or members of the audit committee are responsible for implementing the powers of supervisors stipulated in the Company Law, Securities Exchange Law, and other laws and regulations. The Audit Committee was established after the re-election of the fourth directors and supervisors elected in 1995 upon expiration of their term of office.

## **Chapter 5 Managers**

Article 16: The company may have a manager, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Law.



## **Chapter 6 Accounting**

Article 17: At the end of each business year, the board of directors shall prepare various lists such as 1, business report 2, financial statements 3, profit distribution or loss recovery proposals, etc., and submit them for audit 30 days before the regular shareholders' meeting in accordance with the law. The committee checks and submits to the general meeting of shareholders for approval.

Article 18: The company's annual pre-tax net profit before deducting the distribution of employee remuneration and director's remuneration, after making up for the previous year's losses, if there is any remaining balance, it will be distributed as follows: employee remuneration is not less than 6%; director's remuneration is not high at three percent.

Decisions on employee remuneration, distribution ratio of directors' remuneration, and employee remuneration in stock or cash shall be made by the board of directors with the resolution of more than two-thirds of the directors present and the approval of more than half of the directors present, and reported to the shareholders' meeting.

The objects of employee remuneration distribution may include employees of affiliated companies who meet certain conditions, and the certain conditions shall be determined by the board of directors.

Article 18-1: If there is a surplus in the company's annual final accounts, it should first withdraw taxes and make up for the accumulated losses over the years, and then withdraw 10% as the statutory surplus reserve, and allocate or reverse the special reserve according to laws or regulations of the competent authority. Surplus reserve, if there is any surplus, the balance shall be added to the accumulated undistributed surplus of the previous year. The board of directors shall prepare a distribution proposal, in the form of issuing new shares, and submit it to the shareholders' meeting for resolution after distribution.

In accordance with Article 240, Paragraph 5 of the Company Law, the Company authorizes the board of directors to distribute dividends and bonuses when two-thirds or more of the directors are present and a resolution is passed by more than half of the directors present or in accordance with Article 240 of the Company Law. All or part of the statutory surplus and capital reserve stipulated in Paragraph 1 of Article 1 shall be distributed in cash and reported to the shareholders' meeting.

Article 18-2: 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 allocate more than 50% of the net profit after tax for the current year. Shareholder dividends, of which cash dividends shall not be less than 10% of the total amount.

## **Chapter 7 Supplementary Provisions**

Article 19: Matters not covered in this Articles of Association shall be handled in accordance with the provisions of the Company Law.

Article 20: This Articles of Association was established on June 12, 1996.

The first amendment was made on December 8, 1997.

The second amendment was made on September 22, 1998.

The second amendment was made on November 5, 1998.

The third amendment was made on September 17, 1999.

The fourth amendment was made on September 2, 1996.

The fifth amendment was made on October 7, 1999.

The sixth amendment was made on May 6, 2000.

The seventh amendment was made on May 22, 2000.

The eighth amendment was made on October 23, 2001.

The ninth amendment was made on April 23, 2002.

The tenth amendment was made on May 5, 2004.

The eleventh amendment was made on May 7, 2004.

The twelfth amendment was made on June 14, 2005.

The thirteenth amendment was made on June 14, 2006.

The fourteenth amendment was made on June 13, 2007.

The fifteenth amendment was made on June 13, 2008.

The sixteenth amendment was made on June 16, 2009.

The seventeenth amendment was made on June 15, 2010.

The eighteenth amendment was made on June 17, 2011.

The nineteenth amendment was made on June 17, 2013.

The twentieth amendment was made on June 29, 2015.

The twenty-first amendment was made on June 22, 2016.

The twenty-second amendment was made on August 25, 2021.

The twenty-third amendment was made on June 22, 2022.

AV TECH CORPORATION

Chairman: Chen Shizhong

## Appendix3

### AV TECH CORPORATION Director election method

1. The election of the company's directors shall be conducted in accordance with these regulations.
2. Unless otherwise specified in the company's Articles of Incorporation, each share shall have voting rights equivalent to the number of directors to be elected, which may be concentrated on a single c 和 idate or distributed among several c 和 idates.
3. The Board of Directors shall prepare ballots corresponding to the number of directors to be elected, each with the appropriate voting rights, 和 distribute them to the shareholders attending the shareholders' meeting.
4. Before the election begins, the chairman shall designate a certain number of vote monitors 和 vote counters to perform related duties.
5. For the election of directors, the Board of Directors shall provide a ballot box, which shall be publicly inspected by the vote monitors before voting begins
6. If the electee is a shareholder, the elector must fill in the electee's account name and shareholder account number in the "Electee" column of the election ticket; if the electee is not a shareholder, the elector's name and ID card must be filled in. serial number. However, when a government or legal person shareholder is the electee, the name of the electee in the election ticket should be filled in with the name of the government or legal person, and the name of the government or legal person and the name of its representative may also be filled in; when there are several representatives, The name of the representative should be added separately.
7. Ballots will be invalid if any of the following conditions apply:
  - (1) The ballot used is not the one prescribed by these regulations.
  - (2) A blank ballot is placed in the ballot box.
  - (3) The writing is illegible or altered.
  - (4) If the electee filled in is a shareholder, his or her account name and shareholder account number do not match the shareholder list; if the elector filled in is not a shareholder, his or her name and identity card number do not match after verification.
  - (5) Any text is included other than the candidate's name (or shareholder number) and the allocated voting rights.
  - (6) The candidate's name (or shareholder number) is not filled in.
  - (7) than one candidate is listed on the same ballot.
8. The directors of the company are elected by the shareholders' meeting who have the ability to act. Independent directors and non-independent directors should be elected together, and the number of elected directors should be calculated separately. They should be elected as directors or independent directors respectively according to the number of places stipulated in the articles of association of the company.

If two or more people have the same number of rights and exceed the prescribed quota, the person with the same number of rights will draw lots. For those who are not present, the chairman will draw lots on his behalf.

If an elected director or independent director is verified to have inconsistent personal information or is incompetent in accordance with relevant laws and regulations, the vacancy will be filled by the majority of the original electors.
9. Votes shall be counted immediately after the voting ends, the results shall be announced by the chairman on the spot.

10. The elected directors shall be issued election certificates by the Board of Directors.
11. Matters not specified in these regulations shall be h 和 led in accordance with the Company Act, the company's Articles of Incorporation, and relevant laws and regulations.
12. These regulations shall be implemented after approval by the shareholders' meeting, and the same shall apply to amendments

Appendix 4  
Shareholding of Directors

Directors list						Book closure date: April 21, 2024			
Title	Name		Shareholding while elected			Current shareholding			Remarks
		Date elected	Type	Shares	Shareholding ratio (%)	Type	Shares	Shareholding ratio (%)	
Chairman	Junyi Investment Co., Ltd. Representative: : Chen Shizhong	2021.08.25	Common stock	22,215,044	27.77%	Common stock	22,215,044	27.77%	
Director	Huang Junru	2021.08.25	Common stock	8,842,984	11.05%	Common stock	8,842,984	11.05%	
Director	Wu Zhengmou	2021.08.25	Common stock	279,061	0.35%	Common stock	251,061	0.35%	
Independent director	Wang Zhiming	2021.08.25	Common stock	0	0.00%	Common stock	0	0.00%	
Independent director	Cai Yizhen	2021.08.25	Common stock	0	0.00%	Common stock	0	0.00%	
Independent director	Lai Jiawei	2021.08.25	Common stock	0	0.00%	Common stock	0	0.00%	
Independent director	Zhong Jinling	2021.08.25	Common stock	0	0.00%	Common stock	0	0.00%	
Total			Common stock	31,337,089		Common stock	31,309,089		

Total issued shares: 80,000,000 shares on August 25, 2021

Total issued shares: 80,000,000 shares on April 21, 2024

Note : The minimum required combined shareholding of all directors by law: 6,400,000 shares  
The combined shareholding of all directors on the book closure date: 31,309,089 shares

The company has an audit committee, so there is no statutory requirement for the number of shares held by the supervisor  
© The shares held by independent directors shall not be counted in the calculation of director shareholdings.