

Action Electronics Co.,Ltd.

Handbook for the 2021 Annual Meeting of Shareholders

English Translation

Meeting Time: 9:00 am June 28(Monday), 2021

Place: B1., No. 198, Zhongyuan Rd., Zhongli Dist., Taoyuan City .

(Multifunctional Hall of Action Electronics CO., LTD.)

(Where any discrepancy arises between the English translation and Chinese version,the Chinese version prevail)

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Action Electronics Co., Ltd.

Procedure for the 2021 Annual Meeting of Shareholders

- 1. Report of Number of Shares Represented by Attendees**
- 2. Call the Meeting to Order**
- 3. Chairperson Takes Chair**
- 4. Chairperson Remarks**
- 5. Company Reports**
- 6. Proposals and Discussions**
- 7. Questions and Motions**
- 8. Adjournment**

Action Electronics Co., LTD.

Agenda of 2021 Annual Meeting of Shareholders

Meeting Time: 9:00 am on June 28(Monday) ,2021

Please: B1., No. 198, Zhongyuan Rd., Zhongli Dist., Taoyuan City ..
(Multifunctional Hall of Action Electronics Co., Ltd.)

I、 Company reports:

- (1) Reports for Business status in 2020 and Business Plan in 2021.
- (2) 2020 Audit Report of Audit committee.
- (3) Report of Distribution on Employee Bonus and Remuneration to Directors in 2020.
- (4) Report on the endorsements/Guarantees.

2、 Proposals and Discussions

- (1) 2020 Business Report and Financial Statements.
- (2) 2020 Earnings Distribution Proposal.

3、 Questions and Motions

4、 Adjournment

I、 Company Reports :

(1) Reports for Business status in 2020 and Business Plan in 2021

2020 Business Report

To all shareholders who may concern:

I would like to extend my heartfelt gratitude for all shareholders out of your busy schedule to attend the Company's 2021 Shareholders Meeting, as well as the long-term supports and encouragement to the Company.

In retrospect 2020, the global economy growth staggered considerably due to the Covid-19 epidemic and affected somewhat the domestic demand, thus slowing the growth speed of home appliance market. Despite the overall economic suffering, Kolin's brand sales still registered growth in 2020, compared to the preceding year. This attributed to the upgrade of the Company's management efficiency and teamwork efforts in many significant indexes, for instance, a huge improvement in ratio of returned goods. Meanwhile, major orders for automotive electronics resumed following the gradual unlock of overseas manufacturing bases, most of which were locked down by Covid-19 influences. Accordingly, the Company's brand sales, automotive electronics, and activated real estates (granted an incentive for floor area ratio up to 399% by the Industrial Bureau of the Ministry of Economic Affairs) have enjoyed fair progresses, and expect to enjoy better performances in the year of 2021.

The IoT (Internet of Things) has become a significant trend in the technological field in recent years. Through the convenience of voice-activated human-machine interaction, smart home appliances and intelligent family products are the important development items nowadays. In an attempt to further sharpen the competitive edge, Action Electronics has invested multiple resources aiming at the upgrade of its home appliance products, including the use of APPs for remote control functions. The Company also introduces a smart coffee machine, the first of its kind in Taiwan's home appliance industry, so as to offer more convenient life with its consumers. In the future, the Company will continue adjusting its structure and creating more applications in both AI and IoT. This expects to help the Company keep a stable growth under the changing environments and to serve as feedbacks for the support of shareholders. The management results of 2020, and prospects of 2021 are reported, as follows:

I、 2020 Group Business Report

1. Operating income and expenditure and the implementation results of business plan:
The consolidated net operating income for the group was NT\$1,280,877,000 in 2020, decreased from NT\$1,340,594,000 in 2019. The consolidated operating net profit was NT\$44,061,000, and net profit after tax was NT\$43,498,000.

Consolidated P&L Statement for 2020

Unit: In NT\$ Thousand

Items	2020	2019
Operating revenues	1,280,877	1,340,594
Operating costs	980,541	1,020,242
Gross profit	300,336	320,352
Operating expenses	256,275	312,759
Net operating income (loss)	44,061	7,593
Income before tax	73,981	62,583
Income after tax	43,498	48,570
Net income attributable to shareholders of the parent	46,096	54,736

2. Financial Structure Ratio Analysis

Items		2020	2019
Capital Structure Analysis (%)	Debt Ratio (%)	29.53%	29.85%
	Long-term funds to Fixed Assets(%)	1,593.65%	1,028.31%
Liquidity Analysis	Current Ratio (%)	157.33%	150.23%
	Quick Ratio (%)	116.22%	107.16%
	Interest Coverage (times)	8.06	5.00
Return on Investment Analysis (%)	Return on Total Assets (%)	1.39%	1.58%
	Return on Total Equity (%)	1.65%	1.83%
	Operating profit to capital (%)	1.59%	0.27%
	Net profit before tax to capital (%)	2.67%	2.26%
	Net Profit to Sales (%)	3.40%	3.60%
	EPS	0.17 元	0.20 元

II、 2021 Business Plan

1. Strategic guidelines and business strategies:

- (1) Profitability: improve and create. Evaluate nine index of operating performance on a monthly basis to achieve the target of return on capital and the four-satisfying missions.
- (2) Structure adjustment: emphasis on “professional, simple, and profitable” and build up core competitiveness. Integrate group resources and provide priority to those with SMART strategy.
- (3) Activation of assets: the integration of existing tangible (intangible) assets, Cooperative development, creating value, and sharing benefits.
- (4) Stock price rationalization: starting from the fundamentals, make the stock price at least reach the net value per share, and benefit the interests of shareholders.

2. Products and business: The main business of the Company and its subsidiaries are the sales, maintenance, installation and service of electrical home appliances, warehousing, logistic services, manufacturing, processing, and trading of automotive electronic products.

It is divided into three major operating divisions:

- (1) Automotive electronics manufacturing division: R&D, manufacturing, and sales of automotive audio-visual entertainment products (such as vehicle integrated central control dashboard, vehicle central control multimedia dashboard system)
- (2) Brand management and service division: use the brand motto of "discover and enjoy the beauty of Taiwan" as the main axis and extend to enhance brand marketing ability, develop innovative, differentiated, and cost-competitive products. Increase AI smart home appliances, such as voice-controlled home appliances. Deeply cultivate channel operations to increase revenue and gross profit. The main products include large and small household appliances such as TVs, air conditioners, refrigerators, washing machines and household appliances, cooking appliances, medical cosmetology appliances, drainages, etc. In the same time, to improve customers' satisfaction on after-sale services and logistics distribution in order to provide consumers with a better experience in terms of quality and service.
- (3) Asset activation business division: The Action Group owns many plant assets providing international storage equipment and high quality environment at home and abroad, which can create considerable revenue and profits for the group every year. In response to the large-scale return of Taiwanese businessmen and the renewal of the industrial zone toward three dimension by the government's, the Action Group plans to build two new factory and office buildings on the old site of the headquarters to support future revenue momentum. The Group will also actively dispose non-core assets in order to support the development of the Group's core business.

III、 Future development strategy

1. Brand management:

Continuously provide customers with trustworthy and affordable products and services. Apply smart technology to make products more useful and services more immediate to make our life better. Let consumers feel the beauty of Taiwan through products, logistics and after-sales service (Kolin).

In terms of products, in response to the advent of the era of smart home appliances, the Group has formed R&D team for smart homes solution to create a smart home appliance ecological chain through the communication of hardware and on the cloud. In the future, home appliances products will fully enter the smart era to make human life more convenient and comfortable. For home appliances, Smart is undoubtedly the trend.

2. Automotive electronics:

With the popularization of campervans and yachts, the Group has set up strategic alliances with major foreign manufacturers to provide the best manufacturing and development support. The Company's production bases in China and Southeast Asia can avoid the tariffs impact caused by the Sino-US trade war and establish short supply chain to provide the needs of customers in the China and Europe and America.

3. Asset activation:

In terms of the activation of assets, The Group established a subsidiary, Action Asia Development. Committed to the industry upgrade, the Group planned to convert old head quarter to become an industrial park with the theme "New Type of Industry 4.0". The industry zone gathers R&D, makers, artificial intelligence (AI), Internet of Things (IOT), big data (Big Data) and integrates functions of R&D, exhibition and sales, and passenger flow. In addition, the Group will dispose of idle assets or non-core assets to increase disposal income and expand core competitiveness.

4. Looking into the future, the Group will continue to focus on the integration of the resources of the three divisions, strengthen the operational ability and uplift brand competitiveness. In the operation and management, the Group will emphasize on recruiting and training of new talents, create the Group's corporate culture and value continuously, and implement sustainable business operations.

IV、 The influence of external competition, regulatory environment and overall business environment

1. For the rapid changes in the external environment, despite the impact of the Sino-US trade war and Covid-19 epidemic, the Company still adheres to the business strategy of "professional, simple, and profitable", concentrates on the core business development, strives to flatten the organization to quickly respond the market change and close to market demand. The Company will use "specialized" and "simplified" to concentrate resources in a favorable market, create values, and pursue profits.

2. Regulatory environment: In view of the continuous development of the Sino-US trade war, the demand for investment from returned Taiwanese business has increased dramatically. In line with government's industrial policy of renewal industrial zone toward three-dimensional development, the Company sets up the Action Intelligent nd Tech Park, which will become a demonstration for the transformation and landmark of the Zhongli Industrial Zone.

3. Overall business environment:

- (1) Inheritance, reform and innovation go hand-in-hand: Inherit the excellent corporate culture and work spirit of the Action, the most important thing for reform is to have good products, good talents, and inject new elements and vitality. Enterprises must

be alerted to avoid boil frogs in warm water effect.

- (2) Home appliance industry under the brand Kolin, automotive electronics, and activated assets have become the three major operating focuses for the Company. For the home appliance, we continue to provide consumers with a simple, easy-to-use products and happy life. For automotive electronics, the Company has built up extensive OEM experience with major international factories and already set up a production base in Malaysia. Moreover, the Company's products have niche of a long product cycle. Under the Sino-US trade war, it has become a competitive advantage.
- (3) For the asset activation, the Company has established modern warehousing services in Shanghai. In Shenzhen, the Company owned land located in the Greater Bay Area where the airport located. For the Zhongli area where headquarters located, it will be developed into the Action Intelligent Tech Park.

Chairman : Peng Ting Yu

CEO : Hsu Wen-tang

Accounting Officer : Shih- Yun Lei

(2) 2020 Audit Report of Audit committee

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The Financial Statements has been duly reviewed and approved Baker Tilly Clock & CO. with the issuance of auditor's Report. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulation in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:

2021 Annual Shareholders' Meeting of Action Electronics Co., Ltd

Audit Committee

Independent Director: Tang Peng Chin

Independent Director: Min Kuei Ling

Independent Director: Yen Tzong Ming

Date: March 29,2021

(3) Report of Distribution on Employee Bonus and Remuneration to Directors in 2020

Explanation:

1. According to Article 29 of the Company's Articles of Incorporation, where the Company has profit at the end of any fiscal year, it shall allocate no less than 5% of the profit as bonus to employees and no more than 4% of the profit as the remuneration to directors.

(1) Employees bonus is NT\$2,591,526.

(2) Remuneration to directors is NT\$2,073,221.

2. Employees bonus and Remuneration to directors will be distributed by cash.

(4) Report on the endorsements/Guarantees

Unite: In NT\$ thousand

Endorsements /Guarantees	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Percentage of accumulated guarantee amount to net assets value per latest financial statements
	Company name	Relationship with the endorser/ Guarantor			
Action Electronics CO.,LTD	Action ASIA Development Co.,Ltd.	Subsidiary	1,000,000	1,000,000	38.19
Action ASIA Limited.	Action Industries (M) SDN. BHD.		82,532	78,251	4.38
Action Asia (SZ) Co., Ltd	DedeTechnology (SHENZHEN) CO., LTD.	Associate	315,288	315,144	43.87

II、 Proposals and Discussions:

Proposal 1 : Propose to approval of 2020 Business Report and Financial Statements

Explanation:

- (1) Action Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Hsin-Liang Wu and Li-chen Peng of Baker Tilly Clock &CO. Firm. Also Business Report and Financial Statements have been approved by the Board and examined by the supervisors of Action Company.
- (2) The 2020 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda.

Resolution:

Proposal 2 : Propose to approval of 2020 Earnings Distribution Proposal (Proposed by Board of Directors)

Explanation:

- (1)The Board has adopted a Proposal for Distribution of 2020 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to the 2020 PROFIT DISTRIBUTION TABLE below.

Action Electronics Co.,Ltd
PROFIT DISTRIBUTION TABLE
Year 2020

(Unit: In NT \$)

Items	Total	Total
Beginning retained earnings		\$ 26,082,438
Add: net profit after tax	\$ 46,096,145	
Other comprehensive gains and losses(Determine the actuarial profit and loss of the benefit plan)	-2,394,065	
Earnings available for distribution		43,702,080
Less: 10% legal reserve		-4,370,208
Special reserves		-35,135,473
Distributable net profit		30,278,837
Distributable items:		
Dividend to shareholders		-27,715,750
Unappropriated retained earnings		\$ 2,563,087

- (2)The Company proposed to distribute Cash dividends of NT\$0.1 Per share for 2020 which amounted to NT\$ 27,725,750 in total
- (3)1.After approval of the Annual Shareholders' Meeting, it is proposed that Chairman will be authorized to resolve the ex-dividend date and handle distribution affairs for cash dividend
- 2.Cash dividends paid to each individual shareholder will be rounded down to the nearest dollar. Fractional shares with a value less than one dollar are recognized as the Company's other income.
- 3.If the company repurchase stocks of the Company or convert or retire treasury stocks that give impacts on the outstanding shares number to make distribution rate /per stock change, the Company authorizes the chairman to adjust the distribution yield of shareholders according to the resolution for distribution amount and of actual outstanding share number in shareholders' meeting.

Resolution:

III、 Questions and Motions

IV、 Adjournment

Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the Consolidated Financial Statements of Action Electronics Co., Ltd. as of and for the year ended Dec.31, 2020, under the Criteria Governing Preparations of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the Consolidated Financial Statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the Consolidated Financial Statements is included in the Consolidated Financial Statements. Consequently, Action Electronics Co., Ltd. and subsidiaries do not prepare a separate set of Consolidated Financial Statements.

Company Name: Action Electronics Co., Ltd.

CEO: Peng Ting-Yu

Date: March. 29, 2021

Independent Auditors' Report

NO.20811090CA

Action Electronics Co., Ltd.

Audit opinion

We have audited the accompanying Consolidated Financial Statement of Action Electronics Co.,Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of Dec. 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes of the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, 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 the 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 Certificated Public Accountants and auditing standards generally accepted in 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 in accordance with the Norm of Professional Ethics for Certified Public Accountant of 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, 2020. These matters were addressed in the context of our audit of the

consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Asset depreciation assessment

For the accounting policy of asset depreciation, please refer to footnotes 4(8) and 4(13) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions of asset depreciation, please refer to footnote 5 of the consolidated financial statement; please refer to the consolidated financial statement for the description of asset depreciation accounting items. The statement footnotes 6(10), 6(11), and 6(14).

Using equity method on investment, real estate, plant and equipment, and the investment on real estate represents the amount of relevant assets expected to be recovered by the management under the conditions of sustainable operation in each future period. The management is at each balance sheet date. It should be assessed whether there are any signs that the referred assets may have been depreciated. If there are any signs of depreciation, the recoverable amount of the asset needs to be estimated. If the recoverable amount of an individual asset cannot be estimated, the management should estimate the recoverable amount of the cash-generating unit to which the asset belongs. Since the calculation of the recoverable amount involves many assumptions and estimates, the process is inherently highly uncertain, and the asset depreciation assessment is named as one of the key audit items this year.

We have performed main auditing procedures as follows:

1. To understand the relevant policies and processing procedures of Action Electronics Co., Ltd. and its subsidiaries for depreciation evaluation, and assess the cash-generating units recognized by the management that can be reduced and the signs of internal and external depreciations.
2. To consider whether all assets that require annual depreciation testing have been fully incorporated into the management evaluation process.
3. To assess the applicability of the evaluation methods which are used by the management to measure the recoverable amount.
4. For the recoverable amount definite by the independent evaluation report issued by

the third party appointed by Action Electronics Co., Ltd. and its subsidiaries, review the reasonableness of relevant assumptions and evaluate the qualification and independence of the appraiser to confirm the fair value.

5. To assess the uncertainty issues and related assumptions involved in the process of evaluating loss of depreciation, and consider whether the relevant disclosures of Action Electronics Co., Ltd. and its subsidiaries are sufficiently presented.

Recognition of income

For accounting policies on revenue recognition, please refer to footnote 4:16 of the consolidated financial report; for description of accounting items, please refer to footnote 6:29 of the consolidated financial statements.

The income of Action Electronics Co., Ltd. and its subsidiaries is mainly recognized based on the rewards of transferring product risks, which affect the company's annual profit and loss directly. Action Electronics Co., Ltd. and its subsidiaries shall recognize the rewards on transferring of commodity risks in order to recognize income based on their trading conditions. Therefore, the revenue recognition period and recognized amount are named as those of key audit items.

Below listed main auditing procedures performed by us:

1. to understand and test Action Electronics Co., Ltd. and its subsidiaries' internal control relating to the recognition of sales revenue of
2. to understand the income types and trading conditions of Action Electronics Co., Ltd. and its subsidiaries to assess whether the accounting policies at the time of income recognition are appropriate.
3. By sampling method, test the sales transactions of Action Electronics Co., Ltd. and its subsidiaries before and after the balance sheet date to understand the period of income attribution and whether significant sales returns and discounts have occurred through the process.

Other matters

Among enlisted consolidated financial statements of Action Electronics Co., Ltd., regarding the financial statements of the subsidiary ACTION INDUSTRIES(M) SDN. BHD. was audited by other CPA. Therefore, among the opinions provided by us regarding the amount mentioned in the financial statements of its subsidiaries are in accordance with other auditors' opinion. The total assets of the subsidiary as of

December 31, 2020 was NT\$290,518,000 dollars accounting for 8% of the total consolidated assets; the operating income from January 1 to December 31, 2020 was NT\$180,163,000 dollars, accounting for 14% of the consolidated operating income.

Action Electronics Co., Ltd. has prepared individual financial reports for the 2020 and 2019, and the audit report with unqualified opinions and other matters issued by the accountant is recorded for reference.

Responsibilities of management and those charged with governance 3e for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with the regulations governing the preparation of financial statements by securities issuers and the 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'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 members of the audit committee) are responsible for overseeing the company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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 auditor's 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 auditing standards generally accepted in 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 based on these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the republic of china, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 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 disclosure 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 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 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 appropriated audit evidence regarding the financial information of the entities or business activities within the company 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 charge 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 charge with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and whether applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statement for the year ended December 31, 2020 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.

Baker Tilly Clock & Co

CPA: _____

Hsin-Liang Wu

CPA: _____

Li-chen Peng

Approval number: FSC NO. 09600000880

FSC Review NO.1050025873

March 29, 2021

Action Electronics Co., LTD. and Subsidiaries

Consolidated Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

		December 31.2020		December 31.2019	
		Amount	%	Amount	%
Assets					
Current assets					
1100	Cash and cash equivalents	520,648	14	568,389	16
1110	Current financial assets at fair value through profit or loss	2,893	-	2,898	-
1120	Current financial assets at fair value Through other comprehensive income	87,312	2	-	-
1136	Current financial assets at amortised Cost	125,924	3	131,066	3
1150	Notes receivable, net	12,736	-	12,853	-
1170	Accounts receivable, net	110,354	3	135,978	4
1200	Other receivables	38,278	1	78,523	2
130X	Inventories	313,192	9	328,550	9
1410	Prepayments	53,510	1	49,040	1
1460	Disposal group held for sale	99,679	3	-	-
1470	Other current assets	38,956	1	9,766	-
11XX	Total current assets	1,403,482	37	1,317,063	35
Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	-	-	115,617	3
1550	Investments accounted for using equity method	540,091	15	536,155	15
1600	Property, plant and equipment	176,803	5	281,167	8
1755	Right-of-use assets	42,553	2	49,365	1
1760	Investment property, net	1,135,512	30	1,013,119	27
1780	Intangible assets	225,771	6	239,868	6
1840	Deferred tax assets	170,242	5	206,256	5
1900	Other non-current assets	15,250	-	9,377	-
15XX	Total non-current assets	2,306,222	63	2,450,924	65
1XXX	Total assets	3,709,704	100	3,767,987	100

(Continued)

Action Electronics Co., LTD. and Subsidiaries

Consolidated Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

		December 31.2020		December 31.2019	
		Amount	%	Amount	%
Liabilities and equity					
Current liabilities					
2100	Short-term loans	531,049	14	552,523	15
2130	Current contract liabilities	23,694	1	15,546	-
2150	Notes payable	3,822	-	2,768	-
2170	Accounts payable	109,710	3	103,901	3
2200	Other payables	135,598	4	147,091	4
2230	Current tax liabilities	3,892	-	4,412	-
2250	Current provisions	21,193	1	9,633	-
2260	Liabilities related to disposal group held for sale	6,497	-	-	-
2280	Current lease liabilities	19,405	-	15,373	-
2300	Other current liabilities	37,219	1	25,460	1
21XX	Total current liabilities	892,079	24	876,707	23
Non-current liabilities					
2550	Non-current provisions	6,241	-	14,914	-
2570	Deferred tax liabilities	124,047	3	150,616	4
2580	Non-current lease liabilities	18,333	-	28,414	1
2600	Other non-current liabilities	20,418	1	18,512	1
2640	Net defined benefit liability, non-current	34,362	1	35,588	1
25XX	Total non-current liabilities	203,401	5	248,044	7
2XXX	Total liabilities	1,095,480	29	1,124,751	30
Equity					
3110	Share capital-common stock	2,771,575	75	2,771,575	74
3200	Capital surplus	1,602	-	259	-
Retained earnings					
3310	Legal capital reserve	20,301	-	14,828	-
3320	Special capital reserve	204,418	6	204,418	6
3350	Unappropriated earnings	69,785	2	92,531	2
3400	Other equity interest	(448,971)	(12)	(439,918)	(12)
31XX	Total equity attributable to owners of the parent	2,618,710	71	2,643,693	70

(Continued)

Action Electronics Co., LTD. and Subsidiaries
Consolidated Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

		December 31.2020		December 31.2019	
		Amount	%	Amount	%
36XX	Non-controlling interests	(4,486)	-	(457)	-
3XXX	Total equity	2,614,224	71	2,643,236	70
3X2X	Total liabilities and equity	3,709,704	100	3,767,987	100

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

Action Electronics Co., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		December 31.2020		December 31.2019	
		Amount	%	Amount	%
4000	Operating revenue	1,280,877	100	1,340,594	100
5000	Operating costs	(980,541)	(77)	(1,020,242)	(76)
5900	Gross profit (loss) from operations	300,336	23	320,352	24
Operating expenses					
6100	Selling expenses	(82,352)	(6)	(101,483)	(7)
6200	Administrative expenses	(154,238)	(12)	(194,043)	(15)
6300	Research and development expenses	(31,584)	(2)	(29,341)	(2)
6450	Impairment gain determined in accordance with IFRS 9	11,899	-	12,108	1
6000	Total operating expenses	(256,275)	(20)	(312,759)	(23)
6900	Net operating income (loss)	44,061	3	7,593	1
7000	Non-operating income and expenses				
7100	Interest income	3,267	-	5,667	-
7010	Other income	51,753	4	52,177	4
7020	Other gains and losses	(16,917)	(1)	9,577	1
7050	Finance costs	(10,486)	(1)	(15,658)	(1)
7055	Impairment gain determined in accordance with IFRS 9	7,248	1	2,057	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	(4,945)	-	1,170	-
	Total non-operating income and expenses	29,920	3	54,990	4
7900	Profit from continuing operations before tax	73,981	6	62,583	5
7950	Income tax expense	(37,194)	(3)	(15,915)	(1)
8000	Profit from continuing operations	36,787	3	46,668	4
8100	Profit from discontinued operations	6,711	-	1,902	-
8200	Net Income	43,498	3	48,570	4
	Other comprehensive income	(11,535)	0		0
8310	Items that will not be reclassified subsequently to profit or loss	(30,699)	(2)	56,990	4
8360	Items that may be reclassified subsequently to profit or loss	19,164	2	(46,410)	(4)
8500	Total comprehensive income	31,963	3	59,150	4

(Continued)

Action Electronics Co., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		December 31. 2020		December 31. 2019	
		Amount	%	Amount	%
Income attributable to:					
8610	Shareholders of the parent	46,096	3	54,736	4
8620	Non-controlling interests	(2,598)	-	(6,166)	-
<hr/>					
Total comprehensive income attributable to:					
8710	Shareholders of the parent	34,649	3	65,268	4
8720	Non-controlling interests	(2,686)	-	(6,118)	-
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arnings per share (in New Taiwan Dollars)

m continuing and discontinued operations

9750	Basic earnings per share	\$0.17		\$0.20	
9850	Diluted earnings per share	\$0.17		\$0.20	
<hr/>					
From continuing operations					
9710	Basic earnings per share	\$0.15		\$0.19	
9810	Diluted earnings per share	\$0.15		\$0.19	
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The accompanying notes are an integral part of the consolidated financial stat

Action Electronics Co., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent							Total	Non-controlling interests	Total equity
	Retained earnings					Others				
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
Balance at January 1, 2019	\$2,771,575	\$259	\$0	\$204,418	\$142,106	(\$443,077)	(\$8,166)	\$2,667,115	\$4,801	\$2,671,916
Appropriations of earnings										
Legal capital reserve			14,828		(14,828)			0		0
Cash dividends to shareholders					(88,690)			(88,690)		(88,690)
Net Income in 2019					54,736			54,736	(6,166)	48,570
Other comprehensive income in 2019					(793)	(46,458)	57,783	10,532	48	10,580
Total comprehensive income in 2019	0	0	0	0	53,943	(46,458)	57,783	65,268	(6,118)	59,150
Increase in non-controlling interests								0	860	860
Balance at December 31, 2019	\$2,771,575	\$259	\$14,828	\$204,418	\$92,531	(\$489,535)	\$49,617	\$2,643,693	(\$457)	\$2,643,236

(Continued)

Action Electronics Co., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent							Total	Non-controlling interests	Total equity
	Retained earnings					Others				
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income			
Balance at January 1, 2020	\$2,771,575	\$259	\$14,828	\$204,418	\$92,531	(\$489,535)	\$49,617	\$2,643,693	(\$457)	\$2,643,236
Appropriations of earnings										
Legal capital reserve			5,473		(5,473)			0		0
Cash dividends to shareholders					(60,975)			(60,975)		(60,975)
Net Income in 2020					46,096			46,096	(2,598)	43,498
Other comprehensive income in 2020					(2,394)	19,252	(28,305)	(11,447)	(88)	(11,535)
Total comprehensive income in 2020	0	0	0	0	43,702	19,252	(28,305)	34,649	(2,686)	31,963
Changes in percentage of ownership in subsidiaries		1,343						1,343	(1,343)	0
Balance at December 31, 2020	\$2,771,575	\$1,602	\$20,301	\$204,418	\$69,785	(\$470,283)	\$21,312	\$2,618,710	(\$4,486)	\$2,614,224

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

Action Electronics Co., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities		
Profit from continuing operations before tax	73,981	62,583
Profit from discontinued operations before tax	6,711	1,902
Profit before tax	80,692	64,485
Adjustments for :		
Depreciation expense	61,574	58,496
Amortization expense	8,567	8,064
Expected credit losses	(19,147)	(14,165)
Net loss (gain) on financial assets at fair value through profit or loss	5	(136)
Interest expense	10,486	15,658
Interest income	(3,383)	(5,742)
Dividend income	(7,650)	(4,244)
Share of loss (profit) of associates accounted for using equity Method	4,945	(1,170)
Loss (gain) on disposal of property, plant and equipment	(526)	72
Loss (gain) on disposal of investment properties	(2,683)	-
Loss (gain) on disposal of investments	(78)	(71)
Impairment loss on non-financial assets	7,714	-
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	78	2,194
Notes receivable	117	1,264
Accounts receivable	32,547	80,364
Other receivable	47,581	23,540
Inventories	11,189	32,260
Prepayments	(5,987)	(5,733)
Other current assets	(9,311)	(3,622)
Contracts liabilities	8,148	2,207
Notes payable	1,054	(2,374)
Accounts payable	7,353	15,659
Other payable	(5,561)	(179)
Provisions for liabilities	(1,775)	947
Other current liabilities	14,791	6,687
Net defined benefit liability	(3,620)	(1,164)

(Continued)

Action Electronics Co., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash generated from operations	237,120	273,297
Interest received	3,383	7,097
Dividends received	7,650	4,244
Interest paid	(9,439)	(14,630)
Income taxes paid	(32,272)	(14,418)
Net cash generated by operating activities	206,442	255,590
Cash flows from investing activities		
Acquisition of financial assets at amortised cost	(83,200)	(131,066)
Proceeds from disposal of financial assets at amortised cost	87,534	205,696
Cash flow from acquisition of subsidiaries	-	(6,957)
Acquisition of property, plant and equipment	(5,758)	(22,832)
Proceeds from disposal of property, plant and equipment	571	69
Increase in refundable deposits	(4,703)	(272)
Decrease in refundable deposits	2,861	153
Acquisition of intangible assets	(705)	(368)
Acquisition of investment properties	(117,776)	(7,678)
Proceeds from disposal of investment properties	3,682	-
Increase in other financial assets	(173,230)	(173,041)
Decrease in other financial assets	157,560	195,855
Increase in other non-current assets	(1,407)	(1,273)
Increase in prepayments for business facilities	-	(2,507)
Net cash used in investing activities	(134,571)	55,779
Cash flows from financing activities		
Increase (decrease) in short-term loans	(19,536)	(177,560)
Repayments of long-term debt	-	(68,872)
Increase in guarantee deposits	5,715	-
Decrease in guarantee deposits	(4,061)	(2,432)
Repayments of the principal portion of lease liabilities	(19,872)	(15,021)
Cash dividends paid	(60,975)	(88,690)
Increase (decrease) in non-controlling interests	-	860
Net cash used in financing activities	(98,729)	(351,715)
Effect of exchange rate changes on cash and cash equivalents	(6,361)	(5,866)
Net increase (decrease) in cash and cash equivalents	(33,219)	(46,212)

(Continued)

Action Electronics Co., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents at beginning of period	568,389	614,601
Cash and cash equivalents at end of period	<u>535,170</u>	<u>568,389</u>
Adjustments for cash and cash equivalents at end of period :		
Carrying amount of cash and cash equivalents	520,648	568,389
Cash and cash equivalents reclassified to disposal group held for sale	14,522	-
Cash and cash equivalents at end of period	<u>535,170</u>	<u>568,389</u>

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

Action Electronics Co., Ltd. Public Certificate:

Opinion

We have audited Action Electronics Co., Ltd.'s individual balance sheet as of December 31, 2020 and 2019, and the individual's comprehensive income statement, individual statements of changes in equity, and individual statements of cash flow, and Individual financial statements of January 1 to December 31, 2020 and 2019, and the notes to the individual financial statement (including the summary of major accounting policies).

In our opinion, based upon the auditors results and other auditors report, the accompanying parent company only financial statement present fairly, in all material respects, the accompanying parent company only financial position of the company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only 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 auditing standards generally accepted in the republic of china. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the parent company only 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 public of china, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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 parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and forming our opinion thereon, and we do not provide a separated opinion on these matters

The key audit matters of Action Electronics Co., Ltd.'s individual financial statement in year 2020 are as follows:

Occurred Impairment of investment accounted for using the equity method

for the accounting policy, please refer to note 4(6) of the individual financial report of

equity investment; for the description of accounting items, please refer to note 6(7) of the individual financial statement

Action Electronics Co., Ltd. used the equity method to invest NT\$2,143,344,000 on December 31, 2020, accounting for 64% of total assets, and the share of interest recognized by the equity method in year 2020 was NT\$67,247,000, accounting for 143% of net profit before tax. Since these amounts are considered significant, and when the management performs impairment assessments, the calculation of the recoverable amount involves many assumptions and estimates. The process is inherently highly uncertain. Therefore, the impairment of investment using the equity method is named as one of key review items for this year.

We follow bellow listed main auditing procedures:

1. to assess the cash-generating units that the management recognizes as reason of causing impairment and whether there are signs of impairment shown or not.
2. to understand and evaluate important assumptions such as future cash flow forecasts and capital cost ratios used by management for impairment testing.
3. Through procedures such as inquiring management, identify whether relevant matters that can affect the results of the impairment test will occur in the future of the balance sheet.
4. Assess whether the management has properly disclosed the equity method evaluation investment policy and related information.

Recognition of income

For accounting policies on income recognition, please refer to Note 4(13) of the individual financial statement; for accounting items, please refer to Note 6(23) of the individual financial statement.

The income of Action Electronics Co., Ltd. is mainly recognized based on the rewards of commodities risk transfer, which directly affects the company's annual profit and loss. Action Electronics Co., Ltd. shall recognize the rewards of transferring commodity risk in accordance with its trading conditions to recognize income. Therefore, the revenue recognition period and recognized amount are considered as one of the key audit items.

Main auditing procedures used in executing audition

1. To understand and test the internal control related to the recognition of sales revenue of Action Electronics Co., Ltd.
2. To understand the types of income and trading conditions of Action Electronics Co., Ltd. to assess whether the accounting policies at the time of income recognition are appropriate.
3. With sampling method, to test the sales transactions before and after the balance sheet date of Action Electronics Co., Ltd. to understand the period of income attribution and whether significant sales returns and discounts have occurred.

Other matters-using other auditors' reports

Action Electronics Co., Ltd.'s annual individual financial report of the year 2020 was enlisted as invested company as The equity method is used to evaluate the investment. The financial report of the relevant subsidiary ACTION INDUSTRIES(M) SDN. BHD. has not been audited by us, but by other auditors. Therefore, in our opinion on the individual financial report of the accompanying individual financial statements; the amount of which using the equity method and the recognition of its share of profit and loss are based on the auditor's reports. On December 31, 2020, the investment in the above-mentioned investee company recognized by the equity method was NT\$117,131,000, accounting for 3% of the total assets; from January 1 to December 31 in 2020, was recognized by the equity method. The profit share was NT\$7,662,000 which accounts for 16% of the net profit before tax.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

1. identify and assess the risks of material misstatement of the parent company only 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 for error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. obtain an understandings of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, 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 estimated 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 parent company only 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 parent company only financials statements, including the disc lures, and whether the parent company only financial statement represent the underlying transaction and events in a manner that achieves fair presentation.
6. obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 scoped 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 relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matter communicated with those charge with governance, we determined those matters with were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit

matters. We describe these matters in our auditor's 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.

Baker Tilly Clock & Co

CPA: _____

Hsin-Liang Wu

CPA: _____

Li-chen Peng

Approval number: FSC NO. 09600000880

FSC Review NO.1050025873

March 29, 2021

Action Electronics Co., LTD.
Parent Company Only Balance Sheets
(Expressed in Thousands of New Taiwan Dollars)

		December 31.2020		December 31.2019	
		Amount	%	Amount	%
Assets					
Current assets					
1100	Cash and cash equivalents	57,243	2	75,696	2
1120	Current financial assets at fair value through other comprehensive income	87,312	3	-	-
1136	Current financial assets at amortised cost	71,200	2	-	-
1150	Notes receivable, net	10,497	-	10,629	-
1170	Accounts receivable, net	57,262	2	74,835	2
1200	Other receivables	89,912	3	149,107	5
130X	Inventories	155,812	5	193,876	6
1410	Prepayments	7,551	-	9,713	-
1470	Other current assets	16,704	-	7,397	-
11XX	Total current assets	553,493	17	521,253	15
Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	-	-	115,617	4
1550	Investments accounted for using equity method	2,143,344	64	2,079,507	61
1600	Property, plant and equipment	57,992	2	150,072	5
1755	Right-of-use assets	11,260	-	12,720	-
1760	Investment property, net	210,016	6	94,449	3
1780	Intangible assets	223,874	7	228,989	7
1840	Deferred tax assets	151,643	4	181,674	5
1900	Other non-current assets	5,720	-	3,935	-
15XX	Total non-current assets	2,803,849	83	2,866,963	85
1XXX	Total assets	3,357,342	100	3,388,216	100

(Continued)

Action Electronics Co., LTD.

Parent Company Only Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31.2020</u>		<u>December 31.2019</u>	
		Amount	%	Amount	%
Liabilities and equity					
Current liabilities					
2100	Short-term loans	474,027	14	492,555	15
2130	Current contract liabilities	2,972	-	3,807	-
2150	Notes payable	3,378	-	2,337	-
2170	Accounts payable	30,785	1	37,114	1
2200	Other payables	67,795	2	36,027	1
2280	Current lease liabilities	3,831	-	3,119	-
2300	Other current liabilities	28,096	1	14,141	-
21XX	Total current liabilities	610,884	18	589,100	17
Non-current liabilities					
2550	Non-current provisions	913	-	2,233	-
2570	Deferred tax liabilities	113,393	4	139,595	5
2580	Non-current lease liabilities	7,576	-	9,570	-
2600	Other non-current liabilities	1,086	-	3,112	-
2640	Net defined benefit liability, non-current	4,780	-	913	-
25XX	Total non-current liabilities	127,748	4	155,423	5
2XXX	Total liabilities	738,632	22	744,523	22
Equity					
3110	Share capital-common stock	2,771,575	82	2,771,575	82
3200	Capital surplus	1,602	-	259	-
Retained earnings					
3310	Legal capital reserve	20,301	1	14,828	-
3320	Special capital reserve	204,418	6	204,418	6
3350	Unappropriated earnings	69,785	2	92,531	3
3400	Other equity interest	(448,971)	(13)	(439,918)	(13)
3XXX	Total equity	2,618,710	78	2,643,693	78
3X2X	Total liabilities and equity	3,357,342	100	3,388,216	100

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

Action Electronics Co., LTD.

Parent Company Only Statements of Comprehensive Income

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		December 31.2020		December 31.2019	
		Amount	%	Amount	%
4000	Operating revenue	595,328	100	673,038	100
5000	Operating costs	(475,928)	(80)	(580,614)	(86)
5900	Gross profit (loss) from operations	119,400	20	92,424	14
Operating expenses					
6100	Selling expenses	(72,692)	(12)	(88,221)	(13)
6200	Administrative expenses	(58,268)	(10)	(57,459)	(9)
6450	Impairment gain(loss) determined in accordance with IFRS 9	(1,115)	-	34	-
6000	Total operating expenses	(132,075)	(22)	(145,646)	(22)
6900	Net operating income (loss)	(12,675)	(2)	(53,222)	(8)
7000	Non-operating income and expenses				
7100	Interest income	97	-	950	-
7010	Other income	20,739	3	17,561	3
7020	Other gains and losses	(8,812)	(1)	1,203	-
7050	Finance costs	(8,063)	(1)	(8,727)	(1)
7055	Impairment loss determined in accordance with IFRS 9	(11,367)	(2)	-	-
7070	Share of profit (loss) of subsidiaries accounted for using equity method	67,247	11	97,159	14
	Total non-operating income and expenses	59,841	10	108,146	16
7900	Income before income tax	47,166	8	54,924	8
7950	Income tax expense	(1,070)	-	(188)	-
8000	Net Income	46,096	8	54,736	8
Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(1,668)	-	(529)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(28,305)	(5)	57,783	9

(Continued)

Action Electronics Co., LTD.

Parent Company Only Statements of Comprehensive Income

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		December 31.2020		December 31.2019	
		Amount	%	Amount	%
8331	Remeasurement of defined benefit plans of subsidiaries	(1,060)	-	(370)	-
8349	Income tax related to items that will not be reclassified to profit or loss	334	-	106	-
		(30,699)	(5)	56,990	9
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	24,065	4	(58,072)	(9)
8399	Income tax related to items that may be reclassified to profit or loss	(4,813)	(1)	11,614	2
		19,252	3	(46,458)	(7)
8300	Other comprehensive income (loss) for the year	(11,447)	(2)	10,532	2
8500	Total comprehensive income	34,649	6	65,268	10
Earnings per share (in New Taiwan Dollars)					
9750	Basic earnings per share	\$ 0.17		\$ 0.20	
9850	Diluted earnings per share	\$ 0.17		\$ 0.20	

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

Action Electronics Co., LTD.
Parent Company Only Statements of Changes in Equity
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Others			Total equity
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Total	
Balance at January 1, 2019	\$2,771,575	\$259	\$0	\$204,418	\$142,106	(\$443,077)	(\$8,166)	(\$451,243)	\$2,667,115
Appropriations of earnings									
Legal capital reserve			14,828		(14,828)			0	0
Cash dividends to shareholders					(88,690)			0	(88,690)
Net Income in 2019					54,736			0	54,736
Other comprehensive income in 2019					(793)	(46,458)	57,783	11,325	10,532
Total comprehensive income in 2019	0	0	0	0	53,943	(46,458)	57,783	11,325	65,268
Balance at December 31, 2019	\$2,771,575	\$259	\$14,828	\$204,418	\$92,531	(\$489,535)	\$49,617	(\$439,918)	\$2,643,693

(Continued)

Action Electronics Co., LTD.
Parent Company Only Statements of Changes in Equity
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Others			Total equity
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Total	
Balance at January 1, 2020	\$2,771,575	\$259	\$14,828	\$204,418	\$92,531	(\$489,535)	\$49,617	(\$439,918)	\$2,643,693
Appropriations of earnings									
Legal capital reserve			5,473		(5,473)			0	0
Cash dividends to shareholders					(60,975)			0	(60,975)
Net Income in 2020					46,096			0	46,096
Other comprehensive income in 2020					(2,394)	19,252	(28,305)	(9,053)	(11,447)
Total comprehensive income in 2020	0	0	0	0	43,702	19,252	(28,305)	(9,053)	34,649
Changes in percentage of ownership in subsidiaries		1,343						0	1,343
Balance at December 31, 2020	\$2,771,575	\$1,602	\$20,301	\$204,418	\$69,785	(\$470,283)	\$21,312	(\$448,971)	\$2,618,710

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

Action Electronics Co., LTD.

Parent Company Only Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities		
Income before income tax	47,166	54,924
Adjustments for :		
Depreciation expense	9,106	7,569
Amortization expense	6,211	6,393
Expected credit losses	12,482	(34)
Net loss (gain) on financial assets at fair value through profit or loss	-	(58)
Interest expense	8,063	8,727
Interest income	(97)	(950)
Dividend income	(7,650)	(3,825)
Share of loss (profit) of subsidiaries accounted for using equity method	(67,247)	(97,159)
Loss (gain) on disposal of property, plant and equipment	(571)	-
Loss (gain) on disposal of investments	-	(71)
Unrealized loss (gain) on translation of foreign currency	(2,708)	1,757
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	2,195
Notes receivable	132	3,498
Accounts receivable	16,458	4,350
Other receivables	15,916	14
Inventories	38,064	60,704
Prepayments	2,162	(2,296)
Other current assets	(9,310)	(3,051)
Other non-current assets	(1,928)	(609)
Contracts liabilities	(835)	(884)
Notes payable	1,041	(2,150)
Accounts payable	(6,329)	(632)
Other payables	3,338	(9,798)
Provisions for liabilities	(1,320)	1,524
Other current liabilities	13,967	4,499
Net defined benefit liability	-	(5)
Cash generated from operations	76,111	34,632
Interest received	97	950
Dividends received	135,408	3,825

(Continued)

Action Electronics Co., LTD.

Parent Company Only Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Interest paid	(8,185)	(8,732)
Income taxes paid	(1,717)	(93)
Net cash generated by operating activities	201,714	32,601
Cash flows from investing activities		
Acquisition of financial assets at amortised cost	(72,475)	-
Acquisition of investments accounted for using equity method	(100,000)	(100,000)
Refund of capital deduction of investee accounted for using equity method	-	182,885
Acquisition of property, plant and equipment	(99)	(13,329)
Proceeds from disposal of property, plant and equipment	570	-
Acquisition of investment properties	(28,648)	-
Increase in other receivables-related parties	(79,992)	(349)
Decrease in other receivables-related parties	113,590	3,624
Acquisition of intangible assets	(475)	(285)
Increase in prepayments for business facilities	(477)	-
Net cash used in investing activities	(168,006)	72,546
Cash flows from financing activities		
Decrease in short-term loans	(17,733)	(176,690)
Increase in guarantee deposits	81	252
Decrease in guarantee deposits	(12)	(593)
Increase in other payables-related parties	30,146	-
Repayments of the principal portion of lease liabilities	(3,668)	(2,260)
Cash dividends paid	(60,975)	(88,690)
Net cash used in financing activities	(52,161)	(267,981)
Net decrease in cash and cash equivalents	(18,453)	(164,853)
	2020	2019
Cash and cash equivalents at beginning of period	75,696	240,549
Cash and cash equivalents at end of period	57,243	75,696

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

***The financial statements are made out in both English and Chinese versions. We hereby set Chinese version as standard and English version as a reference should any conflicts accrue**

ACTION ELECTRONICS CO., LTD

Rules of Procedure for Shareholders Meetings

Approved by the shareholders meeting June 15th 2020

Article 1 The Company's shareholders' meetings shall be executed according to this "Rules of Procedure for Shareholders Meetings", except as otherwise provided by laws, regulations, or the articles of incorporation,

Article 2 The shareholders referred to in these rules refer to the shareholders themselves and the proxy entrusted by the shareholders to attend the shareholders' meeting.

If the proxy authorized by the shareholders to attend is a legal person, the legal person may only designate one person to attend the shareholders meeting.

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting. The proxy form shall be delivered to the Company five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Where re-election of all directors is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

Provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a

shareholder, the board of directors may exclude it from the agenda.

Article 4 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

If the proxy authorized by the shareholders to attend is a legal person, the legal person may only designate one person to attend the shareholders meeting.

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

Article 5 The venue for a shareholders meeting shall be the premises or factory of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select one person to serve as chair among themselves.

Article 7 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 8 If a shareholders meeting is convened by the board of directors, the meeting agenda

shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions raised by the shareholders. When the proposal has been discussed sufficiently enough to put it to a vote, the chair may announce the discussion closed, call for a vote.

Article 9 (Deleted)

Article 10 If a shareholder proposes to count the number of people, the chairman may not accept it. When vote on the proposal, if a quorum has been reached, the proposal is still passed.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her attendance card number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Shareholders may put limitation of power in the power of attorney or other measures to the proxy, which the Company will not aware of. As a result, the speech or vote made by the proxy shall prevail.

Article 12 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

- Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 14 (Deleted)
- Article 15 If it is not a motion, it will not be discussed or voted on. When discussing a proposal, the chairman may announce the cessation of the discussion at an appropriate time and put it to vote. At the time of voting, if there is no objection after consultation by the chairman, the effect is the same as the voting.
- When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 16 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act.
- Article 17 The voting of the proposal shall be passed with the approval of a majority of the voting rights of the shareholders present, unless otherwise stipulated in the Company Act and the Articles of Association.
- Article 18 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be reported on the spot and recorded.
- Article 19 The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders meeting. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- Article 20 The company shall record the entire process of the shareholders' meeting by audio and/or video and keep it for at least one year.
- Article 21 The chair may direct the picketers or security personnel to help maintain order at the meeting place. When picketers or security personnel help maintain order at the meeting place, they shall wear an identification card or arm band with the word "Security"
- Article 22 The resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting. A copy of the meeting minutes shall be distributed to each shareholder within 20 days after the

conclusion of the meeting. The distribution of meeting minutes mentioned above can be done by means of a public announcement. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted. , and a summary of the deliberations and their voting results. The minutes shall be retained for the duration of the existence of the Company. The sign-in book or sign-in card of the attending shareholders and the proxy's power of attorney shall be kept for one year.

Article 23 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 24 Matters not stipulated in this rule shall be handled in accordance with the Company Act and the company's articles of association.

Article 25 These rules will be implemented after approval by the shareholders' meeting, and the same applies when they are amended.

ACTION ELECTRONICS CO., LTD

Articles of Incorporation

Chapter 1 General Provisions

Article 1 : The Company is incorporated as company limited under the Company Act of the Republic of China. The company name is ACTION ELECTRONICS CO., LTD.

Article 2 : The Company have its head office in Taoyuan City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.

Article 3 : The company's operations are as follows:

(1) Manufacturing, processing, trading, repair services, technology transfer and consulting services of the following products.

1. C399990 Other textile and product manufacturing
2. C802100 Cosmetics manufacturing
3. CB01020 Business Machine Manufacturing
4. CCO1030 Electrical and audio-visual electronic products manufacturing
5. CC01060 Wired Communication Machinery Equipment Manufacturing
6. CC01070 Wireless Communication Machinery Equipment Manufacturing
7. CC01080 Electronic Components Manufacturing
8. CC01101 Telecom Control Radio Frequency Equipment Manufacturing
9. CC01110 Computer and Peripheral Equipment Manufacturing
10. CE01030 Optical Instrument Manufacturing
11. CH01030 Stationery Manufacturing
12. E601010 Electrical Appliances Assembling
13. E604010 Machinery Installation
14. E701010 Communication Engineering
15. EZ05010 Instrument and Meter Installation Engineering
16. EZ14010 Sports Field Equipment Engineering
17. F104110 Wholesale of cloth, clothing, shoes, hats, umbrellas and apparel products
18. F105050 Wholesale of furniture, bedding, kitchen appliances, and furnishings
19. F107030 Wholesale of cleaning products
20. F108031 Wholesale of medical equipment
21. F108040 Wholesale of cosmetics
22. F109070 Wholesale of culture, education, musical instruments, and educational products
23. F113010 Wholesale of machinery
24. F113020 Wholesale of electrical Appliance
25. F113030 Wholesale of precision instruments
26. F113050 Wholesale of computer and business machinery and equipment
27. F113070 Wholesale of telecommunications Equipment
28. F116010 Wholesale of photographic equipment

29. F119010 Wholesale of electronic materials
30. F207030 Retail cleaning product
31. F208031 Retail of medical equipment
32. F209060 Retail of cultural, educational, musical instruments, and educational products
33. F213010 Retail of electrical appliance
34. F213030 Retail of computer and business machinery and equipment
35. F213040 Retail of Precision Instruments
36. F213060 Retail of telecommunications equipment
37. F213080 Retail of mechanical appliances
38. F216010 Retail of photographic equipment
39. F219010 Retail of electronic materials
40. F401010 International Trade
41. F401021 Import of telecom control radio frequency equipment
42. I103060 Management Consulting
43. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 4 : The company may consider providing external guarantees based on the business required

Article 5 : The ratio of the company's total reinvestment to the paid-in share capital may not be restricted, but each reinvestment proposal must be submitted to the board of directors for resolution.

Article 6 : The company's public announcement should be published in the primary part of the daily newspaper of the municipality or county (city) where the company is located, except where the securities regulatory authority has other regulations.

Chapter 2 Capital and Stock

Article 7 : The total capital of the company is set at four billion and fifty million New Taiwan dollars, divided into four hundred and fifty million shares at ten dollars per share. The Company authorizes the board of directors to issue the share in installments. Eight million shares are reserved for the issuance of employee stock options.

Article 8 : The company's stocks are all registered. All share certificates shall be affixed with the signatures or personal seals of three or more directors, and shall be duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority.

The shares issued by the company may be exempted from printing and shall be registered under the custody of a centralized securities custody enterprise.

Article 9 : The company's stock affairs are handled in accordance with "Regulations Governing the Administration of Shareholder Services of Public Companies" and relevant government laws and regulations.

Article 10 : The transfer of shares shall be closed within 60 days before the regular shareholders' meeting, or 30 days before the extraordinary shareholders' meeting or 5 days before the base date of the company's decision to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholders' Meeting

Article 11 : The shareholders' meeting shall be convened by the board of directors unless otherwise provided by the Company Act.◦

There are two types of shareholders' meetings:

1. Regular shareholders' meeting: convened at least once a year.
2. Temporary shareholders' meeting: convened when necessary.

The regular shareholders' meeting mentioned in the preceding paragraph shall be held within six months after the end of each fiscal year. If it exceeds six months, it shall also be submitted to the competent authority stipulated in the Company Act for approval.

Article 12 : Each shareholder of the company has one vote per share, except in the case where the shares do not have the right to vote as stipulated in Article 179 of the Company Act.

Article 13 : When shareholders are unable to attend the shareholders' meeting, they shall issue a power of attorney issued by the company stating the scope of authorization to entrust a proxy to attend the meeting. Measures for shareholders' entrusted attendance should be in accordance with Article 177 of the Company Act“ and the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies’ Meetings” issued by the competent authority.

Article 14 : Unless otherwise stipulated by the Company Act and the Securities Exchange Law, the resolutions of the shareholders meeting shall be approved when attended shareholders representing more than half of the total number of issued shares, and more than half of the presented shareholders agree.

Chapter 4 Directors

Article 15 : The company has eleven directors with a term of three years and eligible for re-selection. The Directors are appointed by the shareholders meeting among capable persons. The equity held by all directors in the preceding paragraph shall not be less than the percentage specified by the securities regulatory authority.

For the directors mentioned in the first paragraph, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the total number of directors. The professional qualifications of independent directors, shareholding, restrictions on part-time jobs, nomination and selection methods, and other matters shall be handled in accordance with the relevant regulations of the securities authority.

For the election of directors, the Company adopts a candidate nomination system in accordance with the provisions of Article 192-1 of the Company Act. The shareholders shall elect the directors and independent directors from among the nominees listed in the roster of the candidates.

Article 16 : The board of directors shall be attended by more than two-thirds of the directors and agreed by more than half of the directors present. One person shall be elected as the chairman of the board, and one person may be elected as the vice chairman in the same manner according to business needs.

The chairman of the board of directors serves as the chairman of the

shareholders' meeting and the board of directors' meeting internally, and represents the company externally. When the chairman asks for leave or cannot exercise his functions and powers for some reason and if there is vice chairman appointed, vice chairman should be act as the deputy chairman. If there is no vice chairman, or when the vice chairman also asks for leave or cannot exercise his functions and powers for some reason, the chairman shall appoint one director act as deputy chairman. If the chairman of the board of directors does not appoint any deputy chairman, the deputy chairman shall be elected from among the directors. If the meeting is convened by a convening person other than the board of directors, the chairman shall be the convening person. If there are two or more convening persons, the chairman should be elected from among the convening persons.

Article 17 : The convening of the board of directors' meeting shall notify the directors seven days in advance specifying the reasons for meeting. When there is an emergency, the meeting can be called at any time. The notification for convening on the preceding paragraph may be done in writing, fax or e-mail. The resolutions of the board of directors should be agreed by more than half of the present directors with the meeting attended by more than half of the directors, unless otherwise provided by laws and regulations.

Article 18 : The board of directors' meeting is convened by the chairman of the board every three months, and the chairman will act as the meeting chairman.

Article 19 : When a director is unable to attend the board of directors' meeting for some reason, he shall issue a power of attorney to authorize other directors to attend as a proxy. The proxy mentioned in the preceding paragraph shall be authorized by one person only.

Article 20 : The board of directors' meeting shall be conducted with more than half of the directors present, unless otherwise stipulated by the Company Act and related laws and regulations, and its resolution shall be made with more than half of the presented directors' agree.

Article 21 : The scope of duty and power of the board of directors are as follows:

- (1) The formulation of business policies and plans.
- (2) Drafting of capital increase or decrease.
- (3) The drafting of surplus distribution.
- (4) Other statutory powers and power authorized by shareholders

Article 22 : A by-election will be made when directors are vacant, but it may be exempted when the statutory quota of directors is sufficient. The succeeding directors' tenure after by-election shall be until the expiration of the original director's term.

Article 23 : The Company has established an audit committee in accordance with Article 14-4 of the "Securities and Exchange Act", which is composed of all independent directors.

The original legal powers exercised by the supervisors in accordance with the Company Act, Securities and Exchange Act and other legal provisions should be acted by the audit committee.

The composition, functions and powers, rules of procedure and other matters to be followed by the audit committee shall be handled in accordance with

the regulations of the securities authority.

Article 24 : (Deleted)

Article 25 : The remuneration of the chairman, vice-chairmen and directors shall be determined in accordance with the degree of involvement and contribution to the operation of the Company. The remuneration shall consider domestic and foreign industry standards and authorize board of directors' meetings to be determined. The traveling/transportation allowance for board of directors shall be decided by the board meeting.

Chapter 5 Managerial Officials

Article 26 : The Company may appoint a manager (including the general manager), whose appointment, dismissal and remuneration shall be determined by the board of directors' meeting with more than half of the directors present and a resolution approved by more than half of the presented directors. The manager should have a domicile or residence in the country.

Chapter 6 Accounting

Article 27 : The Company's board of directors shall prepare business reports, financial statements, surplus distribution or loss compensation proposals and other relative reports at the end of each fiscal year and submit them to the regular shareholders' meeting for recognition in accordance with the law.

Article 28 : Based on the company's operational needs and the consideration of maximizing shareholders' equity, the Company's dividend policy will be based on the company's future capital expenditure and capital needs. The proportion of cash dividends will be not less than 30% of the total dividends.

Article 29 : If the Company makes a profit during the year (the so-called profit refers to the pre-tax profits deduct the distribution of employee and directors' remuneration), no less than 5% of the profits should be allocated for employee remuneration and no more than 4% of the profits should be allocated for directors' remuneration. Independent directors do not participate in the profit distribution. However, when the company still has accumulated losses, it shall reserve the recovery amount in advance.

The employee remuneration mentioned in the preceding paragraph may be paid in stocks or cash and the payment objects may include employees of affiliated companies who meet the conditions set by the board of directors. The remuneration of the directors mentioned in the preceding paragraph can only be paid in cash.

The items mentioned in preceding paragraph shall be implemented by the resolution of the board of directors' meeting and reported to the shareholders meeting.

If the Company's annual final accounts have net profit after tax for the current period, the accumulated losses shall be made up first, and 10% shall be allocated according to the law as the legal reserve. When the legal reserve amounts to the authorized capital, this shall not apply.

After the special surplus reserve is allocated or converted in accordance with the laws or regulations of the competent authority, together with the undistributed surplus at the beginning of the period, the board of directors shall draft a surplus distribution proposal and submit it to the shareholders' meeting to resolve shareholder dividends distribution.

Chapter 7 Supplementary Provisions

- Article 30 : The company may transfer to employees at a price lower than the average price of the company's shares upon the agreement at a shareholders' meeting representing more than half of the total number of issued shares and with the consent of more than two-thirds of the voting rights of the shareholders present.
- Article 31 : The Company's organizational regulations and working rules will be determined separately.
- Article 32 : Matters not covered in this Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations
- Article 33 : This Article of Incorporation was established on July 10th, 1976.
The first revision was made on December 17th 1976
The thirty-ninth revision was made on June 17th, 2016

Shareholding of Directors and Supervisors

Action Electronics CO.,LTD

1. The paid-in capital of the Company amounts to NT\$2,771,574,960, and the number of shares is 277,157,496 shares.
2. In accordance with Article 26 of the Securities Exchange Law and Article 2 of the "Share Ratio and Verification Rules for Directors and Supervisors of Public Offering Companies", all directors of the company shall hold no less than 12,000,000 shares.

Data base date :April 29,2021

Position	Name	Current shareholding (Shars)	Shareholding ratio
chairman	Peng Ting-Yu	4,281,983	1.55%
Director	Peng Chiun-Ping	20,589,303	7.43%
Director	Chao Teng Pang	1,442,820	0.52%
Director	Hsu Wen Tang	1,003,000	0.36%
Director	Liu Chiu Chi	3,086,000	1.11%
Director	Wen Yumei	2,261,000	0.82%
Director	Peng Hsiuyun	1,120,000	0.40%
Director	New Spring Garden Investment Co., Ltd. Chin -Wan Tsai	1,000,000	0.36%
Independent Director	Tang Peng Chin	0	0.00%
Independent Director	Min Kuei Ling	0	0.00%
Independent Director	Yen Tzong Ming	0	0.00%
Total		34,784,106	12.55%